LUMITE, INC.

ALTO, GEORGIA, USA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

31 DECEMBER 2020 AND 2019

LUMITE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Lumite, Inc.
Alto, Georgia

Opinion

We have audited the accompanying financial statements of Lumite, Inc., which comprise the balance sheets as of 31 December 2020 and 2019 and the related statements of income, statements of changes in stockholders' equity, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lumite, Inc. as of 31 December 2020 and 2019, and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 ethical requirements that are relevant to our audit of the financial statements set by the International Ethics Standards Board for Accountants and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management 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, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance 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 ISA's 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.

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As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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 entity'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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance 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 in our audit.

Rushton & Company, LLC

Certified Public Accountants
Gainesville, Georgia
11 February, 2021

LUMITE, INC.

STATEMENTS OF INCOME

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

	Note	2020	2019
Revenue	*1*	$ 27,945,468	$ 27,341,887
Cost of sales	*1*	(21,438,144)	(23,139,079)
Gross profit		6,507,324	4,202,808
Other operating expenses	*1*	(4,384,833)	(3,758,763)
Operating profit (loss)		2,122,491	444,045
Financial income	*7*	6,111	8,870
Other income	*3*	38,030	347,859
Financial expenses	*7*	(127,195)	(273,502)
Net financing (costs) income		(83,054)	83,227
Profit (loss) before tax		2,039,437	527,272
Taxation	*8*	(436,516)	(131,676)
Profit (loss) for the year attributable to equity holders		$ 1,602,921	$ 395,596

The accompanying notes are an integral part of these financial statements.

LUMITE, INC.

STATEMENTS OF RECOGNIZED INCOME AND EXPENSES

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

	2020	2019
Foreign exchange translation differences	$ -	$ -
Actuarial gains and losses on defined benefit pension plans	-	-
Tax recognized on income and expenses recognized directly in equity	-	-
Net income recognized directly in equity	-	-
Profit (loss) for the year	1,602,921	395,596
Total recognized income and expense for period attributable to equity holders	$ 1,602,921	$ 395,596

The accompanying notes are an integral part of these financial statements.

LUMITE, INC.

BALANCE SHEETS

AT 31 DECEMBER 2020 AND 2019

	Note	2020	2019
Non-current assets			
Property, plant and equipment	*9*	$ 5,099,059	$ 5,634,213
Non-weave room parts	*14*	296,768	254,399
Right-of-use assets	*11*	32,843	57,386
Other non-current assets		28,889	50,555
Intangible assets	*10*	192,225	222,431
Deferred tax assets	*13*	2,100	3,259
		5,651,884	6,222,243
Current assets			
Income tax claims	*8*	10,578	54,560
Stocks	*14*	12,828,203	11,727,310
Trade and other receivables, net	*15*	2,393,717	2,301,883
Cash and cash equivalents	*16*	3,483,448	348,852
		18,715,946	14,432,605
Total assets		$ 24,367,830	$ 20,654,848
Current liabilities			
Trade and other payables	*17*	$ 2,461,176	$ 1,921,470
Liabilities from leases		18,163	21,974
Notes payable	*18*	1,909,089	3,035,437
Accrued payroll liabilities		237,947	115,912
		4,626,375	5,094,793
Non-current liabilities			
Notes payable	*18*	2,689,712	-
Liabilities from leases		17,249	35,412
Deferred tax liabilities	*13*	242,317	335,387
		2,949,278	370,799
Total liabilities		$ 7,575,653	$ 5,465,592
Net assets		$ 16,792,177	$ 15,189,256
Equity attributable to equity holders			
Share capital	*20*	$ 500	$ 500
Share premium account	*20*	1,800,000	1,800,000
Retained earnings	*20*	14,991,677	13,388,756
Total stockholders' equity		$ 16,792,177	$ 15,189,256

The accompanying notes are an integral part of these financial statements.

LUMITE, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

		Share Capital				
	Note	**Shares**	**Amount**	**Share Premium Account**	**Retained Earnings**	**Total**
Balances at 1 January 2019	*20*	500	$ 500	$ 1,800,000	$ 12,993,160	$ 14,793,660
Total recognized income and expense	*20*	-	-	-	395,596	395,596
Balances at 31 December 2019	*20*	500	500	1,800,000	13,388,756	15,189,256
Total recognized income and expense	*20*	-	-	-	1,602,921	1,602,921
Balance at 31 December 2020		500	$ 500	$ 1,800,000	$ 14,991,677	$ 16,792,177

The accompanying notes are an integral part of these financial statements.

LUMITE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Profit (loss) for the year	$ 1,602,921	$ 395,596
Adjustments for:		
Finance expense	127,195	273,502
Depreciation, depletion and amortization	485,879	503,054
(Gain) loss on sale of asset	113,698	-
Taxation	436,516	131,676
Operating profit (loss) before changes in working capital and provisions	2,766,209	1,303,828
Decrease (increase) in trade and other receivables	(70,168)	(585,719)
Decrease (increase) in stock	(1,143,262)	987,448
Decrease (increase) in income tax claims	43,982	99,916
Decrease (increase) in trade and other payables	603,558	(302,678)
Cash generated from the operations	2,200,319	1,502,795
Net interest paid	(112,994)	(263,912)
Tax paid	(484,445)	(17,773)
Net cash from operating activities	1,602,880	1,221,110
Cash flows from investing activities		
Acquisition of property, plant and equipment	(89,674)	(315,989)
Proceeds from sale of property, plant and equipment	80,000	-
Net cash used by investing activities	(9,674)	(315,989)
Cash flows from financing activities		
Proceeds (payments) from borrowings on notes payable	1,541,390	(611,153)
Dividends paid to stockholders	-	(800,000)
Net cash from financing activities	1,541,390	(1,411,153)
Net increase (decrease) in cash and cash equivalents	3,134,596	(506,032)
Cash and cash equivalents at 1 January	348,852	854,884
Cash and cash equivalents at 31 December	$ 3,483,448	$ 348,852

The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Lumite, Inc. (the "Company") is a company incorporated in the United States of America.

The Company's financial statements have been approved by the directors in accordance with International Financial Reporting Standards. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods. The Company's financial statements were authorized for issuance by the Board of Directors on 11 February, 2021. The Company is engaged in the manufacture and sale of a diverse range of polypropylene products throughout the United States and international markets.

Measurement convention

The financial statements have been prepared on the historical cost basis. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

Reporting currency

The financial statements have been prepared using the United States dollar as the reporting currency.

Foreign currency

The Company conducted all transactions using the United States dollar, and therefore has no transactions requiring translation.

Classification of financial instruments issued

Following the adoption of IAS 32, financial instruments issued by the shareholders are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a. They include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavorable to the company; and

b. Where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in equity securities

During 2020 and 2019, the Company had no investments in jointly controlled or other entities.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term, highly liquid investments which are readily converted into cash within ninety (90) days of purchase.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line method over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	25 years
Leasehold buildings	25 years
Machinery, equipment, furniture and fixtures	10 years
Land improvements	15 years

Construction in progress

Construction in progress represents property, plant and equipment under construction, and is stated at cost less impairment losses. Cost of self-constructed items of property, plant and equipment include the cost of materials, direct labor and an appropriate portion of production overheads and borrowing costs. Capitalization of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the asset for its intended use are complete.

No depreciation is provided in respect to construction in progress until it is completed and ready for its intended use.

Goodwill

During 2020 and 2019, the Company had no interest in goodwill.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Company follows IFRS 16 "Leases" which sets the principles for the recognition, measurement, presentation and disclosures concerning the leases. Regarding the options and the exemptions allowed according to IFRS 16, the Company has taken the following approach:

- The right-of-use assets and the liabilities from leases are depicted separately in the statements of financial position

- The requirements concerning the recognition, measurement and disclosures of IFRS 16 were applied in all leases except for the leases of "small value" and the leases with shorter term, meaning 12 months or less.

The Company used the option not to separate the parts of the contract which are not a lease (non-lease components) from the lease components and therefore treated each element of the lease and any related parts of it as a single lease. See Note 11 for detailed table on right-of-use assets.

Stocks

Stock values are calculated using the periodic weighted average cost method. This method assumes that all units are valued at a weighted average cost per unit, and it applies this calculated average to the cost of goods sold in addition to the units held in ending inventory. Under a periodic inventory system, the average cost method calculations are carried out at the end of the accounting period, with the weighted average cost based on the cost of the beginning inventory plus all purchases made during that period.

Intangible assets

Software

Expenditures for the acquisition and implementation of software are capitalized in the year put into service with maintenance and support activities recognized in profit and loss as incurred.

Amortization

The intangible assets have finite lives and amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in profit and loss. The Company currently amortizes its software costs using the straight-line method over 10 years.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

The carrying amounts of the Company's assets other than stocks and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discontinued to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Research and development

Expenditures on research and development are written off against profits in the year in which it is incurred.

Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

Interest bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or complete.

Employee benefits

Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

Trade and other payables

Trade and other payables are stated at their cost.

Revenue recognition

The Company follows IFRS 15, a model of five steps in determining the revenues from contracts with customers. According to the IFRS 15, revenues are being recognized based on the amount which an economic entity is entitled to receive in exchange for the transfer of goods or services towards a customer. Furthermore, the standard defines the accounting monitoring of the additional expenses incurred in order to undertake a contract and the direct expenses which are required for the completion of this contract.

The revenues from the sale of goods are recognized when the control of the good is transferred to the customer, usually upon delivery of the good, and therefore all relevant obligations have been fulfilled meaning that the acceptance of the good by the customer cannot be negatively affected. The basic industry categories are pool cover, filtration, trampoline, ground cover, shade, film, cage and greenhouse markets.

The Company accepts refunds only in the case of defective or non-standard products.

The receivable is recognized when the economic entity possesses the right to receive unconditionally the price amount in exchange for the executed obligations of the contract towards the customer. The conventional asset is recognized when the Company has satisfied its obligations towards the customer, and before the customer makes the respective payment or before the payment becomes claimable. The payment usually becomes claimable between 30 – 90 days.The conventional obligation is recognized when the Company receives an amount (price) from the customer (advance payment) or when it maintains the right over a price consideration which is unconditional (deferred income) prior to the execution of the obligations of the contract and the transfer of the goods or the services. The conventional obligation is de-recognized when all the terms of the contracts have been executed and the revenue has been recorded in the statement of income.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses

Net financing costs

Net financing costs comprise interest payable and interest receivable on funds invested.

Interest income and interest payable is recognized in profit or loss as it accrues, using the effective interest method.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognized in the income statement except to the extend that it relates to items recognized directly in equity, in which case it is recognized in the statement of recognized income and expense.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Segment

A segment is a distinguishable component that is engaged in either providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimated are revised and in any future periods affected.

2. SEGMENT REPORTING

The Company operates as a single reporting segment serving markets primarily in the United States, Canada, China and Mexico in pool cover, filtration, trampoline, ground cover, shade, film, cage and greenhouse markets. External customers are defined as those that are not in the Thrace Group.

	2020	2019
Total Revenue from sales to external customers	$27,945,468	$26,909,767
Profit (loss) from operations	2,122,491	444,045
Net financing (costs) income	(121,084)	(264,632)
Income tax expense	(436,516)	(131,676)
Other income	38,030	347,859
Net profit (loss) for the year	$ 1,602,921	$ 395,596
Unallocated corporate assets	$24,367,830	$20,654,848
Total assets	$24,367,830	$20,654,848
Unallocated corporate liabilities	$ 7,575,653	$ 5,465,592
Total Liabilities	$ 7,575,653	$ 5,465,592
Capital expenditures	$ 89,674	$ 285,783
Financial income	$ 6,111	$ 8,870
Depreciation	$ 431,130	$ 448,425

Geographic Segments

	2020	2019
Revenue from sales to external customers:		
Europe	$ 61,325	$ 12,948
South America	11,116	22,304
North America excluding USA	1,728,833	1,895,797
USA	25,910,296	24,671,569
Asia	102,809	171,504
Oceania	131,089	135,645
Total Revenue from sales to external customers:	$ 27,945,468	$ 26,909,767
Segment assets	$ 24,367,830	$ 20,654,848
Capital expenditure	$ 89,674	$ 285,783

3. OTHER OPERATING INCOME

Included in profit are the following:

	2020	2019
Commission income	$ 67,695	$ 70,300
Gains (losses) from disposal of fixed assets	(113,698)	-
Recycling income	76,728	268,889
Royalties and miscellaneous	7,305	8,670
	$ 38,030	$ 347,859

4. EXPENSES AND AUDITOR'S RENUMERATION

Included in profit are the following:

	2020	2019
Short-term lease rentals	$ 45,241	$ 41,307
Auditors' renumeration:		
Audit of these financial statements	$ 64,000	$ 62,000

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (including directors) during the year, analyzed by category, was as follows:

	Number of employees	
	2020	2019
Manufacturing	140	147
Selling	9	6
Administrative	9	9
	158	162

The aggregate payroll costs of these persons were as follows:

	2020	2019
Wages and salaries	$ 8,932,060	$ 9,000,821
Social security costs	552,101	589,381
Other pension costs	70,678	120,318
	$ 9,554,839	$ 9,710,520

6. KEY MANAGEMENT PERSONNEL COMPENSATION

In addition to their salaries, the Company also provides non-cash benefits to directors and executive officers. Key management personnel compensation comprised

	2020	2019
Employee benefits	$ 70,581	$ 61,458
Salaries	457,976	421,498
	$ 528,557	$ 482,956

7. FINANCE INCOME AND EXPENSE

	2020	2019
Interest income	$ 6,111	$ 8,870
Inter company interest	-	-
Financial income	$ 6,111	$ 8,870
Interest expense	$ 127,195	$ 273,502
Interest on defined benefit pension plan obligation	-	-
Financial expenses	$ 127,195	$ 273,502

8. TAXATION

Recognize in the income statement

	2020	2019
Current tax expense		
Current tax on income for the year	$ 516,999	$ 103,282
Adjustment in respect of prior year	11,429	197
	528,428	103,479
Deferred tax expense		
Origination and reversal of temporary differences	(91,912)	28,197
Total tax in income statement	$ 436,516	$ 131,676

8. TAXATION (CONTINUED)

Reconciliation of effective tax rate

	2020	2019
Profit (loss) before tax	$ 2,039,437	$ 527,272
Tax using the US corporation tax rate of 21.00% (2019: 21.00%)	428,282	110,727
Tax using the States corporation tax rate of 0.03% (2019: 0.19%)	612	1,002
Non-deductible expenses and marginal tax rates	3,041	8,305
Adjustments in respect of prior year	11,429	197
Deductions for tax depreciation in excess of book	85,064	(16,752)
Deferred tax (benefit) not recognized in prior years	(91,912)	28,197
	$ 436,516	$ 131,676

Income tax claims consist of:

	2020	2019
Refund of estimated income tax payments	$ 10,578	$ 54,560

9. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Machinery, equipment, fixtures and fittings	Total
Cost			
Balance at 1 January 2019	$ 4,896,860	$4,552,105	$ 9,448,965
Acquisitions	-	285,783	285,783
Disposals	-	-	-
Balance at 31 December 2019	$ 4,896,860	$4,837,888	$ 9,734,748
Balance at 1 January 2020	$ 4,896,860	$4,837,888	$ 9,734,748
Acquisitions	-	89,674	89,674
Disposals	-	(382,193)	(382,193)
Balance at 31 December 2020	$ 4,896,860	$4,545,369	$ 9,442,229
Depreciation and impairment			
Balance at 1 January 2019	$ 915,668	$2,736,442	$ 3,652,110
Depreciation charge for the year	183,979	264,446	448,425
Disposals	-	-	-
Balance at 31 December 2019	$ 1,099,647	$3,000,888	$ 4,100,535
Balance at 1 January 2020	$ 1,099,647	$3,000,888	$ 4,100,535
Depreciation charge for the year	183,979	247,151	431,130
Disposals	-	(188,495)	(188,495)
Balance at 31 December 2020	$ 1,283,626	$3,059,544	$ 4,343,170
Net book value			
At 1 January 2019	$ 3,981,192	$1,815,663	$ 5,796,855
Balance at 31 December 2019 and 1 January 2020	$ 3,797,213	$1,837,000	$ 5,634,213
Balance at 31 December 2020	$ 3,613,234	$1,485,825	$ 5,099,059

Construction in progress includes capitalized borrowing costs of $0 and $0 in 2020 and 2019, respectively.

10. INTANGIBLE ASSETS

		Software
Cost		
Balance at 1 January 2019	$	438,073
Transfers		-
Acquisitions		-
Balance at 31 December 2019	$	438,073
Balance at 1 January 2020	$	438,073
Transfers		-
Acquisitions		-
Balance at 31 December 2020	$	438,073
Accumulated amortization		
Balance at 1 January 2019	$	185,436
Transfers		-
Amortization charge for the year		30,206
Balance at 31 December 2019	$	215,642
Balance at 1 January 2020	$	215,642
Transfers		-
Amortization charge for the year		30,206
Balance at 31 December 2020	$	245,848
Net book value		
At 1 January 2019	$	252,637
At 31 December 2019 and 1 January 2020	$	222,431
Balance at 31 December 2020	$	192,225

11. RIGHT-OF-USE ASSETS

	Internal Transportation
Acquisition Cost	
Balance at 1 January 2019	$ -
Acquisitions	81,809
Sales - Disposals	-
Balance at 31 December 2019	$ 81,809
Balance at 1 January 2020	$ 81,809
Acquisitions	-
Sales - Disposals	-
Balance at 31 December 2020	$ 81,809
Accumulated depreciation	
Balance at 1 January 2019	$ -
Depreciation charge for the year	24,423
Sales - Disposals	-
Balance at 31 December 2019	$ 24,423
Balance at 1 January 2020	$ 24,423
Depreciation charge for the year	24,543
Sales - Disposals	-
Balance at 31 December 2020	$ 48,966
Unamortized value	
At 1 January 2019	$ -
Balance at 31 December 2019	$ 57,386
Balance at 31 December 2020	$ 32,843

12. INVESTMENTS IN SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

The Company has no investments in subsidiaries and jointly controlled entities in 2020. *(2019: $-0-)*.

13. DEFERRED TAX ASSETS

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Property, plant and equipment	$ -	$ -	$ (242,317)	$ (335,387)	$ (242,317)	$ (335,387)
Other temporary differences	2,100	3,259	-	-	2,100	3,259
Net tax assets (liabilities)	$ 2,100	$ 3,259	$ (242,317)	$ (335,387)	$ (240,217)	$ (332,128)

The deferred tax asset relates to the Company and has been recognized on the basis that the directors believe that there is sufficient evidence that the companies will generate suitable taxable profits in the future against which the assets can be recovered.

Movement in deferred tax during the years ended 31 December 2020 and 2019

	1 January 2020	Recognized in income	Recognized in equity	Exchange	31 December 2020
Property, plant and equipment	$ (335,387)	$ 93,070	$ -	$ -	$ (242,317)
Other temporary differences	3,259	(1,159)	-	-	2,100
	$ (332,128)	$ 91,911	$ -	$ -	$ (240,217)

	1 January 2019	Recognized in income	Recognized in equity	Exchange	31 December 2019
Property, plant and equipment	$ (349,775)	$ 14,388	$ -	$ -	$ (335,387)
Other temporary differences	45,843	(42,584)	-	-	3,259
	$ (303,932)	$ (28,196)	$ -	$ -	$ (332,128)

14. STOCKS

	2020	2019
Raw materials and consumables	$ 4,149,422	$ 3,901,286
Semi-finished goods and work in progress	2,885,130	2,392,651
Finished goods	5,793,651	5,433,373
	$ 12,828,203	$ 11,727,310

Due to the nature of emergency spare parts on hand for the Company's non-weaving production, management estimates that these assets may not be currently used within twelve months of 31 December 2020. Therefore, these assets have been presented as non-current assets. The total non-weave room parts inventory at 31 December 2020 and 2019 was $296,768 and $254,399, respectively.

15. TRADE AND OTHER RECEIVABLES

	2020	2019
Trade and receivables due from third parties	$ 2,403,652	$ 2,297,534
Trade and receivables due from related parties	65	14,349
Less: Allowance for doubtful accounts	(10,000)	(10,000)
	$ 2,393,717	$ 2,301,883

16. CASH AND CASH EQUIVALENTS

	2020	2019
Cash and cash equivalents per balance sheet	$ 3,483,448	$ 348,852
Cash and cash equivalents per cash flow statements	$ 3,483,448	$ 348,852

17. TRADE AND OTHER PAYABLES

	2020	2019
Trade and other payables due to third parties	$ 2,072,880	$ 1,443,708
Trade and other payables due to related parties	388,296	477,762
	$ 2,461,176	$ 1,921,470

18. DEBT

Long-term debt consisted of the following at December 31,

	2020	2019
Note payable to financial institution in the amount of $2,983,766 payable monthly at Prime minus 0.25%. The variable interest rate at 31 December 2020 was 3.00%. The note matures 5 January 2023, secured by equipment, real property and shareholder guarantees.	$ 2,817,747	$ 2,986,986
Note payable to financial institution, $387,038 payable $12,242 monthly including interest. The note matured on 19 April 2020, secured by equipment and real property.	-	48,451
Note payable to financial institution, $1,781,054 interest payable monthly at 1.00%. The note matures on 16 April 2022, and is unsecured.	1,781,054	-
Total	4,598,801	3,035,437
Less: current portion	1,909,089	3,035,437
	$ 2,689,712	$ -

On 16 April 2020, the Company received an unsecured loan in the amount of $1,781,054 from the Small Business Administration with a maturity date of 16 April 2022. The note was received by the Company through the Paycheck Protection Program issued by Congress in response to the COVID-19 pandemic. An application for forgiveness of the full principal balance was filed prior to 31 December 2020. As of 11 February, 2021, forgiveness has not been received, but is expected. Therefore, the full prinicipal balance has been recorded as current.

As of 31 December 2020, the Company had a $4,000,000 line of credit note with a financial institution. Interest is payable monthly at Prime minus 0.25%. The rate at 31 December 2020 was 3.00%. As of 31 December 2020 and 2019, the balance was $0 and $0, respectively. The note matures on 13 May 2021 and is secured by accounts receivable, inventory, equipment and shareholder guarantees.

Maturities of debt are as follows:

Year ending December 31,:	Amount
2021	$ 1,909,089
2022	166,759
2023	2,522,953
2024	-
2025 and beyond	-
	$ 4,598,801

19. EMPLOYEE BENEFITS

In 2009, the Company has adopted a qualified salary deferral 401(k) plan. All employees that have completed at least 6 months of service are eligible to participate. The employee contributions can range from $0 to a maximum of $19,500 for employees younger than 50 years of age, and a maximum of $26,000 for employees with an age of 50 years or older.

The plan also provides for discretionary profit-sharing contributions by the Company in such amounts as the Company may annually determine. The Company contributed $70,678 and $120,318 during 2020 and 2019, respectively.

20. CAPITAL AND RESERVES

Share capital

	2020	2019
Authorized		
Ordinary shares	2,000	2,000
Allotted, called up and fully paid		
Ordinary shares	500	500

The number of shares outstanding at the beginning and end of the financial year was 500 shares, par value of $1 per share. No additional shares were issued during the financial year.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Dividends/Distributions

During 2017, the Company declared dividends of $1,000,000 to be paid in 2018 and 2019. There were no dividends declared in 2020.

Reconciliation of movement in capital reserves

	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2019	$ 500	$ 1,800,000	$ 12,993,160	$14,793,660
Dividends	-	-	-	-
Total recognized income and expense	-	-	395,596	395,596
Balance at 31 December 2019	$ 500	1,800,000	13,388,756	$15,189,256
Balance at 1 January 2020	$ 500	1,800,000	13,388,756	$15,189,256
Dividends	-	-	-	-
Total recognized income and expense	-	-	1,602,921	1,602,921
Balance at 31 December 2020	$ 500	$ 1,800,000	$ 14,991,677	$16,792,177

The aggregate current and deferred tax relating to items that are charged or credited to equity is $0 *(2019: $0)*.

20. CAPITAL AND RESERVES (CONTINUED)

Translation reserve

The Company has no foreign currency translation and no translation reserves.

21. FINANCIAL INSTRUMENTS

The Company did not have any outstanding forward exchange contracts at the end of the year.

Exposure to credit and interest rate risk arises in the normal course of the Company's business. No derivative financial techniques or formal hedging techniques are used by the Company.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers.

Interest rate risk

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature or, if earlier, are repriced.

	2020		
	Effective interest rate %	Total	0 to <1 years
Assets			
Interest bearing cash and cash equivalents	0.01%	$ 260,533	$ 260,533
Non interest bearing cash and equivalents	0.00%	3,222,915	3,222,915
		$3,483,448	$3,483,448
Liabilities			
Promissory note	3.00%	$2,817,747	$ 128,035
Promissory note	1.00%	1,781,054	1,781,054
		$4,598,801	$1,909,089

21. FINANCIAL INSTRUMENTS (CONTINUED)

	2019		
	Effective interest rate %	Total	0 to <1 years
Assets			
Interest bearing cash and cash equivalents	0.15%	$ 260,152	$ 260,152
Non interest bearing cash and equivalents	0.00%	88,700	88,700
		$ 348,852	$ 348,852
Liabilities			
Promissory note	4.50%	$2,986,986	$2,986,986
Promissory note	4.50%	48,451	48,451
		$3,035,437	$3,035,437

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's management has determined that there is sufficient capital and access to lines of credit necessary to sustain the Company's operations through 1 January 2022. Consequently, liquidity risk is not considered significant.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers. Credit risk is managed where a system of internal credit limit setting is followed using trade and bank references, credit applications and credit rating agencies. Consequently, credit risk is routinely evaluated and is not considered significant.

Foreign currency risk

The Company is not exposed to foreign currency risk and no hedging is used since all sales and purchases are in United States Dollar.

21. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

The principal market risk relates to fluctuations in the price of polymer raw material. Some risk also exists related to concentrations of vendors and customers. During 2020, the Company purchased 13% *(2019: 14% from one vendor)* of its raw materials from one vendor totaling $3,194,750 *(2019: $3,226,809)*. At 31 December 2020, 44% *(2019: 17% from one customer)* of accounts receivables totaling $1,065,895 *(2019: $399,448)* was due from two customers. In 2020, the Company had gross sales of $2,986,896 (11%) to one customer. In 2019, the Company did not have a concentration of gross sales to customers.

Sensitivity analysis

In managing interest rate and market risks, the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in interest rates and raw material prices would have an impact on earnings. At 31 December 2020, the building note, line of credit and equipment loan have variable interest rates. It is estimated that a general increase of one percentage point in the interest rate would reduce the Company's profit before tax by approximately $28,251 *(2019: reduce by $30,428)*. It is estimated that a general increase of one percentage point in raw material prices would have decreased the Company's profit before tax by approximately $31,051 *(2019: decrease by $*30,347*)* before the increase could be passed through to the Company's customers.

Cash risk

The Company maintains cash and cash equivalent balances at a financial institution in Gainesville, Georgia. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Company's uninsured balances at 31 December 2020 totaled $3,292,249.

Fair values

The fair values are equal to the carrying amounts of the appropriate items shown in the balance sheet.

22. RISKS AND UNCERTAINTIES

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

23. CAPITAL COMMITMENTS

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total member interest.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Currently the Board has no targets to achieve relating to return on capital.

The Company had no capital commitments in 2020.

24. CASH FLOW INFORMATION

The Company paid net interest of $112,994 and $263,912, and income taxes of $484,445 and $17,773 for 2020 and 2019, respectively.

25. RELATED PARTIES

On 11 June 2007, fifty percent (50%) of the Company's stock was purchased by Synthetic (Holdings) Limited ("SHL"). SHL is a wholly owned subsidiary of Thrace Plastics Co S.A. ("TPC"). During 2020 and 2019, the Company entered into transactions with Thrace-LINQ, Inc. ("TL"), a wholly owned subsidiary of SHL and TPC, and Don & Low Ltd ("DL"), a wholly owned subsidiary of TPC. The Company trades with TPC, TL, and DL.

25. RELATED PARTIES (CONTINUED)

The related party transactions during the year and the balances at the year end with these related parties are shown below:

	Don & Low Ltd	Thrace LINQ	Thrace Nonwovens & Geosynthetics	Thrace Plastics Co SA
2020				
Revenue transactions				
Sales to	$ -	$ -	$ -	$ -
Other income	-	67,695	-	-
Purchases from - Stocks	164,896	14,575	1,840,831	-
Purchases from - Other	-	-	-	56,143
Balances at the year end				
Debtors - Stocks	$ -	$ 65	$ -	$ -
Creditors - Stocks	$ -	$ -	$ 388,296	$ -
2019				
Revenue transactions				
Sales to	$ -	$ 365,863	$ -	$ -
Other income	-	70,300	-	-
Purchases from - Stocks	-	22,091	1,716,834	-
Purchases from - Other	-	-	-	43,821
Balances at the year end				
Debtors - Stocks	$ -	$ 14,350	$ -	$ -
Creditors - Stocks	$ -	$ -	$ 477,762	$ -

Transactions with parent company and fellow subsidiaries

Transactions with Thrace Plastics Co SA and fellow subsidiaries are on normal commercial terms and amounts due are unsecured.

Transactions with key management personnel

The President of the Company is a 50% shareholder of the Company. Also, see Note 6.

26. ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The Company is fifty percent (50%) owned as a subsidiary undertaking of Synthetic (Holdings) Limited incorporated in Northern Ireland, which is a wholly owned subsidiary of Thrace Plastics Co SA incorporated in Greece.

The largest group in which the results of the Company are included is that headed by Thrace Plastics Co SA, incorporated in Greece. No other group financial statements include the results of the Company, other than Synthetic (Holdings) Limited. The consolidated financial statements of Thrace Plastics Co SA are available to the public and may be obtained from the Ministry of Development, Secretariat of Commerce, Kanigos Square, GR 10181, Athens, Greece.

27. EVENTS AFTER THE REPORTING DATE

There are no events after 31 December 2020 that could substantially affect the financial position or results of the Company for the financial year then ended, or events that must be disclosed in the financial statements.