

**Albanian Digital Printing Solution & Services Sh.p.k**  
**Independent Auditor's report and**  
**Financial Statements as at and for the year ended December 31, 2018**

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders/ Owners of Albanian Digital Printing Solution & Services sh.p.k**

### **Opinion**

We have audited the financial statements of **Albanian Digital Printing Solution & Services sh.p.k** (the Company), which comprise the statement of financial position as at December 31, 2018, 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, 2018, 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.

### **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.

March 8, 2019



**Statement of Financial Position  
as at December 31<sup>st</sup>, 2018**

	Notes	December 31, 2018	December 31, 2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	12,942,427	7,260,479
Trade receivables	5	17,258,048	24,164,932
Receivables from related parties	6	89,893	167,952
Other receivables	7	4,018,757	324,142
Inventory	8	10,944,318	10,711,386
Deferred expenses	9	10,469,679	4,281,684
<b>Total current assets</b>		<b>55,723,122</b>	<b>46,910,575</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	17,109,557	17,859,870
Intangible assets	11	22,142	35,093
<b>Total non-current assets</b>		<b>17,131,699</b>	<b>17,894,963</b>
<b>Total assets</b>		<b>72,854,821</b>	<b>64,805,538</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	12	23,435	1,710,689
Trade payables	13	3,714,066	9,340,605
Payables to related parties	14	18,966,423	8,138,509
Accrued expenses	15	11,750	10,823
Tax liabilities	16	661,723	1,116,183
Deferred income	17	5,086,215	-
Other liabilities	18	19,001	16,363
<b>Total current liabilities</b>		<b>28,482,613</b>	<b>20,333,172</b>
<b>Non-current liabilities</b>			
Loans	19	-	25,244
<b>Total non-current liabilities</b>		<b>-</b>	<b>25,244</b>
<b>Total liabilities</b>		<b>28,482,613</b>	<b>20,358,416</b>
<b>EQUITY</b>			
Subscribed share capital		100	100
Legal reserves		10	10
Other reserves		34,153,675	26,944,997
Profit for the year		10,218,423	17,502,015
<b>Total equity</b>	20	<b>44,372,208</b>	<b>44,447,122</b>
<b>Total equity and liabilities</b>		<b>72,854,821</b>	<b>64,805,538</b>

The financial statement has to be read in conjunction with notes set out in pages 7 to 21, forming part of these financial statements.

**Statement of Financial Performance  
For the year ended December 31<sup>st</sup>, 2018**

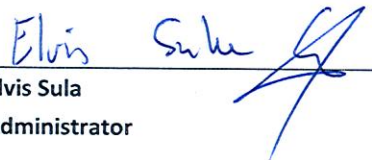
	Notes	For the year ended 31 December 2018	For the year ended 31 December 2017
Revenues	21	73,045,818	99,426,419
Changes in inventories of finished goods and work in progress		532,191	(10,265)
Other income from operating activities	22	216,743	512,642
<b>Raw materials and consumables</b>		<b>(43,167,016)</b>	<b>(58,714,014)</b>
1) Raw materials and consumables	23	(37,335,580)	(52,499,846)
2) Other expenses	24	(5,831,436)	(6,214,168)
<b>Personnel expenses</b>	25	<b>(14,621,280)</b>	<b>(15,600,335)</b>
1) Salaries and other benefits		(13,019,161)	(13,854,761)
2) Social and health insurance		(1,602,119)	(1,745,574)
Depreciation and amortization expense	10/11	(3,420,011)	(4,216,653)
Other operating expenses	26	(2,012)	(488)
<b>Finance costs</b>	27	<b>(481,731)</b>	<b>(625,716)</b>
1) Interest expense and other similar		(94,277)	(326,634)
2) Other financial expenses		(387,454)	(299,082)
<b>Profit (Loss) before tax</b>		<b>12,102,702</b>	<b>20,771,590</b>
<b>Income tax expense</b>	28	<b>(1,884,279)</b>	<b>(3,269,575)</b>
1) Current year income tax expense		(1,884,279)	(3,269,575)
2) Deferred income tax expense		-	-
<b>Profit (Loss) for the year</b>		<b>10,218,423</b>	<b>17,502,015</b>
		-	-
<b>Total of other comprehensive income for the year</b>		<b>10,218,423</b>	<b>17,502,015</b>

The financial statement has to be read in conjunction with notes set out in pages 7 to 21, forming part of these financial statements.

**Statement of Changes in Equity**  
For the year ended December 31<sup>st</sup>, 2018

	Share capital	Legal reserves	Other reserves	Profit\Loss for the year	Total
<b>Balance at 31 December 2016</b>	<b>100</b>	<b>10</b>	<b>23,773,986</b>	<b>16,651,661</b>	<b>40,425,757</b>
Profit / Loss for the year				17,502,015	17,502,015
Movements through equity			16,651,661	(16,651,661)	-
Total comprehensive income for the year:					-
Dividends paid			(13,480,650)		(13,480,650)
<b>Restated 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>

The financial statement has to be read in conjunction with notes set out in pages 7 to 21, forming part of these financial statements.  
Financial statements of the Company for the year ended on December 31, 2018 are approved and signed on 28 February 2019 as follows:

  
Elvis Sula  
Administrator

  
Mazars shpk  
Compiler of Financial Statements

  
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**Statement of Cash Flows**
**For the year ended December 31<sup>st</sup>, 2018**

	Notes	For the year ended 31 December 2018	For the year ended 31 December 2017
<b>Cash Flows from operating activities</b>			
Profit (loss) for the year		10,218,423	17,502,015
<i>Adjustments for non-cash items:</i>			
Non-cash financial expense		342,201	12,948
Non-monetary tax profit expense		-	483,204
Depreciation and amortization expense		3,420,011	4,216,653
Net book value of disposed assets		43,022	
Decrease/(increase) in trade and other receivables		(2,897,667)	2,655,088
Decrease/(increase) in inventory		(232,932)	(2,411,687)
Increase/(decrease) in trade payables and other payables		9,834,054	(1,035,072)
Increase/(decrease) in liabilities for personnel		2,641	-
<b>Net cash-flows from /(used in) operating activities</b>		<b>20,729,753</b>	<b>21,423,149</b>
<b>Cash-flows from /(used in) investing activities</b>			
Payments for purchasing property, plant and equipment		(2,699,769)	(59,175)
<b>Net cash-flows from /(used in) investing activities</b>		<b>(2,699,769)</b>	<b>(59,175)</b>
<b>Cash-flows from /(used in) financing activities</b>			
Payment of borrowings		(1,712,498)	(2,588,807)
Dividends paid		(10,293,337)	(13,480,650)
<b>Net cash from /(used in) financing activities</b>		<b>(12,005,835)</b>	<b>(16,069,457)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,024,149</b>	<b>5,294,517</b>
Cash and cash equivalents at the beginning of the year		7,260,479	1,978,910
<i>Effects of exchange rate fluctuation on the balance of cash held in foreign currencies</i>		(342,201)	(12,948)
<b>Cash and cash equivalents at the end of the year</b>	4	<b>12,942,427</b>	<b>7,260,479</b>

The financial statement has to be read in conjunction with notes set out in pages 7 to 21, forming part of these financial statements.



*(All amounts are expressed in ALL)*

## **1. General Information**

"Albanian Digital Printing Solutions & Services" sh.p.k (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 "Albanian Digital Printing Solutions & Services" Ltd is 100 ALL, divided in 2 quotes of the nominal value 50 ALL each.

Shareholders of the company are:

- Albdesign PSP shpk 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: Tirana-Durres Highway, Km.5, Kashar, Tirana.

As at December 31, 2018 the Company had 17 employees (2017: 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. 9228, dated 29 April 2004 "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, 2018 and December 31, 2017 are detailed as below:

<b>Exchange Rate</b>	<b>2018</b>	<b>2017</b>
Euro/ALL	123.42	132.95
USD/ ALL	107.82	111.10

### **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.

*(All amounts are expressed in ALL)*

### **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 2018 and 2017 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 2018 is 15% (2017: 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. Cash and cash equivalent**

Cash on hand and at banks as at December 31, 2018 and December 31, 2017 are expressed in table as below:

	<b>December 31,2018</b>	<b>December 31,2017</b>
Cash at banks	12,922,001	7,173,078
Current account	12,922,001	7,173,078
Cash on hand	20,426	87,401
	<b>12,942,427</b>	<b>7,260,479</b>

### **5. Trade receivables**

Trade receivables as at December 31<sup>st</sup>, 2018 and December 31, 2017 are as following:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Trade receivables	17,258,048	24,164,932
	<b>17,258,048</b>	<b>24,164,932</b>

*(All amounts are expressed in ALL)*

## **6. Receivables from related parties**

Receivables from related parties as at December 31, 2018 and December 31, 2017 are expressed as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Receivables from Albdesign PSP	89,893	167,952
	<b>89,893</b>	<b>167,952</b>

## **7. Other Receivables**

Other receivables as at December 31, 2018 and December 31, 2017 are broken down below:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Corporate Income tax/Profit tax	1,325,434	-
VAT deductible	2,386,570	76,969
Custom duties	146,753	142,173
Other receivables	160,000	105,000
	<b>4,018,757</b>	<b>324,142</b>

## **8. Inventory**

Inventory as at December 31, 2018 and December 31, 2017 are composed as follows:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Cost of raw materials	10,144,009	10,443,267
Goods for resale	268,118	268,119
Finished goods	532,191	-
	<b>10,944,318</b>	<b>10,711,386</b>

## **9. Deferred Expenses**

Deferred expenses as at December 31<sup>st</sup>, 2018 December 31, 2017 are as below:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Deferred expenses	10,469,679	4,281,684
	<b>10,469,679</b>	<b>4,281,684</b>



**Albanian Digital Printing Solution & Services Shpk**  
**Notes to the financial statements for the year ending December 31, 2018**

*(All amounts are expressed in ALL, unless otherwise stated)*

**10. 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><i>Cost</i></b>						
Balance as at 31 December 2016	47,030,472	953,836	73,041	3,342,608	3,210,496	54,610,453
Additions				7,916	51,260	59,176
Diposals						
<b>Balance as at 31 December 2017</b>	<b>47,030,472</b>	<b>953,836</b>	<b>73,041</b>	<b>3,350,524</b>	<b>3,261,756</b>	<b>54,669,629</b>
Additions				2,346,873	352,896	2,699,769
Diposals					(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>
<b><i>Accumulated depreciation</i></b>						
Balance as at 31 December 2016	(28,530,236)	(445,119)	(30,767)	(2,100,726)	(1,499,206)	(32,606,054)
Charge for the year	(3,430,908)	(101,748)	(8,460)	(311,787)	(350,802)	(4,203,705)
Disposals						
<b>Balance as at 31 December 2017</b>	<b>(31,961,144)</b>	<b>(546,867)</b>	<b>(39,227)</b>	<b>(2,412,513)</b>	<b>(1,850,008)</b>	<b>(36,809,759)</b>
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>
<b><i>Net Book Value</i></b>						
Balance as at 31 December 2016	18,500,236	508,717	42,274	1,241,882	1,711,290	22,004,399
Balance as at 31 December 2017	15,069,328	406,969	33,814	938,011	1,411,748	17,859,870
Balance as at 31 December 2018	12,290,959	325,575	27,049	3,050,381	1,415,593	17,109,557

*(All amounts are expressed in ALL, unless otherwise stated)*

#### **11. Intangible asset**

	<b>Intangible Asset</b>	<b>Total</b>
<b>Cost</b>		
Balance as at 31 December 2017	86,346	<b>86,346</b>
Additions	-	-
Disposals	-	-
Balance as at 31 December 2018	86,346	<b>86,346</b>
<b>Depreciation</b>		
Balance as at 31 December 2017	51,253	<b>51,253</b>
Additions	12,951	<b>12,951</b>
Balance as at 31 December 2018	64,204	<b>64,204</b>
<b>Net book value as at 31 December 2017</b>	<b>35,093</b>	<b>35,093</b>
<b>Net book value as at 31 December 2018</b>	<b>22,142</b>	<b>22,142</b>

#### **12. Borrowings**

Current borrowings represent the amount of overdrafts from banks and financial leases as at December 31, 2018 and December 31, 2017 as below:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Overdraft Raiffeisen Bank	-	13,659
Raiffeisen Leasing Financial lease	-	1,552,066
Porsche Leasing Financial lease	23,435	144,964
	<b>23,435</b>	<b>1,710,689</b>

#### **13. Trade payables**

Trade payables as at December 31, 2018 and December 31, 2017 are expressed as below:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Local/national suppliers	1,756,088	2,380,321
Foreign suppliers	1,957,978	6,960,284
	<b>3,714,066</b>	<b>9,340,605</b>

#### **14. Payables to related parties**

Payables to related parties as at December 31, 2018 and December 31, 2017 are presented in the table below:

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Trade payables	18,966,423	8,138,509
	<b>18,966,423</b>	<b>8,138,509</b>

*(All amounts are expressed in ALL, unless otherwise stated)*

**15. Accrued expenses**

Accrued expenses as at December 31, 2018 and December 31, 2017 are expressed as below:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Supplier for unreceived invoices	11,750	10,823
	<u>11,750</u>	<u>10,823</u>

**16. Tax liabilities**

Tax liabilities for the year ended on December 31, 2018 and December 31, 2017 are composed as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Social and health contributions	240,685	218,285
Personal Income Taxes	109,082	102,785
Withholding Tax	311,956	311,909
Corporate Income Tax	-	483,204
	<u>661,723</u>	<u>1,116,183</u>

**17. Deferred income**

Deferred income for the year ended on December 31, 2018 and December 31, 2017 are expressed as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Prepayment Vodafone	5,086,215	-
	<u>5,086,215</u>	<u>-</u>

**18. Other Liabilities**

Other liabilities for the year ended on December 31, 2018 and December 31, 2017 are expressed as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Due to staff	2,638	-
Other liabilities	16,363	16,363
	<u>19,001</u>	<u>16,363</u>

**19. Long term Loan**

Long term loans as at December 31, 2018 and December 31, 2017 are as follows:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Porsche Leasing Financial lease		25,244
	<u>-</u>	<u>25,244</u>

*(All amounts are expressed in ALL, unless otherwise stated)*

## 20. Share capital

The capital of "Albanian Digital Printing Solutions & Services" Ltd is 100 ALL, divided in 2 quotes of the nominal value of 50 ALL each.

The capital of the company has no changes in value but has changes in ownership.

With decision date 31.07.2018 has been approved the decision to sale 24.5 % of quotes of the capital owned by Wildermore Holdings, respectively to the company "INFORM P.LYKOS S.A PROCESSING & DEVELOPMENT OF PRINTED INFORMATIONS SYSTEMS", based on the contract date 01.08.2018.

## 21. Revenues

The revenues from the operating activity for the year ended December 31, 2018 and December 31, 2017 are detailed in the table below:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2017</b>
Income from sale of finished goods	70,023,340	87,986,928
Income from sale of goods	560,882	512,896
Income from sale of services	2,461,596	10,926,595
	<b>73,045,818</b>	<b>99,426,419</b>

Reconciliation of revenues with the VAT declaration:

	<b>For the year ended 31 December 2018</b>
<b>Reconciliation of Incomes with VAT declaration</b>	
Total of the sales on VAT declaration	78,182,585
Change on prepayment state	(5,524,221)
Discount sales for advance payment	387,454
<b>Sales on VAT declaration that are revenues on Income statement</b>	<b>73,045,818</b>
Sales of finished goods	70,023,340
Sale of goods	560,882
Services	2,461,596
<b>Revenues on Income statement, which are declared sales on VAT Declaration</b>	<b>73,045,818</b>
Exchange gains	1,088,136
<b>Total of revenues on Profit declaration</b>	<b>74,133,954</b>

## 22. 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, 2018 and December 31, 2017:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2017</b>
Foreign exchange gains	1,088,133	805,552
Foreign exchange losses	(871,390)	(292,910)
	<b>216,743</b>	<b>512,642</b>

**23. 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, 2018 and December 31, 2017 are shown in the table below:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2017</b>
Cost of raw materials	25,578,489	29,651,501
Cost of packaging materials	621,726	650,050
Spare parts	1,578,963	3,726,484
Other auxiliary materials	26,249	82,423
Cost of goods sold	411,557	377,820
Subcontractors	3,365,697	11,470,676
Maintenance and repairs for machines and factories	341,505	970,974
Rent	3,292,129	3,465,671
Insurance premiums	142,780	81,233
Electrical energy	760,523	855,806
Services from third parties	-	69,016
IT Service	1,215,962	1,098,192
	<b>37,335,580</b>	<b>52,499,846</b>

**24. Other expenses**

Other expenses for the year ended December 31, 2018 and December 31, 2017 are broken down below:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2017</b>
Financial and legal consultancy	2,308,237	2,257,954
Expenses for software license, configuration, setup	1,202,570	1,225,170
Different purchase, stationery, etc.	475,860	127,334
Other non-deductible expenses	296,564	637,387
Services from third parties	270,526	258,088
Postal and telecommunications expenses	265,439	330,327
Travel and accommodation costs for technicians	205,716	39,124
Various/other taxes	199,000	199,098
Bank commissions	165,703	297,197
Maintenance and repairs	146,544	313,578
Administrative and notary expenses	122,997	293,498
Insurance	86,865	53,727
Gifts	59,220	151,600
Travel expenses, per diems	26,195	15,536
Hospitality expenses	-	14,550
	<b>5,831,436</b>	<b>6,214,168</b>

*(All amounts are expressed in ALL, unless otherwise stated)*

**25. Personnel expenses**

Personnel expenses for the year ended December 31, 2018 and December 31, 2017 are broken down below:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2017</b>
Expenses for salaries	13,019,161	13,842,291
Social and health contributions	1,602,119	1,745,574
Other expenses for employees	-	12,470
	<b>14,621,280</b>	<b>15,600,335</b>

**26. Other operating expenses**

Other operating expenses represent the fines and penalties for the year ended December 31, 2018 and December 31, 2017 are expressed as below:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2017</b>
Fines and penalties	2,012	488
	<b>2,012</b>	<b>488</b>

**27. 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, 2018 and December 31, 2017 are expressed as below:

	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2017</b>
Interest expenses	(94,277)	(326,634)
Financial sales discount	(387,454)	(299,082)
	<b>(481,731)</b>	<b>(625,716)</b>

(All amounts are expressed in ALL, unless otherwise stated)

## 28. Income tax

The calculation of the income tax expenses for the year ended December 31, 2018 and December 31, 2017 is shown below:

	For the year ended 31 December 2018	For the year ended 31 December 2017
<b>Net profit for the year before income tax</b>	<b>12,102,702</b>	<b>20,771,590</b>
<b>Non-deductible expenses (as follows)</b>	<b>459,157</b>	<b>1,025,576</b>
Hospitality expenses, Gifts	59,220	151,600
Travel expenses and Per diems	3,000	-
Penalties and Fines	2,012	488
Net book value of disposed assets	43,022	-
Other non -deductible expenses	351,903	873,488
<b>Profit before tax (including non-deductible expenses)</b>	<b>12,561,859</b>	<b>21,797,166</b>
<b>Income Tax 15%</b>	<b>1,884,279</b>	<b>3,269,575</b>
	<b>10,218,423</b>	<b>17,502,015</b>

## 29. Related parties transactions

The balances with related parties on December 31, 2018 and December 31, 2017 are expressed as follows:

	December 31, 2018	December 31, 2017
<b>Balance sheet</b>		
<i>Payable to related parties</i>		
Inform P.Lykos SA	3,562,187	3,826,103
Albdesign PSP	15,404,236	4,312,406
	<b>18,966,423</b>	<b>8,138,509</b>
<i>Receivable from related parties</i>		
Albdesign PSP	89,893	167,952
	<b>89,893</b>	<b>167,952</b>

Details of transactions with related parties for the year ended on December 31, 2018 and December 31, 2017 are composed as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2017
<b>Income statement</b>		
<i>Sales to related parties</i>		
Albdesign PSP	1,868,168	2,040,648
	<b>1,868,168</b>	<b>2,040,648</b>
<i>Purchase from related parties</i>		
Inform P.Lykos SA	11,334,761	13,208,178
S.C. INFORM LYKOS S.A.	1,200,960	1,207,151
Albdesign PSP	21,050,242	15,800,117
	<b>33,585,963</b>	<b>30,215,446</b>

Pricing policies for transactions with related parties are carried out in terms of market base.



**30. 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, 2018 the company has no capital commitments contracted but not yet paid.

**31. Subsequent events**

There are no significant subsequent events after the balance sheet date which would require adjustment or disclosure to these financial statements.