

**PRIMEORE LTD**

REPORT AND FINANCIAL STATEMENTS  
31 December 2019

# PRIMEORE LTD

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## REPORT AND FINANCIAL STATEMENTS

31 December 2019

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# PRIMEORE LTD

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Artem Mitsynskyy  
Mikaella Kyprianou  
Vitalii Kravchenko  
Serhii Maksymenko  
Olexandr Kotlyarenko  
Timur Novikov  
Viktor Skiba

**Company Secretary:**

Amalia Hadjipapa Charalambidou

**Independent Auditors:**

AdvancedAudit & Tax Consulting (P.P.) Ltd  
Certified Public Accountants & Registered Auditors  
7 Sosomeos Street  
Apostolos Andreas  
P.C. 3066  
Limassol, Cyprus

**Registered office:**

Sotiri Michailidi & 28 Oktomvriou, Lophitis International  
Center, Office 301  
Limassol  
3035  
Cyprus

**Bankers:**

Eurobank Cyprus Ltd

**Registration number:**

HE333058

# PRIMEORE LTD

## MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2019.

### **Incorporation**

The Company Primeore Ltd was incorporated in Cyprus on 4 June 2014 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

### **Principal activities and nature of operations of the Company**

The principal activities of the Company, which are unchanged from last year, are the provision of services and holding of investments.

### **Review of current position, future developments and performance of the Company's business**

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

### **Results and Dividends**

The Company's results for the year are set out on page 6. The Board of Directors, following consideration of the availability of profits for distribution as well as the liquidity position of the Company, approved the payment of a dividend as detailed below and the remaining net profit for the year is retained.

### **Dividends**

On 27 February 2019, 14 May 2019, 5 July 2019, 16 July 2019, 26 November 2019 and 12 December 2019 the Board of Directors approved the payment of an interim dividend of €11.102.000 (2018: €440.000).

On 5 July 2019 the Board of Directors approved the payment of a preference dividend of €600.000 (2018: €600.000).

### **Share capital**

There were no changes in the share capital of the Company during the year under review.

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2019 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2019.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

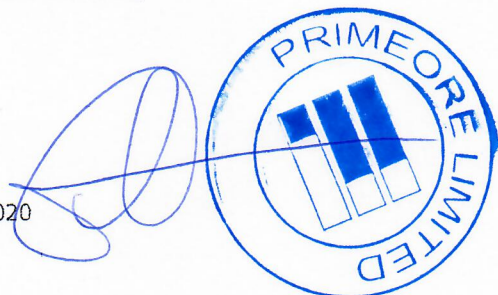
### **Independent Auditors**

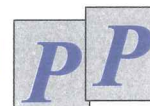
The Independent Auditors, AdvancedAudit & Tax Consulting (P.P.) Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Artem Mitsynskyy  
Director

Limassol, 29 April 2020





## **Independent Auditor's Report**

### **To the Members of Primeore Ltd**

#### **Report on the Audit of the Financial Statements**

##### **Qualified Opinion**

We have audited the financial statements of Primeore Ltd (the "Company"), which are presented in pages 6 to 24 and comprise the statement of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### **Basis for Qualified Opinion**

As stated in note 2 to the financial statements, the Company has not prepared consolidated financial statements as required by the Cyprus Companies Law, Cap. 113 and International Financial Reporting Standard 10 'Consolidated Financial Statements'. In our opinion, the presentation of consolidated information is necessary for a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.

In addition, we have been unable to gather sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of trade receivables as shown on statement of financial position as at 31 December 2019.

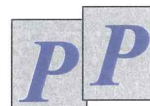
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

##### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the additional information to the statement of profit or loss and other comprehensive income in pages 25 to 29, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **Independent Auditor's Report (continued)**

### **To the Members of Primeore Ltd**

#### **Responsibilities of the Board of Directors for the Financial Statements**

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 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 the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

#### **Report on Other Legal Requirements**

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.



## Independent Auditor's Report (continued)

### To the Members of Primeore Ltd

#### Report on Other Legal Requirements (continued)

- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report except that the Company has not prepared a consolidated Management Report, since as explained in the Basis for Qualified Opinion section of our report, the Company has not prepared consolidated financial statements.

#### Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

**AdvancedAudit &  
Tax Consulting (P.P.) Ltd**

Panayiotis Papapetrou  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**AdvancedAudit & Tax Consulting (P.P.) Ltd**  
**Certified Public Accountants & Registered Auditors**  
7 Sosicleous Street  
Apostolos Andreas  
P.C. 3066  
Limassol, Cyprus

Limassol, 29 April 2020

## PRIMEORE LTD

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2019

	Note	2019 €	2018 €
<b>Revenue</b>	8	<b>1.870.125</b>	1.985.591
Dividend income		<b>13.577.073</b>	-
<b>Gross profit</b>		<b>15.447.198</b>	1.985.591
Other operating income	9	<b>363.629</b>	870.176
Selling and distribution expenses		<b>(751)</b>	(3.532)
Administration expenses	10	<b>(727.642)</b>	(894.308)
<b>Operating profit</b>		<b>15.082.434</b>	1.957.927
Finance costs	12	<b>(728.808)</b>	(1.185.605)
<b>Profit before tax</b>		<b>14.353.626</b>	772.322
Tax	13	<b>(147.002)</b>	(135.356)
<b>Net profit for the year</b>		<b>14.206.624</b>	636.966
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>14.206.624</b>	636.966

The notes on pages 10 to 24 form an integral part of these financial statements.



# PRIMEORE LTD

## STATEMENT OF FINANCIAL POSITION

31 December 2019

	Note	2019 €	2018 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	64.728	81.129
Investments in subsidiaries	16	<u>2.996.895</u>	<u>2.996.895</u>
		<u>3.061.623</u>	<u>3.078.024</u>
<b>Current assets</b>			
Trade and other receivables	17	15.972.074	18.691.609
Refundable taxes	23	-	14.644
Cash at bank and in hand	18	<u>2.049.037</u>	<u>1.429.620</u>
		<u>18.021.111</u>	<u>20.135.873</u>
<b>Total assets</b>		<u>21.082.734</u>	<u>23.213.897</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	2.000	2.000
Share premium		439.000	439.000
Redeemable shares	20	600	600
Other reserves		473.988	473.988
Retained earnings		<u>3.479.341</u>	<u>974.717</u>
<b>Total equity</b>		<u>4.394.929</u>	<u>1.890.305</u>
<b>Non-current liabilities</b>			
Borrowings	21	-	6.774.505
		-	<u>6.774.505</u>
<b>Current liabilities</b>			
Trade and other payables	22	16.098.334	14.549.087
Borrowings	21	552.113	-
Current tax liabilities	23	<u>37.358</u>	-
		<u>16.687.805</u>	<u>14.549.087</u>
<b>Total liabilities</b>		<u>16.687.805</u>	<u>21.323.592</u>
<b>Total equity and liabilities</b>		<u>21.082.734</u>	<u>23.213.897</u>

On 29 April 2020 the Board of Directors of Primeore Ltd authorised these financial statements for issue.

Artem Mitsynskyy  
Director



Mikaella Kyprianou  
Director



The notes on pages 10 to 24 form an integral part of these financial statements.

# PRIMEORE LTD

## STATEMENT OF CHANGES IN EQUITY

31 December 2019

	Note	Share capital €	Redeemable shares €	Share premium €	Translation reserve €	Retained earnings €	Tot
<b>Balance at 1 January 2018</b>		<b>2.000</b>	<b>600</b>	<b>439.000</b>	<b>473.988</b>	<b>1.377.751</b>	<b>2.293.33</b>
<b>Comprehensive income</b>							
Net profit for the year		-	-	-	-	636.966	636.96
<b>Transactions with owners</b>							
Dividends	14	-	-	-	-	(1.040.000)	(1.040.00)
<b>Balance at 31 December 2018/ 1 January 2019</b>		<b>2.000</b>	<b>600</b>	<b>439.000</b>	<b>473.988</b>	<b>974.717</b>	<b>1.890.30</b>
<b>Comprehensive income</b>							
Net profit for the year		-	-	-	-	14.206.624	14.206.62
<b>Transactions with owners</b>							
Dividends	14	-	-	-	-	(11.702.000)	(11.702.00)
<b>Balance at 31 December 2019</b>		<b>2.000</b>	<b>600</b>	<b>439.000</b>	<b>473.988</b>	<b>3.479.341</b>	<b>4.394.92</b>

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 10 to 24 form an integral part of these financial statements.

# PRIMEORE LTD

## STATEMENT OF CASH FLOWS

31 December 2019

	Note	2019 €	2018 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>14.353.626</b>	772.322
Adjustments for:			
Depreciation of property, plant and equipment	15	16.401	16.401
Unrealised exchange loss		338.825	100.051
Dividend income		(13.577.073)	-
Interest expense	12	26.632	250.035
		<b>1.158.411</b>	1.138.809
<b>Changes in working capital:</b>			
Decrease/(increase) in trade and other receivables		16.296.608	(689.019)
(Decrease)/increase in trade and other payables		(4.699.777)	574.947
<b>Cash generated from operations</b>		<b>12.755.242</b>	1.024.737
Tax paid		(95.000)	(208.590)
<b>Net cash generated from operating activities</b>		<b>12.660.242</b>	816.147
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment	15	-	(55.300)
<b>Net cash used in investing activities</b>		<b>-</b>	(55.300)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(11.702.000)	(1.040.000)
<b>Net cash used in financing activities</b>		<b>(11.702.000)</b>	(1.040.000)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>958.242</b>	(279.153)
Cash and cash equivalents at beginning of the year		1.429.620	1.808.824
Effect of exchange rate fluctuations on cash held		(338.825)	(100.051)
<b>Cash and cash equivalents at end of the year</b>	18	<b>2.049.037</b>	1.429.620

The notes on pages 10 to 24 form an integral part of these financial statements.

# PRIMEORE LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Primeore Ltd (the "Company") was incorporated in Cyprus on 4 June 2014 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Sotiri Michailidi & 28 Oktomvriou, Lophitis International Center, Office 301, Limassol, 3035, Cyprus.

#### Principal activities

The principal activities of the Company, which are unchanged from last year, are the provision of services and holding of investments.

### 2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), except for the preparation of consolidated financial statements as required by the Cyprus Companies Law, Cap. 113 and by the International Financial Reporting Standard 10 'Consolidated Financial Statements'. The financial statements have been prepared under the historical cost convention.

### 3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2019. This adoption did not have a material effect on the accounting policies of the Company.

### 4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

#### Revenue

##### Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

# PRIMEORE LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 4. Significant accounting policies (continued)

#### Revenue recognition (continued)

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices ) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

#### Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

- **Rendering of services**

Revenue from rendering of services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

- **Dividend income**

Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

#### Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

# PRIMEORE LTD

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 4. Significant accounting policies (continued)

#### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

#### Foreign currency translation

**(1) Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

**(2) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

#### Dividends

Interim dividends are recognised in equity in the year in which they are approved by the Company's Directors. Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

#### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture, fixtures and office equipment	10
Computer hardware	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 4. Significant accounting policies (continued)

#### Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

#### Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

#### Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

#### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

#### Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 6, Credit risk section.

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**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2019

**4. Significant accounting policies (continued)**

**Trade receivables (continued)**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

**Compound financial instruments**

Compound financial instruments issued by the Company comprise convertible notes denominated in Euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified.

**Share capital**

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

**Convertible preference shares**

The component of the convertible preference shares that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. The corresponding dividends on those shares are charged as interest expense in profit or loss.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

**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.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

**4. Significant accounting policies (continued)**

**Non-current liabilities**

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

**Comparatives**

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

**5. New accounting pronouncements**

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

**6. Financial risk management**

**Financial risk factors**

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

**6.1 Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2019	2018
	€	€
<b>Fixed rate instruments</b>		
Financial liabilities	<u>(552.113)</u>	<u>(6.774.505)</u>
	<u>(552.113)</u>	<u>(6.774.505)</u>

**6.2 Credit risk**

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

*(i) Risk management*

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. If customers are independently rated, these ratings are used.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

##### *(i) Risk management (continued)*

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

##### *(ii) Impairment of financial assets*

The Company has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- cash and cash equivalents

#### **Trade receivables and contract assets**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, lease contracts and contract assets).

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Company defines default as a situation when the debtor is more than 90 days past due on its contractual payments. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

##### *Previous accounting policy for impairment of trade receivables*

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. A provision for impairment of trade receivables was established when there was objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments (more than 120 days overdue) were considered indicators that the trade receivable was impaired. The amount of the provision was the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate.

# PRIMEORE LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

##### (iii) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Company monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

#### 6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

<b>31 December 2019</b>	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Other loans	552.113	563.667	-	563.667	-	-	-
Trade and other payables	15.044.310	15.044.310	-	15.044.310	-	-	-
Payables to related parties	1.007.016	1.007.016	-	1.007.016	-	-	-
	<b>16.603.439</b>	<b>16.614.993</b>	-	<b>16.614.993</b>	-	-	-

31 December 2018	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Other loans	6.774.505	7.544.063	-	-	563.667	-	6.980.396
Trade and other payables	14.496.885	14.496.885	-	14.496.885	-	-	-
Payables to related parties	9.196	9.196	-	9.196	-	-	-
	<b>21.280.586</b>	<b>22.050.144</b>	-	<b>14.506.081</b>	<b>563.667</b>	-	<b>6.980.396</b>

#### 6.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, PLN and UAH. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### 6.5 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

*Critical judgements in applying the Company's accounting policies*

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

- **Impairment of non-financial assets**

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

# PRIMEORE LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 8. Revenue

	2019	2018
	€	€
Rendering of services	<u>1.870.125</u>	<u>1.985.591</u>
	<u><b>1.870.125</b></u>	<u><b>1.985.591</b></u>

### 9. Other operating income

	2019	2018
	€	€
Exchange profit	<u>363.629</u>	<u>870.176</u>
	<u><b>363.629</b></u>	<u><b>870.176</b></u>

### 10. Administration expenses

	2019	2018
	€	€
Staff costs	<b>538.493</b>	669.569
Rent	<b>79.300</b>	78.000
Common expenses	<b>1.800</b>	2.321
Municipality taxes	<b>2.106</b>	2.065
Annual levy	<b>350</b>	350
Electricity	<b>5.335</b>	4.501
Water supply and cleaning	<b>441</b>	360
Insurance	<b>622</b>	311
Repairs and maintenance	<b>15.178</b>	960
Sundry expenses	<b>5.609</b>	3.308
Telephone and postage	<b>18.677</b>	24.628
Courier expenses	<b>6.598</b>	12.058
Stationery and printing	<b>537</b>	2.100
Subscriptions and contributions	<b>10.000</b>	8.795
Computer supplies and maintenance	-	14.702
Auditors' remuneration	<b>4.000</b>	4.000
Accounting fees	<b>3.600</b>	3.600
Legal fees	<b>384</b>	85
Other professional fees	<b>17.530</b>	28.683
Fines	-	102
Overseas travelling	<b>681</b>	17.409
Depreciation	<u><b>16.401</b></u>	<u>16.401</u>
	<u><b>727.642</b></u>	<u><b>894.308</b></u>

### 11. Staff costs

	2019	2018
	€	€
Salaries	<b>502.407</b>	642.636
Social security costs	<b>27.035</b>	18.048
Social cohesion fund	<b>9.051</b>	8.885
	<u><b>538.493</b></u>	<u><b>669.569</b></u>
Average number of employees (including Directors in their executive capacity)	<u><b>6</b></u>	<u><b>6</b></u>

## PRIMEORE LTD

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

#### 12. Finance costs

	2019 €	2018 €
Net foreign exchange losses	698.287	930.217
Interest expense	26.632	250.035
Sundry finance expenses	3.889	5.353
<b>Finance costs</b>	<b>728.808</b>	<b>1.185.605</b>

#### 13. Tax

	2019 €	2018 €
Corporation tax	147.002	135.356
<b>Charge for the year</b>	<b>147.002</b>	<b>135.356</b>

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2019 €	2018 €
Profit before tax	14.353.626	772.322
Tax calculated at the applicable tax rates	1.794.203	96.540
Tax effect of expenses not deductible for tax purposes	92.710	149.638
Tax effect of allowances and income not subject to tax	(1.744.638)	(110.822)
10% additional charge	4.727	-
<b>Tax charge</b>	<b>147.002</b>	<b>135.356</b>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

#### 14. Dividends

	2019 €	2018 €
Interim dividend paid	11.102.000	440.000
Preference dividends	600.000	600.000
	<b>11.702.000</b>	<b>1.040.000</b>

On 27 February 2019, 14 May 2019, 5 July 2019, 16 July 2019, 26 November 2019 and 12 December 2019 the Board of Directors approved the payment of an interim dividend of €11.102.000 (2018: €440.000).

On 5 July 2019 the Board of Directors approved the payment of a preference dividend of €600.000 (2018: €600.000).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

# PRIMEORE LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 15. Property, plant and equipment

	Furniture, fixtures and office equipment €	Computer hardware €	Total €
<b>Cost</b>			
Balance at 1 January 2018	26.290	-	26.290
Additions	<u>10.027</u>	<u>63.842</u>	<u>73.869</u>
<b>Balance at 31 December 2018/ 1 January 2019</b>	<b><u>36.317</u></b>	<b><u>63.842</u></b>	<b><u>100.159</u></b>
<b>Balance at 31 December 2019</b>	<b><u>36.317</u></b>	<b><u>63.842</u></b>	<b><u>100.159</u></b>
<b>Depreciation</b>			
Balance at 1 January 2018	2.629	-	2.629
Charge for the year	<u>3.632</u>	<u>12.769</u>	<u>16.401</u>
<b>Balance at 31 December 2018/ 1 January 2019</b>	<b><u>6.261</u></b>	<b><u>12.769</u></b>	<b><u>19.030</u></b>
Charge for the year	<u>3.632</u>	<u>12.769</u>	<u>16.401</u>
<b>Balance at 31 December 2019</b>	<b><u>9.893</u></b>	<b><u>25.538</u></b>	<b><u>35.431</u></b>
<b>Net book amount</b>			
<b>Balance at 31 December 2019</b>	<b><u>26.424</u></b>	<b><u>38.304</u></b>	<b><u>64.728</u></b>
<b>Balance at 31 December 2018</b>	<b><u>30.056</u></b>	<b><u>51.073</u></b>	<b><u>81.129</u></b>

### 16. Investments in subsidiaries

	2019 €	2018 €
Balance at 1 January	<u>2.996.895</u>	2.996.895
<b>Balance at 31 December</b>	<b><u>2.996.895</u></b>	<b><u>2.996.895</u></b>

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2019	2018	2019	2018
			Holding %	Holding %	€	€
LLC Production Innovation Trading	Ukraine	Trading & Consulting Services	100	100	<u>320.406</u>	320.406
Primeore Trading (Polska) Spolka Zoo	Poland	Trading	100	100	<u>2.676.489</u>	2.676.489
					<b><u>2.996.895</u></b>	<b><u>2.996.895</u></b>

The investments are stated at cost.

No consolidated financial statements as provided by the International Financial Reporting Standard 10 'Consolidated Financial Statements' have been prepared, because in the opinion of the directors, it is impracticable and would involve expense or delay out of proportion to the value of shareholders of the Company.

# PRIMEORE LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 17. Trade and other receivables

	2019	2018
	€	€
Trade receivables	<b>12.308.335</b>	18.609.560
Receivables from own subsidiaries (Note 24.2)	<b>3.587.073</b>	-
Deposits and prepayments	<b>22.605</b>	22.130
Accrued income	-	16.746
Refundable VAT	<b>54.061</b>	43.173
	<b><u>15.972.074</u></b>	<u>18.691.609</u>

The Company does not hold any collateral over the trading balances.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

### 18. Cash at bank and in hand

Cash balances are analysed as follows:

	2019	2018
	€	€
Cash at bank and in hand	<b><u>2.049.037</u></b>	1.429.620
	<b><u>2.049.037</u></b>	<u>1.429.620</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

### 19. Share capital

	2019	2019	2018	2018
	Number of shares	€	Number of shares	€
<b>Authorised</b>				
Ordinary shares of €1 each	<b><u>2.000</u></b>	<b><u>2.000</u></b>	2.000	2.000
<b>Issued and fully paid</b>				
Balance at 1 January	<b><u>2.000</u></b>	<b><u>2.000</u></b>	2.000	2.000
<b>Balance at 31 December</b>	<b><u>2.000</u></b>	<b><u>2.000</u></b>	2.000	2.000



# PRIMEORE LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 20. Redeemable shares

	2019 Number of shares	2019 €	2018 Number of shares	2018 €
<b>Authorised</b>				
Redeemable shares of €1 each	<u>600</u>	<u>1</u>	<u>600</u>	<u>1</u>
		€		€
<b>Issued and fully paid</b>				
Balance at 1 January	-	<u>600</u>	-	<u>600</u>
<b>Balance at 31 December</b>	<u>-</u>	<u>600</u>	<u>-</u>	<u>600</u>
<b>Balance at 31 December</b>		<u>600</u>		<u>600</u>

### 21. Borrowings

	2019 €	2018 €
<b>Current borrowings</b>		
Other loans	<u>552.113</u>	-
<b>Non-current borrowings</b>		
Other loans	-	<u>6.774.505</u>
	-	<u>6.774.505</u>
<b>Total</b>	<u>552.113</u>	<u>6.774.505</u>

Maturity of non-current borrowings:

	2019 €	2018 €
Between one to two years	-	515.545
After five years	-	<u>6.258.960</u>
	-	<u>6.774.505</u>

Other loan bears interest at the rate of 6% and is repayable by 18 August 2020.

### 22. Trade and other payables

	2019 €	2018 €
Trade payables	<b>9.318.932</b>	8.879.515
Social insurance and other taxes	<b>24.819</b>	29.635
Shareholders' current accounts - credit balances (Note 24.3)	<b>1.007.016</b>	9.196
Accruals	<b>22.189</b>	13.371
Other creditors	<u>5.725.378</u>	<u>5.617.370</u>
	<u>16.098.334</u>	<u>14.549.087</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

# PRIMEORE LTD

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 23. Current tax liabilities/(current tax assets)

	2019	2018
	€	€
Corporation tax	<u>37.358</u>	<u>(14.644)</u>
	<u>37.358</u>	<u>(14.644)</u>

### 24. Related party transactions

The following transactions were carried out with related parties:

#### 24.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2019	2018
	€	€
Directors' remuneration	<u>280.144</u>	<u>425.224</u>
	<u>280.144</u>	<u>425.224</u>

#### 24.2 Receivables from subsidiary company (Note 17)

Name	Nature of transactions	2019	2018
		€	€
Primeore Trading (Polska) Spolka Zoo	Dividend receivable	<u>3.587.073</u>	<u>-</u>
		<u>3.587.073</u>	<u>-</u>

The dividends from subsidiary company were received on 7 January 2020.

#### 24.3 Shareholders' current accounts - credit balances (Note 22)

	2019	2018
	€	€
Shareholders' current accounts	<u>1.007.016</u>	<u>9.196</u>
	<u>1.007.016</u>	<u>9.196</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

### 25. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2019.

### 26. Commitments

The Company had no capital or other commitments as at 31 December 2019.

### 27. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 3 to 5

## PRIMEORE LTD

### DETAILED INCOME STATEMENT

31 December 2019

	Page	2019 €	2018 €
<b>Revenue</b>			
Rendering of services		<b>1.870.125</b>	1.985.591
Dividend income		<b>13.577.073</b>	-
Realised foreign exchange profit		<b>4.167</b>	40.010
Unrealised foreign exchange profit		<b>359.462</b>	830.166
		<b>15.810.827</b>	2.855.767
<b>Operating expenses</b>			
Administration expenses	26	<b>(727.642)</b>	(894.308)
Selling and distribution expenses	26	<b>(751)</b>	(3.532)
		<b>15.082.434</b>	1.957.927
<b>Operating profit</b>		<b>15.082.434</b>	1.957.927
Finance costs	27	<b>(728.808)</b>	(1.185.605)
<b>Net profit for the year before tax</b>		<b>14.353.626</b>	772.322

## PRIMEORE LTD

### OPERATING EXPENSES

31 December 2019

	2019	2018
	€	€
<b>Administration expenses</b>		
Directors' remuneration	280.144	425.224
Staff salaries	222.263	217.412
Social security costs	19.750	18.048
Medical fund	7.285	-
Social cohesion fund	9.051	8.885
Rent	79.300	78.000
Common expenses	1.800	2.321
Municipality taxes	2.106	2.065
Annual levy	350	350
Electricity	5.335	4.501
Water supply and cleaning	441	360
Insurance	622	311
Repairs and maintenance	15.178	960
Sundry expenses	5.609	3.308
Telephone and postage	18.677	24.628
Courier expenses	6.598	12.058
Stationery and printing	537	2.100
Subscriptions and contributions	10.000	8.795
Computer supplies and maintenance	-	14.702
Auditors' remuneration	4.000	4.000
Accounting fees	3.600	3.600
Legal fees	384	85
Other professional fees	17.530	28.683
Fines	-	102
Overseas travelling	681	17.409
Depreciation	16.401	16.401
	<u>727.642</u>	<u>894.308</u>
	2019	2018
	€	€
<b>Selling and distribution expenses</b>		
Advertising	-	453
Decoration	751	3.079
	<u>751</u>	<u>3.532</u>

## PRIMEORE LTD

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### FINANCE EXPENSES

31 December 2019

	2019	2018
	€	€
<b>Finance costs</b>		
<b>Interest expense</b>		
Loan interest	26.582	250.035
Interest on taxes	50	-
<b>Sundry finance expenses</b>		
Bank charges	3.889	5.353
<b>Net foreign exchange losses</b>		
Unrealised foreign exchange loss	<u>698.287</u>	<u>930.217</u>
	<u><u>728.808</u></u>	<u><u>1.185.605</u></u>

**PRIMEORE LTD**

**COMPUTATION OF WEAR AND TEAR ALLOWANCES**

31 December 2019

	Year	%	COST			ANNUAL ALLOWANCES				Net value 31/12/2019 €	
			Balance 01/01/2019 €	Additions for the year €	Disposals for the year €	Balance 31/12/2019 €	Charge for the year €	On disposals €	Balance 31/12/2019 €		
<b>Furniture, fixtures and office equipment</b>											
Cost	2017	10	26,290	-	-	26,290	5,258	2,629	-	7,887	18,403
Cost	2018	10	10,026	-	-	10,026	1,003	1,003	-	2,006	8,020
			<u>36,316</u>	-	-	<u>36,316</u>	<u>6,261</u>	<u>3,632</u>	-	<u>9,893</u>	<u>26,423</u>
<b>Computer hardware</b>											
Cost	2018	20	63,843	-	-	63,843	12,769	12,769	-	25,538	38,305
			<u>63,843</u>	-	-	<u>63,843</u>	<u>12,769</u>	<u>12,769</u>	-	<u>25,538</u>	<u>38,305</u>
Total			<u>100,159</u>	-	-	<u>100,159</u>	<u>19,030</u>	<u>16,401</u>	-	<u>35,431</u>	<u>64,728</u>

# PRIMEORE LTD

## COMPUTATION OF CORPORATION TAX

31 December 2019

	Page	€	€
Net profit per income statement	25		14.353.626
<u>Add:</u>			
Depreciation		16.401	
Unrealised foreign exchange loss		698.287	
Annual levy		350	
Interest on taxes		50	
Non-allowable interest		<u>26.582</u>	
			<u>741.670</u>
			15.095.296
<u>Less:</u>			
Annual wear and tear allowances	28	16.401	
Dividends received		13.577.073	
Realised foreign exchange profit		4.167	
Unrealised foreign exchange profit		<u>359.462</u>	
			<u>(13.957.103)</u>
<b>Chargeable income for the year</b>			<u><u>1.138.193</u></u>

### Calculation of corporation tax

	Income €	Rate %	Total € c
<b>Tax at normal rates:</b>			
Chargeable income as above	<u>1.138.193</u>	12,50	142.274,13
Tax paid provisionally	<u>760.000</u>		<u>(95.000,00)</u>
			47.274,13
10% additional charge			<u>4.727,41</u>
<b>TAX PAYABLE</b>			<u><u>52.001,54</u></u>