

ZATRIX HOLDINGS LIMITED

**DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019**

ZATRIX HOLDINGS LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019

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ZATRIX HOLDINGS LIMITED

REPORT OF THE DIRECTORS
for the year ended 31 DECEMBER 2019

Accounts

The directors present the annual report and audited financial statements for the year ended 31 December 2019. As per the Board of Directors resolution dated 19 November 2019 it was decided to put the Zatrix Group into Liquidation.

Principal activity

The principal activity of the company is that of a holding company.

Results

The results for the year show a profit after tax of €11,475,225 (2018: profit of €3,995,136) for the group and a profit of €11,475,225 (2018: profit of €4,299,635) for the company as shown in the statement of comprehensive income on page 3.

Dividends

No interim dividend (2018: €Nil) has been paid during the year. The directors do not recommend the payment of a final dividend.

Directors

The directors of the company are:

Kenneth Micallef
Centric Holdings S.A.

Under the provisions of the company's Memorandum and Articles of Association, the present directors continue in office.


Auditors

BDO Malta have expressed their willingness to continue in office. A resolution will be submitted to the Annual General Meeting to re-appoint BDO Malta as auditors to the company.

The directors' report was approved by the board of directors and was signed on its behalf by:



Kenneth Micallef
Director



o.b.o Centric Holdings S.A.
Director

243,
Naxxar Road,
Birkirkara
Malta

June 1st 2020

ZATRIX HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING
for the year ended 31 DECEMBER 2019

The Directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of each financial period and of its profit or loss for that period. In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act 1995. They are 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.

ZATRIX HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 DECEMBER 2019

	Notes	Group		Company	
		2019	2018	2019	2018
		€	€	€	€
Expenditure	4	(430,167)	(1,105,581)	(12,247)	(13,324)
Operating loss		(430,167)	(1,105,581)	(12,247)	(13,324)
Investment income/(loss)	5	337,574	(54,748)	11,487,472	4,312,959
Interest receivable	6	77,308	14,286	-	-
(Loss)/profit before taxation		(15,285)	(1,146,043)	11,475,225	4,299,635
Taxation	7	-	(7,019)	-	-
(Loss)/profit for the year from continuing operations		(15,285)	(1,153,062)	11,475,225	4,299,635
Profit on discontinued operation, net of tax	8	11,490,510	5,148,198	-	-
Profit		11,475,225	3,995,136	11,475,225	4,299,635

The notes on pages 8 to 24 form part of the financial statements.

Audit report pages 25 to 27.

ZATRIX HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended 31 DECEMBER 2019
(Continued)

	Notes	Group		Company	
		2019	2018	2019	2018
		€	€	€	€
ASSETS					
Non-current assets					
Financial assets	10	-	-	12,613,909	1,126,438
Loan receivable	12	-	500,000	-	-
		-	500,000	12,613,909	1,126,438
Current assets					
Trade and other receivables	13	3,478,222	110,841	7,522,106	7,530,211
Held for trading financial asset	14	4,079,850	1,204,444	-	-
Current taxation		2,976	-	2,976	2,976
Cash and cash equivalents	17	13,109,134	10,825,900	515,075	520,000
Total current assets		20,670,182	12,141,185	8,040,157	8,053,187
Total assets		20,670,182	12,641,185	20,654,066	9,179,625

The equity and liabilities section is continued on page 5.

The notes on pages 8 to 24 form part of the financial statements.

Audit report pages 25 to 27.

ZATRIX HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended 31 DECEMBER 2019
(Continued)

	Notes	Group		Company	
		2019	2018	2019	2018
		€	€	€	€
EQUITY AND LIABILITIES					
Capital and reserves					
Called up issued share capital	15	22,501,200	22,501,200	22,501,200	22,501,200
Accumulated losses		(1,857,540)	(13,332,766)	(1,857,540)	(13,332,766)
		<u>20,643,660</u>	<u>9,168,434</u>	<u>20,643,660</u>	<u>9,168,434</u>
Current liabilities					
Trade and other payables	16	26,522	3,468,708	10,406	11,191
Current taxation		-	4,043	-	-
Total current liabilities		<u>26,522</u>	<u>3,472,751</u>	<u>10,406</u>	<u>11,191</u>
Total equity and liabilities		<u>20,670,182</u>	<u>12,641,185</u>	<u>20,654,066</u>	<u>9,179,625</u>

The financial statements were approved by the Board of Directors on June 1st 2020 and signed on its behalf by:


Kenneth Micallef
Director


o.b.o Centric Holdings S.A.
Director

The notes on pages 8 to 24 form part of the financial statements.

Audit report pages 25 to 27.

ZATRIX HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 DECEMBER 2019

	Share Capital	Accumulated losses	Total
	€	€	€
Group			
At 1 January 2018	22,501,200	(17,327,901)	5,173,299
Comprehensive income			
Profit for the year	-	3,995,136	3,995,136
At 31 December 2018	22,501,200	(13,332,765)	9,168,435
Comprehensive income			
Profit for the year	-	11,475,225	11,475,225
At 31 December 2019	<u>22,501,200</u>	<u>(1,857,540)</u>	<u>20,643,660</u>
Company			
At 1 January 2018	22,501,200	(17,632,400)	4,868,800
Comprehensive income			
Profit for the year	-	4,299,635	4,299,635
At 31 December 2018	22,501,200	(13,332,765)	9,168,435
Comprehensive income			
Profit for the year	-	11,475,225	11,475,225
At 31 December 2019	<u>22,501,200</u>	<u>(1,857,540)</u>	<u>20,643,660</u>

ZATRIX HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		€	€	€	€
Cash flows from operating activities					
Operating loss		(430,167)	(1,105,581)	(12,247)	(13,324)
Adjustment for:					
Loss on disposal of investments		(412,416)	-	-	-
Provision for impairment losses		-	(1,833,107)	-	-
Exchange difference		-	(129,678)	-	-
Operating loss before working capital changes		(842,583)	(3,068,366)	(12,247)	(13,324)
Movement in working capital					
Trade and other receivables		(3,367,379)	1,479,803	8,105	535,170
Trade and other payables		(3,442,186)	(4,530,427)	(783)	(1,846)
Cash (used in) operating activities		(7,652,148)	(6,118,990)	(4,925)	520,000
Interest receivable		77,308	14,286	-	-
Taxation paid		(7,019)	(17,705)	-	-
Loss on sale of discontinued operations		(28,460)	(145,002)	-	-
Net cash (used in) operating activities		(7,610,319)	(6,267,411)	(4,925)	520,000
Cash flow from investing activities					
Purchase of investments		(3,845,775)	(228,858)	-	-
Disposal of held for trading financial assets		1,720,358	-	-	-
Repayment loan receivable		500,000	100,000	-	-
Sale of investment		-	1,833,112	-	-
Disposal of discontinued operations		11,518,970	5,293,200	-	-
Net cash generated from investing activities		9,893,553	6,997,454	-	-
Net increase in cash and cash equivalents		2,283,234	730,043	(4,925)	520,000
Cash and cash equivalents at beginning of year		10,825,900	10,095,857	520,000	-
Cash and cash equivalents at end of year	17	13,109,134	10,825,900	515,075	520,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019

1. Basis of preparation of financial statements

The consolidated financial statements including the financial statements of Zatrix Holdings Limited and its subsidiaries are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union. These financials have been prepared on a break-up basis, since it is the intention of the directors to liquidate the company.

The reporting currency used for the preparation of the financial statements is the Euro (€), which is the currency in which the company's share capital is denominated.

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires director to exercise their judgement in the process of applying the company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

2. Accounting policies

2.1 Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2019

The following new standards, amendments and interpretations are effective for the first time in these financial statements, but none have had a material effect on the company:

The following new standards, amendments and interpretations are effective for the first time in these financial statements, but none have had a material effect on the company:

- Improvements to IFRSs 2015-2017 (issued on 12/12/2017, effective from year beginning on 01/01/2019)
- IFRS 16 Leases (issued on 13/01/2016, effective from the year beginning 01/01/2019)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12/10/2017, effective for the year beginning on 01/01/2019)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 07/02/2018, effective from the year beginning on 01/01/2019)
- Amendments to IAS 28: Long-term Interest in Associates and Joint Ventures (issued on 12/10/2017, effective from the year beginning on 01/01/2019)
- IFRIC 23: Uncertainty over the Income Tax Treatments (issued on 07/07/2017, effective from year beginning on 01/01/2019)

The applications of these new standards and amendments has had no impact on the disclosures or amounts recognized in the company's financial statements.

b) New standards, interpretations and amendments as adopted by EU but not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the company's future financial statements:

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (issued on 26/09/2019, effective from the year beginning on 01/01/2020)
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31/10/2018, effective from the year beginning on 01/01/2020)
- Amendments to References to the Conceptual Frameworks in IFRS Standards (issued on 29/03/2018, effective from the year beginning on 01/01/2020)

2. Accounting policies (continued)

2.1 Changes in accounting policies (continued)

c) New standards, interpretations and amendments issued by IASB but not yet adopted by EU

- IFRS 17 Insurance Contracts (issued on 18/05/2017, effective from the year beginning on 01/01/2021)
- Amendments to IFRS 3: Business Combinations (issued on 22/10/2018, effective from the year beginning on 01/01/2020)

The company has not early adopted all these revisions to the requirements of IFRSs and the company's management is of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

d) New standards, interpretations and amendments issued by IASB but not adopted by EU

- IFRS 14 Regulatory Deferral Accounts (issued on 30/01/2014, effective from the year beginning 01/01/2016) - European Commission has decided not to endorse the standard
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between Investor and its Associate or Joint Venture (issued on 11/09/2014, effective from the year beginning 01/01/2016) - postponed indefinitely by European Commission

2. Accounting policies (continued)

2.2 Revenue recognition

Revenue from the provision of services is recognised when the company has completed the agreed upon procedures and transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment.

2.3 Foreign currencies

The financial statements of the company are presented in its functional currency, the Euro (EUR), being the currency of the primary economic environment in which the company operates.

2.4. Taxation

The charge for current tax is based on the taxable income for the year. The taxable result for the year differs from the result as reported in the statement of comprehensive income because it excludes items which are not assessable or disallowed and it further excludes items that are taxable and deductible in other years. It is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefits is probable. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

2. Accounting policies (continued)

2.5 Share capital and dividends

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

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

2.6. Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2. Accounting policies (continued)

2.6 Financial assets (continued)

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

2.7 Financial liabilities

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

Loans and borrowings - Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method unless the cost of discounting is immaterial.

2.8 Trade and other receivables

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. A provision for impairment of debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and the default or delinquency in payment are considered indicators that the debtors are impaired. When a debtor is uncollectible, it is written off against the profit and loss account. Subsequent recoveries of the amounts previously written off are credited in the income statement.

2.9 Trade and other payables

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

2.10 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

2. Accounting policies (continued)

2.11 Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk) credit risk and liquidity risk. The financial risks relate to the following financial instruments: debtors, cash and cash equivalents and trade and other creditors. The accounting policies with respect to these financial instruments are described above.

Risk management is carried out by the director under policies approved at the AGM. The director identifies and evaluates financial risks in close co-operation with the company's operating units. The director provides principles for overall risk management.

The reports on the risk management are produced periodically to the key management personnel of the company.

(a) Market risk

(i) Price risk

The Company has no significant exposure to the market risk, with respect to its operating income.

(ii) Cash flow and fair value interest rate risk

The company's cash flow and fair value interest rate risk is periodically monitored by the directors. The cash flow and fair value risk policy is approved by the directors.

Receivables and trade and other payables are interest free and have settlement dates within one year.

A sensitivity analysis is normally based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated - for example, change in exchange rates and change in market values.

In the case of the company it provides for the worst scenario by making full provisions for all investments held and hence profits or losses cannot be subjected to a sensitivity analysis that could shed any light on the effect of potential changes in market price.

(iii) Foreign exchange risk

Foreign exchange risk arises because the company has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the company is operating. Foreign exchange risk also arises when the company enters into transactions denominated in a currency other than their functional currency.

2. Accounting policies (continued)

2.11 Financial risk management (continued)

Certain assets of the company comprise amounts denominated in foreign currencies. Similarly, the company has financial liabilities denominated in foreign currency. In general, the company seeks to maintain the financial assets and financial liabilities in each of the foreign currencies at a reasonably comparable level, thereby providing a natural hedge against foreign exchange risk.

(b) Credit risk

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

- Cash and cash equivalents;
- Loans and receivables.

The company seeks to manage this risk by placing cash with quality financial institutions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash flow for operations. The company manages its' risk to shortage of funds by monitoring forecast and actual cash flows.

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

All of the company's current financial liabilities at 31 December 2018 are due within 3 months from year-end since they are trade and other payables.

2.12 Capital management

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

2.13 Fair value estimation

Cash and cash equivalents, debtors and trade and other creditors mainly have short times to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

ZATRIX HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019
(continued)

3. Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

In the opinion of the directors, 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).

4. Expenses by nature

I Administrative expenses

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Accountancy fee	5,175	4,770	1,770	1,770
Audit fee	5,080	5,540	2,360	3,540
Bank charges	2,804	(12,403)	39	-
Bad debts	-	4,000	-	-
Fines and penalties	40	355	20	95
Internet expenses	4,761	6,120	-	-
Legal and professional fees	7,915	329,360	6,257	6,076
Marketing consultancy	349,771	851,799	-	-
Postage and courier	531	559	-	140
Printing and stationery	118	50	59	-
Realised exchange differences	50,855	20,831	-	-
Registration fees	2,800	2,800	1,400	1,400
Rent	1,274	608	342	303
Training	-	16,100	-	-
Unrealised exchange differences	(957)	(124,908)	-	-
	<u>430,167</u>	<u>1,105,581</u>	<u>12,247</u>	<u>13,324</u>

ZATRIX HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019
(continued)

5. Investment income/(expense)

This represents dividends received from shares in group undertakings and from other investments.

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Gain on disposal of investment	(412,416)	-	-	-
(Provision)/reversal for impairment loss on financial assets and loan receivables	-	1,471,632	11,487,472	4,312,959
Loans receivable written off	-	(458,333)	-	-
Investments written off	-	(1,833,111)	-	-
Unrealised exchange on portfolio of investments	164,150	-	-	-
Unrealised fair value gain on investment	585,840	765,064	-	-
	<u>337,574</u>	<u>(54,748)</u>	<u>11,487,472</u>	<u>4,312,959</u>

6. Interest receivable

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Loan interest receivable	<u>77,308</u>	<u>14,286</u>	<u>-</u>	<u>-</u>

ZATRIX HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019
(continued)

7. Taxation

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Current tax expense	-	7,019	-	-
Deferred tax expense	-	-	-	-
	-	7,019	-	-

The tax on the (loss)/profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
(Loss)/profit before tax	(15,285)	(1,146,043)	11,475,225	4,299,635
Tax on (loss)/profit at 35%	(5,351)	(401,115)	4,016,329	1,504,872
Tax effect of:				
Expenses not deductible for tax purposes	150,923	1,237,018	4,287	4,664
Flat rate foreign tax credit	-	(2,322)	-	-
Temporary differences not provided for	(145,572)	(826,562)	(4,020,616)	(1,509,536)
Tax charge	-	7,019	-	-

The above relates to the continuing operations of the entity.

8. Discontinued Operations

In September 2017, Vista Online Limited sold assets, as part of the Group's disposal of its intellectual property and the relevant elements of the Zatrix business, for a cash consideration of € 14,445,000 + €20,000,000 over 2018 and 2019.

The post-tax profit/(loss) on disposal of discontinued operations was determined as follows:

ZATRIX HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019
(continued)

8. Discontinued Operations (continued)

	2019	2018
	€	€
Cash consideration received	10,000,000	10,000,000
Compensation payable	-	(4,706,800)
Current account disposal	1,518,970	-
Net cash inflow on disposal of discontinued operation	<u>11,518,970</u>	<u>5,293,200</u>
Net assets disposed:		
Financial assets	-	-
Pre-tax profit on disposal of discontinued operation	11,518,970	5,293,200
Related tax expense	-	-
Profit on disposal of discontinued operation	<u>11,518,970</u>	<u>5,293,200</u>

The post-tax profit on disposal of discontinued operations was determined as follows:

Result of discontinued operations	2019	2018
	€	€
Expenses other than finance costs	(28,460)	(145,002)
Tax expense	-	-
Profit from selling discontinued operations after tax	<u>11,518,970</u>	<u>5,293,200</u>
Profit for the year	<u>11,490,510</u>	<u>5,148,198</u>

ZATRIX HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019
(continued)

9. Available-for-sale investments

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
At beginning of year	-	2	-	-
Disposals	-	(2)	-	-
At end of year	-	-	-	-

During the year Abigail Navigation and Galene Navigation Company were dissolved. Both companies were registered in Marshall Islands.

10. Financial assets

	Company
	Shares in group undertaking
	€
Cost	
At 31 December 2018	1,126,438
Provision for impairment reversal	11,487,471
At 31 December 2019	12,613,909

The group undertaking as at 31 December 2019 is shown below:

Group undertakings

Name and registered office	Class of shares	% holding
Zatrix Limited 243, Naxxar Road, Birkirkara BKR 9043 Malta	Ordinary shares	100%

Subsidiaries included in these consolidated financial statements are disclosed in the Note 20.

ZATRIX HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019
(continued)

11. Investments in associates

	Group	
	Shares in associated undertaking	
	2019	2018
	€	€
Cost		
At beginning of year	-	3
Disposals	-	(3)
At end of year	-	-

The following associated undertakings ceased to exist:

Associate undertaking

Name and registered office	Class of shares	% holding
Dalliance Enterprises Co. Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands MH96960	Ordinary shares	26%
Jasmine Holdings Ltd Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands MH96960	Ordinary shares	26%
Satin Finance Limited Ajeltake Road, Ajeltake Islands, Majuro, Marshall Islands MH96960	Ordinary shares	26%

ZATRIX HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019
(continued)

12. Loan receivable

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
At beginning of year	500,000	600,001	-	-
Repayment of loan	(500,000)	(100,000)	-	-
Exchange difference on loan receivable	-	60,595	-	-
Impairment provision	-	397,737	-	-
Loan receivable written off	-	(458,333)	-	-
At end of year	-	500,000	-	-

Included with the above loans receivable is an amount of EUR Nil (2018: EUR 500,000) which bears interest at 3-month EURIBOR plus 2.5% per annum.

Loan receivable was unsecured and repaid in full on the 19th December 2019.

13. Trade and other receivables

	2019	2018	2019	2018
	€	€	€	€
Due within one year				
Loans owed by related parties	3,471,181	-	-	-
Other amounts owed by related parties	-	85,018	7,518,645	7,527,230
Accrued income and prepayments	6,911	14,390	3,461	2,981
VAT recoverable	130	11,433	-	-
	<u>3,478,222</u>	<u>110,841</u>	<u>7,522,106</u>	<u>7,530,211</u>

The amounts owed by related parties are unsecured, interest-free and have no fixed date of repayment.

ZATRIX HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019
(continued)

14. Held for trading financial assets

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
At beginning of year	1,204,444	919,469	-	-
Addition	3,845,775	228,858	-	-
Disposal of investment	(1,720,358)	-	-	-
Exchange difference	164,149	69,078	-	-
Fair value gain on investment	585,840	(12,961)	-	-
At end of year	<u>4,079,850</u>	<u>1,204,444</u>	<u>-</u>	<u>-</u>

The group had an investment in Blue Water Maritime Limited, fund registered in Ireland. The investment was transferred to Centric Holdings S.A. during the year.

15. Share capital

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
<i>Authorised:</i>				
22,999,999 'A' ordinary shares of € 1 each	22,999,999	22,999,999	22,999,999	22,999,999
1 'B' ordinary share of € 1 each	1	1	1	1
	<u>23,000,000</u>	<u>23,000,000</u>	<u>23,000,000</u>	<u>23,000,000</u>
<i>Issued and fully paid up:</i>				
22,501,199 'A' ordinary shares of € 1 each	22,501,199	22,501,199	22,501,199	22,501,199
1 'B' ordinary share of € 1 each	1	1	1	1
	<u>22,501,200</u>	<u>22,501,200</u>	<u>22,501,200</u>	<u>22,501,200</u>

The holders of ordinary "A" shares shall have the right (i) to receive notice of and to attend all General Meetings of the Company and (ii) to vote on all Ordinary and Extraordinary Resolutions of the Company. The holders of ordinary "B" shares shall have the right to receive notice of and to attend all General Meetings of the Company but shall not have the right to vote on any resolutions.

The holders of ordinary "A" shares shall have the right to receive dividends and to participate in the profits of the Company. The holders of ordinary "B" shares shall not have the right to receive any dividend or to participate in the profits of the Company.

ZATRIX HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019
(continued)

16. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Due within one year				
Trade payables	17,318	115,958	5,536	3,967
Accruals	9,204	10,185	4,870	7,224
Amounts owed to related parties	-	1,823,595	-	-
Other payables	-	1,518,970	-	-
	<u>26,522</u>	<u>3,468,708</u>	<u>10,406</u>	<u>11,191</u>

The amounts due to related parties are unsecured, interest-free and have no fixed date of repayment.

17. Cash and cash equivalents

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise the following:

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Cash at bank	<u>13,109,134</u>	<u>10,825,900</u>	<u>515,075</u>	<u>520,000</u>

18. Related party transactions

Transactions entered into with other group undertakings, and with companies with common beneficial shareholders, are considered to be related party transactions. All transactions with related parties are made on an arm's length basis. Balances with related parties as at year-end were:

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Due from related parties	3,471,181	85,018	7,518,645	7,527,230
Due to related parties	-	1,823,595	-	-

ZATRIX HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2019
(continued)

19. Statutory information

Zatrix Holdings Limited is a limited liability company and is incorporated in Malta.

The parent and the ultimate parent company of Zatrix Holdings Limited is Centric Holdings S.A., a listed company registered in Greece, with its registered address at 20 Makriyanni St., 183 44, Athens, Greece. Copies of consolidated financial statements can be obtained from its registered office.

On the opinion of the directors, there is no ultimate controlling party of the group.

20. Consolidated entities

These financial statements contain the consolidated results of the following companies:

Zatrix Holdings Limited
243,
Naxxar Road,
Birkirkara, Malta

Zatrix Limited
243,
Naxxar Road,
Birkirkara, Malta

21. Material effect on business of coronavirus Pandemic

The recent outbreak of coronavirus pandemic is expected to affect most sectors of the global economy, but size and impact of these events on the group are not yet known or predictable.

INDEPENDENT AUDITOR'S REPORT To the Shareholders of Zatrix Holdings Limited

Report on the Audit of the Financial Statements

We have audited the consolidated and stand-alone financial statements of Zatrix Holdings Limited (the «Company») with its subsidiaries (the «Group») set out on pages 3 to 24, which comprise the consolidated and stand-alone statements of financial position as at 31 December 2019, 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.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the 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 directors are responsible for the other information. The other information comprises the directors' report 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.

With respect to the Directors' Report, we also considered whether the Directors' 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' 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 directors' report. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Zatrix Holdings Limited
(continued)

Responsibilities of the Directors

As explained more fully in the Statements of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors are 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 management.
- Conclude on the appropriateness of management'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, future events or conditions may cause the Company to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Zatrix Holdings Limited
(continued)

- 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 directors, 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 the 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.
- The information given in the directors' report is not consistent with the financial statements.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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

BDO Malta
Certified Public Accountants
Registered Audit Firm

This report has been signed
for and on behalf of
BDO MALTA
by Sam Spiridonov (Partner)

Triq It Torri
Msida MSD 1824
Malta

June 1st 2020

ZATRIX HOLDINGS LIMITED

DETAILED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
Schedule		€	€	€	€
Expenditure					
Administrative expenses	I	(430,167)	(1,105,581)	(12,247)	(13,324)
Operating loss		(430,167)	(1,105,581)	(12,247)	(13,324)
Investment income/(loss)	II	337,574	(54,748)	11,487,472	4,312,959
Interest receivable		77,308	14,286	-	-
(Loss)/profit before taxation		(15,285)	(1,146,043)	11,475,225	4,299,635

ZATRIX HOLDINGS LIMITED

ACCOUNTING SCHEDULES
for the year ended 31 DECEMBER 2019

I Administrative expenses

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Accountancy fee	5,175	4,770	1,770	1,770
Audit fee	5,080	5,540	2,360	3,540
Bad debts written off	-	4,000	-	-
Bank charges	2,804	(12,403)	39	-
Fines and penalties	40	355	20	95
Internet expenses	4,761	6,120	-	-
Legal and professional fees	7,915	329,360	6,257	6,076
Marketing consultancy	349,771	851,799	-	-
Postage and courier	531	559	-	140
Printing and stationery	118	50	59	-
Realised exchange differences	50,855	20,831	-	-
Registration fees	2,800	2,800	1,400	1,400
Rent	1,274	608	342	303
Training	-	16,100	-	-
Unrealised exchange differences	(957)	(124,908)	-	-
	<u>430,167</u>	<u>1,105,581</u>	<u>12,247</u>	<u>13,324</u>

ZATRIX HOLDINGS LIMITED

ACCOUNTING SCHEDULES
for the year ended 31 DECEMBER 2019
(Continued)

II Investment income/(expense)

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Gain on disposal of investment	(412,416)	-	-	-
Provision for impairment loss on financial assets and loan receivables	-	1,471,632	11,487,472	4,312,959
Loans receivable written off	-	(458,333)		
Investments written off	-	(1,833,111)	-	-
Unrealised exchange on portfolio of investments	164,150			
Unrealised fair value gain on investment	585,840	765,064	-	-
	<u>337,574</u>	<u>(54,748)</u>	<u>11,487,472</u>	<u>4,312,959</u>