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INDEPENDENT AUDITOR'S REPORT

To the Shareholders/ Owners of **Albanian Digital Printing Solution & Services shpk**

Opinion

We have audited the financial statements of Albanian Digital Printing Solution & Services shpk (the Company), which comprise the statement of financial position as at December 31, 2016, 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, 2016, 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.

ILD 99 Audit shpk
Luan Kamberi
Partner



10 March 2017

Albanian Digital Printing Solution & Services Shpk*(All amounts are expressed in ALL)***Statement of Financial Position
as at December 31st, 2016**

	Notes	31 December 2016	31 December 2015
ASSETS			
Current assets			
Cash and cash equivalents	4	1,978,910	5,870,610
Trade receivables	5	29,059,685	35,982,217
Receivables from related parties	6	-	229,866
Other receivables	7	172,495	156,860
Inventory	8	8,299,699	7,418,366
Deferred expenses	9	2,361,618	2,660,812
Total current assets		41,872,407	52,318,731
Non-current assets			
Property, plant and equipment	10	22,004,399	26,970,690
Intangible assets	11	48,041	60,989
Total non-current assets		22,052,440	27,031,679
Total Assets		63,924,847	79,350,410
LIABILITIES			
Current liabilities			
Borrowings	12	978,744	3,134,956
Trade payables	13	9,948,313	22,804,326
Payables to related parties	14	1,537,844	14,554,398
Accrued expenses	15	14,507	38,762
Tax liabilities	16	1,918,340	2,757,108
Deferred income		5,738,982	-
Other liabilities	17	16,363	16,363
Total current liabilities		20,153,093	43,305,913
Non-current liabilities			
Loans	18	3,345,997	9,593,441
Payables to related parties	19	-	2,676,960
Total non-current liabilities		3,345,997	12,270,401
Total Liabilities		23,499,090	55,576,314
Equity			
	20		
Subscribed share capital		100	100
Legal reserves		10	10
Other reserves		23,773,986	13,480,649
Profit for the year		16,651,661	10,293,337
Total Equity		40,425,757	23,774,096
Total Equity & Liabilities		63,924,847	79,350,410

The financial statement has to be read in conjunction with notes set out in pages 6 to 21, forming part of these financial statements.

Albanian Digital Printing Solution & Services Shpk*(All amounts are expressed in ALL)***Statement of Financial Performance
For the year ended December 31st, 2016**

	Notes	For the year end 31 December 2016	For the year end 31 December 2015
Revenues	21	89,659,385	104,522,075
Changes in inventories of finished goods and work in progress		(325,981)	273,188
Other income from operating activities	22	112,067	249,125
Raw materials and consumables		(48,667,550)	(68,873,235)
1) Raw materials and consumables	23	(41,062,581)	(64,194,814)
2) Other expenses	24	(7,604,969)	(4,678,421)
Personnel expenses	25	(14,857,748)	(16,554,008)
1) Salaries and other benefits		(13,143,556)	(14,842,786)
2) Social and health insurance		(1,714,192)	(1,711,222)
Depreciation and amortization expense	10/11	(5,169,752)	(6,364,256)
Other operating expenses	26	(1,352)	(79,531)
Finance costs	27	(1,051,441)	(856,588)
1) Interest expense and other similar		(533,456)	(1,129,721)
2) Other financial expenses		(517,985)	273,133
Profit (Loss) before tax		19,697,628	12,316,770
Income tax expense	28	(3,045,967)	(2,023,433)
Current year income tax expense		(3,045,967)	(2,023,433)
Deferred income tax expense		-	-
Profit (Loss) for the year		16,651,661	10,293,337
Other comprehensive income for the year:		-	-
Total of other comprehensive income for the year		16,651,661	10,293,337

The financial statement has to be read in conjunction with notes set out in pages 6 to 21, forming part of these financial statements.

Albanian Digital Printing Solution & Services Shpk

(All amounts are expressed in ALL)

Statement of Changes in Equity For the year ended December 31st, 2016

	Share capital	Legal Reserves	Other Reserves	Profit/Loss of the year	Total
Balance at 31 December 2014	100	10	8,803,776	4,676,873	13,480,759
Restated balance at 1 January 2015					
Profit / Loss for the year				10,293,337	10,293,337
Movements through equity			4,676,873	(4,676,873)	-
Restated balance at 31 December 2015	100	10	13,480,649	10,293,337	23,774,096
Restated balance at 1 January 2016					
Profit / Loss for the year				16,651,661	16,651,661
Movements through equity			10,293,337	(10,293,337)	-
Balance at 31 December 2016	100	10	23,773,986	16,651,661	40,425,757

The financial statement has to be read in conjunction with notes set out in pages 6 to 21, forming part of these financial statements.

Financial statements of the Company for the year ended on December 31, 2016 are approved and signed on 07 March 2016 as follows:

Elvis Sula
Administrator

ADPS
Albanian Digital Printing Solutions & Services
Tirana (Albania)
NIPIT 115180003E

Mazars Shpk
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Compiler of Financial Statements

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Albanian Digital Printing Solution & Services Shpk*(All amounts are expressed in ALL)***Statement of Cash Flows****For the year ended December 31st, 2016**

	Notes	For the year end 31 December 2016	For the year end 31 December 2015
Cash Flows from operating activities			
Profit (loss) for the year		16,651,661	10,293,337
Adjustments for non-cash items:			
Non-cash financial expense		(185,566)	(331,616)
Non-monetary tax profit expense		1,129,154	444,375
Depreciation and amortization expense		5,169,752	6,364,256
Decrease/ (increase) in trade and other receivables		7,435,957	(14,318,134)
Decrease/ (increase) in inventory		(881,333)	2,366,738
Increase/ (decrease) in trade payables and other payables		(22,125,762)	3,798,686
Increase/ (decrease) in liabilities for personnel		-	(718,739)
Net cash-flows from operating activities		7,193,863	7,898,903
Cash-flows from investing activities			
Proceeds from sale of property, plant and equipment		(190,514)	(350,847)
Net cash-flows from investing activities		(190,514)	(350,847)
Cash-flows from financing activities			
Payment of borrowings		(11,080,615)	(3,544,821)
Net cash from financing activities		(11,080,615)	(3,544,821)
Net increase/ (decrease) in cash and cash equivalents		(4,077,266)	4,003,235
Cash and cash equivalents at the beginning of the year		5,870,610	1,868,174
Effects of exchange rate fluctuation on the balance of cash held in foreign currencies		185,566	(799)
Cash and cash equivalents at the end of the year	4	1,978,910	5,870,610

The financial statement has to be read in conjunction with notes set out in pages 6 to 20, forming part of these financial statements.

Albanian Digital Printing Solution & Services Shpk
Notes to the financial statements for the year ending December 31, 2016

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

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 14th 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 100 quotes of the nominal value 1 ALL each.

Shareholders of the company are:

- Mr. Elvis Sula is owner of 24.5 shares or 24.5% of equity of the company;
- Wildermore Holdings is owner of 24.5 shares or 24.5% of equity of the company;
- Inform P.Lykos S.a Processing & Development of Printed Information System is owner of 51 shares or 51% 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, 2016 the Company had 16 employees (2015: 18 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 1st, 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.

Albanian Digital Printing Solution & Services Shpk
Notes to the financial statements for the year ending December 31, 2016

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

2. Basis of preparation (continues)

2.5 Use of estimates and judgments

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.

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 order to determine the probability of a future outcome, the company uses internal and external legal advisors. Management assess that there is no need to create provisions for the current year.

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, 2016 and 2015 are detailed as below:

Foreign Exchange Rate	2016	2015
Euro/ALL	135.23	137.28
USD/ ALL	128.17	125.79

3. Significant accounting policies (continues)

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.

Albanian Digital Printing Solution & Services Shpk
Notes to the financial statements for the year ending December 31, 2016

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

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. 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.

Equity

Shareholder equity is recognized at nominal value. Ordinary shares are classified as capital.

3. Significant accounting policies (continues)

3.2. Financial instruments

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).

Albanian Digital Printing Solution & Services Shpk
Notes to the financial statements for the year ending December 31, 2016

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

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.

3.3. 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.

i. 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.

ii. 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.

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

3. Significant accounting policies (continues)

3.4. Property, plant and equipment

The estimated life expectancy for 2016 and 2015 is shown as below:

Asset category	Depreciation method	Depreciation rate
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 %

iii. 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.

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. Significant accounting policies (continues)

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 2016 is 15% (2015: 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.

The company has not recorded any deferred tax assets in regard to the carried forward tax losses.

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.

Albanian Digital Printing Solution & Services Shpk
Notes to the financial statements for the year ending December 31, 2016

(All amounts are expressed in ALL)

4. Cash and cash equivalent

Cash on hand and at banks as at December 31, 2016 and December 31, 2015 are expressed in table as below:

	December 31, 2016	December 31, 2015
Cash at banks	1,908,378	5,818,803
Current account	1,908,378	5,818,803
Cash on hand	70,532	51,807
	<u>1,978,910</u>	<u>5,870,610</u>

5. Trade receivables

Trade receivables as at December 31st, 2016 and 2015 are as following:

	December 31, 2016	December 31, 2015
Trade receivables	29,059,685	35,982,217
	<u>29,059,685</u>	<u>35,982,217</u>

6. Receivables from related parties

Receivables from related parties as at December 31, 2016 and 2015 are expressed as follows:

	December 31, 2016	December 31, 2015
Receivables from related parties	-	229,866
	<u>-</u>	<u>229,866</u>

7. Other Receivables

Other receivables as at December 31, 2016 and 2015 are broken down below:

	December 31, 2016	December 31, 2015
Custom Duties	147,497	156,860
Other Receivables	24,998	-
	<u>172,495</u>	<u>156,860</u>

8. Inventory

Inventory as at December 31, 2016 and 2015 is composed as follows:

	December 31, 2016	December 31, 2015
Cost of raw materials	8,021,314	6,956,847
Goods for resale	268,120	125,273
Finished goods	10,265	336,246
	<u>8,299,699</u>	<u>7,418,366</u>

Albanian Digital Printing Solution & Services Shpk
Notes to the financial statements for the year ending December 31, 2016

(All amounts are expressed in ALL)

9. Deferred Expenses

Deferred expenses as at December 31st, 2016 and 2015 are as below:

	December 31, 2016	December 31, 2015
Deferred expenses	2,361,618	2,660,812
	<u>2,361,618</u>	<u>2,660,812</u>

Albanian Digital Printing Solution & Services Shpk
Notes to the financial statements for the year ending December 31, 2016

(All amounts are expressed in ALL)

10. Property, plant and equipment

	Machinery and Equipment's	Vehicles	Office equipment's	IT Equipment's	Other	Total
<i>Cost</i>						
Balance as at 31 December 2014	47,030,472	953,836	52,167	2,862,904	3,169,713	54,069,092
Additions			20,874	289,190	40,783	350,846
Deposals						
Balance as at 31 December 2015	47,030,472	953,836	73,041	3,152,094	3,210,496	54,419,938
Additions				190,514		190,515
Deposals						
Balance as at 31 December 2016	47,030,472	953,836	73,041	3,342,608	3,210,496	54,610,453
<i>Accumulated depreciation</i>						
Balance as at 31 December 2014	(19,043,855)	(158,970)	(11,333)	(1,338,685)	(545,102)	(21,097,945)
Charge for the year	(5,245,797)	(158,973)	(8,862)	(411,392)	(526,280)	(6,351,304)
Disposals						
Balance as at 31 December 2015	(24,289,652)	(317,943)	(20,195)	(1,750,077)	(1,071,382)	(27,449,249)
Charge for the year	(4,240,584)	(127,176)	(10,572)	(350,649)	(427,824)	(5,156,805)
Disposals						
Balance as at 31 December 2016	(28,530,236)	(445,119)	(30,767)	(2,100,726)	(1,499,206)	(32,606,054)
<i>Net Book Value</i>						
Balance as at 31 December 2014	27,986,617	794,866	40,834	1,524,219	2,624,611	32,971,147
Balance as at 31 December 2015	22,740,820	635,893	52,846	1,402,017	2,139,114	26,970,689
Balance as at 31 December 2016	18,500,236	508,717	42,274	1,241,882	1,711,290	22,004,399

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Notes to the financial statements for the year ending December 31, 2016

(All amounts are expressed in ALL)

11. Intangible asset

	<u>AAJM</u>	<u>Total</u>
Cost		
Balance as at 31 December 2015	86,346	86,346
Balance as at 31 December 2016	86,346	86,346
Depreciation		
Balance as at 31 December 2015	25,357	25,357
Additions	12,948	12,948
Balance as at 31 December 2016	38,305	38,305
Net book value as at 31 December 2015	<u>60,989</u>	<u>60,989</u>
Net book value as at 31 December 2016	<u>48,041</u>	<u>48,041</u>

12. Borrowings

Current borrowings represent the amount of overdrafts from banks as below:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Overdraft Raiffeisen Bank	978,744	3,134,956
	<u>978,744</u>	<u>3,134,956</u>

13. Trade payables

Trade payables as at December 31, 2016 and December 31, 2015 are expressed as below:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
National Suppliers	1,414,107	13,462,027
Foreign Suppliers	8,534,206	9,342,299
	<u>9,948,313</u>	<u>22,804,326</u>

14. Payables to related parties

Payables to related parties as at December 31, 2016 and 2015 are presented in the table below:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Trade payables toward Inform P Lykos	1,537,844	14,554,398
	<u>1,537,844</u>	<u>14,554,398</u>

15. Accrued expenses

Accrued expenses on December 31, 2016 and December 31, 2015 are shown on the table below:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Supplier for un received invoices	14,507	38,762
	<u>14,507</u>	<u>38,762</u>

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Notes to the financial statements for the year ending December 31, 2016

(All amounts are expressed in ALL)

16. Tax liabilities

Tax liabilities for the year ended on December 31, 2016 and December 31, 2015 are composed as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Social and health contributions	243,002	265,884
Personal Income Taxes	112,219	114,641
Withholding Tax	357,324	1,142,790
Corporate Income Tax	1,129,154	444,375
VAT Payable	76,641	789,418
	<u>1,918,340</u>	<u>2,757,108</u>

17. Other Liabilities

Other liabilities for the year ended on December 31, 2016 and December 31, 2015 are expressed as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Other liabilities	16,364	16,363
	<u>16,364</u>	<u>16,363</u>

18. Long term Loan

Long term loans as at December 31, 2016 and 2015 are as follows:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Raiffeisen Leasing Financial lease	3,036,381	6,473,915
Porsche Leasing Financial lease	309,616	442,566
Financing from Kostas Grekis	-	2,676,960
	<u>3,345,997</u>	<u>9,593,441</u>

19. Long term payables to related parties

The long term payables as at December 31, 2016 and December 31, 2015 are expressed in the table below:

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Financing from Elvis Sula	-	2,676,960
	<u>-</u>	<u>2,676,960</u>

20. Share capital

The subscribed capital of the Company is ALL 100. During 2016 there are no changes in the subscribed capital.

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Notes to the financial statements for the year ending December 31, 2016

(All amounts are expressed in ALL)

21. Revenues

The revenues from the operating activity for the year ended December 31, 2016 and December 31, 2015 are detailed in the table below:

	For the year end 31 December 2016	For the year end 31 December 2015
Income from sale of finished goods	71,815,142	75,041,493
Income from sale of services	15,798,020	21,461,488
Income from sale of goods	2,046,223	8,019,094
	<u>89,659,385</u>	<u>104,522,075</u>

Reconciliation of revenues with the VAT declaration:

	For the year end 31 December 2016
Reconciliation of Incomes with VAT declaration	
Total of the sales on VAT declaration	94,944,935
Change on prepayment state	(5,803,535)
Discount sales for advance payment	517,985
Sales on VAT declaration that are revenues on Income statement	<u>89,659,385</u>
Sales of finished goods	71,815,142
Sale of goods	2,046,223
Services	15,798,020
Revenues on Income statement, which are declared sales on VAT Declaration	<u>89,659,385</u>
Income from interests	503
Exchange gains	476,385
Total of revenues on Profit declaration	<u>90,136,273</u>

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, 2016 and December 31, 2015:

	For the year end 31 December 2016	For the year end 31 December 2015
Foreign exchange gains	476,385	691,012
Foreign exchange losses	(364,318)	(441,887)
	<u>112,067</u>	<u>249,125</u>

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Notes to the financial statements for the year ending December 31, 2016

(All amounts are expressed in ALL)

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, 2016 and December 31, 2015 are shown in the table below:

	For the year end 31 December 2016	For the year end 31 December 2015
Cost of raw materials	22,613,085	30,879,205
Subcontractors	8,770,165	15,658,958
Rent	3,549,845	3,187,194
Spare parts	2,060,417	3,769,448
Cost of goods sold	1,485,703	7,027,600
Electrical energy	858,349	880,943
Cost of packaging materials	803,648	584,397
Maintenance and repairs for machines and factories	394,163	1,607,178
IT Services	326,921	
Insurance premiums	121,873	210,610
Services from third parties	59,751	330,423
Other auxiliary materials	18,661	58,858
	41,062,581	64,194,814

24. Other expenses

Other expenses for the year ended December 31, 2016 and December 31, 2015 are broken down below:

	For the year end 31 December 2016	For the year end 31 December 2015
Financial and legal consultancy	3,482,766	1,814,732
Maintenance and repairs	902,556	261,165
Different purchase, stationery, etc.	760,162	121,806
Expenses for participation in tender	507,490	294,000
Services from third parties	502,498	382,610
Postal and telecommunications expenses	423,613	505,518
Other nondeductible expenses	371,367	419,705
Bank commissions	275,180	252,202
Various/other taxes	198,798	20,120
Administrative and notary expenses	69,223	38,953
Travel and accommodation costs for technicians	59,782	306,976
Reception expenses	35,555	68,320
Insurance	15,979	8,100
Travel expenses, per diems	-	184,214
	7,604,969	4,678,421

25. Personnel expenses

Personnel expenses for the year ended December 31, 2016 and December 31, 2015 are broken down below:

	For the year end 31 December 2016	For the year end 31 December 2015
Expenses for salaries	13,132,614	14,566,040
Social and health contributions	1,714,192	1,711,222
Apartment rent for employees	-	267,923
Other expenses for employees	10,942	8,823
	<u>14,857,748</u>	<u>16,554,008</u>

26. Other operating expenses

Other operating expenses represent the fines and penalties for the year ended December 31, 2016 and December 2015:

	For the year end 31 December 2016	For the year end 31 December 2015
Fines and penalties	1,352	79,531
	<u>1,352</u>	<u>79,531</u>

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, 2016 and December 31, 2015 are expressed as below:

	For the year end 31 December 2016	For the year end 31 December 2015
Interest expenses	(533,456)	(1,129,721)
Foreign exchange gains	-	273,133
Financial sales discount	(517,985)	
	<u>(1,051,441)</u>	<u>(856,588)</u>

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Notes to the financial statements for the year ending December 31, 2016

(All amounts are expressed in ALL)

28. Income tax

The calculation of the income tax expenses for the year ended December 31, 2016 and December 31, 2015 is shown below:

	For the year end 31 December 2016	For the year end 31 December 2015
Net profit for the year before income tax	19,697,628	12,316,770
Nondeductible expenses (as follows)	608,817	1,172,785
Penalties and Fines	1,350	79,531
Other nondeductible expenses	607,468	1,093,254
Profit before tax (including costs unknown)	20,306,445	13,489,555
Income Tax @ 15%	3,045,967	2,023,433
	<u>16,651,661</u>	<u>10,293,337</u>

29. Related parties' transactions

The balances with related parties on December 31, 2016 and December 31, 2015 are expressed as follows:

	December 31, 2016	December 31, 2015
Balance sheet		
Payable to related parties		
Inform P.Lykos SA	1,595,488	14,554,398
Elvis Sula		2,676,960
	<u>1,595,488</u>	<u>17,231,358</u>
Receivable from related parties		
Inform P.Lykos SA		229,866
	-	<u>229,866</u>

Details of transactions with related parties for the year ended on December 31, 2016 and December 31, 2015 are composed as follows:

	For the year ended December 31, 2016	For the year ended December 31, 2015
Income statement		
Sales to related parties		
Inform P.Lykos SA		233,047
	-	<u>233,047</u>
Purchase from related parties		
Inform P.Lykos SA	24,385,457	9,278,407
	<u>24,385,457</u>	<u>9,278,407</u>

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

(All amounts are expressed in ALL)

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, 2016 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.