

***“ALUMIL KOSOVO” LIMITED COMPANY***  
***Financial Statements as of***  
***31 December 2017***

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## **C-7 Auditor's report to the Group Auditor on the audit of specified account balances, classes of transactions or disclosures for group audit purposes**

Name(s) of component(s): **Alumil Kosovo shpk**  
Group code/Component identifier: **KOS**  
Year-end: **31 December 2017**  
Currency: **EUR**

To: **Eleonora Seka**

As requested in your instructions dated November 10, 2017, we have audited, for the purpose of your audit of the group financial statements of Alumil S.A, the special purpose financial information Financial Statements and Notes accompanied of Alumil Kosovo shpk as of 31 December 2017 and for the year then ended on 31 December 2017. This special purpose financial information has been prepared solely to enable Alumil S.A to prepare its group financial statements

### Management's responsibility for the specified forms

Management is responsible for the preparation and presentation of the specified forms in accordance with policies and instructions contained in Alumil Kosovo shpk accounting manual, and for such internal control as management determines is necessary to enable the preparation of specified forms that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on the specified forms based on our audit. We conducted our audit in accordance with International Standards on Auditing and, as requested, we performed the additional procedures detailed in specified Section of the group audit instructions dated November 23, 2017. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the specified forms are free of material misstatement. As requested by you, we planned and performed our audit using the component materiality specified in your instructions of € 70.630, which is different from the materiality level that we would have used, had we been designing the audit to express an opinion on the financial statements of the component alone.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the specified forms. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the specified forms, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the component's preparation and presentation of the specified forms 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 component's internal control. An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the specified forms

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. The conclusions reached in forming our opinion are based on the component materiality level assigned by you in the context of the audit of the group financial statements.

### Opinion

In our opinion, the Financial Statements included in the specified forms for Alumil Kosovo shpk as of 31 December 2017 and for the year then ended have been prepared, in all material respects<sup>11</sup>, in accordance with the policies and instructions contained in Group instructions accounting manual<sup>12</sup> 10/11/2017.

### Restriction on use and distribution

The specified forms have been prepared for purposes of providing information to Alumil S.A Greece to enable it to prepare the group financial statements. As a result, the specified forms are not a complete set of financial statements of Alumil Kosovo shpk in accordance with [group applicable financial reporting framework underlying the group's accounting policies] and are not intended to present fairly, in all material respects (or to give a true and fair view of) the financial position of [component name] as of [date] and of its financial performance, and its cash flow for the year then ended in accordance with [group applicable financial reporting framework underlying the group's accounting policies]. The specified forms may, therefore, not be suitable for another purpose.

This report is intended solely for the information and use of Ernst & Young in conjunction with the audit of the group financial statements of [Company Name] and should not be used by [or distributed to] anyone for any other purpose. If you have any questions on this report, please contact [details of an alternative contact if appropriate] or me.

23 March 2018

ERK AUDITING SHPK  
Thedharaq Gjosha  
Tirane/Albania



<sup>11</sup> In some jurisdictions, requirements under local GAAS or professional responsibilities may require the auditor to use different wording for the auditors opinion

<sup>12</sup> When no accounting manual exists, replace by "with the instructions issued by [name of group]'s management on [date] and the policies contained in the [name of group] disclosed accounting policies".

**ALUMIL KOSOVU Limited Company**  
**Balance Sheet for the period ended December, 31<sup>th</sup> 2017**  
(Amounts in EURO)

	Notes	31. December 2017	31. December 2016
<b><u>ASSETS</u></b>			
Non- Current assets:			
Property, plant and equipment	2	2,254,732	2,303,000
Intangible assets	3	1,371	1,613
Investments in subsidiaries			
Long- term receivables	14		
		<b><u>2,256,104</u></b>	<b><u>2,304,613</u></b>
<b>Current Assets:</b>			
Inventories	4	484,279	503,704
Trade receivables	5	19,343	24,161
Other receivables & Prepayments	6	23,605	1,109
Cash and cash equivalents	7	12,895	13,596
		<b><u>540,122</u></b>	<b><u>542,569</u></b>
<b>TOTAL ASSETS</b>		<b><u>2,796,226</u></b>	<b><u>2,847,182</u></b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Capital and Reserves</b>			
Share capital	8	320,000	320,000
Share premium			
Reserves	9		
Retained Earnings (prev .years)	STE	1,434,160	1,315,993
Result of the period		95,552	118,167
<b>Total equity</b>		<b><u>1,849,712</u></b>	<b><u>1,754,160</u></b>
<b>Non – Current liabilities</b>			
Long – term borrowings	10	-	-
Government Grants	15	-	-
Provisions	11	-	-
Diferred tax liability		-	-
Other long-term liabilities	10a	-	-
		-	-
<b>Current liabilities</b>			
Trade and other payables	12	932,671	1,086,002
Other Short term payables	16	8,192	2,707
Short-term borrowings	13	-	0.00
Current portion of long-term borrowings	10	-	0.00
Income tax payable	17	5,650	4,313
		<b><u>946,514</u></b>	<b><u>1,093,022</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>2,796,226</u></b>	<b><u>2,847,182</u></b>

The balance sheet is to be read in conjunction with the notes set out on pages 4 to 22 and forming part of the financial statements.

**ALUMIL ROBOTICS Limited Company**  
**Income Statement as of December, 31<sup>th</sup> 2017**  
(Amounts in EURO)

	<u>Notes</u>	31.December 2017	31. December2016
Revenue	<b>1a</b>	3,194,129	3,040,840
Cost of sales	<b>1c</b>	(2,792,087)	(2,638,559)
<b>Gross profit</b>		<b>402,042</b>	<b>402,281</b>
Other operating income	<b>1b</b>	6,949	55
Selling, distribution expenses	<b>1d</b>	(154,278)	(163,597)
Administrative expenses	<b>1e</b>	(145,903)	(107,260)
Research and development expenses	<b>1f</b>	-	-
Currency exchange gains/ (losses)	<b>1g</b>	-	-
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>108,810</b>	<b>131,480</b>
Finance costs	<b>1h</b>	(1,614)	-
Finance income	<b>1h</b>	7	-
<b>Profit from operating activities before income tax</b>		<b>107,203</b>	<b>131,480</b>
Income tax (expense) /income		(11,650)	(13,313)
<b>Net profit from the year</b>		<b>95,552</b>	<b>118,167</b>
Depreciation included in operating result			-

The income statement is to be read in conjunction with the notes set out on pages 4 to 22 and forming part of the financial statements.

**“ALUMIL KOSOVO” Limited Company**  
**Equity Statement as of December, 31<sup>th</sup> 2017**  
 (Amounts in EURO)

	Share Capital	Share Statutory Reserve	Reserves			Retained Earnings	Grand Total
			Special Reserves	Tax-free Reserves	Total reserves		
Balance at 01/01/2017	320,000	-	-	-	-	1,434,160	1,754,160
Net income for the period	-	-	-	-	-	95,552	95,552
Share capital Increase	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	-	-	-
Other (please explain below)	-	-	-	-	-	-	-
<b>Balance at 31/12/2017</b>	<b>320,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,529,712</b>	<b>1,849,712</b>
Balance, 1/01/2016	320,000	-	-	-	-	1,315,993	1,635,993
Net income for the period	-	-	-	-	-	118,167	118,167
Share capital Increase	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Transfer to reserves	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Balance, 31/12/2016</b>	<b>320,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,434,160</b>	<b>1,754,160</b>

Administrator  
Sotirios Boulios



Chief Financial Officer  
Renata Fejzaj

## **I.General**

“ALUMIL KOSOVO” Limited Company has started its activity with Limited responsibilities according to Certificate of Registration received by Kosovo Business Registration Agency, Pristina. The date of registration is on May 12<sup>th</sup>, 2009 and the business number is 70579200. The founding share holder of this company is “Alumil Albania” limited company. The activity of this company is regulated by the according Law No. 02/L -123, dated 27.09.2007, “About trading companies” and by its statute and the Kosovo legislation in power.

The object of the Activity:

Wholesale and retail of aluminium profiles and accessories and others related.

On December 31<sup>th</sup>, 2017, the structure of the shares held by the shareholders with a value of Eur 100.00 is as follows:

-“Alumil Albania” ltd.....320 000 EUR or 100 %

On December 31<sup>th</sup>, 2017 “ALUMIL KOSOVO” limited company had 8 employees (2016: 8).

## **II. Basic Practice Framework**

### **(a) Compliance Requirement Standart**

The financial statements are prepared on the historical cost basis. Alumil Kosovo Limited Company keeps its accounting books and prepares the Balance Sheet in accordance with the legal bases in the Republic of Kosovo. Alumil Kosovo has issued internal regulations for its management needs and for an exact and complete view of its financial situation. These regulations are in accordance with the International Accounting Standards (IAS) and approved by the International Accounting Standards Committee. (IASC)

The accompanying financial statements are expressed in Euro.

### **(a) Cost Measurement Requirement**

The financial statements are compiled based on historical cost basis.

### **(b) Functional Currency Requirement**

The financial statements are compiled in Euro.

#### **Valuation Method and Judgement**

Compilation of the financial statements require management views, evaluations and assumptions which influence the functioning of the decisions taken as well as the assessment of the assets, liabilities, revenues and expenses reported and accounted. Appraisals and assumptions are based on the historical experience in addition to other factors which are considered to be rational under certain circumstances. The results of the above mentioned judgements create the ground in determining the remaining figures related to claims and liabilities. Nevertheless, the actual outcomes might be different as a result of the projected assumptions. Yet, the appraisals and underlying assumptions are reviewed on periodic basis. The reviewed and updated accounting assumptions are recognized at the time when the revisions are made as well as it reflects the upcoming periods. In particular, the information regarding certain aspects made under uncertainty evaluation principle and critical judgment in compliance with accounting standards which have considerable impact on the financial statements items are foreseen on the notes to financial statements section, note number 5. Accounting standards stated below are applied to all accounting periods of the financial statements presented in the report.



### **III. Summary of the Accounting Standards**

#### **(a) Financial Instruments**

Financial instruments (non-derivative) include investments in capital shares, accounts receivable and other receivables, monetary assets in cash and kind, claims and liabilities, accounts payable and other payables. There are no derivative financial instruments on December 31, 2017 and December 31, 2016. The financial assets are priced considering the direct transaction costs associated to them. The recognition of the non-derivative financial assets is described below.

Monetary assets in cash and kind include the surpluses in cash. The overdrafts paid out at a request represent an integral part in monetary assets administration in terms of cash flows. The accounting registration regarding financial revenues and expenses are clarified under the note III.k.

Financial instruments for joint-stock enterprises.

Joint-stock enterprises are defined as entities on which the enterprise has control on the capital invested from where they receive profits in proportion to the number of shares they own. However, it does not have any influence on the operational and financial regulations and procedures of the entity.

Shareholders' Equity

Shareholders' equity is recognized at nominal value.

Dividends

Dividends are recognized as liabilities at the time when they are declared.

Others

Other financial assets are valued at the amortization costs applying the effective interest rate as well as subtracting losses from depreciation.

#### **(c) Long Term Material Assets**

Time of Recording and measurement

Items of Long term material assets are recorded on historical cost basis. The company does not reassess long term material assets.

Costs consider all the direct expenses attributed to the acquisition of an asset. The costs associated to the assets build by the company comprise material costs, labor costs, other costs associated directly with proper functioning of the asset as well as costs related to reallocation of the assets. The financial costs linked to the acquisition or building of certain assets is recognized in the income statement at the time of occurring.

The parts of an item which have a depreciation period different from depreciation period of the long term material asset itself, the parts are recorded as a separate item under long term material assets.

### III. Summary of the Accounting Standards (continues)

The income or loss generated from the sale an item of the long term material assets is recorded balancing the monetary incomes from the sale of the fixed asset with the retained value of the fixed material assets. This is recongnized as net value under “other income” account of the income statement for the period.

#### (ci) Accumulated Depreciation Costs

The costs of partially substituting the value of a material long term assets is recognized with the accumulated cost of the item in order to allow for the remaining parts of the item to be recongnized as future revenues which might be used within the company and the costs of which could be measured. The accumulated cost value of the substituted parts is not recognized.

The costs of daily services for the long term material assets is recongnized in the income statement at the time of occurring.

#### (cii) Amortization

Amortization for all assets, during the year 2016, is recongnized in the income statement based on straight line depreciation method according to the IFRS while the buildings and general installations are recognized on straight line depreciation method over the useful life-time of each part of an item under the fixed long term material asset. Whereas, the declining balance method is used for machinery and equipment, transport equipments, office supplies, computer supplies and other assets falling under the amortization line described below. Amortization is not recongnized for land and work in process. The following represents approximations for the useful life of the assets:

	31.12.2017	31.12.2016
<u>Straight Line Method</u>	(in years)	(in years)
• Building	30	30
• General installation/maintenance	20	20
• Technical installation, machinery and Equipment	5,8,10,20	5,8,10,20
• Transport equipments	5,8	5,8
• Furniture and office equipment	5	5
• Computer equipments	4	4
• Other assets	5	5

#### (d) Long Term Non-material Assets

Business consulting expenses and other independent auditors’ service expenses are classified and are capitalized as long term non-material assets. No assessments are made to observe whether research expenses are classified under accounting standard IAS 38. In addition, no feasibility analyses on trading and technological activity is made.

Amortization costs are recognized in the income statement based on straigh line depreciation method over the useful life of the long term non-material assets. The useful life of the long term non-material assets as of Decemeber 31, 2017 is estimated to be 8 years (2016; 10 years).

### **III. Summary of the Accounting Standards (continues)**

#### **(e) Inventory**

Inventory is appraised at the lowest cost of the cost and the realized value. The inventory cost is based on the weighted average cost and it includes all the expenses made for the acquisition of the inventory, production cost or inventory transformation cost as well as other costs associated with the final inventory (in case of production and the production in process, the costs include also part of the general production expenses based on the normal business capacity).

#### **(f) Impairment**

##### **(i) Financial Activities**

A financial activity is appraised at the financial statement closure date in order to determine if there is any indication of the financial impairment of the asset. A financial asset is considered distressed if there is objective evidence indicating that one or more than one occasions have had a negative impact on estimated future flows of the asset.

A loss associated to the distress of the asset recongnized based on the amortization cost is calculated as a difference between the remaining value of the asset and the current value of future flows estimated, discounted at the effective interest rate. Losses dervided form the impairment of the tradable financial assets is calculated referring its fair value. Financial activities which are considered large independently are appraised separately to estimate the impairment value. The other financial activities are evaluated in groups, having the same characteristics in terms of credit risk. All the losses from the financial impairment are recongnized in the income statement. The accumulated losses related to any other tradable financial activity (previosly considered under the capital account) is transfered in the income statement. A loss from the impairment is stagnated if the stagnation is objectively linked to an event occured after the recongnition of losses from impairment phase. In terms of the financial activities valued based on their amortization costs as well as the tradable financial activities (debt shares), the stagnation is recongnized in the income statement. Regarding the tradable financial activities, capital shares, the stagnation is recongnized directly on shareholders' equity.

##### **(ii) Non-financial Activities**

The accounting value of the non-financial activities of the company, except inventory and deferred tax activities are revised every reporting date in order to determine if there is any variable indicating impairment of the activity. If such an indicator exists, then the evaluation of the remaining value of the activity is made. The value of goodwill and other intangible activities with no maturity date are estimated on the date of the reporting of the financial statements.

The remaining value of an asset generating income is known to be the highest value between its value-in-use and the fair value minus the sale cost. During the estimation of the value-in-use, the expected future inflows are discounted at the actual price using a discounted rate before taxes which shows the actual market value and the risks associated directly to the asset. For the purpose of testing the impairment of an asset, the assets are grouped together in the smallest asset group generating incoming cash flows for the other assets or groups of assets („cash generating units“).

### **III. Summary of the Accounting Standards (continues)**

Losses from impairment of an asset are recognized if the accounting value or its cash generating unit exceeds the estimated remaining value of the asset. These losses are recorded in the income statement of the company. The impairment losses of the asset recognized from the cash generating unit are used to reduce the accounting value of goodwill and then to further reduce the accounting value of other units respectively. The accumulated impairment losses are valued at the financial statement reporting date for those indicators reflecting reduction of losses or for those indicators which are not any longer present. The impairment losses are stagnated if changes were estimated in order to determine the remaining value. The impairment value is stagnated until the accounting value of the asset does not exceed the accounting value estimated minus the depreciation or amortization cost.

#### **(g) Employee Benefits**

##### **(i) Mandatory Social Security Contributions**

The company is obliged to pay only the mandatory social security contributions of the employees which is known as a pension fund plan. The Albanian government is responsible for the minimum guaranteed funds established by legislation on pension funds in Albania based on a pension fund plan. The company's contributions in the pension fund plan are recognized in the income statement at the time of occurrence.

##### **(ii) Paid Holiday Entitlement**

The company recognizes as an expense the real value of the costs associated to the paid holiday benefits which is expected to be paid in return of the services provided by the employees.

##### **(h) Risk Provisions**

Provisioning is recognized when as a result of a past event, the company has a current legal obligation which could be measured and, when it is possible to claim an outgoing flow of economic benefits. Provisions are determined by discounting the expected future cash flows with a rate of return prior to taxes which indicates the current evaluations of the market value of cash and specific risks associated with the obligation.

##### **(i) Restructuring**

Provisions for restructuring costs are recognized when the company has approved a detailed authorized restructuring plan and when restructuring has started or is at least made available publicly. Provisions are not estimated for future operational costs.

##### **(ii) Land Restoration**

In accordance with the environmental policy of the company as well as based on the legal power and legal rights, provisioning of the land restoration and the respective expenses are recognized when the land is contaminated.

### **III. Summary of the Accounting Standards (continues)**

#### **(iii) Agreement "onerous"**

Provisions related to agreements "onerous" are recognized when the expected benefits of the company coming from the agreement are lower than the costs associated with fulfilling terms and conditions of the agreement. Provisions are estimated as the current value of the lowest cost between the the expected cost in case of breach of agreement and the expected net costs associated with the continuation of the agreement. Prior to provisioning, the company recognizes all losses derived from the impairment of the assets associated to the agreement.

#### **(i) Revenue Realization Principle**

##### **(i) Goods Sold**

The revenues generated for goods sold are computed based on the fair value of the received cash payments or receivables, less taxes paid on sales and income taxes (excise tax, transport tax, etc.). The revenues are recognized when ownership risks and benefits are transferred to the buyer, when cash payments are achievable, costs associated with goods return could be estimated in a reliable manner, when there is no third parties involved in the management of the goods and when the total revenues could be computed based on a consistent approach. Risk and benefit transfers are subject to change depending on the terms and conditions of the sale agreement.

##### **(ii) Services**

Service revenues are recognized as profit or loss respectively at the accounting year end transaction date. The last phase is computed referreing to the final check of the transaction occurred.

##### **(iii) Rent Income**

Revenues generated from the rent are recognized as profit or loss based on the straight line recognition method along the duration of rent service. The incentives provided during the rent service period are recognized as an integral part of the total revenues generated from the rent during the period.

##### **(j) Operational Expenses**

Operational expenses are recognized when incurred.

##### **(k) Rent Expenses**

Minimum financial rent expenses are divided into financial expenses and reductions of the existing obligations. Financial expenses are distributed at end reporting periods during the rental period in order to apply a fixed interest rate over the outstanding liabilities. Probable rent expenses are recorded considering the minimum down payment throughout the remaining maturity period.

### **III. Summary of the Accounting Standards (continues)**

#### **(l) Financial Incomes and Expenses**

Financial income includes the income generated from balanced bank interest and the income generated from the foreign exchange transactions which are recorded as profits or losses. Interest income is computed using the effective interest rate method.

#### **(m) Income Tax**

Income tax includes the current tax and the deferred tax. Income tax is recognized in the income statement. It excludes the income tax associated directly to capital where tax is recognized as part of capital gains or losses.

Current tax is the tax computed on the yearly generated income using tax laws and regulations in power at the time of preparing the financial statements in addition to tax adjustments associated with previous accounting periods.

Deferred income tax is computed using the liability tax allocation method where it measures the temporary differences between book income and taxable income for the financial reporting purposes. In other words, this method focuses on measuring the deferred tax liability on the balance sheet. The income statement number is the difference between the current year liability and the previous year's liability.

A deferred income tax is recognized only if profits are realized against which the assets could be used. Deferred tax assets are abolished at the time when profits associated to the asset are not realized.

#### **(n) New Accounting Standards and Interpretations Applied**

On the stated date of the certified financial statements, new interpretations and amendments important for the main activity of the company were enforced and applied in preparing these financial statements as follows:

##### **IFRS 7 Financial Instruments; Guidelines.**

This standard requires detailed clarifications related to financial instruments of the company. The new standard replaces the SNK 30 on "Notes to the financial statements of banks and financial institutions". The standard is applicable to all units preparing the financial statements in compliance with the SNRF. The company believes that the additional notes to the financial statements will be associated to the objectives, policies and procedures of managing its financial risk.

##### **IFRS 8 Operational Segments/Units**

This standard requires detailed clarifications on the unit based on the components of the unit that management supervises during the decision making process related to operational matters. Operational segments are components of a unit which allows for available financial information that is continuously appraised by the person in charge of operational decision making process.

**III. Summary of the Accounting Standards (continues)**

The decisions regarding the distribution of the resources and the performance evaluation are done at this stage. The company believes that the requirements of the standard will have a positive influence on the financial statements.

**IFRIC 7 Application of IAS 29 Financial reporting in hyperinflationary economies**

Financial reporting in hyperinflationary economies requires the compliance with IAS 29 where an economy initially is transformed into an inflationary economy, specifically in terms of recording the deferred income tax. IFRIC 7 which is a mandatory requirement in preparing the financial statements does not have an impact in the financial statements of 2017 for our company.

**IFRIC 8** The purpose of IFRS 2 The share based payment addresses the issue of recording a transaction in which the entity acquires goods or services either as consideration for its equity instruments or by incurring liabilities for amounts based on the price of the entity's shares or other equity instruments of the company. The accounting requirements for the share-based payment depend on how the transaction will be settled, that is, by the issuance of equity, cash, or equity or cash. IFRIC 8, which is a mandatory standard, does not have any influence on preparing the financial statements of our company for the year 2017.

**IFRIC 9** Reassessment of Embedded Derivatives requires an entity, when it first becomes a party to a hybrid contract, to assess whether any embedded derivatives contained in the contract are required to be separated from the host contract and accounted for as if they were stand-alone derivatives. IFRIC 9, which is a mandatory standard, does not have any influence on preparing the financial statements of our company for the year 2017.

**IFRIC 10** Interim Financial Reporting and Impairment states that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. IFRIC 10, which is a mandatory standard, does not have any influence on preparing the financial statements of our company for the year 2017.

**IFRIC 11** IFRS 2 Group and treasury share transactions which require share-based payment involving an entity's own equity instruments in which the entity chooses or is required to buy its own equity instruments (treasury shares) to settle the share-based payment obligation. In addition, a parent grants rights to its equity instruments to employees of its subsidiary and finally a subsidiary grants rights to equity instruments of its parent to its employees. IFRIC 11, which is a mandatory standard, does not have any impact on preparing the financial statements of our company for the year 2017.

**IFRIC 12** service concession arrangements guides the entities on recognizing and computing issues arised in accounting related to arrangements of concession services between the public sector and the private sector. IFRIC 12, which is a mandatory standard, does not have any impact on preparing the financial statements of our company for the year 2017.

### **III. Summary of the Accounting Standards (continues)**

Amendment of IAS 1 Presentation of financial statements; supplementary amendment of IFRS 7. The standard requires additional notes regarding the shareholders equity of the entity. However, the company does not require essential clarifications regarding the capital structure of the company.

IFRIC 13 Customer Loyalty Programmes addresses the accounting treatment of the entities which operate or are involved in customer loyalty programmes. The client can gain additional goods and services at a lower cost or at no cost. IFRIC 13, which is a mandatory standard, does not have any impact on preparing the financial statements of our company for the year 2017.

IFRIC 14 IAS 19-Prepayments of a Minimum Funding Requirement explains that compensation and reductions of the future contributions in association with the prepayment funding requirements should be recognized and it provides guidelines to the minimum funding of the asset. IFRIC 14, which is a mandatory standard, does not have any impact on preparing the financial statements of our company for the year 2017.

### **IV. Managing Financial Risk**

#### **General Overview**

The company is exposed to the following risks due to activities related to financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The section provides information regarding the exposure of the company to the above mentioned risks, objectives of the company, policies and procedures used to compute the administration risk as well as the manage the shareholders' equity. Additional qualitative and quantitative notes are included in the financial statements.

The management is responsible for the establishment and control system of running the risk. The management reports its activities periodically to the supervisory council

Policies for risk management of the company are approved in order to identify and analyse risks encountered by the company, to identify the necessary controls for each and every risk type and finally to monitor risk and application of the constraints.

#### **(i) Credit Concentration Risk**

The business activities of the company are related mainly to distribution and marketing of the industrial products through trading of all goods available involving all the stakeholders. The company has diversified its clients and in addition it does not have receivables from third parties.



#### **IV. Managing Financial Risk (continues)**

The financial state of the customers and their relationship in the future might have a significant impact on the financial position of the company.

The credit risk is the risk of financial losses of the company if a customer or a financial instrument does not fulfill the contractual obligations .It comes mainly as e result of obligations form the customers as well as from the investments stocks.

##### Customers and other liabilities

The exposure of the company against credit risk is affected mainly by the individual chartacteristics of its customers. The customer individual ground in the company including the industry risk of the long term non material assets, has a lower influence in the credit risk.

However, there is no geographic concentration of the credit risk.

The company has not applied any crediting policy to its clients.

The trade receivables are related to clients of the company. The goods and services are sold holding the risks and rewards while the company does request collateral to back up its trade credits.

##### **Investments**

The company does not have financial investments.

(ii) Liquidity Risk is the risk that arises when the company faces difficulty in meeting its financial obligations at maturity. In order to manage liquidity, the company ensurse enough liquidity in order to pay off all the due obligations at the maturity date under expected and unexpected circumstances without incurring any substantial loss to the company.

**ALUMIL RUSOVU Limited Company**  
**Notes to the financial statements for the period ended 31. December. 2017**  
*(Amounts in Euro, unless otherwise stated)*

**2. Property, plant and equipment**

Property, plant and equipment consisted as follows:

	<i>Land</i>	<i>Buildings</i>	<i>Machinery</i>	<i>Transportation assets</i>	<i>Furniture &amp; Equipment</i>	<i>Construction Progress (CIP)</i>	<i>Total</i>
<b>Historic Cost</b>							
As at, 01/01/2017	686,157	1,773,037	35,713	45,536	116,907	-	2,657,351
Additions	-	-	-	27,571	16,343	-	44,001
Disposals	-	-	-	(19,000)	-	-	(19,000)
Reclass. From CIP	-	-	-	-	-	-	-
As at, 31/12/2017	686,157	1,773,037	35,714	54,107	133,337	-	2,682,352
<b><u>ACCUMULATED DEPRECIATION</u></b>							
	<i>Land</i>	<i>Buildings</i>	<i>Machinery</i>	<i>Transportation assets</i>	<i>Furniture &amp; Equipment</i>	<i>Construction Progress (CIP)</i>	<i>Total</i>
As at, 31/12/2016	-	265,690	7,884	22,602	58,175.86	-	354,351.38
Depreciation	-	59,042	1,786	9,095	15,799	-	85,721
Deferred depreciation	-	-	-	(12,453)	-	-	(12,453)
As at, 31/12/2017	-	324,732	9,669	19,244	73,974	-	427,620
<b><u>NET BOOK VALUE</u></b>							
	<i>Land</i>	<i>Buildings</i>	<i>Machinery</i>	<i>Transportation assets</i>	<i>Furniture &amp; Equipment</i>	<i>Construction Progress (CIP)</i>	<i>Total</i>
As at, 31/12/2015	686,157	1,507,348	27,830	22,934	58,819	-	2,303,088
As at, 31/12/2016	686,157	1,448,305	26,044	34,863	59,363	-	2,254,732

At transportation assets is the new car used by the Administrator. At furnitures and equipment are necessary assetssuch as computers and office appliances. The disposal is the existing car sold by the Administrator.

**ALCANTARA ROSSO YC Limited Company**  
**Notes to the financial statements for the period ended 31.December.2017**  
**(Amounts in Euro, unless otherwise stated)**

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### 3. Long Term Non-material Assets

As of December 31, 2017 and December 31, 2016 the long term non-material assets are as follows:

<u>Costs</u>	31/12/2017	31/12/2016
<b>Beginning period 01.01.2017 (softwares)</b>	2,420	2,420
<b>Beginning period 01.01.2017 (other assets)</b>	-	-
Increases during the period/year (softwares)		
Increases during the period/year (other assets)	-	-
<b>Ending period 31.12.2017</b>	<b>2,420</b>	<b>2,420</b>
<u>Accumulated Depreciation</u>		
<b>Beginning period 01.01.2017 (softwares)</b>		
<b>Beginning period 01.01.2017 (other assets)</b>	807	565
Depreciation during the period (year) forsoftwares		
Depreciation during the period (year) for other assets	242	242
<b>Ending period 31.12.2017</b>	<b>807</b>	<b>807</b>
<b>Net accumulated value at the end of the period (Softwares)</b>	2,420	2,420
<b>Net accumulated value at the end of the period (other assets)</b>	<b>(1,049)</b>	<b>(807)</b>
<b>Total accumulated net valueat the end of the period / year</b>	<b>1,371</b>	<b>1,613</b>

The depreciation is according to the IFRS percentages.

### 4. Inventories

The consistency of the inventory is shown as below:

	<b>Start-up Inventories</b>	<b>Period purchases</b>	<b>Period-end Inventories</b>	<b>Cost of inventories recognized as an expense</b>
Merchandise, goods for re-sale.	500,383	2,772,663	480,958	2,792,087
By-products and scrap.	3,321		3,321	-
<b>Subtotal</b>	<b>503,704</b>	<b>2,772,663</b>	<b>484,279</b>	<b>2,792,087</b>
Less: Provision for obsolete inventories.	-		-	-
<b>Total</b>	<b>503,704</b>	<b>2,772,663</b>	<b>484,279</b>	<b>2,792,087</b>

The inventories are increased by 4.5 times and these are mostly accessories and PVC profiles.

**ALUMIL KOSOVO Limited Company**  
**Notes to the financial statements for the period ended 31.December.2017**  
**(Amounts in Euro, unless otherwise stated)**

**5. Trade receivables**

Trade receivables are shown as below:

	<b>31.December 2017</b>	<b>31. December 2016</b>
Trade receivable (Third parties)	26,457	24,161
<b>Subtotal</b>	<b>26,457</b>	<b>24,161</b>
Less: allowance for doubtful balances	(7,114)	-
<b>Total</b>	<b>19,343</b>	<b>24,161</b>

The movement in the allowance for doubtful balances is as follows:

All the trade debtors are within the country. Some of them paid on January 2018. Alukos ntp 3,162.70 euro , Plastal Design 4,150.21 euro,vGinza 2,780.46 euro ,Al Gena 1,128.22 euro , Sasa Jetvic 4,165.78 euro , Proterm 790.59 euro , 4 Vellezerit NTP is 3,776.86 euro , Glob Door shpk is 2,603.03 euro. Value 7,114.07 euro are provisioned on 2017 due to Management decision (4 Vellezerit ntp 3,776.87 euro , Glob Door shpk 2,603.03 euro, Arking npm 734.17 euro).

**6. Other receivables & Prepayments**

Other receivables & Prepayments are shown as below:

	<b>31.December 2017</b>	<b>31. December 2016</b>
VAT receivable		429
Prepaid and withheld taxes	-	-
Advances to personnel	-	-
Advances to suppliers	-	-
Other receivables	23,605	680
Prepayments	-	-
<b>Subtotal</b>	<b>23,605</b>	<b>1,109</b>
Less: allowance for doubtful other receivables is as follows	-	-
<b>Total</b>	<b>23,605</b>	<b>1,109</b>

In other Creditor is the payment of EUR 23,604.56 that Alumil Kosovo has made for BMP but this money didnt get to BMP account. The payment was done on 26/04/2017 in another bank account that was sent by email to Alumil Kosovo from the same adress email that they use with BMP but in fact was not of BMP but in another country from unknown individuals. It was made a request to the police station for further investigations.

**7. Cash and Cash Equivalents**

Cash and Cash Equivalents include monetary value in cash and the statements of bank accounts are shown as below:

	<b>31.December 2017</b>	<b>31. December 2016</b>
Cash in hand	3,324	929
Cash in banks	9,571	12,666
Short –term deposits		
<b>Total</b>	<b>12,895</b>	<b>13,595</b>

Cash and cash equivalents, as included in the above note, analyzed to the following currencies:

	<b>31 December 2017</b>	<b>31. December 2016</b>
<b>EURO</b>	12,895	13,595
<b>US DOLLAR</b>	-	-
<b>Total</b>	<b>12,895</b>	<b>13,595</b>

The company has accounts in 4 different Banks and doesn't have any particulars of any mortgages, charges or pledges on the fixed and other assets of the company and of any guarantees on our behalf in favor of third parties.

**8. Share Capital**

	<b>31.December 2017</b>	<b>31. December 2016</b>
Authorized, Issued & Fully paid.	320,000	320,000
Value of each share (in EURO)	100	100

<i>Name of Shareholder</i>	<i>Number of shares</i>	<i>Holding Percentage</i>	<i>Value of shares</i>
Alumil Albania shpk	3,200	100%	320 000
<b>Total</b>	<b>3,200</b>	<b>100%</b>	<b>320 000</b>

No changes on share capital.

**12. Trade and Other Payables**

	<b>31.December 2017</b>	<b>31. December 2016</b>
Trade creditors (Alumil Group companies)	924,834	1,077,675
Trade creditors (Third parties)	7,837	8,327
<b>Total</b>	<b>932,671</b>	<b>1,086,002</b>

The trade creditors of the Group for Alumil Kosovo is Alumil SA with the value 13.012,50 Euro and Alumil-Albania with the value 803.925,17 euro, Alumil YU Inudstri AD 84,292.11 euro BMP 23,604.56 euro the rest are within the country wich are paid on January 2018.

**16. Other Payables**

	<b>31.December 2017</b>	<b>31. December 2016</b>
Customer advances	77	327
Salaries and wages payable	-	-
Social Security payable	1,153	460
Taxes payable (VAT, payroll, withholding, etc.)	6,962	1,919
Other creditors	-	-
Accruals*	-	-
<b>Total</b>	<b>8,192</b>	<b>2,706</b>

Social securities 1,153.22 euro,VAT 4,859.04 euro and taxes 2,103.26 euro are paid on January 2018. Customer advanced are some different customers that paid by mistake their invoices, this value will be adjust on their future payments.The value 1207.5 euro at Tax payables is the 10% tax for invoice of consultant fee from Alumil SA.

**17. Income tax payable**

	<b>31.December 2017</b>	<b>31. December 2016</b>
Income tax expense for the year	11,650	13,313
Less: Income tax paid during the year	(6,000)	(9,000)
Plus / Less		
<b>INCOME TAX PAYABLE AT BALANCE SHEET</b>	<b>5,650.43</b>	<b>4,313</b>
<b>Profit per accounts before tax</b>	<b>107,203</b>	<b>131,479</b>
<b>Plus : Disallowable expenses</b>	<b>9,301</b>	<b>1,648</b>
Non - tax deductible Taxes & other expenses		
Additional taxes & Tax fines	-	-
<b>Total</b>	<b>9,301</b>	<b>1,648</b>
<b>Total Profits</b>	<b>116,504</b>	<b>133,127</b>

*Notes to the financial statements for the period ended 31. December. 2017*  
(Amounts in Euro, unless otherwise stated)

Minus : Non - taxable income	-	-
Prior years' tax losses	-	-
<b>Total</b>	-	-
<b>Taxable Profits</b>	<b>116,504</b>	<b>133,127</b>

<b>Tax Rate</b>	<b>10%</b>	<b>10%</b>
<b>Income tax expense for the year</b>	<b>11,650</b>	<b>13,313</b>

There are some hospitality expenses for custome office 843 euro and insurance expense for branch manager and sales manager of Alumil Kosovo without invoice 664.4 euro. 680 euro is prepayment for one supplier for transport of goods and didn't take the services for this. The other 7,114.07 euro is a provision for customer that didnt pay for many years. In total disallowable expenses are 9,301.47 euro.

**19. Intercompany transactions and balances**

Company	Curre ncy	SALES				Purchases			Balances Payable (e.g. loans etc)	Receiva
		Fixed assets	Services	Inventories	Fixed assets	Services	Inventories	Payable		
Alumil Albania ALUMIL	Eur	-	-	-	-	-	2,452,282	803,925	-	
MILONAS SA (MOTHER)	Eur	-	-	-	-	55,000	68,743	13,013	-	
Alumil SRB							84,292	84,292		
BMP							74,245	23,605		
<b>Total</b>		-	-	-	-	<b>55,000</b>	<b>2,679,562</b>	<b>924,834</b>	-	

**1. Revenues and expenses**

**a) Sales**

	31. December 2017	31. December 2016
Sales of products	-	-
Sales of merchandise	3,194,129	3,040,840
Rendering of services	-	-
<b>Total of : a) Sales</b>	<b>3,194,129</b>	<b>3,040,840</b>

**1. Revenues and expenses (continued)**

**b) Other operating income**

	<b>31.December 2017</b>	<b>31. December 206</b>
Income from services to third parties	-	-
Gain on disposal of property, plant and equipment	6,949	-
Other income (please explain below)	-	55
<b>Total of : b) Other operating income</b>	<b>6,949</b>	<b>55</b>

**c) Cost of sales**

	<b>31.December 207</b>	<b>31. December 2016</b>
Depreciation and amortisation	-	-
Costo of inventories recognised as an expenses.	2,792,087	2,638,559
Staff costs	-	-
Other expenses	-	-
<b>Total of: c) Cost of sales</b>	<b>2,792,087</b>	<b>2,638,559</b>

**d) Selling & distribution expenses**

	<b>31. December 2017</b>	<b>31. December 2016</b>
Depreciation and amortisation	73,955	30,033
Staff costs	-	34,289
Third party fees and expenses	37,570	59,333
Advertising expenses	1,833	5,505
Rental	-	-
Insurance expenses	944	7,545
Other facilities	22,826	10,672
Taxes and duties	986	1,591
Provision for doubtful debts and other receivables	7,114	-
Transportation expenses	3,099	70
Other expenses (Please explain below)	5,950	14,559
<b>Total of: d) Selling &amp; distribution expenses</b>	<b>154,278</b>	<b>163,597</b>



**1. Revenues and expenses (continued)**

**e) Administrative expenses**

	<b>31. December 2017</b>	<b>31. December 2016</b>
Depreciation and amortisation	12,008	48,820
Staff costs	75,661	27,802
Loss on disposal of property, plant and equipment	6,547	0.00
Third party fees and expenses	28,620	4,285
Advertising expenses	3,898	2,718
Rental	-	-
Insurance expenses	1,901	-
Other facilities	9,895	9,590
Taxes and duties	637	-
Transportation expenses	-	-
Other expenses (Please explain below)	6,737	14,045
<b>Total of: e) Administrative expenses.</b>	<b>145,903</b>	<b>107,260</b>

**f) Research & Development expenses**

	<b>30. December 2017</b>	<b>31. December 2016</b>
Depreciation and amortisation	-	-
Staff costs	-	-
Third party fees and expenses	-	-
Other facilities	-	-
Taxes and duties	-	-
Other expenses	-	-
<b>Total of : ) Reseach &amp; Development expenses</b>	<b>-</b>	<b>-</b>

**h) Net Finance cost-income**

	<b>31. December 2017</b>	<b>31. December 2016</b>
Interest on long-term debt	-	-
Interest on short –term borrowing	-	-
Other financial expenses	1,614	-
<b>Total financial cost</b>	<b>1,614</b>	<b>-</b>
Interest income	-	-
Income from investments	-	-
Other interest and related income	7	-
<b>Total financial income</b>	<b>7</b>	<b>-</b>
<b>Total net financial (cost) income</b>	<b>1.607</b>	<b>-</b>

**1. Revenues and expenses (continued)**

**i) Staff cost**

	<b>31. December 2017</b>	<b>31. December 2016</b>
Gross salaries and wages	72,058	52,141
Employers' social security contributions	3,603	2,607
<b>Total</b>	<b>75,661</b>	<b>54,748</b>
Other staff cost	-	-
Pension charge for the year	-	-
<b>Total</b>	<b>75,661</b>	<b>54,748</b>

The Company's average number of employees for the period ended 31 December 2017 and 31 December 2016 are analysed as follows:

	<b>31.December 2017</b>	<b>31. December 2016</b>
Hourly paid (waged) workers	-	-
Salaried employees	8	8
<b>Total</b>	<b>8</b>	<b>8</b>

**j) Depreciation**

Depreciation is included within expense headings in the Statement as follows:

	<b>31.December 2017</b>	<b>31. December 2016</b>
Cost of sales	-	-
Administrative expenses	12,008	48,820
Selling & Distribution costs	73,955	30,033
Research & Development expenses	-	-
<b>Total depreciation</b>	<b>85,963</b>	<b>78,853</b>

The revenues and expenses are provided in an analytical manner.