CF Homes Ltd.

Report & Financial Statements

31 December 2023

Company registration number: C 96073

Contents

General information

Registration

CF Homes Ltd. is registered in Malta as a private exempt limited liability company under the Companies Act, Cap. 386 with registration number C 96073.

Directors

Francis Agius
Clifton Cassar

Company secretary

Francis Agius

Registered office

CF Business Centre, Level 1
Triq Gort, Paceville
San Giljan
STJ 9023
Malta

Auditor

Grant Thornton
Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

Directors' report

The directors present their report, and the audited financial statements of CF Homes Ltd. for the year ended 31 December 2023.

Principal activity

CF Homes Ltd. (the "company") was incorporated on 8 July 2020. The company's principal activity is purchase develop, and sale a real estate property.

Results

During the year under review, the company posted a profit for the year amounted to € 2,229,392 (2022: loss of € 193,610).

Directors

The following have served as directors of the company during the year under review:

Francis Agius
Duncan Micallef

In accordance with the Articles of Association, the present directors are to remain in office until such time as they resign or are otherwise removed.

Disclosure of information to the auditor

At the date of making this report, the directors confirm the following:

- As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware; and
- Each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Directors' report - continued

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are 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 Companies Act, Cap 386 enacted in Malta. This responsibility includes designing, implementing and maintaining 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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor, Grant Thornton, has intimated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

Approved by the board of directors and signed on 26 April 2024 by:

Francis Agius	Clifton Cassar
Director	Director

Income statement

	Notes	2023	2022
		€	€
Revenue	3	17,299,193	1,912,503
Cost of sales		(12,355,243)	(1,187,243)
Gross profit		**4,963,950**	**725,260**
Administrative expenses		(1,013,019)	(628,022)
Operating profit		**3,750,143**	**97,238**
Finance costs	4	(508,242)	(185,021)
Finance income		28,412	-
Profit (loss) before tax	5	**3,471,201**	**(87,783)**
Tax expense	6	(1,241,709)	(105,827)
Profit (loss) for the year		**2,229,392**	**(193,610)**

Balance sheet

	Notes	2023	2022
		€	€
Assets			
Non-current			
Plant and equipment	7	9,416	9,721
Deferred tax asset	8	3,395	-
		12,811	**9,721**
Current			
Property inventories		28,295,530	22,267,768
Trade and other receivables	9	11,496,479	8,578,550
Cash and cash equivalents	10	180,822	95,428
		39,972,831	**30,941,746**
Total assets		**39,985,642**	**30,951,467**

Balance sheet – continued

	Notes	2023	2022
		€	€
Equity			
Share capital	11	51,200	1,200
Retained earnings (accumulated losses)		1,799,790	(429,602)
Total equity (deficit)		**1,850,990**	**(428,402)**
Liabilities			
Non-current			
Borrowings	12	14,006,788	15,265,654
		14,006,788	**15,265,654**
Current			
Borrowings	12	3,849,297	1,851,662
Trade and other payables	13	20,278,567	14,262,553
		24,155,401	**16,114,215**
Total liabilities		**38,134,652**	**31,379,869**
Total equity and liabilities		**39,985,642**	**30,951,467**

The financial statements on pages 5 to 17 were approved by the board of directors, authorised for issue on 26 April 2024 and signed by:

Francis Agius
Director

Clifton Cassar
Director

Statement of changes in equity

	Share capital €	(Accumulated losses) retained earnings €	Total (deficit) equity €
At 1 January 2022	240	(235,992)	(235,752)
Issuance of shares during the year	960	-	960
Loss for the year	-	(193,610)	(193,610)
At 31 December 2022	**1,200**	**(429,602)**	**(428,402)**
At 1 January 2023	1,200	(429,602)	(428,402)
Issuance of shares during the year	50,000	-	50,000
Profit for the year	-	2,229,392	2,229,392
At 31 December 2023	**51,200**	**1,799,790**	**1,850,990**

Statement of cash flows

	Note	2023	2022
		€	€
Operating activities			
Profit (loss) before tax		3,471,101	(87,783)
Adjustments for:			
Depreciation		4,219	3,240
Interest expense from third party borrowings		150,000	-
Tax paid		(1,245,104)	(105,827)
Changes in working capital:			
Movement in inventories		(6,027,762)	(18,657,860)
Movement in trade and other receivables		(2,917,929)	(5,103,411)
Movement in trade and other payables		6,016,014	7,686,350
Net cash flows used in operating activities		**(549,461)**	**(16,265,291)**
Investing activity			
Acquisition of plant and equipment		(3,914)	(4,001)
Net cash used in investing activity		**(3,914)**	**(4,001)**
Financing activities			
Proceeds from borrowings		9,753,169	15,029,667
Repayment of borrowings		(8,769,489)	(215,737)
Interest paid on third party borrowings		(150,000)	-
Issuance of share capital		50,000	960
Net cash generated from financing activities		**883,680**	**14,814,890**
Net change in cash and cash equivalents		330,305	(1,454,402)
Cash and cash equivalents, beginning of year		(296,534)	1,157,868
Cash and cash equivalents, end of the year	10	**33,771**	**(296,534)**

Notes to the financial statements

1 Basis of preparation

1.1 Basis of measurement and statement of compliance

The financial statements of CF Homes Ltd. (the "company") for the year ended 31 December 2023 have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME"). The financial statements have been prepared on the historical cost basis. These financial statements present information about the company as an individual undertaking.

1.2 Functional and presentation currency

The financial statements are presented in euro (€), which is the company's functional currency.

2 Significant accounting policies

2.1 Income and expense recognition

Income recognition

Revenue from sale of properties is recognised when the significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer. This is generally considered to occur at the later of the contract of sale and the date when all the company's obligations relating to the property are completed and possession of the property can be transferred in the manner stipulated by the contract of sale. Amounts in respect of sales that have not yet been recognised in the financial statements, due to the fact the significant risks and rewards of ownership still rest with the company, are treated as payments received in advance and are reported with current liabilities.

Administrative expenses

Administrative expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

2.2 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalised, while the asset is being constructed as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur.

2.3 Employee benefits

The company contributes towards the state pension in accordance with local legislation. The only obligation of the company is to make the required contributions. Costs are expensed in the period in which they are incurred.

2.4 Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated to write off the cost of plant and equipment on a straight-line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

Computer and office equipment	25%
Motor vehicles	20%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses arising on derecognition are calculated as the difference between the net disposal proceeds and the carrying amount of the asset. These are included in the income statement in the year the asset is derecognised.

2.5 Property inventories

Property inventories is stated at the lower of cost and net realisable value. The cost includes the purchase price of the property and development costs incurred to date. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing and selling. The cost of development and common costs are apportioned based on the costs absorbed during the stage of development and the cost of land is apportioned on the basis of the floor area.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land;
- Development costs incurred;
- Planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs.

When the property inventory is sold, its carrying amount is recognised as an expense in the year in which the related revenue is recognised. The carrying amount of property inventories recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold. Property inventories are classified as non-current when these are expected to be realised after more than one year from reporting date.

2.6 Financial assets, financial liabilities and equity

Recognition, initial measurement and derecognition

A financial asset or a financial liability is recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at their fair value plus in the case of financial assets and financial liabilities not classified as held for trading and subsequently measured at fair value, transaction costs attributable to the acquisition or issue of the financial assets and financial liabilities.

Financial assets and financial liabilities are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the company.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

A financial instrument, or its component parts, is classified as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form.

Trade and other receivables (excluding non-financial assets included in this line item)

Trade and other receivables are stated at their nominal value unless the effect of discounting is material in which case trade and other receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence of impairment.

Trade and other payables (excluding non-financial liabilities included in this line item)

Trade and other payables are stated at their nominal value unless the effect of discounting is material, in which case trade and other payables are measured at amortised cost using the effective interest method.

Borrowings

Subsequent to initial recognition, interest bearing loans are measured at the amortised cost using the effective interest method. Borrowings are carried at their face value due to their market rate of interest.

Share capital issued by the company

Ordinary shares issued by the company are classified as equity. Dividends to ordinary shareholders are debited directly to retained earnings and are recognised as liabilities in the period in which they are declared.

2.7 Impairment

The company's plant and equipment and financial assets are tested for impairment.

Plant and equipment

The carrying amounts of the company's plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in the income statement, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

The carrying amounts of company's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in the income statement, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation increase unless an impairment loss on the same asset was previously recognised in the income statement.

Financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost or cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost/cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in income statement.

2.8 Cash

Cash comprises cash at bank and cash in hand. Bank overdrafts, which are repayable on demand and form an integral part of the company's cash management, are a component of cash and cash equivalents for the purpose of the cash flow statement and are presented in current liabilities in the balance sheet.

2.9 Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3 Revenue

Revenue is derived from the sale of property inventories as follows:

	2023	2022
	€	€
Revenue from sale of property inventories	**17,299,193**	**1,912,503**

4 Finance costs

Finance costs comprise the following:

	2023	2022
	€	€
Interest expense from third party borrowings	150,000	-
Interest expense from related party loan	200,888	-
Bank charges	157,354	185,021
	508,242	**185,021**

5 Profit (loss) before tax

5.1 The profit (loss) before tax is stated after charging:

	2023 €	2022 €
Auditor's remuneration	13,191	11,770
Depreciation	4,219	3,240

5.2 Staff costs incurred during the year are analysed as follows:

	2023 €	2022 €
Salaries recharged from related parties	742,578	283,675

6 Tax expense

The relationship between the expected tax (expense) income based on the effective tax rate of the company at 35% (2022: 35%) and the tax expense actually recognised in the income statement can be reconciled as follows:

	2023 €	2022 €
Profit (loss) before tax	3,471,101	(87,783)
Effective tax rate	35%	35%
Expected tax (expense) income	**(1,214,885)**	**30,724**
Tax effect of:		
- Non-deductible expenses	(460,654)	(297,984)
- Non-deductible finance expenses	(60,366)	-
- Brokerage fees	(39,250)	-
- PY adjustment in relation to the COS of the property	(28,540)	-
- Unrecognised deferred tax asset	1,918	(1,134)
- FWT on sale of property	560,068	162,567
	(1,241,709)	**(105,827)**
Comprising:		
Current tax expense	1,245,104	105,827
Deferred tax credit	(3,395)	-
	1,241,709	**105,827**

7 Plant and equipment

	Motor vehicles €	Office equipment €	Total €
Cost			
At 1 January 2022	11,200	-	11,200
Additions during the year	-	4,001	4,001
At 31 December 2022	**11,200**	**4,001**	**15,201**
At 1 January 2023	11,200	4,001	15,201
Additions during the year	-	3,914	3,914
At 31 December 2023	**11,200**	**7,915**	**19,115**
Accumulated depreciation			
At 1 January 2022	2,240	-	2,240
Depreciation for the year	2,240	1,000	3,240
At 31 December 2022	**4,480**	**1,000**	**5,480**
At 1 January 2023	4,480	1,000	5,480
Depreciation for the year	2,240	1,979	4,219
At 31 December 2023	**6,720**	**2,979**	**9,699**
Net book value			
At 31 December 2022	**6,720**	**3,001**	**9,721**
At 31 December 2023	**4,480**	**4,936**	**9,416**

8 Deferred tax asset

Deferred taxes arising from temporary differences can be summarised as follows:

	1 January 2023 €	Recognised in profit and loss €	31 December 2023 €
Non-current assets			
Unutilised capital allowances	-	3,395	3,395
Total	**-**	**3,395**	**3,395**

9 Trade and other receivables

	2023 €	2022 €
Trade receivables	32,140	35,500
Amounts due from shareholders	1,582,251	1,091,326
Amounts due from fellow subsidiaries	8,050,671	4,925,100
Other receivables	121,800	27,950
Financial assets	**9,786,862**	**6,079,876**
Advances to suppliers	232,388	372,136
Property deposits	1,461,801	2,113,750
Prepayments	15,428	12,788
Total trade and other receivables	**11,496,479**	**8,578,550**

The amounts due from shareholders and fellow subsidiaries are unsecured, interest-free and are repayable on demand.

10 Cash

Cash included in the cash flow statement comprise the following balance sheet amounts:

	2023 €	2022 €
Cash at banks	180,822	95,428
Cash and cash equivalents in the statement of financial position	**180,822**	**95,428**
Bank overdrafts (see note 11)	(147,051)	(391,962)
Cash in the statement of cash flows	**33,771**	**296,534**

11 Share capital

	2023 €	2022 €
Shares authorised at 31 December		
60,000 (2022: 1,200) ordinary shares at €1 each	**60,000**	**1,200**
Shares issued and fully paid at 31 December		
51,200 (2022: 1,200) ordinary shares at €1 each	**51,200**	**1,200**

12 Borrowings

	2023 €	2022 €
Current		
Loans to third parties	-	1,459,700
Bank overdrafts	147,051	391,962
Bank loans	3,702,246	-
	3,849,297	**1,851,662**
Non-current		
Bank loans	**14,006,788**	**15,265,654**
Total borrowings	**17,856,085**	**17,117,316**

The loans to third parties were obtained during 2022 to finance the business operations of the company. These loans were repaid during 2023.

The company entered into various loan and overdraft facilities agreement with local banks in Malta to finance the acquisition and development of its various properties which will mature in 3 to 4 years with interest rates ranging from 2.26% to 4.25%.

These loans are secured by general and special hypothec over the company's assets and guarantees provided by the shareholders of CF Estates Ltd, the parent company.

13 Trade and other payables

	2023 €	2022 €
Trade payables	597,971	677,559
Amounts due to parent company	11,211,538	3,337,640
Amounts due to fellow subsidiary	-	1,000,000
Amounts due to other related party	-	1,155,700
Amounts due to third party	800,000	800,000
Accruals	134,598	158,681
Other payables	98,000	99,500
Financial liabilities	**12,842,107**	**7,229,080**
Deposit from customers	7,436,460	7,033,473
	20,278,567	**14,262,553**

Amounts due to parent company, fellow subsidiary and other related party are unsecured, interest-free and are repayable on demand. Included in the amounts due to parent company are loan from the parent company, which is unsecured, interest bearing and is repayable on demand.

14 Related party transactions and balances

The company's related parties include the parent company and fellow subsidiary companies. In addition, related parties also include its key management personnel, ultimate beneficial owners and other companies under common control.

Unless otherwise stated, none of the transactions incorporates special terms and conditions and no guarantees was given or received. Transactions with related parties are generally effected on a cost-plus basis. Outstanding balances are usually settled in cash.

The company is a wholly owned subsidiary of CF Estates Ltd. (the "parent company") whose registered office is at CF Business Centre, Level 1, Triq Gort, Paceville, San Giljan, STJ 9023, Malta.

CF Estates Ltd. is in turn fully owned by Mr Joseph Portelli, Mr Francis Agius, Mr Clifton Cassar, Mr Duncan Micallef and Mr Stephen Falzon.

Amounts due from/to related parties are shown separately in notes 9 and 13, respectively.

Transactions with related parties during the year are as follows:

	2023 €	2022 €
Management fee expense	55,569	-
Interest recharged from parent company	200,888	
Salaries recharged from related parties	742,578	283,675

15 Comparative figures

Trade and other payables amounting to €283,675 in 2022 has been reclassified to trade and other receivables to conform with the current year presentation.

16 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Grant Thornton Malta
Fort Business Centre,
Level 2
Triq L-Intornjatur, Zone 1
Central Business
District
Birkirkara CBD1050
Malta
T +356 20931000

Independent auditor's report

To the shareholder of CF Homes Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CF Homes Ltd. (the company) set out on pages 4 to 17 which comprise the balance sheet as at 31 December 2023, and the income statement, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2023, and of its financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME"), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with GAPSME and are properly prepared in accordance with the provisions of the Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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

We also have responsibilities under the Companies Act, Cap 386 to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.

Mark Bugeja (Partner) for and on behalf of
GRANT THORNTON
Certified Public Accountants

Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

26 April 2024