

BERGER PAINTS (CYPRUS) LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

BERGER PAINTS (CYPRUS) LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

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BERGER PAINTS (CYPRUS) LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Harris D. Demetriades Demetrios A. Demetriades Kuldip Singh Dhingra Gurbachan Singh Dhingra Anil Bhalla (alternate for Kuldip Singh Dhingra) Subir Bose (alternate for Gurbachan Singh Dhingra)
Company Secretary:	Dadlaw Secretarial Limited
Independent Auditors:	VGDA Accountants Limited Certified Public Accountants and Registered Auditors 25th Martiou Street 35 (Corner Kennedy Ave. 32) 2nd Floor 1087 Nicosia, Cyprus
Registered office:	3 Thasou Street Dadlaw House 1520 Nicosia Cyprus
Banker:	Standard Chartered Bank
Registration number:	HE134998

BERGER PAINTS (CYPRUS) LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2022.

Principal activities and nature of operations of the Company

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

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

The results of this year are not considered satisfactory and the Board of Directors is making an effort to reduce the Company's losses. Despite the loss this year the Company's development to date and the financial position as reflected in the financial statements are satisfactory.

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future, out of the ordinary course of its business.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 7, 8 and 19 of the financial statements.

Existence of branches

The Company does not maintain any branches.

Results

The Company's results for the year are set out on page 7.

Dividends

The Board of Directors does not recommend the payment of a dividend.

Share capital

Authorised capital

On 20 January 2022, the authorised share capital of the Company was increased from 7.722.546 to 7.876.808 ordinary shares of €1,71 each.

On 28 April 2022, the authorised share capital of the Company was increased from 7.876.808 to 8.083.843 ordinary shares of €1,71 each.

Issued capital

On 20 January 2022, the Company proceeded with an increase of the issued share capital from 7.710.9236 to 7.865.185 ordinary shares of €1,71 each by issuing 154.262 new shares.

Furthermore, on 28 April 2022, the Company proceeded with an additional increase of its issued share capital from 7.865.185 to 8.072.220 ordinary shares of €1,71 each by issuing 207.035 new shares.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2022 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 2022.

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 of the Board of Directors.

Operating Environment of the Company

Any significant events that relate to the operating environment of the Company are described in note 19 to the financial statements.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 23 to the financial statements.

BERGER PAINTS (CYPRUS) LIMITED

MANAGEMENT REPORT

Related party transactions

Disclosed in note 20 of the financial statements.

Independent Auditors

The Independent Auditors, VGDA Accountants Limited, 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,



Dadlaw Secretarial Limited
Secretary

Nicosia, Cyprus, 19 April 2023

DADLAW SECRETARIAL LIMITED
SECRETARY REPRESENTED BY
HARRIS D. DEMETRIADES



Independent Auditor's Report

To the Members of Berger Paints (Cyprus) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Berger Paints (Cyprus) Limited (the "Company"), which are presented in pages 7 to 26 and comprise the statement of financial position as at 31 December 2022, 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, the accompanying financial statements give a true and fair view of the financial position of parent company Berger Paints (Cyprus) Limited as at 31 December 2022, 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 Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company 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 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 27 to 30, 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.

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.

Independent Auditor's Report (continued)

To the Members of Berger Paints (Cyprus) Limited

Responsibilities of the Board of Directors for the Financial Statements (continued)

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.
- 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

Independent Auditor's Report (continued)

To the Members of Berger Paints (Cyprus) Limited

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.



Antonis Antoniou

Certified Public Accountant and Registered Auditor
for and on behalf of

VGDA Accountants Limited

Certified Public Accountants and Registered Auditors

25th Martiou Street 35 (Corner Kennedy Ave. 32)

2nd Floor

1087 Nicosia, Cyprus

19 April 2023

BERGER PAINTS (CYPRUS) LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2022

	Note	2022 US\$	2021 US\$
Revenue		-	-
Administration expenses		(16.410)	(12.938)
Other expenses	9	<u>(769.065)</u>	-
Operating loss	10	<u>(785.475)</u>	<u>(12.938)</u>
Finance income		190	-
Finance costs		(540)	(863)
Net finance costs	11	<u>(350)</u>	<u>(863)</u>
Loss before tax		(785.825)	(13.801)
Tax	12	<u>-</u>	<u>-</u>
Net loss for the year		(785.825)	(13.801)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(785.825)</u>	<u>(13.801)</u>

The notes on pages 11 to 26 form an integral part of these financial statements.

BERGER PAINTS (CYPRUS) LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2022

	Note	2022 US\$	2021 US\$
ASSETS			
Non-current assets			
Investment in subsidiary	13	1	1
Non-current loans receivable	14	14,065,578	14,502,419
		14,065,579	14,502,420
Current assets			
Other receivables	15	-	7,238
Cash and cash equivalents	16	75,469	38,220
		75,469	45,458
Total assets		14,141,048	14,547,878
EQUITY AND LIABILITIES			
Equity			
Share capital	17	16,324,886	15,649,886
Accumulated losses		(2,192,441)	(1,406,616)
Total equity		14,132,445	14,243,270
Current liabilities			
Other payables	18	8,603	304,608
		8,603	304,608
Total equity and liabilities		14,141,048	14,547,878

On 19 April 2023 the Board of Directors of Berger Paints (Cyprus) Limited authorised these financial statements for issue.


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Harris D. Demetriades
Director


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Demetrios A. Demetriades
Director

The notes on pages 11 to 26 form an integral part of these financial statements.

BERGER PAINTS (CYPRUS) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Share capital US\$	Accumulated losses US\$	Total US\$
Balance at 1 January 2021		15.099.886	(1.392.815)	13.707.071
Comprehensive income				
Net loss for the year		-	(13.801)	(13.801)
Total comprehensive income for the year		-	(13.801)	(13.801)
Transactions with owners				
Issue of share capital	17	550.000	-	550.000
Total transactions with owners		550.000	-	550.000
Balance at 31 December 2021/ 1 January 2022		15.649.886	(1.406.616)	14.243.270
Comprehensive income				
Net loss for the year		-	(785.825)	(785.825)
Total comprehensive income for the year		-	(785.825)	(785.825)
Transactions with owners				
Issue of share capital	17	675.000	-	675.000
Total transactions with owners		675.000	-	675.000
Balance at 31 December 2022		16.324.886	(2.192.441)	14.132.445

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 11 to 26 form an integral part of these financial statements.

BERGER PAINTS (CYPRUS) LIMITED

STATEMENT OF CASH FLOWS For the year ended 31 December 2022

	Note	2022 US\$	2021 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(785.825)	(13.801)
Adjustments for:			
Impairment charge on loans to related parties	20	<u>761.827</u>	-
		(23.998)	(13.801)
Changes in working capital:			
Decrease in other receivables		7.238	2.898
Decrease in other payables		<u>(296.005)</u>	(249.408)
Cash used in operations		<u>(312.765)</u>	(260.311)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		<u>(324.986)</u>	(500.000)
Net cash used in investing activities		<u>(324.986)</u>	(500.000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		<u>675.000</u>	550.000
Net cash generated from financing activities		<u>675.000</u>	550.000
Net increase/(decrease) in cash and cash equivalents		37.249	(210.311)
Cash and cash equivalents at beginning of the year		<u>38.220</u>	248.531
Cash and cash equivalents at end of the year	16	<u><u>75.469</u></u>	<u>38.220</u>

The notes on pages 11 to 26 form an integral part of these financial statements.

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Incorporation and principal activities

Country of incorporation

The Company Berger Paints (Cyprus) Limited (the "Company") was incorporated in Cyprus on 13 December 2002 as an international company with limited liability under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 3 Thasou Street, Dadlaw House, 1520 Nicosia, Cyprus.

Principal activities

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

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap. 113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a medium sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2022.

The European Commission has concluded that since parent companies are required by the EU Accounting (2013/34/EU) Directive to prepare separate financial statements and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IFRS 10 "Consolidated Financial statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

3. Functional and presentation currency

The financial statements are presented in United States Dollars (US\$) which is the functional currency of the Company.

4. 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 2022. This adoption did not have a material effect on the accounting policies of the Company.

5. 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 company

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.

Finance income

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

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. 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 United States Dollars (US\$), 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

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.

Financial assets

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, receivables and financial assets at amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 7, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 7, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 7, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - modification (continued)

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities. 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.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Other payables

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

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

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.

Share capital

Ordinary shares are classified as equity.

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.

Comparatives

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

6. 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.

7. Financial risk management

Financial risk factors

The Company is exposed to 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:

7.1 Credit risk

Credit risk arises from cash and cash equivalents and contractual cash flows of debt investments carried at amortised cost.

(i) Impairment of financial assets

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

- financial assets at amortised cost
- cash and cash equivalents

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

7. Financial risk management (continued)

7.1 Credit risk (continued)

(i) Impairment of financial assets (continued)

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

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

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. 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. No significant changes to estimation techniques or assumptions were made during the reporting period.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Low credit risk

The Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

7. Financial risk management (continued)

7.1 Credit risk (continued)

(i) Impairment of financial assets (continued)

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Loans to related parties

The Company does not hold any collateral as security for any loans to related parties.

There were no significant loans to related parties written off during the year that are subject to enforcement activity.

Cash and cash equivalents

The Company assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

Bank deposits held with banks with investment grade rating are considered as low credit risk.

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2022 and 31 December 2021:

Company internal credit rating	External credit rating	2022	2021
		US\$	US\$
Performing	AAA - A	<u>75.469</u>	<u>38.220</u>
Total		<u>75.469</u>	<u>38.220</u>

The ECL on current accounts is considered to be approximate to 0, unless the bank is subject to capital controls. The ECL on deposits accounts is calculated by considering published PDs for the rating as per Moody's and an LGD of 40-60% as published by ECB.

The Company does not hold any collateral as security for any cash at bank balances.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

7. Financial risk management (continued)

7.1 Credit risk (continued)

(ii) Net impairment losses on financial and contract assets recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets and contract assets:

Impairment losses	2022 US\$	2021 US\$
Impairment charge - loans to related parties	<u>(761.827)</u>	-
Net impairment loss on financial and contract assets	<u>(761.827)</u>	-

7.2 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 no formal procedures with the object of minimising such losses.

7.3 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 Euro and the Russian Rouble. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

7.4 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.

8. Critical accounting estimates, judgments and assumptions

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.

Critical accounting estimates and assumptions

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.

- **Calculation of loss allowance**

When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

8. Critical accounting estimates, judgments and assumptions (continued)

- **Provision for bad and doubtful debts**

The Company reviews its other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **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 loans receivable**

The Company periodically evaluates the recoverability of loans receivable 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 in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans 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 7, Credit risk section.

9. Other expenses

	2022	2021
	US\$	US\$
Receivables written off	7.238	-
Impairment charge - loans to related parties	761.827	-
	<u>769.065</u>	<u>-</u>

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

10. Operating loss

	2022 US\$	2021 US\$
Operating loss is stated after charging the following items:		
Auditors' remuneration	<u>3.829</u>	<u>4.038</u>

11. Finance income/(costs)

	2022 US\$	2021 US\$
Exchange profit	<u>190</u>	-
Finance income	<u>190</u>	-
Net foreign exchange losses	-	(430)
Sundry finance expenses	<u>(540)</u>	<u>(433)</u>
Finance costs	<u>(540)</u>	<u>(863)</u>
Net finance costs	<u>(350)</u>	<u>(863)</u>

12. Tax

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

	2022 US\$	2021 US\$
Loss before tax	<u>(785.825)</u>	<u>(13.801)</u>
Tax calculated at the applicable tax rates	(98.228)	(1.725)
Tax effect of expenses not deductible for tax purposes	96.181	108
Tax effect of allowances and income not subject to tax	(25)	-
Tax effect of tax loss for the year	<u>2.072</u>	<u>1.617</u>
Tax charge	<u>-</u>	<u>-</u>

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%.

Due to tax losses sustained in the year, no tax liability arises on the Company. As at 31 December 2022, the balance of tax losses which is available for offset against future taxable profits amounts to €82.934 for which no deferred tax asset is recognised in the statement of financial position.

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

13. Investment in subsidiary

	2022 US\$	2021 US\$
Balance at 1 January	<u>1</u>	<u>1</u>
Balance at 31 December	<u>1</u>	<u>1</u>

The details of the subsidiary are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>	2022 US\$	2021 US\$
OOO Berger Paints Overseas Limited	Russia	Sale of paints and chemicals exported from India	100	<u>1</u>	<u>1</u>

During 2017, the Company decided to record an impairment in the financial statements, in the carrying value of its investment in subsidiary, on account of losses sustained by the subsidiary and due to downturn of the Russian economy. The Company has proceeded with the full impairment of the investment.

14. Non-current loans receivable

	2022 US\$	2021 US\$
Balance at 1 January	14,502,419	14,002,419
New loans granted	324,986	500,000
Provision for impairment	(761,827)	-
Balance at 31 December	<u>14,065,578</u>	<u>14,502,419</u>

	2022 US\$	2021 US\$
Loans to own subsidiaries (Note 20.2)	15,154,115	14,829,129
Loss allowance on loans receivable	(1,088,537)	(326,710)
	<u>14,065,578</u>	<u>14,502,419</u>

The loans are repayable as follows:

	2022 US\$	2021 US\$
Within one year	-	14,502,419
After five years	<u>14,065,578</u>	<u>-</u>

The exposure of the Company to credit risk in relation to loans receivable is reported in note 7 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

15. Other receivables

	2022 US\$	2021 US\$
Receivables from associates (Note 20.1)	<u>-</u>	<u>7,238</u>
	<u>-</u>	<u>7,238</u>

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

15. Other receivables (continued)

The fair values of 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 other receivables is reported in note 7 of the financial statements.

16. Cash and cash equivalents

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	2022	2021
	US\$	US\$
Cash at bank	<u>75.469</u>	<u>38.220</u>
	<u>75.469</u>	<u>38.220</u>

All cash and cash equivalents are denominated in United States Dollars.

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the financial statements.

17. Share capital

	2022	2022	2021	2021
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1,71 each	<u>8.083.843</u>	<u>13.823.371</u>	<u>7.722.546</u>	<u>13.205.554</u>
		US\$		US\$
Issued and fully paid				
Balance at 1 January	7.710.923	15.649.886	7.440.964	15.099.886
Issue of shares	<u>361.297</u>	<u>675.000</u>	<u>269.959</u>	<u>550.000</u>
Balance at 31 December	<u>8.072.220</u>	<u>16.324.886</u>	<u>7.710.923</u>	<u>15.649.886</u>

Authorised capital

On 20 January 2022, the authorised share capital of the Company was increased from 7.722.546 to 7.876.808 ordinary shares of €1,71 each.

On 28 April 2022, the authorised share capital of the Company was increased from 7.876.808 to 8.083.843 ordinary shares of €1,71 each.

Issued capital

On 20 January 2022, the Company proceeded with an increase of the issued share capital from 7.710.923 to 7.865.185 ordinary shares of €1,71 each by issuing 154.262 new shares.

Furthermore, on 28 April 2022, the Company proceeded with an additional increase of its issued share capital from 7.865.185 to 8.072.220 ordinary shares of €1,71 each by issuing 207.035 new shares.

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

18. Other payables

	2022	2021
	US\$	US\$
Payables to parent (Note 20.3)	-	300,000
Accruals	3,827	4,036
Other creditors	4,776	572
	8,603	304,608

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

19. Operating Environment of the Company

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia, Ukraine, or Belarus or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian and Belarussian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevents them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Company largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event did not exist in the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2022 as it is considered as a non-adjusting event.

The Company has limited direct exposure to Russia, Ukraine, and Belarus and as such does not expect significant impact from direct exposures to these countries.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. The event is expected to have an immediate material impact on the business operations. Management will continue to monitor the situation closely and will assess the need for [please complete accordingly] in case the crisis becomes prolonged.

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

19. Operating Environment of the Company (continued)

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries such as manufacturing and financial services have also been indirectly affected.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that it considers that Cyprus is entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus within the year. Additionally, a considerable number of private businesses operating in various sectors of the economy had closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the year. The measures had been continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the country.

The objective of these public policy measures was to contain the spread of COVID-19 outbreak and have resulted in minor operational disruption for the Company.

In parallel, governments, including the Republic of Cyprus, introduced various financial support schemes in response to the economic impacts of the COVID-19 coronavirus pandemic. The Company has not applied for such government assistance. The details of all the arrangements that might be available to the Company and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty. The Company is continuing to assess the implications for its business when these arrangements are no longer available and has reflected their impact in its stress-scenarios for going concern purposes.

The event is reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2022. The Company's management has assessed:

- (1) whether any impairment allowances are deemed necessary for the Company's financial assets, non-financial assets (e.g., property, plant & equipment, goodwill, intangible assets), lease receivables, contract assets, loan commitments or financial guarantee contracts, investments in subsidiaries, associates and joint ventures by considering the economic situation and outlook at the end of the reporting period.
- (2) the ability of the Company to continue as a going concern (Note 5).

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that the main impact in the Company's profitability position has arisen from [please complete accordingly]. The event did have an immediate material impact on the business operations.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

Management will continue to monitor the situation closely and will assess the need for ... in case the period of disruption becomes prolonged.

BERGER PAINTS (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

20. Related party transactions

The Company is controlled by Berger Paints India Limited, which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

20.1 Receivables from related parties (Note 15)

<u>Name</u>	<u>Nature of relation</u>	2022 US\$	2021 US\$
Lusako Trading Limited	Common control entity	-	7.238
		<u>-</u>	<u>7.238</u>

The receivables from related parties were provided interest free, and there was no specified repayment date.

20.2 Loans to related parties (Note 14)

	<u>Nature of relation</u>	2022 US\$	2021 US\$
Berger Paints Overseas Ltd	Subsidiary	14.827.405	14.612.025

The loans to subsidiary Berger Paints Overseas Ltd were provided interest free.

20.3 Payables to related parties (Note 18)

<u>Name</u>	<u>Nature of relation</u>	2022 US\$	2021 US\$
Berger Paints India Limited	Parent company	-	300.000
		<u>-</u>	<u>300.000</u>

The payable to the parent company, represents funds received in advance for the issue of shares to be done by the Company in future periods.

The payables to related parties are interest free and there is no specified repayment date.

21. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2022.

22. Commitments

The Company had no capital or other commitments as at 31 December 2022.

23. Events after the reporting period

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Company might experience negative results, and liquidity restraints and incur impairments on its assets in 2023. The exact impact on the Company's activities in 2023 and thereafter cannot be predicted.

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Company might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2023 which relate to new developments that occurred after the reporting period.

Except from the matters mentioned above, there were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 4 to 6

BERGER PAINTS (CYPRUS) LIMITED

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Page	2022 US\$	2021 US\$
Operating expenses			
Administration expenses	28	<u>(16.410)</u>	(12.938)
		(16.410)	(12.938)
Other operating expenses			
Amounts written off		(7.238)	-
Impairment charge - loans to related parties		<u>(761.827)</u>	-
Operating loss		(785.475)	(12.938)
Finance income	29	190	-
Finance costs	29	<u>(540)</u>	(863)
Net loss for the year before tax		<u>(785.825)</u>	<u>(13.801)</u>

BERGER PAINTS (CYPRUS) LIMITED

OPERATING EXPENSES

For the year ended 31 December 2022

	2022	2021
	US\$	US\$
Administration expenses		
Annual levy	373	438
Auditors' remuneration	3.829	4.038
Other professional fees	12.208	8.462
	16.410	12.938

BERGER PAINTS (CYPRUS) LIMITED

FINANCE INCOME/COSTS

For the year ended 31 December 2022

	2022	2021
	US\$	US\$
Finance income		
Unrealised foreign exchange profit	<u>190</u>	-
	<u>190</u>	-
Finance costs		
Sundry finance expenses		
Bank charges	540	433
Net foreign exchange losses		
Unrealised foreign exchange loss	<u>-</u>	430
	<u>540</u>	<u>863</u>

BERGER PAINTS (CYPRUS) LIMITED

COMPUTATION OF CORPORATION TAX

For the year ended 31 December 2022

Net loss per income statement	Page 27	US\$	US\$ (785.825)
<u>Add:</u>			
Other non-allowable expenses		7.238	
Impairment charge - loans to related parties		761.827	
Annual levy		<u>373</u>	
			<u>769.438</u>
			(16.387)
<u>Less:</u>			
Unrealised foreign exchange profit		<u>190</u>	
			(190)
Net loss for the year			<u><u>(16.577)</u></u>
			€
Converted into € at US\$ 1,066600 = €1			(15.542)
Loss brought forward			<u>(114.099)</u>
Loss			(129.641)
Unutilised loss of the year 2017 not carried forward			<u>46.707</u>
Net loss carried forward			<u><u>(82.934)</u></u>

CALCULATION OF TAX LOSSES FOR THE FIVE-YEAR PERIOD

Tax year	2017	2018	2019	2020	2021	2022
	€	€	€	€	€	€
Profits/(losses) for the tax year	(46.707)	(30.025)	(17.932)	(8.016)	(11.419)	(15.542)
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						

Net loss carried forward (82.934)