

MUSCAT HOLDINGS LIMITED

FINANCIAL STATEMENTS

31st DECEMBER 2024

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DIRECTOR'S REPORT

FOR THE YEAR ENDED 31st DECEMBER 2024

The director presents his report and the audited financial statements of Muscat Holdings Limited for the year ended 31st December 2024.

Principal Activities

The statement of profit or loss and other comprehensive income for the year is set out on page 7.

The principal activity of the Company, which is unchanged since last year, is the holding of property held for resale and the holding of investment property for rental purposes.

Review of business

During the current year, the Company incurred administration expenses of €6,601 (2023 – €18,467). The company made a profit before tax of €125,836 (2023 – €911,553). The profit of last year includes a fair value adjustment on the investment property amounting to €800,000.

Subsequent events

Subsequent to the reporting period, the Company decided to proceed with the sale of the properties that were previously operated as short or long-term rental accommodation. This decision aligns with the Company's strategic objectives to optimize its property portfolio and reallocate capital towards other investment requirements. The necessary steps to initiate the sale process are currently underway.

Results and dividends

The results for the year are shown in the statement of profit or loss and other comprehensive income on page 7.

Directors

The Directors of the Company as at 31st December 2024 who held office throughout the year were:-

Adrian Muscat

Edward Camilleri Ellul Bonici (Resigned on 16th May 2024)

In accordance with the Company's memorandum and articles of association the Director remains in office.

DIRECTOR'S REPORT - CONTINUED

Auditor

The auditor, TACS Malta Limited has expressed its willingness to continue in office and a resolution proposing its reappointment will be put before the members at the next annual general meeting.

Approved by the Director on behalf of the Board hereunder:



Adrian Muscat
Director

Hyatt Centric Malta
Triq Santu Wistin,
San Giljan,
Swq 3312

Date : 29 April 2025

STATEMENT OF THE DIRECTOR'S RESPONSIBILITIES

Statement of the Director's Responsibilities

The director is 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 Company at the end of each financial period and of its statement of income or loss and other comprehensive income for that period. In preparing the financial statements, the director is required to:-

- ensure that the financial statements have been drawn up in accordance with the International Financial Reporting Standards as adopted by the EU;
- make judgments and estimates that are reasonable and prudent;
- ensure that applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Maltese Companies Act 1995. The director is also responsible for ensuring that an appropriate system of internal control is in operation to provide them with reasonable assurance that the assets of the Company are properly safeguarded and that fraud and other irregularities will be prevented or detected.

Approved by the Director on behalf of the Board hereunder:



Adrian Muscat
Director

Date : 29 April 2025

Independent auditor's report

To the Shareholders of Muscat Holdings Limited.

Report on the Audit of the Financial Statements for the year ended 31st December 2024.

Opinion

I have audited the financial statements of Muscat Holdings Limited, set out on pages 7 to 28 which comprise the statement of financial position as at 31st December 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of material accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of Muscat Holdings Limited as at 31st December 2024, and of the Company's financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap.281) in Malta, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Information other than the Financial Statements and Auditor's Report thereon

The director is responsible for the other information. The other information comprises the Director's Report and the Statement of the Director's Responsibilities.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

With respect to the Director's Report, I also considered whether the Director's Report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386).

In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap. 386) in relation to the Director's Report, in my opinion, based on the work undertaken in the course of the audit:

The information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

The Director's Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Director's Report.

Independent auditor's report

To the Shareholders of Muscat Holdings Limited.

Responsibilities of the Director

The director is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the EU, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the Company audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Independent auditor's report

To the Shareholders of Muscat Holdings Limited.

Report on Other Legal and Regulatory Requirements

I am also responsible under the Companies Act (Cap. 386), I have responsibilities to report to you if, in my opinion:

- Adequate accounting records have not been kept, or that returns adequate for my audit have not been received from branches visited by me.
- The financial statements are not in agreement with the accounting records and returns.
- I have not received all the information and explanations I require for my audit.
- The information given in the Report of the Director is not consistent with the financial statements.

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



This copy of the audit report has been signed by
Pamela Fenech (Director) for and on behalf of

TACS Malta Limited

Certified Public Accountant & Registered Auditor

1, Tal-Providenza Mansions
Main Street
Balzan
Malta

Date: 29 April 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31st DECEMBER 2024

	Notes	2024 €	2023 €
Revenue	3	-	-
Cost of sales		-	-
Gross profit / (loss)		-	-
Administrative expenses		(6,601)	(18,467)
Operating loss	4	(6,601)	(18,467)
Rental income	3	152,400	149,500
Finance costs	6	(199,623)	(183,690)
Finance income	7	179,660	164,210
Gain on revaluation of investment property		-	800,000
Profit before taxation		125,836	911,553
Tax expense	8	(35,685)	(99,042)
Profit for the year		90,151	812,511
Total Comprehensive income		90,151	812,511
Earnings per share		0.45	4.06

The notes on pages 11 to 28 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION - 31st DECEMBER 2024

	Notes	2024 €	2023 €
ASSETS			
Non-current assets			
Property, plant and equipment	9	9,051	10,881
Investment property	10	8,500,000	8,500,000
Total non-current assets		<u>8,509,051</u>	<u>8,510,881</u>
Current assets			
Inventory - Development project	11	1,062,512	1,059,577
Trade and other receivables	12	5,070,714	6,496,207
Cash and cash equivalents	13	18,364	4,862
Total current assets		<u>6,151,590</u>	<u>7,560,646</u>
Total Assets		<u>14,660,641</u>	<u>16,071,527</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	200,000	200,000
Retained earnings		7,807,346	7,717,195
Total equity		<u>8,007,346</u>	<u>7,917,195</u>
Non-current liabilities			
Bank loans	16	4,789,233	4,841,941
Deferred tax	18	680,000	680,000
Total non-current liabilities		<u>5,469,233</u>	<u>5,521,941</u>
Current liabilities			
Bank loans	16	-	125,669
Trade and other payables	17	1,157,986	1,149,921
Other financial liabilities	17	8,800	1,336,752
Taxation due		17,276	20,049
Total current liabilities		<u>1,184,062</u>	<u>2,632,391</u>
Total liabilities		<u>6,653,295</u>	<u>8,154,332</u>
Total equity and liabilities		<u>14,660,641</u>	<u>16,071,527</u>

The notes on pages 11 to 28 are an integral part of these financial statements.

The financial statements on pages 7 to 28 were approved by the board of directors and were signed on its behalf by:


Adrian Muscat
Director

Date : 29 April 2025

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st DECEMBER 2024

	Share Capital €	Retained Earnings €	Total €
Balance at 1st January 2023	200,000	6,904,684	7,104,684
Comprehensive income			
Profit for the year	-	812,511	812,511
Balance at 31st December 2023	<u>200,000</u>	<u>7,717,195</u>	<u>7,917,195</u>
Balance at 1st January 2024	200,000	7,717,195	7,917,195
Comprehensive income			
Profit for the year	-	90,151	90,151
Balance at 31st December 2024	<u>200,000</u>	<u>7,807,346</u>	<u>8,007,346</u>

The notes on pages 11 to 28 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st DECEMBER 2024

	2024	2023
	€	€
Cash flows from operating activities		
Net profit before taxation	125,836	911,553
Adjustments for:		
Depreciation	1,831	2,420
Finance income	(179,660)	(164,210)
Finance costs	199,623	183,691
Other income	(152,400)	(149,500)
Fair value of investment property	-	(800,000)
Operating loss before working capital changes	(4,770)	(16,046)
Trade and other receivables	1,425,493	(2,691,248)
Inventory	(2,935)	(100)
Trade and other payables	8,065	461
Cash generated from / (used in) operations	1,425,853	(2,706,933)
Finance costs	(199,623)	(183,690)
Income tax paid	(38,458)	(33,395)
Other income	152,400	149,500
<i>Net cash from / (used in) operating activities</i>	<u>1,340,172</u>	<u>(2,774,518)</u>
Cash flows from investing activities		
Finance income	179,660	164,210
<i>Net cash from investing activities</i>	<u>179,660</u>	<u>164,210</u>
Cash flows from financing activities		
Shareholders' loans	(1,327,952)	1,336,752
Related parties	-	(1,342,800)
Bank loans (net)	(178,377)	2,167,610
<i>Net cash (used in) / from financing activities</i>	<u>(1,506,329)</u>	<u>2,161,562</u>
Movement in cash and cash equivalents	13,502	(448,747)
Cash and cash equivalents at beginning of the year	4,862	453,609
Cash and cash equivalents at end of the year (note 13)	<u>18,364</u>	<u>4,862</u>

The notes on pages 11 to 28 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

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

1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) with the requirements of the Maltese Companies Act, 1995. The financial statements are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operation for at least twelve months from the end of the reporting period. Accordingly, the financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires directors to exercise their judgements in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the director, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

Standards, interpretations and amendments to published standards effective in 2024

The Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2024. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. The Company does not expect that new standards, interpretations and amendments will have a material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

1.2 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.

1.3 Revenue and cost recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value added tax, returns, rebates and discounts. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met as described below.

Other operating income consisting of the following is recognised on an accruals basis:

Rental income
Finance income

Costs are recognised when the related goods and services are sold, consumed or allocated, or when their future useful lives cannot be determined.

1.4 Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of property are capitalised as part of the cost of the project and are included in its carrying amount. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare any distinct part of the project for its sale or intended use is completed. Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property are capitalized as part of its cost. Borrowing costs are capitalized which acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended. All other borrowing costs are recognized as an expense in the profit and loss account in the period as incurred.

1.5 Bank borrowings

Subsequent to initial recognition, interest-bearing bank loans are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial. Bank loans are carried at face value due to their market rate of interest.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

1.6 Trade and other payables

Trade payables are 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.

1.7 Other financial liabilities

Other financial liabilities are recognized initially at fair value of proceeds received, net of transaction costs incurred. Other financial liabilities are subsequently measured at amortised cost using the effective interest method unless the effect of discounting is immaterial. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of other borrowings is recognised in profit or loss over the term of the borrowings, unless the interest on such borrowings is capitalised in accordance with the company's accounting policy on borrowing costs.

1.8 Property, plant and equipment

All property, plant and equipment are initially recorded at cost and subsequently stated at cost less depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Depreciation is provided for on the straight line method in order to write off cost over the expected useful economic lives of the assets as follows:

	Years
Office Equipment	4
Furniture & Fittings	10

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount, and are taken into account in determining operating profit.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

1.9 Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. After initial recognition, investment property is carried at fair value, representing open market value determined as frequent as the directors deem necessary.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

1.10 Leases

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

As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

The Company leases out its investment property to related parties. All leases are classified as operating leases.

1.11 Inventory - Development project

One of the objects of the Company is the development of land acquired for development and resale. This development is intended in the main for resale purposes and is accordingly classified in the financial statements as stock. Any elements of a project which are identified for business operation or long-term investment properties are transferred at their carrying amount to property, plant and equipment or investment properties when such identification is made, and the cost thereof can reliably be segregated.

The development is carried at the lower of cost and net realisable value. Cost comprises the purchase cost and net realisable value. Cost comprises the purchase cost of acquiring the land together with other costs incurred during its subsequent development, including:

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

1.11 Inventory - Development project - continued

(i) The cost incurred on development works, including demolition, site clearance, excavation, construction, etc., together with the costs of ancillary activities such as site security.

(ii) The cost of various design and other studies conducted in connection with the project, together with all other expenses incurred in connection therewith.

(iii) Any borrowing costs, including imputed interest, attributable to the development phases of the project.

The purchase cost of acquiring the land represents the cash equivalent of the contracted price. This was determined at date of purchase by discounting to present value the future cash outflows comprising the purchase consideration.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

1.12 Financial instruments

i. Recognition and initial measurement

Trade and other receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

ii. Classification and subsequent measurement

Financial assets - Classification, subsequent measurement and gains and losses

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss and other comprehensive income. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

1.12 Financial instruments (continued)

iii. Derecognition (continued)

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction which either:
- substantially all of the risks and rewards of ownership of the financial assets are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

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

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

iv. Offsetting

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

v. Impairment

Simplified approach model

For trade and other receivables, the Company 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 2024 or 1 January 2024 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. 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.

1.13 Cash and cash equivalents

Cash and cash equivalents as shown in the cashflow statement comprises of cash at bank.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

1.14 Taxation

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the current tax is also dealt within equity.

The charge/credit for current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are not assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Provision is made for deferred taxation, using the liability method, in respect of timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax debits are only carried forward in so far as it is probable that future taxable profits will be available against which the tax losses and unabsorbed capital allowances can be utilised.

1.15 Trade and other receivables

Trade receivables are amounts due from customers for units sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the nominal 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. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within selling and other direct expenses.

When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against selling and other direct expenses in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

2 Financial risk management

Risks relating to the Company

The Company's Board of Directors has the responsibility for the establishment and oversight of the Company's risk management framework. Accordingly, the Company's Board of Directors provides principles for overall Company risk management, as well as policies covering the risks identified.

2.1 Economic and Financial risks of the Company

i. Risks relating to rising costs for materials, resources, and utilities

Rising costs of raw materials and resources, due to global supply chain disruptions and/or tariffs, affect both the hospitality and property development sectors. The Company faces risks in delivering projects on time and within budget, and increased costs may be difficult to pass on to customers. Failure to meet project obligations could harm relationships with customers and suppliers, negatively impacting the Company's financial performance.

ii. Risks relating to aversion to travel due to Global Geopolitical event

Recent global geopolitical events may lead to reduced travel due to various factors such as political unrest, tariffs, and higher fuel costs. Such events may deter potential visitors to Malta. The Company's hospitality operations, is exposed to fluctuations in travel demand, influenced by geopolitical situations and economic conditions. Economic instability and geopolitical uncertainty remain risks to the Company's financial performance.

2.2 Operational risks of the Company

i. Risks relating to the loss of senior management and other key personnel

The Company's growth is driven by its director and key personnel, including senior management and project teams. Loss of any of these individuals, especially to competitors, could impact the Company's ability to manage and grow the business, potentially affecting its financial performance.

ii. Risks relating to competing projects

The local hospitality industry is highly competitive given the variety of temporary accommodation available on the market. Accordingly, the apartments operating under the "StayMela" brand may compete with local hotels and other accommodation and facilities offering various types of lodging options and related services to the public.

iii. Risks relating to changes in consumer preferences and demand

The Company's success depends on meeting consumer demand, which is influenced by trends, economic conditions, and brand reputation. In the property and hospitality sectors, failure to adapt to changing preferences could lead to reduced revenue and negatively affect the Company's financial performance.

iv. Risks relating to the Company's insurance policies

There is no guarantee that the Company's insurance coverage will be sufficient for all potential losses or available at acceptable rates. Changes in laws or regulations, as well as actions by employees, contractors, or third parties, may impact the Company's ability to make successful insurance claims.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

2 Financial risk management - continued

2.3 Risks specific to the property sector

i. Risks Relating to Property Sales

The Company faces risks in selling or renting properties, particularly in relation to market conditions, local economic factors, and regulatory changes. There is no assurance that future property sales will be made at profitable prices or in line with prior valuations, potentially affecting the Company's revenue and cash flow.

iv. Property Valuation Risks

The Company's property assets are valued by independent experts. However, property valuations are inherently subjective and depend on market conditions and assumptions at a given time. As a result, actual market values may differ from estimated valuations, which could impact the Company's financial position and results of operations.

2.4 Other Company Risks

i. Risks relating to the regulatory environment in which the Company operates

The Company's operations in hospitality are subject to a broad range of regulations, including environmental, property, health and safety, and consumer laws. These regulations are constantly evolving, and changes may expose the Company to liabilities or compliance risks, including fines, penalties, or the revocation of permits. Environmental risks, such as hazardous materials on properties, could also lead to third-party claims, significantly impacting the Company's financial condition and operations. Failure to comply with regulations could damage the Company's reputation, result in business losses, and affect its competitive position.

ii. Risks relating to personal data protection and privacy laws.

The Company processes personal data as part of its operations and is subject to local and EU data protection regulations. Non-compliance could lead to substantial penalties, additional costs, and operational changes. There is also a risk of unauthorized access or disclosure of personal data, which could harm the Company's reputation, cause loss of consumer trust, and result in legal and financial consequences. These risks could negatively impact the Company's business and financial performance.

iii. Risks relating to Information Technology

In view of the increasing reliance on digital systems, the Company remains exposed to cybersecurity risks, including potential data breaches, ransomware attacks, and other malicious cyber threats. To mitigate these risks, the Company continues to invest in robust IT security measures and regularly reviews its systems and protocols to ensure resilience and compliance with applicable regulations.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

2 Financial risk management - continued

2.5 Risks relating to the failure to implement environmental, social and governance considerations in the Company's business model

There is increasing pressure on companies to incorporate sustainability risks and ESG factors into their operations and decision-making. As global focus on ESG rises, the Company's business model will face greater scrutiny from investors, regulators, and the public.

The Company operates in hospitality, with ESG considerations including energy efficiency, waste management, renewable energy use, and worker welfare. Risks from climate change, such as severe weather events and regulatory changes, could impact the Company's operations, financial performance, and long-term prospects.

Governance risks, such as inadequate management or compliance, could affect the Company's income, reputation, and operations. Failing to adopt sustainable practices could damage the Company's public image, relationships with stakeholders, and overall business performance.

2.6 Financial risk factors

(i) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and other financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's financial obligations and to safeguard the Company's ability to continue as a going concern, in particular to complete the Company's projects in a timely manner.

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern; to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure consists of items presented within equity in the statement of financial position. The Company monitors the level of debt against total capital on an ongoing basis.

(iii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a financial loss.

The Company manages its credit risk exposure in relation to receivables from fellow companies in an active manner, at arm's length. The Board retains direct responsibility for affecting and monitoring the investments made by the fellow companies. The Board considers these receivables to be fully performing and recoverable.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

3 Revenue

The Company generates revenue from other sources which include rental income from owned and leased investment properties.

	<u>2024</u>	<u>2023</u>
	€	€
Rental income	<u>152,400</u>	<u>149,500</u>
	<u>152,400</u>	<u>149,500</u>

4 Operating Loss

The loss for the year is stated after charging :

	<u>2024</u>	<u>2023</u>
	€	€
Depreciation - Note 9	<u>1,830</u>	<u>2,419</u>
Audit fees	<u>2,500</u>	<u>2,450</u>

5 Employees

The Company did not employ any employees.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

6 Finance costs

	2024	2023
	€	€
Capitalised interest at 1st January	1,000	1,000
Bank Loan Interest	199,623	183,690
Capitalised interest at 31st December	(1,000)	(1,000)
	<u>199,623</u>	<u>183,690</u>

7 Finance income

	2024	2023
	€	€
Interest received / receivable from related parties	179,660	164,210
	<u>179,660</u>	<u>164,210</u>

8 Tax expense

The Company's income tax charge for the year has been arrived at as follows:

	2024	2023
	€	€
Current income tax		
Income tax on the taxable profits for the year at 35%	35,685	35,042
Deferred taxation	-	64,000
Tax charge	<u>35,685</u>	<u>99,042</u>

The accounting profits and the tax charge for the year are reconciled as shown hereunder:

	2024	2023
	€	€
Net profit for the year	<u>125,836</u>	<u>911,553</u>
Income tax thereon at 35% (statutory local income tax rate)	44,043	319,044
Tax effect of:		
Deferred tax asset arising from claimable losses brought forward not taken as a deferred tax asset due to materiality	640	845
Difference resulting from different tax rates on rents received	-	1
Expenses disallowed for tax purposes	1,670	5,617
Further allowance on rental income	(10,668)	(10,465)
Difference arising on gain on revaluation of property	-	(216,000)
	<u>35,685</u>	<u>99,042</u>

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

9 Property, plant and equipment

	Office Equipment	Furniture & Fittings	Total
	€	€	€
Cost			
At 1st January 2024	2,941	18,307	21,248
Additions during the year	-	-	-
At 31st December 2024	2,941	18,307	21,248
Depreciation			
At 1st January 2024	2,941	7,426	10,367
Charge for the year	-	1,830	1,830
At 31st December 2024	2,941	9,256	12,197
At 31st December 2024	-	9,051	9,051
At 31st December 2023	-	10,881	10,881

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

10 Investment property

10.1 Recognition of carrying amount

	2024 €	2023 €
Cost/Revaluation		
At 1st January	8,500,000	7,700,000
Change in fair value	-	800,000
At 31st December	<u>8,500,000</u>	<u>8,500,000</u>

Investment property comprises of commercial property that is being leased to related parties.

10.2 Amounts recognised in profit or loss

Rental income from the investment property during the year was €152,400 (2023 - €149,500) and was included with revenue, refer to note 3.

10.3 Measurement of fair value

Fair value hierarchy

The value of investment property is reviewed by the Directors of each company after seeking the professional advice of external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The independent valuers provide the fair value of the Company's investment property portfolio as frequent as the director seems appropriate.

The independent valuers estimated the market value of the investment property held by the Company as at 31st December 2023 was valued at €8,500,000.

The valuation of the Investment properties was carried out by using the comparative method and was then cross checked by applying the investment method. By referring to the databases of reputable local real estate agencies, the market values of these properties were checked for comparisons to be drawn. The values were then capitalised at the rate of 5% which is deemed to be the average percentage return on investment for similar properties in Malta.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

11 Inventory - Development project

	2024	2023
	€	€
Property cost of land and development costs	1,062,512	1,059,577
	<u>1,062,512</u>	<u>1,059,577</u>

12 Trade and other receivables

	2024	2023
	€	€
Other receivables	1,232	2,058
Amounts due from group companies	5,069,482	6,494,149
	<u>5,070,714</u>	<u>6,496,207</u>

All balances receivable from group companies are unsecured, interest free and have no fixed date for repayment.

13 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise:

	2024	2023
	€	€
Cash at bank	18,364	4,862
	<u>18,364</u>	<u>4,862</u>

14 Share capital

	2024	2023
	€	€
Authorised		
200,000 Ordinary shares of €1 each	200,000	200,000
	<u>200,000</u>	<u>200,000</u>
Issued and fully paid up		
200,000 Ordinary shares of €1 each	200,000	200,000
	<u>200,000</u>	<u>200,000</u>

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

15 Earnings per share

Earnings per share is calculated by dividing the result attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
	€	€
Profit for the year	90,151	812,511
Weighted average share in issue	200,000	200,000
Earnings per share	0.45	4.06

The Company has not issued any dilutive instruments in the past, and therefore the basic and diluted earnings per share are equal.

16 Borrowings

	2024	2023
	€	€
Short term - falling due within one year		
Bank loans	-	125,669
Total short term borrowings	-	125,669
	2024	2023
	€	€
Long term - falling due after one year		
Bank loans	4,789,233	4,841,941
Total long term borrowings	4,789,233	4,841,941
Total borrowings	4,789,233	4,967,610
Maturity of long term borrowings		
Due between 2 and 5 years	4,789,233	-
Due after 5 years	-	4,841,941
	4,789,233	4,841,941

As at 31st December 2024, the Company had a bank loan of €4,789,233 (2023 – €4,967,610), which was taken to part-finance the development of the hotel which was developed by Juel Hospitality Limited. The loan bears interest at a fixed rate of 4.65% per annum and is repayable in full by December 2027, in line with the terms set out in the sanction letter. Muscat Holdings Limited and Juel Holdings Limited, which have bound themselves jointly and severally liable for the repayment of the loan and the interest thereon, pursuant and subject to the terms and conditions in the sanction letter.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

17 Trade and other payables

	2024	2023
	€	€
Trade and other payables		
Trade payables	1,620	-
Other payables	1,147,076	1,147,221
Other taxation	6,840	-
Accruals	2,450	2,700
	<u>1,157,986</u>	<u>1,149,921</u>
 Other financial liabilities		
Amounts due to director	8,800	10,000
Amounts due to corporate shareholder	-	1,326,752
	<u>8,800</u>	<u>1,336,752</u>
 Total trade and other payables	<u>1,166,786</u>	<u>2,486,673</u>

The balances owed to director and corporate shareholder were unsecured, interest free and repayable on demand.

18 Deferred taxation

The deferred tax liability of €680,000 arose mainly from the deferred tax effect on the revaluation of investment property.

19 Transactions with related parties

Companies forming part of Juel Group are considered by the directors to be part of the group of companies. Companies having the same shareholders and directors are considered by the directors to be related parties.

During the course of the year the Company entered into transactions with related undertakings all of which arise in the ordinary course of business. The related party transactions were :

	2024	2023
	€	€
Trade and other receivables		
Amounts due from group companies	5,069,482	6,494,149
	<u>5,069,482</u>	<u>6,494,149</u>
 Other financial liabilities		
Amounts due to director	8,800	10,000
Amounts due to corporate shareholder	-	1,326,752
	<u>8,800</u>	<u>1,336,752</u>
 Rental income		
Rental income from related parties	<u>152,400</u>	<u>149,500</u>

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

20 Contingent liabilities

The Company has a joint and several guarantee to the Security Trustee of Juel Group plc.

21 Subsequent events

Subsequent to the reporting period, the Company decided to proceed with the sale of the properties that were previously operated as short or long-term rental accommodation. This decision aligns with the group's strategic objectives to optimize its property portfolio and reallocate capital towards other investment requirements. The necessary steps to initiate the sale process are underway. This is considered to be a non-adjusting event as the circumstances were not present in 2024.

TRADING INCOME AND EXPENSES
FOR THE YEAR ENDED 31st DECEMBER 2024

	2024	2023
	€	€
Property Trading Income and Expenses		
Cost of sales		
Property held for Development & Resale at beginning of year	1,058,577	1,058,477
Development expenses	2,935	100
Property held for Development & Resale at end of year	(1,061,512)	(1,058,577)
	-	-
Gross profit on property development	-	-
Administration expenses		
Professional fees	675	1,944
Audit fees	2,500	2,450
Membership and subscription fees	576	315
Company registration fee	510	510
Repairs and maintenance	-	694
Bank Charges	510	9,618
Sundry Expenses	-	6
Depreciation of computers and electronic equipment	-	588
Depreciation of furniture, fixtures, fittings and soft furnishings	1,830	1,832
	6,601	18,467
TOTAL OPERATING LOSS FOR THE YEAR	(6,601)	(18,467)
OTHER INCOME / EXPENSES		
Rental income		
Rental income	152,400	149,500
	152,400	149,500
Finance costs		
Capitalised interest at 1st January	1,000	1,000
Capitalised interest	199,623	183,690
Capitalised interest at 31st December	(1,000)	(1,000)
	199,623	183,690
Investment income		
Interest received / receivable from related parties	179,660	164,210
	179,660	164,210
Gain on revaluation on investment property		
Gain on revaluation on investment property	-	800,000
	-	800,000
PROFIT FOR THE YEAR	125,836	911,553