

LUSAKO TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

LUSAKO TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

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LUSAKO TRADING 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 Gurbachan Singh Dhingra) Subir Bose (alternate for Kuldip 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:	HE195096

LUSAKO TRADING 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 activity and nature of operations of the Company

The principal activity of the Company, which is unchanged from last year, is the holding of investments.

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

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

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. The net profit for the year attributable to the shareholders of the Company amounted to US\$797.761 (2021: US\$1.384.399). On 31 December 2022 the total assets of the Company were US\$39.751.003 (2021: US\$40.016.979) and the net assets of the Company were US\$39.716.409 (2021: US\$28.718.648).

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 18.364.897 to 19.650.412 ordinary shares of €1,71 each.

On 18 July 2022, the authorised share capital of the Company was increased from 19.650.412 to 22.027.009 ordinary shares of €1,71 each.

On 25 November 2022, the authorised share capital of the Company was increased from 22.027.009 to 24.047.918 ordinary shares of €1,71 each.

Issued capital

On 20 January 2022, the Company proceeded with an increase of its issued share capital to 19.650.412 ordinary shares of €1,71 each by issuing 1.285.515 new shares.

On 18 July 2022, the Company proceeded with an increase of its issued share capital to 22.027.009 ordinary shares of €1,71 each by issuing 2.376.597 new shares.

On 25 November 2022, the Company proceeded with an increase of its issued share capital to 24.047.918 ordinary shares of €1,71 each by issuing 2.020.909 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.

LUSAKO TRADING LIMITED

MANAGEMENT REPORT

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.

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 Lusako Trading Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Lusako Trading Limited (the "Company"), which are presented in pages 7 to 23 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 Lusako Trading 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 24 to 27, 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 Lusako Trading 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 Lusako Trading 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

LUSAKO TRADING LIMITED

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

	Note	2022 US\$	2021 US\$
Revenue	9	1.000.000	1.680.000
Other operating income			
Administration expenses	10	7.247	3.239
		(101.927)	(74.059)
Operating profit	11	905.320	1.609.180
Finance costs			
Profit before tax	12	(107.559)	(224.781)
		797.761	1.384.399
Tax			
Net profit for the year	13	-	-
		797.761	1.384.399
Other comprehensive income		-	-
Total comprehensive income for the year		797.761	1.384.399

The notes on pages 11 to 23 form an integral part of these financial statements.


LUSAKO TRADING LIMITED

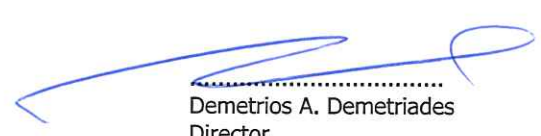
STATEMENT OF FINANCIAL POSITION

31 December 2022

	Note	2022 US\$	2021 US\$
ASSETS			
Non-current assets			
Investment in subsidiary	14	<u>39,529,533</u>	39,529,533
		<u>39,529,533</u>	<u>39,529,533</u>
Current assets			
Cash and cash equivalents	15	<u>221,470</u>	487,446
		<u>221,470</u>	<u>487,446</u>
Total assets		<u>39,751,003</u>	<u>40,016,979</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	<u>48,271,597</u>	38,071,597
Accumulated losses		<u>(8,555,188)</u>	(9,352,949)
Total equity		<u>39,716,409</u>	<u>28,718,648</u>
Current liabilities			
Other payables	18	<u>34,594</u>	2,527,756
Borrowings	17	<u>-</u>	<u>8,770,575</u>
		<u>34,594</u>	<u>11,298,331</u>
Total equity and liabilities		<u>39,751,003</u>	<u>40,016,979</u>

On 19 April 2023 the Board of Directors of Lusako Trading Limited authorised these financial statements for issue.


.....
Harris D. Demetriades
Director


.....
Demetrios A. Demetriades
Director

The notes on pages 11 to 23 form an integral part of these financial statements.

LUSAKO TRADING 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		24.571.597	(10.737.348)	13.834.249
Comprehensive income				
Net profit for the year		-	1.384.399	1.384.399
Total comprehensive income for the year		-	1.384.399	1.384.399
Transactions with owners				
Issue of share capital	16	13.500.000	-	13.500.000
Total transactions with owners		13.500.000	-	13.500.000
Balance at 31 December 2021/ 1 January 2022		38.071.597	(9.352.949)	28.718.648
Comprehensive income				
Net profit for the year		-	797.761	797.761
Total comprehensive income for the year		-	797.761	797.761
Transactions with owners				
Issue of share capital	16	10.200.000	-	10.200.000
Total transactions with owners		10.200.000	-	10.200.000
Balance at 31 December 2022		48.271.597	(8.555.188)	39.716.409

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 23 form an integral part of these financial statements.

LUSAKO TRADING LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 US\$	2021 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		797.761	1.384.399
Adjustments for:			
Dividend income	9	(1.000.000)	(1.680.000)
Interest expense	12	107.390	224.596
		(94.849)	(71.005)
Changes in working capital:			
Decrease in other payables		(2.493.162)	(1.041.859)
Cash used in operations		(2.588.011)	(1.112.864)
Dividends received		1.000.000	1.680.000
Net cash (used in)/generated from operating activities		(1.588.011)	567.136
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		10.200.000	13.500.000
Repayments of borrowings		(8.770.575)	(13.971.343)
Interest paid		(107.390)	(204.021)
Net cash generated from/(used in) financing activities		1.322.035	(675.364)
Net decrease in cash and cash equivalents		(265.976)	(108.228)
Cash and cash equivalents at beginning of the year		487.446	595.674
Cash and cash equivalents at end of the year	15	221.470	487.446

The notes on pages 11 to 23 form an integral part of these financial statements.

LUSAKO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Incorporation and principal activities

Country of incorporation

The Company Lusako Trading 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 activity

The principal activity of the Company, which is unchanged from last year, is the holding of investments.

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 ultimate parent company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles 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

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

Finance costs

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

LUSAKO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

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.

LUSAKO TRADING 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.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. 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.

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.

Borrowings

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

Other payables

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

LUSAKO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

Financial assets (continued)

Financial liabilities - Modifications

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

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.

LUSAKO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. Significant accounting policies (continued)

Non-current liabilities

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

Comparatives

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

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

7.1 Interest rate risk

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

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

	2022 US\$	2021 US\$
Variable rate instruments		
Financial liabilities	-	(8.750.000)
	<u>-</u>	<u>(8.750.000)</u>

7.2 Credit risk

Credit risk arises from cash and cash equivalents.

(i) Impairment of financial assets

- cash and cash equivalents

The Company's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model is set out below:

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.

LUSAKO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

7. Financial risk management (continued)

7.2 Credit risk (continued)

(i) Impairment of financial assets (continued)

Cash and cash equivalents (continued)

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.

7.3 Liquidity risk

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

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

31 December 2022

	Carrying amounts	Contractual cash flows	Within 12 months
	US\$	US\$	US\$
Other payables	26.722	26.722	26.722
	26.722	26.722	26.722

31 December 2021

	Carrying amounts	Contractual cash flows	Within 12 months
	US\$	US\$	US\$
Bank loans	8.770.575	8.770.575	8.770.575
Other payables	16.475	16.745	16.745
Payables to related parties	2.507.238	2.507.238	2.507.238
	11.294.288	11.294.558	11.294.558

7.4 Currency risk

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

7.5 Capital risk management

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

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.

LUSAKO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

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.

Critical judgements in applying the Company's accounting policies

- **Impairment of investments in subsidiaries**

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

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 7, Credit risk section.

9. Revenue

	2022	2021
	US\$	US\$
Dividend income	<u>1.000.000</u>	1.680.000
	<u>1.000.000</u>	<u>1.680.000</u>

10. Other operating income

	2022	2021
	US\$	US\$
Liabilities written off	<u>7.247</u>	3.239
	<u>7.247</u>	<u>3.239</u>

LUSAKO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

11. Operating profit

	2022 US\$	2021 US\$
Operating profit is stated after charging the following items:		
Auditors' remuneration - current year	3.829	4.043
Auditors' remuneration - prior years	-	184
	<u>-</u>	<u>184</u>

12. Finance costs

	2022 US\$	2021 US\$
Interest expense	107.390	224.596
Sundry finance expenses	169	185
Finance costs	<u>107.559</u>	<u>224.781</u>

13. Tax

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

	2022 US\$	2021 US\$
Profit before tax	<u>797.761</u>	<u>1.384.399</u>
Tax calculated at the applicable tax rates	99.720	173.050
Tax effect of expenses not deductible for tax purposes	59	53
Tax effect of allowances and income not subject to tax	(125.906)	(210.405)
Tax effect of tax loss for the year	<u>26.127</u>	<u>37.302</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 €3.620.113 for which no deferred tax asset is recognised in the statement of financial position.

LUSAKO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

14. Investment in subsidiary

	2022	2021
	US\$	US\$
Balance at 1 January	39.529.533	39.529.533
Balance at 31 December	39.529.533	39.529.533

The details of the subsidiary are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>	2022	2021
				US\$	US\$
Bolix S.A.	Poland	Manufacture and sale of exterior insulation and finishing systems	100	39.529.533	39.529.533

The Company owns 10.000.000 shares of PLN1 each in Bolix S.A. representing the 100% of its issued share capital.

15. 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	221.470	487.446

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.

16. Share capital

	2022	2022	2021	2021
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1,71 each	<u>24.047.918</u>	<u>41.121.940</u>	<u>18.364.897</u>	<u>31.403.974</u>
		US\$		US\$
Issued and fully paid				
Balance at 1 January	18.364.897	38.071.597	11.679.681	24.571.597
Issue of shares	<u>5.683.021</u>	<u>10.200.000</u>	<u>6.685.216</u>	<u>13.500.000</u>
Balance at 31 December	24.047.918	48.271.597	18.364.897	38.071.597

Authorised capital

On 20 January 2022, the authorised share capital of the Company was increased from 18.364.897 to 19.650.412 ordinary shares of €1,71 each.

On 18 July 2022, the authorised share capital of the Company was increased from 19.650.412 to 22.027.009 ordinary shares of €1,71 each.

On 25 November 2022, the authorised share capital of the Company was increased from 22.027.009 to 24.047.918 ordinary shares of €1,71 each.

LUSAKO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

16. Share capital (continued)

Issued capital

On 20 January 2022, the Company proceeded with an increase of its issued share capital to 19.650.412 ordinary shares of €1,71 each by issuing 1.285.515 new shares.

On 18 July 2022, the Company proceeded with an increase of its issued share capital to 22.027.009 ordinary shares of €1,71 each by issuing 2.376.597 new shares.

On 25 November 2022, the Company proceeded with an increase of its issued share capital to 24.047.918 ordinary shares of €1,71 each by issuing 2.020.909 new shares.

17. Borrowings

	2022 US\$	2021 US\$
Current borrowings		
Bank loans	-	8.770.575
Total	-	8.770.575

18. Other payables

	2022 US\$	2021 US\$
Accruals	7.872	4.043
Other creditors	26.722	16.475
Payables to fellow subsidiaries (Note 20.1)	-	2.507.238
	34.594	2.527.756

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.

LUSAKO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

19. Operating Environment of the Company (continued)

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 no 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.

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.

LUSAKO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

19. Operating Environment of the Company (continued)

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.

20. Related party transactions

The Company is controlled by Berger Paints India Limited, incorporated in India, which owns the major percentage of the Company's shares.

The following transactions were carried out with related parties:

20.1 Payables to related parties (Note 18)

<u>Name</u>	<u>Nature of relation</u>	2022 US\$	2021 US\$
Berger Paints (Cyprus) Limited	Common control entity	-	7.238
Berger Paints India Limited	Parent company	-	2.500.000
		<u>-</u>	<u>2.507.238</u>

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.

LUSAKO TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

23. Events after the reporting period (continued)

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

LUSAKO TRADING LIMITED

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Page	2022 US\$	2021 US\$
Revenue			
Dividend income		1.000.000	1.680.000
Other operating income			
Waiver of liability		<u>7.247</u>	<u>3.239</u>
		1.007.247	1.683.239
Operating expenses			
Administration expenses	25	<u>(101.927)</u>	<u>(74.059)</u>
Operating profit		905.320	1.609.180
Finance costs	26	<u>(107.559)</u>	<u>(224.781)</u>
Net profit for the year before tax		<u>797.761</u>	<u>1.384.399</u>

LUSAKO TRADING LIMITED

OPERATING EXPENSES

For the year ended 31 December 2022

	2022	2021
	US\$	US\$
Administration expenses		
Annual levy	469	427
Auditors' remuneration - current year	3.829	4.043
Auditors' remuneration - prior years	-	184
Other professional fees	71.953	69.405
Travelling expenses	25.676	-
	<u>101.927</u>	<u>74.059</u>

LUSAKO TRADING LIMITED

FINANCE COSTS

For the year ended 31 December 2022

	2022	2021
	US\$	US\$
Finance costs		
Interest expense		
Loan interest	107.390	224.596
Sundry finance expenses		
Bank charges	169	185
	<u>107.559</u>	<u>224.781</u>

LUSAKO TRADING LIMITED

COMPUTATION OF CORPORATION TAX

For the year ended 31 December 2022

Net profit per income statement	Page 24	US\$	US\$ 797.761
<u>Add:</u>			
Annual levy		469	469
			<u>798.230</u>
<u>Less:</u>			
Liabilities written off		7.247	
Dividends received		<u>1.000.000</u>	
Net loss for the year			<u>(1.007.247)</u> <u>(209.017)</u>
Converted into € at US\$ 1,066600 = €1			€ (195.966)
Loss brought forward			<u>(4.366.414)</u>
Loss			(4.562.380)
Unutilised loss of the year 2017 not carried forward			<u>942.267</u>
Net loss carried forward			<u>(3.620.113)</u>

CALCULATION OF TAX LOSSES FOR THE FIVE-YEAR PERIOD

Tax year	2017	2018	2019	2020	2021	2022
	€	€	€	€	€	€
Profits/(losses) for the tax year	(942.267)	(1.272.383)	(1.250.551)	(637.737)	(263.476)	(195.966)
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						

Net loss carried forward (3.620.113)