DAMASK INVESTMENT LIMITED

Annual Report
and
Financial Statements
31 December 2020

Company Registration Number C 63147

CONTENTS

The director presents the annual report together with the audited financial statements of the Company for the year ended 31 December 2020.

Principal Activities

The Company is mainly engaged in the importation, exportation and selling of animal feed.

Performance Review

During the year under review the Company generated revenue amounting to €17,326,354 (2019: €13,397,639) and incurred a loss before taxation of €106,842 (2019: Profit of €94,609). The loss for the year after accounting for taxation amounted to €63,641 (2019: Profit of €74,321).

The director expects the present level of activity to improve in the foreseeable future.

Dividends and Reserves

The retained earnings of the Company at the end of the year amounted to €518,911 (2019: €582,552). The director does not recommend the distribution of a dividend and proposes to charge the loss for the year to reserves (2019: Net dividend of €50,000 was paid out of retained earnings).

Financial Risk Management

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. Financial risks are explained in detail in Note 29 in these financial statements.

Future Developments

The director intends to continue to operate in line with their current business plan.

Going Concern

After making enquiries as noted in Note 2 to these financial statements, the director has a reasonable expectation that the Company has adequate resources to continue in operating existence for the foreseeable future. For this reason the director continues to adopt the going concern basis in preparing financial statements.

Sole Director

Mr. Emmanouil Kalamaras

Statement of Director's Responsibilities

The Companies Act, 1995 requires the director to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss for that period.

In preparing the financial statements, the director is required to: -

- ensure that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable in the circumstances;
- adopt the going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern;

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and to enable the director to ensure that the financial statements have been properly prepared in accordance with the Companies Act, 1995, enacted in Malta. The director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Horwath Malta, have expressed their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the annual general meeting.

Approved by the Sole Director on:

Mr. Emmanouil Kalamaras
Director

Registered Address:
Kingsway Palace,
Republic Street
Valletta VLT 1115
Malta

18 June 2021

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Damask Investment Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Damask Investment Limited (the Company), set out on pages 6 to 33, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company, as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, 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 director is responsible for the other information. The other information comprises the Director's Report. Our opinion on the financial statements does not cover this 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.

Other Information (continued)

With respect to the Director's Report, we also considered whether the Director's Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the director's report. We have nothing to report in this regard.

Responsibilities of the Director

The director is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director 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 director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 judgement 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID19 will have on the Company's trade, customers and suppliers, and the disruption to its business and the overall economy.

- 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 fair presentation.

We communicate with the director 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 and Regulatory Requirements

Under Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:
- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

We have nothing to report to you in respect of these responsibilities.

John Abela (Partner) for and on behalf of

Horwath Malta
Member Crowe Global

La Provvida
Karm Zerafa Street
Birkirkara BKR1713
Malta

18 June 2021

Statement of Comprehensive Income
For the year ended 31 December 2020

	Notes	2020 €	2019 €
Revenue	6	**17,326,354**	13,397,639
Cost of sales	7	**(16,925,112)**	(12,812,217)
Gross Profit		**401,242**	585,422
Selling and distribution expenses	7	**(137,571)**	(74,619)
Administrative expenses	7	**(299,350)**	(311,380)
Other income	9	**17,376**	3,850
Other charges	10	**-**	(8,891)
Operating (loss) / profit		**(18,303)**	194,382
Finance costs	11	**(88,539)**	(99,773)
(Loss) / profit before tax	12	**(106,842)**	94,609
Income taxation	13	**43,201**	(20,288)
(LOSS) / PROFIT FOR THE YEAR		**(63,641)**	74,321
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		**(63,641)**	74,321

	Notes	2020 €	2019 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	14	**32,492**	45,845
Right-of-use asset	15	**31,713**	47,992
Other assets	16	**39,276**	44,868
Deferred tax asset	17	**71,732**	26,821
		175,213	165,526
Current Assets			
Inventories	18	**979,351**	949,624
Trade and other receivables	19	**2,523,349**	3,508,838
Cash and cash equivalents		**243,221**	729,178
		3,745,921	5,187,640
Total Assets		**3,921,134**	5,353,166
EQUITY AND LIABILITIES			
Equity			
Called up issued share capital	20	**233**	233
General reserve	21	**312,044**	312,044
Other reserve		**160,204**	160,204
Capital contribution	22	**382,000**	382,000
Retained earnings	23	**518,911**	582,552
		1,373,392	1,437,033
Non-Current Liabilities			
Borrowings	24	**194,728**	241,316
Lease liabilities	15	**19,174**	34,804
Other liabilities	25	**158,971**	5,361
Deferred tax liability	17	**13,077**	22,096
		385,950	303,577
Current Liabilities			
Borrowings	24	**-**	32,528
Trade and other payables	26	**2,047,173**	3,451,297
Lease liabilities	15	**16,728**	16,083
Current tax payable		**97,891**	112,648
		2,161,792	3,612,556
Total Equity and Liabilities		**3,921,134**	5,353,166

The financial statements on pages 6 to 33 were approved by the Sole Director on 18 June 2021:

Mr. Emmanouil Kalamaras
Director

DAMASK INVESTMENT LIMITED
Statement of Changes in Equity
For the year ended 31 December 2020

	Share Capital	General Reserve	Other Reserve	Capital Contribution	Retained Earnings	Total
	€	€	€	€	€	€
Balance at 1 January 2019	233	312,044	160,204	382,000	558,231	1,412,712
Total comprehensive income for the year						
Profit for the year	-	-	-	-	74,321	74,321
Transactions with owners						
Dividends paid	-	-	-	-	(50,000)	(50,000)
Total comprehensive income for the year	-	-	-	-	24,321	24,321
Balance at 31 December 2019	**233**	**312,044**	**160,204**	**382,000**	**582,552**	**1,437,033**
Balance at 1 January 2020	233	312,044	160,204	382,000	582,552	1,437,033
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(63,641)	(63,641)
Transactions with owners						
Dividends paid	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(63,641)	(63,641)
Balance at 31 December 2020	**233**	**312,044**	**160,204**	**382,000**	**518,911**	**1,373,392**

	Note	2020 €	2019 €
Operating Activities			
(Loss) / profit for the year before taxation		**(106,842)**	94,609
Adjustment for:			
Depreciation on property, plant and equipment		**15,131**	11,102
Depreciation on right-of-use asset		**16,279**	21,386
Amortisation of bond issue costs		**5,592**	5,592
Finance costs		**59,891**	95,096
		(9,949)	227,785
Working capital changes:			
Decrease in inventories		**(29,727)**	(390,420)
(Decrease) / increase in trade and other receivables		**1,572,638**	(457,475)
(Increase) / decrease in trade and other payables		**(1,211,709)**	1,356,296
Cash generated from Operating Activities		**321,253**	736,186
Interest paid		**(90,804)**	(70,879)
Taxation paid		**(33,831)**	(31,339)
Dividends paid		**-**	(50,000)
Net Cash generated from Operating Activities		**196,618**	583,968
Investing Activities			
Acquisition of property, plant and equipment		**(1,778)**	(532)
Net Cash used in Investing Activities		**(1,778)**	(532)
Financing Activities			
Net advances to fellow subsidiaries		**(477,497)**	(302,942)
Net (repayments to)/ advances from parent company		**(101,590)**	13,413
Net advances to ultimate beneficial owner		**(83,801)**	-
Payment for lease obligations to third parties		**(17,909)**	(20,375)
Net Cash used in Financing Activities		**(680,797)**	(309,904)
Movement in Cash and Cash Equivalents		**(485,957)**	273,532
Cash and cash equivalents at beginning of year		**729,178**	455,646
Cash and Cash Equivalents at End of Year	27	**243,221**	729,178

1. General Information

Damask Investment Limited (the "Company") is a limited liability Company domiciled and incorporated in Malta.

The Company operates across Europe through its branches based in Greece, Cyprus, France, Spain and Hungary.

2. Basis of Preparation

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Reporting Financial Standards as adopted by the EU (EU IFRSs) and the requirements of the Maltese Companies Act (Cap. 386).

Basis of measurement

The financial statements are prepared on the historical cost.

Functional and presentation currency

The financial statements are presented in euro, which is the Company's functional currency.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs, as adopted by the EU, requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies (refer to Note 5 – Critical accounting estimates and judgements). Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Going concern

In assessing going concern, the director has taken into account, the on-going impact that the COVID19 pandemic has on the Company and its branches across Europe. The Company has managed to obtain government grants to aid its cashflow requirements. Also, the director has taken into account the fact that the Company's main suppliers and customers have continued with their normal operations with the Company and no customers have defaulted on payments due to the Company. Therefore, the director believes that it remains appropriate to prepare these financial statements on a going concern basis.

3. Changes in Accounting Policies and Disclosures

There were no new standards, amendments and interpretations to existing standards that have been published and are mandatory for the accounting periods beginning 1 January 2020 or later periods, that have an effect on the Company's financial statements.

4. Significant Accounting Policies

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

Revenue recognition

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

Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

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

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

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

Identification of performance obligations

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

4. Significant Accounting Policies(continued)

Revenue recognition (continued)

Identification of performance obligations (continued)

and the Company's promise to transfer the good to the customer is separately identifiable from other promises in the contract (that is, the good is distinct in the context of the contract).

- *Sale of goods*

Sale of goods are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised good to the customer, which is usually when the goods are delivered to the customer, the risk of obsolescence and loss have been transferred to the customer and customer has accepted the goods.

Borrowing costs

Borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Foreign currencies

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.

Income taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

4. Significant Accounting Policies (continued)

Income taxation (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Improvements to premises – 10 years
- Furniture and fittings – 10 years
- Computer Software – 5 years
- Office equipment – 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Impairment losses are recognised as an expense in the profit or loss.

4. Significant Accounting Policies (continued)

Leases

Company as a lessee

At the inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS16.

The Company recognises a right-of- use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful live of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease or, if this cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as a discount rate. Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate and lease payments in an optional renewal period that the Company is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets within 'Property, plant and equipment' and lease liabilities within 'Non-current liabilities' and 'Current liabilities' in the statement of financial position.

4. Significant Accounting Policies (continued)

Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

Classification and subsequent measurement

i. Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) (debt investment), FVOCI (equity instrument) or FVTPL.

In the period presented the Company does not have and financial assets categorised at FVTPL and FVOCI, and all financial assets are measured at amortised cost.

The classification is determined by both:

- the entity's business model for managing the financial asset and;
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit and loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within administrative expenses.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised costs

A financial asset is measured at amortised cost if it meets both the following conditions:

- it is held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, loans and receivable and other receivables fall into this category of financial instruments.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets at fair value through profit and loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of the business model, financial assets whose contractual cash flows are not solely SPPI are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

As already noted above, the Company held no financial assets at fair value through profit or loss.

Financial assets at fair value through other comprehensive income

A financial asset is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

- its is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (continued)

On initial recognition of an equity investment that is not held for trading the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

As already noted above, the Company held no financial assets at FVOCI.

Assessment whether contractual cashflows are SPPI

For the purpose of this assessment, 'prinicipal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

ii. Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

The Company assesses on a forward-looking basis, the expected credit losses associated with is debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there had been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

4. Significant Accounting Policies (continued)

Impairment (continued)

For all other financial assets that are subject to impairment under IFRS9, the company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial assets that is not credit impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1, have their expected credit loss measured at an amount equal to the portion of lifetime expected credit loss that results from default events possible within the next 12 months, or until contractual maturity if shorter. If the Company identified a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2 and its expected loss is measured on a lifetime basis, that is up until contractual maturity. If the Company determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and the expected credit loss is measured on a lifetime credit loss basis.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

Trade and other receivables

Trade receivables comprise amounts due from customer for goods sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operation cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, i.e. expected credit loss allowance.

The Company holds trade and other receivables with the objective to collect contractual cash flows and measures them subsequently at amortised cost using the effective interest method. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within the 'administrative expenses'. When a receivable is uncollectable, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in profit or loss.

Trade and other payables

Trade payables comprise obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is 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 liabilities.

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

4. Significant Accounting Policies (continued)

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, 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.

Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

5. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.
In the opinion of the director, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

6. Revenue

Revenue, which consists mainly of the sale of animal feed and commission receivable, is stated net of discounts allowed and any indirect taxes. It comprises the following:

	2020	2019
	€	€
Sale of animal feed	**17,325,450**	13,285,373
Freight services	**904**	-
Commissions receivable	**-**	112,266
	17,326,354	13,397,639

7. Expenses by nature

	2020	2019
	€	€
Cost of sales	**16,925,112**	12,812,217
Wages and salaries (Note 8)	**124,919**	99,722
Director's fees	**-**	33,530
Auditor's remuneration	**3,700**	3,700
Professional fees	**52,585**	67,283
Depreciation on property, plant and equipment	**15,131**	11,102
Amortisation on bond issue costs	**5,592**	5,592
Depreciation on right of use asset	**16,279**	21,386
Difference on exchange	**-**	17,952
Other expenses	**218,715**	125,732
	17,362,033	13,198,216

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2020 and 2019 relate to the following:

	2020	2019
	€	€
Annual statutory audit	**3,700**	3,700
Other non-audit services	**2,500**	2,500
	6,200	6,200

8. Wages and salaries

Wages and salaries incurred during the year amounted to the following:

	2020	2019
	€	€
Wages and salaries	**105,788**	85,054
Social security costs	**19,131**	14,668
	124,919	99,722

8. Wages and salaries

The average number of persons employed by the company during the year was as follows:

	2020	2019
	No.	No.
Administration	**3**	3
Operations	**3**	3
	6	6

9. Other income

	2020	2019
	€	€
Settlement of supplier balances	**-**	3,542
Insurance claims settled	**1,437**	-
Difference on exchange	**15,939**	-
Sundry income	**-**	308
	17,376	3,850

10. Other charges

	2020	2019
	€	€
Other charges	**-**	8,891

11. Finance costs

	2020	2019
	€	€
Interest on factoring agreement	**52,819**	67,688
Interest on lease liablities	**2,925**	3,816
Interest on loan from parent company	**19,358**	20,401
Bank interest and charges	**13,437**	7,868
	88,539	99,773

12. (Loss) / profit before taxation

This is stated after charging / (crediting) the following:

	2020	2019
	€	€
Annual statutory audit fee	**3,700**	3,700
Other non-audit services	**2,500**	2,500
Director's fees	**-**	33,530
Amortisation on bond issue costs	**5,592**	5,592
Depreciation on property, plant and equipment	**15,131**	11,102
Depreciation on right of use asset	**16,279**	21,386
Difference on exchange	**(15,939)**	17,952

13. Income taxation

Income taxation recognised in profit or loss

	2020	2019
	€	€
Current tax charge	**10,729**	27,222
Deferred tax credit	**(53,930)**	(6,934)
Tax (credit)/ charge	**(43,201)**	20,288

The Company's branches are subject to the tax rates applicable in the Greece, France, Spain, Cyprus and Hungary. The tax on the Company's results before tax differs from theoretical amount that would arise using the statutory tax rate of 35%:

	2020	2019
	€	€
(Loss)/ profit before tax	**(106,842)**	94,609
Tax at the applicable statutory rate of 35%	**(37,395)**	33,113
Tax effect of:		
Expenses not allowable for tax purposes	**4,155**	13,944
Unutilised investment tax credit	**-**	(3,113)
Income not subject to tax	**(1,355)**	(1,167)
Effect of different tax rate in other jurisdictions	**(8,606)**	(22,489)
Tax (credit)/ charge	**(43,201)**	20,288

14. Property, plant and equipment

	Improvements to Premises €	Office equipement €	Computer Software €	Furniture & Fittings €	Total €
At 1 January 2019					
Cost	6,035	8,620	4,600	55,345	74,600
Accumulated depreciation	(3,925)	(1,580)	(770)	(11,910)	(18,185)
Net book amount	**2,110**	**7,040**	**3,830**	**43,435**	**56,415**
Year ended 31 December 2019					
Opening net book amount	2,110	7,040	3,830	43,435	56,415
Additions	3	-	-	529	532
Depreciation expense	(2,110)	(2,155)	(920)	(5,917)	(11,102)
Closing net book amount	**3**	**4,885**	**2,910**	**38,047**	**45,845**
At 31 December 2019					
Cost	6,038	8,620	4,600	55,874	75,132
Accumulated depreciation	(6,035)	(3,735)	(1,690)	(17,827)	(29,287)
Net book amount	**3**	**4,885**	**2,910**	**38,047**	**45,845**
Year ended 31 December 2020					
Opening net book amount	3	4,885	2,910	38,047	45,845
Additions	-	-	-	1,778	1,778
Depreciation expense	-	(2,155)	(920)	(12,056)	(15,131)
Closing net book amount	**3**	**2,730**	**1,990**	**27,769**	**32,492**
At 31 December 2020					
Cost	6,038	8,620	4,600	57,652	76,910
Accumulated depreciation	(6,035)	(5,890)	(2,610)	(29,883)	(44,418)
Net book amount	**3**	**2,730**	**1,990**	**27,769**	**32,492**

15. Leases

Right-of-use asset

	Buildings	Motor Vehicles	Total
	€	€	€
Year ended 31 December 2019			
Adjustment upon transition to IFRS16 at 1 January 2019	63,198	6,180	69,378
Depreciation charge	(16,281)	(5,105)	(21,386)
Carrying amount at 31 December 2019	**46,917**	**1,075**	**47,992**
Year ended 31 December 2020			
Opening carrying amount	46,917	1,075	47,992
Depreciation charge	(16,279)	-	(16,279)
Carrying amount at 31 December 2020	**30,638**	**1,075**	**31,713**

Lease liabilities

Lease liabilities are presented in the statement of financial position of the Company as follows:

	2020	2019
	€	€
Current		
Lease liabilities	**16,728**	16,083
Non-current		
Lease liabilities	**19,174**	34,804

15. Leases (continued)

The depreciation on right-of-use asset and the interest expense on lease liabilities are recognised in the statements of comprehensive income as follows:

	2020	2019
	€	€
Depreciation on right-of-use assets		
Depreciation (included in administrative expenses)	**16,279**	21,386
Interest expense		
Interest expense on lease liablities (included as finance costs)	**2,925**	3,816

At 31 December 2020, the Company does not have short-term leases or leases of low value assets.

The total cash outflow in respect of leases during the year 2020 amounted to €17,909.

The future minimum lease payments at 31 December 2020 were as follows:

	Not later than one year	**Later than one year but not later than five**	**Total**
	€	**€**	**€**
At 31 December 2020			
Lease payments	18,583	22,656	**41,239**
Finance charges	(1,855)	(3,482)	**(5,337)**
Net present value	**16,728**	**19,174**	**35,902**

16. Other assets

Deferred expenditure relates to bond issue costs incurred on behalf of the parent company and are being amortised over the life of the bond, which is 10 years, as follows:

	2020	2019
	€	€
Deferred expenditure		
Gross amount of bond issue costs	**55,876**	55,876
Amortisation of gross amount of bond issue costs		
Amortised bond costs brought forward	**(11,008)**	(5,416)
Amortisation for the year	**(5,592)**	(5,592)
Amortisated bond costs carried forward	**(16,600)**	(11,008)
Unamortised bond issue costs at 31 December 2020	**39,276**	44,868

17. Deferred taxation

Deferred taxation is calculated on all temporary differences under the liability method, using the principal tax rate in each jurisdiction, in which the Company operates through its branches namely in: Greece, Cyprus, France, Spain and Hungary.

The movement in the deferred tax asset is as follows:

	2020	2019
	€	€
Deferred tax asset		
At beginning of the year	**26,821**	6,810
Credited to profit or loss	**44,911**	20,011
At end of year	**71,732**	26,821

The movement in the deferred tax liability is as follows:

	2020	2019
	€	€
Deferred tax liability		
At beginning of the year	**(22,096)**	(9,019)
Credited / (charged) to profit or loss	**9,019**	(13,077)
At end of year	**(13,077)**	(22,096)

17. Deferred taxation (continued)

Deferred taxation is principally composed of deferred tax assets and liabilities which are to be recovered and settled after more than twelve months. Deferred tax assets and liabilities are offset when the income tax relates to the same fiscal authority. The deferred taxation balance at 31 December represents:

	2020	2019
	€	€
Deferred tax asset		
Temporary differences on:		
Property, plant and equipment	**(295)**	(298)
Provisions	**9,380**	(1,428)
Unabsorbed capital allowances	**3,327**	1,664
Unabsorbed tax losses	**55,981**	23,431
Unutilised tax credits	**3,113**	3,113
Leases	**226**	339
	71,732	26,821

	2020	2019
	€	€
Deferred tax liability		
Temporary differences on:		
Provisions	**13,077**	22,096

18. Inventories

	2020	2019
	€	€
Animal feed	**979,351**	949,624

19. Trade and other receivables

	2020	2019
	€	€
Trade receivables	**388,264**	1,915,530
Amounts due from fellow subsidiaries	**1,302,766**	755,121
Amounts due from ultimate beneficial owner	**179,494**	95,693
Indirect taxation refundable	**294,796**	309,686
Prepayments and accrued income	**16,827**	-
Advance payments	**328,949**	400,827
Other receivables	**12,253**	31,981
	2,523,349	3,508,838

The Company's exposure to credit risk and impairment losses in relation to trade and other receivables is reported in Note 29 to the financial statements.

Amounts due from fellow subsidiaries and amounts due from ultimate beneficial owner are unsecured, interest free and are repayable within the normal operating cycle of the Company.

20. Share capital

	2020	2019
	€	€
Authorised		
1,500 ordinary shares of €1 each	**1,500**	1,500
Issued and 20% Paid Up		
1,165 ordinary shares of €1 each	**233**	233

21. General reserve

The general reserve is a non-distributable reserve set up to finance the branches' capital expenditure.

22. Capital contribution

Capital contribution relates to contributions from the ultimate beneficial owner, Mr. Kalamaras. These balances are unsecured, interest free and is repayable exclusively at the option of the Company.

23. Retained earnings

This represents accumulated profits or losses. No dividends were paid out of retained earnings during the year under review (2019: Net dividend of €50,000).

24. Borrowings

	2020	2019
	€	€
Non-Current		
Loan advanced by parent company	**194,728**	241,316
Current		
Loan advanced by parent company	**-**	32,528
	194,728	273,844

Non-current portion of loan advanced by parent company is unsecured, bears interest at 8% per annum and is repayable by 31 December 2027.

25. Other liabilities

	2020	2019
	€	€
Provision on government grants received	**157,278**	-
Other	**1,693**	5,361
	158,971	5,361

Provision on government grant received represents government grant received in Greek branch which shall be repaid back to the Greek government within the next five years.

26. Trade and other payables

	2020	2019
	€	€
Trade payables	**1,409,363**	3,014,124
Amounts due to parent company	**126,578**	181,578
Amounts due to fellow subsidiaries	**268,286**	198,138
Indirect taxation	**207,885**	36,030
FSS and social security payable	**3,683**	3,580
Accrued expenses	**17,076**	11,381
Other payables	**14,302**	6,466
	2,047,173	3,451,297

Amounts due to parent company and fellow subsidiaries are unsecured, interest free and are repayable within the normal operating cycle of the Company.

27. Cash and cash equivalents

For the purposes of the cash flow statement, the cash and cash equivalents at the end of the year comprise the following:

	2020	2019
	€	€
Cash at bank and in hand	**243,221**	729,178

28. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company forms part of the AST Group. The parent company of the AST Group is AST Group plc. The subsidiary companies of AST Group plc are Damask Investment Limited, AST Shipping Limited, Damask Shipping Management Limited and Damask Chartering Limited. All companies forming part of the AST Group are considered to be related parties.Trading transactions between these companies include items which are normally encountered in a group context.

AST Group plc produces consolidated financial statements available for public use, and which incorporate the individual financial statements of the Company.

The registered address of AST Group plc is 31,32,33 Third Floor, Kingsway Palace, Republic Street, Valletta, VLT 1115, Malta.

The ultimate controlling party is Mr. Emmanouil Kalamaras who is also considered to be related party.

28. Related Party Transactions (continued)

The following transactions were carried out with related parties:

	2020	2019
	€	€
Expenses		
Freight services charged by felllow subsidiary	**1,075,329**	590,073
Financial transactions		
Net advances to ultimate beneficial owner	**83,801**	-
Net advances to fellow subsdiaries	**477,497**	500,729
Net advances to parent company	**101,590**	36,587

Amounts due to/from parent company, amounts due to/from fellow subsidiaries and advances from ultimate beneficial owner are unsecured, interest free and repayable within the normal operating cycle of the Company.

Key management personnel compensation, consisting of director's fees, has been disclosed in note 7 and 12 to the financial statements.

Year end balances arising from related party transactions are disclosed in Notes 19 and 26 to the financial statements.

29. Financial risk management

At the year end, the Company's main financial assets on the statement of financial position comprised of trade and other receivables and cash held at bank and in hand. At the year end the company's main financial liabilities on the statement of financial position consisted of trade and other payables, and borrowings. At the year-end there were no off-statement of financial position financial assets or financial liabilities.

Timing of Cash Flows
The presentation of the above-mentioned financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

Foreign Exchange Risk
Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective company's functional currency. The Company is exposed to foreign exchange risk arising primarily from the Company's sales and purchases; a part of which are denominated in the USD dollar.

Management does not consider foreign exchange risk attributable to recognised assets and liabilities arising from sales and purchase transactions to be significant since balances are settled within very short periods in accordance with the negotiated credit terms.

29. Financial risk management (continued)

Credit Risk
Financial assets which potentially subject the Company to concentrations of credit risk consist principally of cash at bank, trade receivables and amounts due from related companies. The carrying amounts of trade and other receivables and balances due from related companies are stated net of necessary provisions which have been prudently made against bad and doubtful debts in respect of which management reasonably believes that recoverability is doubtful.

The Company's cash at bank is placed with high quality financial institutions. Management considers the probability of default to be close to zero as the counterparties have strong capacity to meet their contractual obligation in the near term. As a result, no loss allowance has been recognised based on a 12 month expected credit losses since any impairment would be insignificant to the Company.

The Company assesses the credit quality of its customers, mainly taking into account the financial positions, past experience and other factors. Management ensures that sale of goods are effected with customers with an appropriate credit history. Management monitors on a consistent basis the performance of its trade and other receivables on a regular basis to identify expected credit losses, which are inherent in the Company's debtors, taking into account historical experience in collection of accounts receivable. The Company's trade receivables, which are not impaired financial assets, are principally debts in respect of transactions with customer for whom there is no recent history of default. Management does not expect any losses from non performance by these customers.

In order to manage the credit risk, the Company has entered into factoring agreements in Greece, Spain, France and Malta to ensure that the credit exposure of the Company is reduced to a minimum. The factoring agreements entered into, are without recourse and cover the Company's credit exposure up to 80% of the receivable. Such measures reduce significantly the credit risk of the Company arising from trade and other receivables.

With respect to balances due from related companies, the Company assesses the credit quality of the related companies by taking into account the financial position, performance and other factors. In measuring expected credit losses on these balance, management determined the impairment provision independently from third party receivables. At 31 December 2020, management does not expect losses from non- performance or defaults from related companies.

Liquidity Risk
The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

Management monitors liquidity risk by means of cash flows forecasts on the basis of expected cash flows over a twelve month period detailed by the Company's segments to ensure that no additional financing facilities are expected to be required over the coming year.

The carrying amounts of the Company's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date in the respective notes to the financial statements.

29. Financial risk management (continued)

Fair Values

At 31 December 2020 and 31 December 2019, the fair values of financial assets and financial liabilities are not materially different from their carrying amounts.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives during the year ended 31 December 2020 and 31 December 2019.