

EXALCO HOLDINGS LIMITED

Annual Report and Consolidated  
Financial Statements  
31 December 2022

	<b>Pages</b>
Directors' report	1 - 3
Independent auditor's report	4 - 8
Statements of financial position	9 - 10
Income statements	11
Statements of changes in equity	12 - 13
Statements of cash flows	14
Notes to the financial statements	15 - 44

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## Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2022.

### Principal activities

The group's main business comprises the acquisition, development, managing and leasing of commercial property in Malta. All properties are retained by the group to generate rental and management revenues.

Exalco Finance plc, a subsidiary company, whose principal activity is to carry on the business of a finance company, and the financing or re-financing of the funding requirements of the business of the group.

Exalco Properties Limited, also a subsidiary company of Exalco Holdings Limited, owns and manages six business centres in prime locations across Malta. Its primary activity is the acquisition and development of high-quality business centres and the leasing and management of office and retail space to third parties.

### Financial Position of the Group

The group's total asset base stands at €80.6 million (2021: €70.0 million). The group's asset base is 78% (2021: 76%) funded through equity. Non-current assets comprise mainly investment property amounting to €72.2 million (2021: €62.8 million).

The group's main liabilities are borrowings consisting of bank loans amounting to €2.0 million (2021: €2.5 million) and €14.8 million in bonds for both 2022 and 2021.

As at 31 December 2021, the group's current assets amounted to €7.9 million (2021: €4.3 million) and are represented by trade and other receivables of €6.6 million (2021: €0.8 million) and bank balances of €1.3 million (2021: €3.5 million).

Current liabilities amounted to €3.8 million (2021: €3.7 million) consisting mainly of trade and other payables of €2.6 million for both 2022 and 2021.

### Financial Performance of the Group

The group's financial results for the year ended 31 December 2022 show a profit before tax of €12.2 million compared to a profit before tax of €3.1 million registered during the 2021 financial year. The increase is mainly due to the fair value gains made upon the fair valuation assessment of the group's investment properties.

The group generated revenue of €5.1 million (2021: €5.0 million). The increase in revenue is mainly attributable to a number of revised rental contracts in line with market rates.

The group's finance costs amounting to €0.7 million (2021: €0.8 million) which comprises interest payable on bank loans and interest payable on the outstanding bond issue and amortisation of the issued costs thereof.

## **Directors' report** - continued

### **Outlook for 2023**

Although 2023 is expected to be another challenging year, it has been determined by management that the group is well-positioned at the time of approving these financial statements to honour its financial obligations as they fall due with particular reference to the interest payable on its listed bonds and bank borrowings and other related obligations. This assessment takes into account a detailed cash flow assessment carried out by the group's management when assessing its ability to operate as a going concern in the coming year, and management expects the group to register a surplus based on its projections for the foreseeable future.

The group will continue to take all necessary measures to protect the long-term sustainability of its operations and financial performance and to attentively monitor ongoing developments.

On 20th January, 2023, Exalco Properties Limited acquired the property known as the "Savoy Hotel" or "Savoy Guest House", situated in Sliema. An application to the Planning Authority has since been submitted for a proposal to convert the building into a prestigious business centre that will revitalise the now derelict site, enhance the locality and re-establish the Savoy as a landmark building.

The proposal includes, a commitment to fully restore the Grade II scheduled Savoy building and its boundary wall, a catering establishment on the ground floor, an underground car park to provide adequate car parking for the business centre and a terraced garden area that will be landscaped, maintained and open for the enjoyment of the general public during the business centre's opening hours.

Furthermore, same as every year, the group will continue to renovate and upgrade its existing property portfolio to ensure the buildings remain competitive and attractive in line with new market standards and demands.

### **Financial risk management**

The group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, and cash flow interest rate risk), credit risk and liquidity risk. Further information on these risks is included in Note 2 to the financial statements.

### **Results and dividends**

The income statements are set out on page 11. During the year, the directors declared a net dividend of €609,149 (2021: €150,000).

### **Directors**

The directors of the holding company who held office during the year were:

Alexander Montanaro  
Jean Marc Montanaro  
Michael Montanaro

The company's Articles of Association do not require any directors to retire.

## Directors' report - continued

### Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the group and the parent company as at the end of each reporting period and of the 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 EU;
- 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 group and the parent company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act, 1995. They are also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



Alexander Montanaro  
Director



Jean Marc Montanaro  
Director

Registered office:  
Cornerstone Business Centre  
Level 4  
16 September Square  
Mosta MST1180

11 April 2023



## *Independent auditor's report*

To the Shareholders of Exalco Holdings Limited

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion:

- The Group's financial statements and the Parent Company financial statements (the 'financial statements') of Exalco Holdings Limited give a true and fair view of the Group and the Parent Company's financial position as at 31 December 2022, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

#### **What we have audited**

Exalco Holdings Limited's financial statements, set out on pages 9 to 44, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2022;
- the Consolidated and Parent Company income statements for the year ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies, and other explanatory information.

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#### *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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Group and the Parent company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

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## *Independent auditor's report - continued*

To the Shareholders of Exalco Holdings Limited

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### *Other information*

The directors are responsible for the other information. The other information comprises of 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 except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the directors for the financial statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.



## *Independent auditor's report - continued*

To the Shareholders of Exalco Holdings Limited

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### *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 Group and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.





## Independent auditor's report - continued

To the Shareholders of Exalco Holdings Limited

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 during our audit.

### Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2022* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the Annual Report and Financial Statements 2022 and the related Directors' responsibilities	Our responsibilities	Our reporting
<p><b>Directors' report</b> (on pages 1 to 3)</p> <p>The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.</p>	<p>We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> <li>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</li> <li>the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).</li> </ul> <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>



## *Independent auditor's report - continued*

To the Shareholders of Exalco Holdings Limited

<b>Area of the Annual Report and Financial Statements 2022 and the related Directors' responsibilities</b>	<b>Our responsibilities</b>	<b>Our reporting</b>
	<p><b>Other matters on which we are required to report by exception</b></p> <p>We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:</p> <ul style="list-style-type: none"><li>• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us.</li><li>• the financial statements are not in agreement with the accounting records and returns.</li><li>• we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.</li></ul>	<p>We have nothing to report to you in respect of these responsibilities.</p>

### *Other matter – use of this report*

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

**PricewaterhouseCoopers**  
78, Mill Street  
Zone 5, Central Business District  
Qormi  
Malta

  
Stefan Bonello  
Partner

11 April 2023

## Statements of financial position

		As at 31 December			
		Group		Company	
Notes	2022	2021	2022	2021	
	€	€	€	€	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	442,098	443,427	-	
Investment property	5	72,164,833	62,835,016	-	
Investment in debt & equity securities		17,975	-	-	
Investments in subsidiaries	6	-	-	36,832,366	
Loan receivable from related party	7	-	2,486,481	-	
		<b>72,624,906</b>	65,764,924	<b>36,832,366</b>	
Total non-current assets				36,832,366	
<b>Current assets</b>					
Trade and other receivables	8	6,601,411	758,060	-	
Cash and cash equivalents	9	1,337,233	3,488,206	536	
		<b>7,938,644</b>	4,246,266	<b>536</b>	
Total current assets				813	
<b>Total assets</b>		<b>80,563,550</b>	70,011,190	<b>36,832,902</b>	
				36,833,179	

**Statements of financial position** - continued

		As at 31 December			
		Group		Company	
Notes	2022	2021	2022	2021	
	€	€	€	€	
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	10	10,000	10,000	10,000	10,000
Capital reserve	11	2,831,165	2,831,165	36,573,532	36,573,532
Valuation reserves	12	37,959,905	30,322,095	-	-
Retained earnings		13,103,307	11,127,100	221,579	227,096
<b>Total equity</b>		<b>53,904,377</b>	44,290,360	<b>36,805,111</b>	36,810,628
<b>Non-current liabilities</b>					
Borrowings	13	16,367,580	16,831,592	-	-
Deferred tax liabilities	14	5,970,000	4,684,590	-	-
Trade and other payables	15	517,290	456,386	-	-
<b>Total non-current liabilities</b>		<b>22,854,870</b>	21,972,568	-	-
<b>Current liabilities</b>					
Borrowings	13	503,447	495,250	-	-
Trade and other payables	15	2,641,169	2,617,492	27,791	22,551
Current tax liability		659,687	635,520	-	-
<b>Total current liabilities</b>		<b>3,804,303</b>	3,748,262	<b>27,791</b>	22,551
<b>Total liabilities</b>		<b>26,659,173</b>	25,720,830	-	22,551
<b>Total equity and liabilities</b>		<b>80,563,550</b>	70,011,190	<b>36,832,902</b>	36,833,179

The notes on pages 15 to 44 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 9 to 44 were authorised for issue by the board of directors on 11 April 2023 and were signed on its behalf by:



Alexander Montanaro  
Director



Jean Marc Montanaro  
Director

## Income statements

		Year ended 31 December			
		Group		Company	
Notes		2022	2021	2022	2021
		€	€	€	€
Revenue	16	5,106,820	4,954,690	609,149	150,000
Direct operating expenses	17	(614,455)	(630,945)	-	-
Administrative expenses	17	(537,668)	(445,378)	(5,140)	(5,168)
<b>Operating profit</b>		<b>3,954,697</b>	<b>3,878,367</b>	<b>604,009</b>	<b>144,832</b>
Investment income		8,923,220	-	-	-
Finance costs	19	(709,652)	(801,667)	(377)	(364)
<b>Profit before tax</b>		<b>12,168,265</b>	<b>3,076,700</b>	<b>603,632</b>	<b>144,468</b>
Tax expense	21	(1,945,099)	(635,524)	-	-
<b>Profit for the year</b>		<b>10,223,166</b>	<b>2,441,176</b>	<b>603,632</b>	<b>144,468</b>

The notes on pages 15 to 44 are an integral part of these consolidated financial statements.

## Statements of changes in equity

Group	Notes	Share capital €	Capital reserve €	Other reserves €	Retained earnings €	Total €
<b>Balance at 1 January 2021</b>		10,000	2,831,165	30,322,095	8,835,924	41,999,184
<b>Comprehensive income</b>						
Profit for the year		-	-	-	2,441,176	2,441,176
<b>Transactions with owners</b>						
Dividends paid	22	-	-	-	(150,000)	(150,000)
<b>Balance at 31 December 2021</b>		<b>10,000</b>	<b>2,831,165</b>	<b>30,322,095</b>	<b>11,127,100</b>	<b>44,290,360</b>
<b>Comprehensive income</b>						
Profit for the year		-	-	-	10,223,166	10,223,166
<b>Other comprehensive income</b>						
Fair value of investment property (net of deferred tax)	5,14	-	-	7,637,810	(7,637,810)	-
<b>Transactions with owners</b>						
Dividends paid	22	-	-	-	(609,149)	(609,149)
<b>Balance at 31 December 2022</b>		<b>10,000</b>	<b>2,831,165</b>	<b>37,959,905</b>	<b>13,103,307</b>	<b>53,904,377</b>

The notes on pages 15 to 44 are an integral part of these consolidated financial statements.

**Statements of changes in equity** - continued

	Note	Share capital €	Share premium €	Retained earnings €	Total equity €
<b>Company</b>					
<b>Balance at 1 January 2021</b>		10,000	36,573,532	232,628	36,816,160
<b>Comprehensive income</b>					
Profit for the year		-	-	144,468	144,468
<b>Transactions with owners</b>					
Dividends paid	22	-	-	(150,000)	(150,000)
<b>Balance at 31 December 2021</b>		<b>10,000</b>	<b>36,573,532</b>	<b>227,096</b>	<b>36,810,628</b>
<b>Comprehensive income</b>					
Profit for the year		-	-	603,632	603,632
<b>Transactions with owners</b>					
Dividends paid	22	-	-	(609,149)	(609,149)
<b>Balance at 31 December 2022</b>		<b>10,000</b>	<b>36,573,532</b>	<b>221,579</b>	<b>36,805,111</b>

The notes on pages 15 to 44 are an integral part of these consolidated financial statements.

## Statements of cash flows

		As at 31 December			
		Group		Company	
Notes	2022	2021	2022	2021	
	€	€	€	€	
<b>Cash flows from operating activities</b>					
Cash generated from operations	23	3,635,814	4,409,433	100	982
Dividends received		-	-	-	-
Interest paid		(679,652)	(771,667)	(377)	(364)
Income tax paid		(635,522)	(606,928)	-	-
Net cash generated from/(used in) operating activities		2,320,640	3,030,838	(277)	618
<b>Cash flows from investing activities</b>					
Purchases of investment property		(406,597)	(275,866)	-	-
Purchases of financial asset		(17,975)	-	-	-
Advances of loan to a related party		(2,952,077)	-	-	-
Net cash used in investing activities		(3,376,649)	(275,866)	-	-
<b>Cash flows used in financing activities</b>					
Repayment of bank borrowings		(485,815)	(3,381,710)	-	-
Movement in loan to related party		-	(120)	-	-
Dividend paid		(609,149)	(150,000)	-	-
Net cash used in financing activities		(1,094,964)	(3,531,830)	-	-
<b>Net movement in cash and cash equivalents</b>		<b>(2,150,973)</b>	<b>(776,858)</b>	<b>(277)</b>	<b>618</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>3,488,206</b>	<b>4,265,064</b>	<b>813</b>	<b>195</b>
<b>Cash and cash equivalents at end of year</b>	9	<b>1,337,233</b>	<b>3,488,206</b>	<b>536</b>	<b>813</b>

The notes on pages 15 to 44 are an integral part of these consolidated financial statements.



## Notes to the financial statements

### 1. Summary of significant accounting policies

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

#### 1.1 Basis of preparation

These consolidated financial statements include the financial statements of Exalco Holdings Limited and its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial information has been prepared under the historical cost convention, as modified by the fair valuation of the land and buildings category within property, plant and equipment and investment property, and except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the group's accounting policies (see note 3 – Critical accounting estimates and judgements).

#### *Standards, interpretations and amendments to published standards effective in 2022*

In 2022, the group adopted new standards, amendments and interpretations to existing standards that are mandatory for the group's accounting period beginning on 1 January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the group's accounting policies impacting the group's financial performance and position.

#### *Standards, interpretations and amendments to published standards that are not yet effective*

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements that are mandatory for the group's accounting periods beginning after 1 January 2022. The group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU.

The directors are of the opinion that there are no requirements that will have a possible significant impact on the group's financial statements in the period of initial application.

#### 1.2 Consolidation

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

**1. Summary of significant accounting policies - continued**

**1.2 Consolidation - continued**

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

A listing of the subsidiaries is set out in Note 6 to the financial statements.

**1.3 Foreign currency translation**

(a) Functional currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the group's and company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**1.4 Property, plant and equipment**

All property, plant and equipment, is initially recorded at historical cost. Land and buildings are shown at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis, such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other furniture, fixtures, fittings and office equipment, and motor vehicles are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 group 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 year in which they are incurred.

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**1. Summary of significant accounting policies - continued**

**1.4 Property, plant and equipment - continued**

Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete, and is suspended if the development of the asset is suspended.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation reserve and shown in the valuation reserves within shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of any related deferred income taxes, is transferred from the valuation reserve to retained earnings.

Freehold land is not depreciated as it is deemed to have an indefinite life.

Depreciation on assets other than land, is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful life as follows:

	%
Buildings	1
Lifts and escalators	15
Furniture, fixtures, fittings and office equipment	10
Motor vehicles	20
Computer and equipment	25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and are recognised in profit and loss. These are taken into account in determining operating profit when revalued assets are sold, the amounts included in the valuation reserve relating to the assets are transferred to retained earnings.

**1.5 Investment property**

Investment property comprising freehold commercial property is held for long-term rental yields or for capital appreciation or both, and is not occupied by the group. Investment property comprises freehold land and buildings.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed periodically by the group's directors.

**1. Summary of significant accounting policies - continued**

**1.5 Investment property - continued**

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measured.

The fair value of investment property reflects, among other factors, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes. When the group decides to dispose of an investment property without development, the group continues to treat the property as an investment property. Similarly, if the group begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

If an item of property, plant and equipment becomes an investment property because its use has changed, its cost and accumulated depreciation at the date of reclassification becomes its cost and accumulated amortisation for subsequent accounting purposes.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

**1.6 Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 1. Summary of significant accounting policies - continued

### 1.7 Investments in subsidiaries

Subsidiaries are all entities over which the company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

In the company's financial statements, investments in subsidiaries, which represent shares in subsidiaries, are accounted for by the cost method of accounting. The dividend income from such investments is included in profit or loss in the financial year in which the company's rights to receive payment of dividends is established. The company gathers objective evidence that an investment is impaired using the same process disclosed in Note 1.6. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

### 1.8 Financial assets

#### Classification

The group classifies its financial assets as financial assets measured at amortised costs. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The group classifies its financial assets as at amortised cost only if both the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

#### *Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group 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.

**1. Summary of significant accounting policies - continued**

**1.8 Financial assets - continued**

**Recognition and measurement**

Regular way purchases and sales of financial assets are recognised on the trade date, which is the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Interest income on debt instruments measured at amortised cost from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition of these instruments is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

**Impairment**

The group assesses on a forward-looking basis, the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The group's financial assets are subject to the expected credit loss model.

*Expected credit loss model*

The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. The group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and it considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

## 1. Summary of significant accounting policies - continued

### 1.8 Financial assets - continued

#### Impairment - continued

At each reporting date, the group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or issuer, or a breach of contract such as a default or being more than 90 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Simplified approach model*

For trade receivables, the group applies the simplified approach required by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2022 or 1 January 2022, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the customers to settle the receivable. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

### 1.9 Trade and other receivables

Trade receivables comprise amounts due from customers for rents due or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating 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 (Note 1.8). Details about the group's impairment policies and the calculation of loss allowance are provided in Note 1.8.

### 1.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statements of financial position at face value. In the statements of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included under borrowings in current liabilities.

### 1.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**1. Summary of significant accounting policies - continued**

**1.12 Financial liabilities**

The group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The group's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities'). These financial liabilities are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

**1.13 Trade and other payables**

Trade payables comprise obligations to pay for goods or services 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.

**1.14 Borrowings**

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

**1.15 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**1.16 Current and deferred tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Deferred taxation is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.



**1. Summary of significant accounting policies - continued**

**1.16 Current and deferred tax - continued**

Under this method the group is required to make provision for deferred income taxes on the revaluation of certain property assets and provisions on the difference between the carrying values for financial reporting purposes and their tax base. Such deferred tax is charged or credited directly to the respective reserve.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**1.17 Provisions**

Provisions for legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

**1.18 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the group's activities. Revenue is recognised upon or performance of services, net of sales tax, returns, rebates and discounts.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the group and when specific criteria have been met for each of the group's activities as described below:

*(a) Rental income from investment property*

Rentals receivable, short-term lets receivable and premia charged to tenants of immoveable property are recognised in the period when the property is occupied. Premia are taken to profit or loss over the period of the leases to which they relate.

*(b) Complex management income*

Revenue from services related to complex management is generally recognised in the accounting period in which the services are provided, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

*(c) Dividend income*

Dividend income is recognised when the right to receive payment is established.

**1. Summary of significant accounting policies - continued**

**1.19 Finance income and costs**

Finance income and costs are recognised in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method. Finance income is recognised as it accrues, unless collectability is in doubt. Finance costs includes the effect of amortising any difference between net proceeds and redemption value in respect of the group's borrowings.

**1.20 Borrowing costs**

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment, investment property or property held for development and resale are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed.

Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of the group's interest-bearing borrowings.

**2. Financial risk management**

**2.1 Financial risk factors**

The group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group did not make use of derivative financial instruments to hedge certain risk exposures during the current financial year. The directors provide policies for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity.

*(a) Market risk*

*(i) 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 entity's functional currency. A portion of the group's cash and cash equivalents are denominated in US Dollars (USD). The carrying amount denominated in foreign currencies as at the end of the reporting periods were as follows:

	2022	2021
	€	€
<b>Cash and cash equivalents</b>		
US dollar	<b>24</b>	142,614

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As at 31 December 2022, if the Euro had weakened/strengthened by 5% against the US Dollar, with all other variables held constant, pre-tax profit for the year would (decrease)/increase by (€1)/€1.

## 2. Financial risk management - continued

### 2.1 Financial risk factors - continued

#### (a) Market risk - continued

##### (ii) Cash flow and fair value interest rate risk

The group's income and operating cash flows are substantially independent of changes in market interest rates.

The group's interest rate risk arises from borrowings. Borrowings issued at variable rates, comprising bank borrowings (Note 13), expose the group to cash flow interest rate risk. Certain group's borrowings are subject to an interest rate that varies according to revisions made to the Bank's base rate. Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on. Interest rates on these financial instruments are linked with the Central Intervention Rate issued by the European Central Bank.

Borrowings issued at fixed rates relating to the bond issued do not carry an interest rate risk as rate does not fluctuate.

Based on the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. Up to the end of the reporting period the group did not have any hedging arrangements with respect to the exposure of floating interest rate risk.

#### (b) Credit risk

The group measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward-looking information in determining any expected credit loss.

The group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below. The group's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	Group 2022	2021
	€	€
<b>Financial assets measured at amortised cost:</b>		
Loan receivable from related party (Note 7)	-	2,486,481
Trade and other receivables (Note 8)	6,569,927	740,581
Cash and cash equivalents (Note 9)	1,337,233	3,488,206
	<b>7,907,160</b>	<b>6,715,268</b>

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The group does not hold any collateral as security in this respect.

To measure the expected credit losses, trade receivables, other receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due. The accrued income relates to unbilled dues and claims and have substantially the same risk characteristics as the related receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for the receivables are a reasonable approximation of the loss rates for the accrued income.

## 2. Financial risk management - continued

### 2.1 Financial risk factors - continued

#### *(b) Credit risk - continued*

The group monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the group's receivables, taking into account historical experience.

The group assesses the credit quality of its customers taking into account financial position, past experience and other factors. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. No loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the group.

The expected loss rates are based on the payment profiles of customers over a period of 12 months and the corresponding historical credit losses experienced within this period. There was no history of default and thus no impairment provision was recorded as at 31 December 2022.

Loans and amounts receivable from related party are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management considers 'low credit risk' for instruments which have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. In this case, the assessment takes into consideration the financial position, performance and other factors of these entities. Management monitors intra-group credit exposures on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The company take cognisance of the related party relationship with this entity and management does not expect any losses from non-performance or default.

The group banks only with local financial institutions with high quality standing or rating. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the group.

#### *(c) Liquidity risk*

The group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and interest-bearing borrowings (Notes 15 and 13). 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 group's obligations.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period and ensures that when additional financing facilities are expected to be required over the coming period there are adequate credit facilities in place with external sources and the treasury function.

The group's liquidity risk is monitored in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, coupled with the group's committed borrowing facilities. The carrying amounts of the group's assets and liabilities are analysed into relevant maturity based on the remaining period at the end of the reporting period to the contractual maturity date in the respective notes to the financial statements.

## 2. Financial risk management - continued

### 2.1 Financial risk factors - continued

#### (c) Liquidity risk - continued

The table below analyses the group's financial liabilities into relevant maturity based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

#### Group

	Carrying amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
<b>31 December 2022</b>					
Bank borrowings	2,038,527	2,212,314	561,960	1,352,059	298,295
Bonds 2018 – 2028	14,832,500	18,351,781	600,000	2,401,644	15,350,137
Trade and other payables	3,158,459	3,158,459	2,641,169	517,290	-
	<b>20,029,486</b>	<b>23,722,554</b>	<b>3,803,129</b>	<b>4,270,993</b>	<b>15,648,432</b>
<b>31 December 2021</b>					
Bank borrowings	2,524,342	2,746,640	558,300	1,852,348	335,992
Bonds 2018 – 2028	14,802,500	18,951,781	600,000	2,401,644	15,950,137
Trade and other payables	3,073,878	3,073,878	2,617,492	456,386	-
	<b>20,400,720</b>	<b>24,772,299</b>	<b>3,775,792</b>	<b>4,710,378</b>	<b>16,286,129</b>

### 2.2 Fair values

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Refer to Note 5 for details of such techniques.

#### *Financial instruments not carried at fair values*

The carrying amounts of cash at bank, trade receivables (net of impairment provisions), payables and borrowings are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

As at the end of the reporting period, the fair values of financial assets and liabilities, approximate the carrying amounts shown in the statement of financial position.

## 2. Financial risk management - continued

### 2.3 Capital risk management

The capital of the group is managed with a view of maintaining a controlled relationship between capital and structural borrowings in order to maintain an optimal capital structure which reduces the cost of capital. To maintain or adjust its capital structure, the group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

Structural borrowings include all borrowings, less cash and cash equivalents.

The gearing ratios at 31 December were as follows:

	<b>Group</b>	
	<b>2022</b>	2021
	€	€
Total borrowings (Note 13)	<b>16,871,027</b>	17,326,842
Less: Cash in bank and in hand (Note 9)	<b>(1,337,233)</b>	(3,488,206)
Net borrowings	<b>15,533,794</b>	13,838,636
Total equity	<b>53,904,377</b>	44,290,360
<b>Total capital</b>	<b>69,438,171</b>	58,128,996
<b>Gearing</b>	<b>22%</b>	24%

## 3. 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 directors with the exception of the revaluation of the property, plant and equipment and investment property, 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.

As referred to in Note 5 to the financial statements, the Group's land and buildings carrying value category of property, plant and equipment and investment property, were reassessed on 31 December 2022 by the directors on the basis of fair market value after considering the intrinsic value of the property and net potential returns.

**4. Property, plant and equipment**

Group	Office buildings €	Furniture, fixtures, fittings and office equipment €	Motor vehicles €	Total €
<b>At 1 January 2021</b>				
Cost or valuation	448,743	482,759	22,742	954,244
Accumulated depreciation	(3,987)	(482,245)	(22,742)	(508,974)
Net book values	444,756	514	-	445,270
<b>Year ended 31 December 2021</b>				
Opening net book amount	444,756	514	-	445,270
Depreciation charge	(1,329)	(514)	-	(1,843)
Closing net book values	443,427	-	-	443,427
<b>At 31 December 2021</b>				
Cost or valuation	448,743	482,759	22,742	954,244
Accumulated depreciation	(5,316)	(482,759)	(22,742)	(510,817)
Net book values	443,427	-	-	443,427
<b>At 1 January 2022</b>				
Opening net book amount	443,427	-	-	443,427
Depreciation charge	(1,329)	-	-	(1,329)
Closing net book values	442,098	-	-	442,098
<b>Year ended 31 December 2022</b>				
Cost or valuation	448,743	482,759	22,742	954,244
Accumulated depreciation	(6,645)	(482,759)	(22,742)	(512,146)
Net book values	442,098	-	-	442,098

**4. Property, plant and equipment - continued**

If the land and buildings were stated on the historical basis, the amounts would be as follows:

	<b>Group</b>	
	<b>2022</b>	2021
	€	€
<b>Year ended 31 December</b>		
Cost	<b>132,912</b>	132,912
Accumulated depreciation	<b>(7,310)</b>	(5,981)
<b>Closing net book amount</b>	<b>125,602</b>	126,931

**5. Investment property**

	<b>Group</b>	
	<b>2022</b>	2021
	€	€
<b>Year ended 31 December</b>		
Opening net book amount	<b>62,835,016</b>	62,559,150
Additions	<b>406,597</b>	275,866
Fair value gains	<b>8,923,220</b>	-
<b>Closing net book amount</b>	<b>72,164,833</b>	62,835,016
 <b>At 31 December</b>		
Cost	<b>26,328,708</b>	25,922,111
Fair value gains	<b>45,836,125</b>	36,912,905
<b>Net book amount</b>	<b>72,164,833</b>	62,835,016

All the investment property is being leased out to third parties.

The following amount have been recognised in the income statement:

	<b>Group</b>	
	<b>2022</b>	2021
	€	€
Rental income	<b>4,418,560</b>	4,256,667



**5. Investment property - continued**

If the investment property were stated on the historical cost basis, the amounts would be as follows:

	<b>2022</b>	<b>2021</b>
	€	€
<b>At 31 December</b>		
Cost	<b>26,502,713</b>	26,096,116
Accumulated depreciation	<b>(2,270,454)</b>	(1,922,119)
	<b>24,332,259</b>	24,173,997

*Fair valuation of property*

On 31 December 2022, the directors approved the revaluation of the group's investment property with an increase in value amounting to €8,923,220. The investment properties comprise of various properties in different locations. The valuation was made on the basis of discounted projected cash flows based on past performance and projected forward. The fair value gains net of applicable deferred income taxes has been debited to 'revaluation reserve' in shareholders' equity.

The group is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (level 1, 2 or 3).

The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

The group's investment property principally comprises a portfolio of properties which mainly include commercial properties leased out to third parties. The group property, plant and equipment principally comprises of offices occupied by the group for operational purposes. All the recurring property fair value measurements at 31 December 2022 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 31 December 2022.

A reconciliation from the opening balance to the closing balance of investment property and property, plant and equipment for recurring fair value measurements categorised within Level 3 of the value hierarchy, is reflected in the table above and in Note 4. The principal movement relates to additions amounting to €406,597 and fair value gains noted above.

**5. Investment property - continued**

*Valuation processes*

The valuations of the properties are performed periodically on the basis of valuation reports prepared by independent and qualified valuers. These reports are based on both:

- information provided by the group's directors which is derived from the group's financial records and is subject to the group's overall control environment; and
- assumptions and valuation models used by the valuers – the assumptions are typically market related. These are based on professional judgement and market observation

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by the board of directors. This includes a review of fair value movements over the period.

*Valuation techniques*

Given the specific nature of these assets, the valuations of the Level 3 property have been performed with reference to the capitalised rental approach valuation model.

This valuation model takes into consideration annual rental values earned ranging from €120 to €637 (2021: €120 to €386) per square metres, capitalised and discounted at a rate ranging from 8% to 9% (2021: 6.7% to 8.5%) that reflects the risks inherent in the utilisation of the specific properties.

For this valuation approach, the higher the rental rate per metre squared, the higher the resultant fair valuation. Conversely, the lower the rental capitalisation rate, the higher the resultant fair valuation.

Investment property with a fair value of €25,484,630 is held as security by the trustee of the bondholders, as per trust agreement dated 13 August 2018 (Note 13).

**6. Investments in subsidiaries**

	<b>Company</b>	
	<b>2022</b>	2021
	€	€
<b>Year ended 31 December</b>		
Opening and closing cost and net book amount	<b>36,832,366</b>	36,832,366
	<b>2022</b>	2021
	€	€
<b>At 31 December</b>		
Cost and net book amount	<b>36,832,366</b>	36,832,366

**6. Investments in subsidiaries - continued**

Details of the above investments held in subsidiaries at 31 December 2022 is shown below:

	Registered office	Class of shares	Percentage of shares	
			2022	2021
Exalco Properties Limited	Cornerstone Business Centre, Level 4, 16 September Square, Mosta, MST 1180	Ordinary shares	100%	100%
Exalco Finance Limited	Cornerstone Business Centre, Level 4, 16 September Square, Mosta, MST 1180	Ordinary shares	100%	100%

**7. Loan receivable from related party**

	Group	
	2022 €	2021 €
At beginning of year	2,486,481	2,486,361
Additions	2,952,077	120
Reclassification to amounts owed by related parties (Note 8)	(5,438,558)	-
<b>At end of year</b>	<b>-</b>	<b>2,486,481</b>
<b>At 31 December</b>		
Cost and net book amount	-	2,486,481

As at 31 December 2022, loan receivable from related party was reclassified to amounts owed by related parties under trade and other receivables (Note 8). After year-ended the Group purchased the Savoy Sliema property from this related party for a consideration equal to the amount outstanding between the parties.

## 8. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
<b>Current</b>				
Trade receivables	870,999	366,122	-	-
Amounts owed by related parties	5,698,928	374,390	-	-
Other receivables	-	69	-	-
Prepayments and accrued income	31,484	17,479	-	-
	<b>6,601,411</b>	758,060	-	-

Amounts owed by related parties are unsecured and repayable on demand. Interest of 3% was waived off during 2022. As at 31 December 2022 and 2021 amounts owed by related parties, were fully performing and hence do not contain impaired assets. In 2022, the directors are of the opinion that the amount of expected loss to be provided for in accordance with IFRS 9 was not deemed material and thus it was not reflected in the company's financial assets.

The group's and company's exposure to currency, credit and liquidity risk relating to trade and other receivables is disclosed in Note 2.

After year-ended the Group purchased the Savoy Sliema property from this related party for a consideration equal to the amount outstanding between the parties.

## 9. Cash and cash equivalents

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Cash at bank and in hand	1,337,233	3,488,206	536	813

## 10. Share capital

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
<b>Authorised</b>				
10,000 ordinary shares of €1 each	10,000	10,000	10,000	10,000
<b>Issued and fully paid</b>				
10,000 ordinary shares of €1 each	10,000	10,000	10,000	10,000

## 11. Capital reserve

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Capital reserve	<b>2,831,165</b>	2,831,165	<b>36,573,532</b>	36,573,532

On 6 July 2018, the company entered into a share for share agreement with its shareholders whereby the 2,840,000 ordinary shares in Exalco Properties Limited owned by its shareholders were transferred to Exalco Holdings Limited for a non-cash consideration. This comprised in the issue and allotment of 8,835 ordinary shares having a nominal value of €1 each.

In accordance with the general applicable accounting principles the difference between the net asset value and the consideration paid amounting to €2,831,165 was accounted for in the group accounts in the capital reserve as an adjustment to equity.

## 12. Valuation reserve

Group	Revaluation reserve €	Fair value gains reserve €	Total €
At 1 January and December 2021	325,564	29,996,531	30,322,095
At 1 January 2022	325,564	29,996,531	30,322,095
Fair value gains net of deferred tax (Notes 5,14)	-	7,637,810	7,637,810
<b>As at 31 December 2022</b>	<b>325,564</b>	<b>37,634,341</b>	<b>37,959,905</b>

The fair value gains reserve represents changes in fair value of investment property, net of deferred tax movements, which are unrealised at financial reporting dates. These amounts are transferred from retained earnings to this reserve since these gains are not considered by the directors to be available for distribution. Upon disposal of the respective investment property, realised fair value gains are transferred to retained earnings. The fair value gains reserve is a non-distributable reserve.

Increases in the carrying amount of property, plant and equipment arising on revaluation are credited to the revaluation reserve in shareholder's equity. On disposal of a revalued asset, amounts in the revaluation reserve relating to that asset are transferred to retained earnings. The revaluation reserve is a non-distributable reserve.

### 13. Borrowings

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
<b>Non-current</b>		
150,000 4% bonds 2018 - 2028	<b>14,832,500</b>	14,802,500
Bank loans	<b>1,535,080</b>	2,029,092
	<b>16,367,580</b>	16,831,592
<b>Current</b>		
Bank loans	<b>503,447</b>	495,250
	<b>503,447</b>	495,250
<b>Total borrowings</b>	<b>16,871,027</b>	17,326,842

The group's banking facilities as at 31 December 2022 and 2021 amounted €3,038,526 and €3,524,340 respectively.

The group's bank loans and overdrafts are secured by:

- (a) General and special hypothecs over the group's fixed assets;
- (b) Guarantees given by third party company.

The interest rate exposure of borrowings was as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>€</b>	<b>€</b>
<b>Total borrowings:</b>		
At floating rates	<b>2,038,527</b>	2,524,342
At fixed rates	<b>14,832,500</b>	14,802,500
	<b>16,871,027</b>	17,326,842

Weighted average effective interest rates as at the end of the reporting period:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>%</b>	<b>%</b>
4% Bonds 2018 - 2028	<b>4.30</b>	4.30
Bank loans	<b>3.00</b>	3.00
	<b>3.00</b>	3.00

### 13. Borrowings - continued

The bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds, using the effective yield method as follows:

	2022 €	2021 €
<b>Face value</b>		
150,000 4.0% bonds 2018 - 2028	<b>15,000,000</b>	15,000,000
Issue costs	<b>(300,000)</b>	(300,000)
Accumulated amortisation	<b>132,500</b>	102,500
	<b>(167,500)</b>	(197,500)
<b>Amortised cost at 31 December</b>	<b>14,832,500</b>	14,802,500

By virtue of an offering memorandum dated 31 July 2018, the company issued €150,000 bonds with a face value of €100 each. The bond's interest is payable annually on 20 August, starting from 20 August 2019. The bonds are redeemable at par and are due for redemption on 20 August 2028. The bonds are guaranteed by Exalco Properties Limited, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds have been admitted on the Official List of the Malta Stock Exchange on 21 August 2018. The quoted market price as at 31 December 2022 for the bonds was €99.90 (2021: €103). In the opinion of the directors these market prices fairly represent the fair value of these financial liabilities.

Investment property with a carrying amount of €25,484,630 is held as security by the trustee of the bondholders, as per trust agreement dated 13 August 2018.

This note provides information about the contractual terms of the company's borrowings. For more information about the company's exposure to interest rate, foreign currency and liquidity risk, see Note 2.

### 14. Deferred taxation

Deferred income taxes are calculated on temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% for 2022 and 2021, with the exception of deferred taxation on the fair valuation of property which is computed on the basis applicable to disposals of immovable property, i.e. tax effect of 8% or 10% of the transfer value.

**14. Deferred taxation – continued**

The movement on the deferred tax account is as follows:

	2022 €	2021 €
At beginning of year	4,684,590	4,684,590
<i>Debited to income statement</i>		
Deferred income taxes on revaluation gain on investment property arising during the year (Note 21)	1,285,410	-
<b>At 31 December</b>	<b>5,970,000</b>	4,684,590

The balance at 31 December represents:

	Group	
	2022 €	2021 €
Temporary differences arising on fair valuation of land and buildings	5,970,000	4,684,590

The recognised deferred tax liabilities are expected to be settled principally after more than twelve months.

At 31 December 2022 and 2021, the group had the following temporary differences which were not recognised in these financial statements:

	Group	
	2022 €	2021 €
Temporary differences on:		
Trading losses	112,322	141,797

This gave rise to a deferred tax asset of €39,313 (2021: €49,629) which has not been recognised in these financial statements.



**15. Trade and other payables**

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
<b>Non-current</b>				
Deposits received from clients	517,290	456,386	-	-
	<b>517,290</b>	<b>456,386</b>	<b>-</b>	<b>-</b>
<b>Current</b>				
Trade payables	48,629	50,715	-	-
Deposits received from clients	482,796	527,199	-	-
Amounts due to subsidiary	-	-	23,431	18,366
Indirect taxes and social security	634,649	631,655	-	-
Accruals and deferred income	1,475,095	1,407,923	4,360	4,185
	<b>2,641,169</b>	<b>2,617,492</b>	<b>27,791</b>	<b>22,551</b>
<b>Total trade and other payables</b>	<b>3,158,459</b>	<b>3,073,878</b>	<b>27,791</b>	<b>22,551</b>

The group's and company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 2.

**16. Revenue**

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Dividend income from subsidiary	-	-	609,149	150,000
Rental operations	4,418,560	4,256,667	-	-
Management operations	688,260	698,023	-	-
	<b>5,106,820</b>	<b>4,954,690</b>	<b>609,149</b>	<b>150,000</b>

**17. Expenses by nature**

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Employee benefit expense (Note 18)	131,357	122,338	-	-
Depreciation of property, plant and equipment (Note 4)	1,329	1,843	-	-
Repairs, maintenance and other related costs	482,765	526,513	-	-
Director's remuneration (Note 20)	316,378	204,428	-	-
Professional fees	71,718	66,648	-	-
Other costs	148,576	154,553	5,140	5,168
<b>Total direct operating expenses and administrative expenses</b>	<b>1,152,123</b>	<b>1,076,323</b>	<b>5,140</b>	<b>5,168</b>

**17. Expenses by nature - continued**

*Auditor's fees*

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2022 and 2021 relate to the following:

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Annual statutory audit	31,364	29,870	3,785	3,605
Other non-assurance services	-	1,277	-	-
Tax advisory services	3,365	2,420	685	685
	<b>34,729</b>	<b>33,567</b>	<b>4,470</b>	<b>4,290</b>

**18. Employee benefit expense**

	Group	
	2022 €	2021 €
Wages and salaries	111,748	105,554
Social security costs	19,609	16,784
	<b>131,357</b>	<b>122,338</b>

Average number of persons employed by the group during the year

	Group	
	2022	2021
Direct	5	4
Administration	4	4
	<b>9</b>	<b>8</b>

**19. Finance costs**

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Bank interest and charges	79,652	171,667	377	364
Coupon interest payable on bonds	630,000	630,000	-	-
	<b>709,652</b>	<b>801,667</b>	<b>377</b>	<b>364</b>

**20. Directors' remuneration**

	Group	
	2022	2021
	€	€
Salaries and other emoluments (Note 17)	<b>316,378</b>	204,428

**21. Tax expense**

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Current tax expense:				
on taxable income subject to tax at 15%	638,169	616,190	-	-
on taxable income subject to tax at 35%	21,520	19,334	-	-
Deferred tax expense (Note 14)	<b>1,285,410</b>			
	<b>1,945,099</b>	635,524	-	-

The tax on the group's and the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Profit before tax	<b>12,168,265</b>	3,076,700	<b>603,632</b>	144,468
Tax on profit at 35%	<b>4,258,893</b>	1,076,845	<b>211,271</b>	50,564
Tax effect of:				
Property tax rules on rental income	<b>(447,045)</b>	(456,674)	-	-
Disallowed expenses	<b>2,804</b>	3,881	<b>1,931</b>	1,936
Dividend taxed at source with a final tax	-	-	<b>(213,202)</b>	(52,500)
Under provision of unrecognised deferred tax in prior year	-	(8,834)	-	-
Movement in unrecognised deferred tax	<b>(31,836)</b>	20,306	-	-
Tax applicable to immovable property	<b>(1,837,717)</b>	-	-	-
<b>Tax expense</b>	<b>1,945,099</b>	635,524	-	-

**22. Dividends**

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Dividends paid on ordinary shares: Gross and net	<b>609,149</b>	150,000	<b>609,149</b>	150,000
Dividends per share	<b>60.91</b>	15.00	<b>60.91</b>	15.00

**23. Cash generated from operations**

Reconciliation of operating profit to cash generated from operations:

	Group		Company	
	2022 €	2021 €	2022 €	2021 €
Operating profit	<b>3,954,697</b>	3,878,367	<b>604,009</b>	144,832
Adjustments for:				
Depreciation of property, plant and equipment (Note 4)	<b>1,329</b>	1,843	-	-
Dividend income (Note 22)	-	-	<b>(609,149)</b>	(150,000)
Changes in working capital:				
Trade and other receivables	<b>(404,793)</b>	376,332	-	-
Trade and other payables	<b>84,581</b>	152,891	<b>5,240</b>	6,150
Cash generated from operations	<b>3,635,814</b>	4,409,433	<b>100</b>	982

*Net debt reconciliation*

All the movements in the company's net debt related only to cash flow movements and disclosed as part of the financing activities in the statement of cash flows on page 14.

## 24. 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 group is ultimately fully owned by members of the Montanaro family who are therefore considered to be related parties.

The entities constituting the Exalco Group are ultimately fully owned by the company. Other entities on which the Montanaro family can exercise significant influence are also considered to be related parties. Hence, related parties also include other entities controlled and owned by the members of the Montanaro family.

In the opinion of the directors, disclosure of related party transactions, which are generally carried out on commercial terms and conditions, is only necessary when the transactions effected have a material impact on the operating results and financial position of the Group. The aggregate invoiced amounts in respect of a number of transaction types carried out with related parties are not considered material and accordingly they do not have a significant effect on these financial statements except for the following:

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	€	€
Dividend income	<b>609,149</b>	150,000

Year-end balances with related parties, are disclosed in Notes 8 and 15 to these financial statements. Key management personnel compensation consisting of directors' remuneration has been disclosed in Note 20.

## 25. Commitments

### Operating lease commitments – where the group is the lessor

The future minimum lease payments payable under non-cancellable property operating leases are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	€	€
Not later than 1 year	<b>4,505,148</b>	3,579,525
Later than 1 year and not later than 5 years	<b>7,432,542</b>	5,659,257
Over 5 year	<b>250,972</b>	384,071
	<b>12,188,662</b>	9,622,853

**26. Events after reporting period**

On 20th January 2023, Exalco Properties Limited (a subsidiary of Exalco Holdings Limited) acquired from ALMO Properties Limited, a related company, the property known as the "Savoy Hotel" or "Savoy Guest House", situated in Sliema for a consideration of €5,438,558 which was offset against amounts due to the Group by the related party.

The Group has since applied to the Planning Authority for a permit to convert, restore and redevelop the building into a prestigious business centre and re-establish it as a landmark building as it was in the past.

**27. Statutory information**

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

The ultimate controlling parties of Exalco Holdings Limited are the members of the Montanaro family.

**28. Comparative information**

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.