

Company Registration Number: C91408

AGORA ESTATES P.L.C.
Annual Report and Consolidated Financial Statements
31 December 2023

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Directors' Report

The Board of Directors present their annual report and the audited consolidated financial statements of the Group and the Company for the year ended 31 December 2023.

Principal activities

The parent company's principal activity is to hold shares in subsidiary companies registered in Malta. The subsidiary companies hold investment properties, for capital appreciation and for rental income and properties held-for-resale.

The parent company and any of its subsidiaries do not hold any branches in Malta or abroad.

Review of the business, results and dividends

The Group and the Company continued its trading operations during the year. The consolidated and separate statement of profit or loss and other comprehensive income is set out on page 5.

Group revenue in 2023 decreased by 80% from €5,151,299 in 2022 to €1,045,058. This was primarily due to higher sale of properties in 2022. Total operating expenditure has also decreased by 86% from €4,605,857 in 2022 to €646,451. The decrease is primarily attributed to the decrease in cost of property sold.

The Group registered a profit before income tax for the year ended 31 December 2023 of €2,448,224 (2022: €3,605,346), a 32% decrease over the previous year, which is primarily attributable to the decrease in fair value gains made during the year when compared to that of previous year.

The Group's total assets grew to €54,077,770 (2022: €50,427,683) of which a significant portion constitutes investment properties. These have been revalued during 2023 to €47,055,647 (2022: €43,585,332) with a fair value movement recognised in profit or loss of €2,135,334 (2022: €2,999,622). The Group's total liabilities decreased from €24,088,808 in 2022 to €23,240,863 in 2023. Decrease is mainly due to a decrease in total interest-bearing borrowings from €14,418,683 in 2022 to €12,730,285. Such decrease is primarily due to assignment of debt of other loan due to other related party and amounts due to ultimate parent company netted off by the issuance of the zero-coupon secured callable notes which was issued during the year by the Company.

During the year ended 31 December 2023, the Company incurred a loss before tax of €164,188 (2022: profit before tax of €1,933). The decrease is mainly due to higher cost incurred in line with the issue of the zero-coupon secured callable notes which was issued during the year. Proceeds from such issue was used to grant loan to one of the subsidiaries, J. Zammit Estates Limited. The Company has increased its investment in subsidiaries in 2023 by capitalising its amounts due from its subsidiaries amounting to €3,579,995 (2022: €Nil).

On 10th August 2023, the Company has called its shareholders to pay the additional 75% share capital amounting to €187,499 through the capitalisation of retained earnings and on the 14th August 2023, an extraordinary general meeting was held with all the shareholders of the Company, to approve such capitalisation of retained earnings.

On 23rd November 2023, the Company has capitalised part of the shareholder's contribution amounting to €2,640,000.

Directors' Report – continued

Review of the business, results and dividends – continued

On 6th December 2023, the Company has increased its authorised share capital of the Company from €3,770,000 divided into 3,770,000 shares of €1 each to €7,860,000 divided into 7,860,000 shares of €1 each. On the same day such new authorised share capital was issued through the capitalisation of shareholder's contribution amounting to €4,090,000.

On 18th December 2023, the Company has further increased its authorised share capital of the Company to €10,360,000 divided into 10,360,000 shares of €1 each. On the same day such new authorised share capital was issued through the capitalisation of amounts due to ultimate parent company amounting to €2,500,000.

Events after the reporting period

Apart from the events mentioned in Note 28 of these consolidated and separate financial statements, there were no other adjusting or other significant non-adjusting events between the end of reporting year end and the date of authorisation by the Board of Directors.

Board of Directors

The Board of Directors of the Group who held office during the year ended 31 December 2023 and as at the date of this report are:

Ms. Audrey-Anne Hughes
Ms. Isabella Vella (appointed on 31 January 2023)
Mr. James Zammit
Mr. Joseph Schembri
Mr. Silvio Mifsud

In accordance with the Group's Articles of Association, the present Board of Directors shall remain in office.

Statement of Board of Directors' responsibilities

The Board of Directors are required by the Companies Act, 1995 to prepare consolidated and separate financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of the profit or loss for that year.

In preparing the consolidated and separate financial statements, the Board of Directors are responsible for:

- ensuring that the consolidated and separate financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;

Directors' Report – continued

Statement of Board of Directors' responsibilities - continued

- ensuring that the consolidated and separate financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business as going concern.

The Board of Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the consolidated and separate financial statements comply with the Companies Act, 1995. This responsibility includes designing, implementing, and maintaining such internal controls, as the Board of Directors determines the necessary procedures to enable the preparation of the consolidation and separate financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Group and the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of the Group and the Company, for the year ended 31 December 2023 are included in the Annual Report 2023 which are made available on the Group's website: <https://agora-estates.com/investor-relations/>. In view of their responsibility for the controls over, and the security of, the website, the Board of Directors are responsible for the maintenance and integrity of the Annual Report on the website. Access to information published on the Group's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of the consolidated and separate financial statements may differ from requirements or practice in Malta.

Financial reporting framework

The Board of Directors have resolved to prepare the Group's consolidated financial statements and the Company's separate financial statements for the year ended 31 December 2023 in accordance with International Financial Reporting Standards as adopted by the European Union.

Principal risks and uncertainties faced by the Group and the Company

The Board as a whole considers the nature and extent of the risk management framework and risk profile that is acceptable to the Board of Directors. The Board of Directors regularly reviews the work carried out and ensures that risks are identified and mitigated in a timely manner so as not to have any adverse impact on the Group and the Company. The Group and the Company's principal risk and uncertainties are included in Note 27 of these consolidated and separate financial statements.

Auditor

The auditor, Equis Assurance Limited, has intimated its willingness to continue in office and a resolution to reappoint them as auditor of the Group and the Company will be proposed at the forthcoming Annual General Meeting.

Directors' Report – continued

Registered address:

The registered office of the Group and the Company is Agora Business Centre, Ground Floor, Valley Road, Msida, MSD 9020, Malta.

By Order of the Board



James Zammit
Director



Joseph Schembri
Director

16 April 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Revenue	2	1,045,058	5,151,299	-	-
Cost of Sales	3	(171,135)	(4,041,549)	-	-
Gross profit		873,923	1,109,750	-	-
Administrative expenses	3	(475,316)	(564,308)	(53,977)	(40,242)
Operating profit/(loss)		398,607	545,442	(53,977)	(40,242)
Investment income	5	1,315	86,252	48,667	-
Finance costs	7	(558,863)	(188,441)	(136,845)	-
Other income	6	152,696	45,846	-	-
Fair value gain on investment properties		2,135,334	2,999,622	-	-
Waiver of payable balances		330,498	186,554	-	46,632
Waiver of receivable balances		(11,363)	(69,929)	(22,033)	(4,457)
Profit/(loss) before income tax		2,448,224	3,605,346	(164,188)	1,933
Income tax	8	(449,886)	(901,543)	-	-
Total comprehensive income/(loss) for the financial year – attributable to the owners of the Company		1,998,338	2,703,803	(164,188)	1,933

The accounting policies and explanatory notes on pages 12 to 61 form an integral part of the consolidated and separate financial statements.

Consolidated Statement of Financial Position

		As at 31 December			
	Notes	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
ASSETS					
Non-current assets					
Goodwill	11	3,241,988	3,241,988	-	-
Intangible assets	9	8,724	4,851	2,686	4,851
Deferred tax asset	22	27,277	106,312	-	-
Tangible assets					
Property, plant and equipment	10	238,688	41,392	-	-
Investment properties	12	47,055,647	43,585,332	-	-
Investments in subsidiaries	13	-	-	4,581,585	1,001,550
Investment in financial assets	16	183,865	-	-	-
Trade and other receivables	15	-	-	3,650,200	7,230,306
		50,756,189	46,979,875	8,234,471	8,236,707
Current assets					
Inventories	14	1,104,751	1,119,994	-	-
Trade and other receivables	15	1,943,886	2,267,647	7,242,869	48,226
Current taxation receivable	23	-	14,519	-	-
Cash and cash equivalents	25	272,944	45,648	121,215	-
		3,321,581	3,447,808	7,364,084	48,226
Total assets		54,077,770	50,427,683	15,598,555	8,284,933
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	17	10,360,000	942,501	10,360,000	942,501
Retained earnings	18	20,475,590	18,664,751	252,326	604,013
Shareholder's contribution	19	-	6,730,306	-	6,730,306
Equity attributable to equity holders of the parent		30,835,590	26,337,558	10,612,326	8,276,820
Non-controlling interests		1,317	1,317	-	-
Total equity		30,836,906	26,338,875	10,612,326	8,276,820

Consolidated Statement of Financial Position – continued

		As at 31 December			
	Notes	The Group 2023	The Group 2022	The Company 2023	The Company 2022
		€	€	€	€
Liabilities					
Non-current liabilities					
Interest-bearing borrowings	20	4,623,757	4,825,281	-	-
Deferred taxation	22	4,001,930	3,692,789	-	-
		8,625,687	8,518,070	-	-
Current liabilities					
Interest-bearing borrowings	20	8,106,528	9,593,402	3,285,470	-
Trade and other payables	21	6,261,377	5,677,530	1,700,759	8,113
Current taxation	23	247,271	299,806	-	-
		14,615,176	15,570,738	4,986,229	8,113
Total liabilities		23,240,863	24,088,808	4,986,229	8,113
Total equity and liabilities		54,077,770	50,427,683	15,598,555	8,284,933

The accountancy policies and explanatory notes on pages 12 to 61 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 6 to 61 were approved and authorised for issue by the Board of Directors on 16 April 2024 and were signed on its behalf by:



James Zammit
Director



Joseph Schembri
Director

Consolidated Statement of Changes in Equity – continued

The Group

	Note	Attributable to the equity holders of the parent					Total Equity €
		Share capital €	Retained earnings €	Shareholder's contribution €	Total €	Non-controlling interests €	
Balance at 1 January 2022		942,501	15,960,948	6,730,306	23,633,755	1,317	23,635,072
Comprehensive income							
Total comprehensive income for the financial year		-	2,703,803	-	2,703,803	-	2,703,803
Balance at 31 December 2022		942,501	18,664,751	6,730,306	26,337,558	1,317	26,338,875
Balance at 1 January 2023		942,501	18,664,751	6,730,306	26,337,558	1,317	26,338,875
Capitalisation of retained earnings	17	187,499	(187,499)	-	-	-	-
Capitalisation of shareholder's contribution	17	6,730,000	-	(6,730,000)	-	-	-
Capitalisation of amounts due to ultimate parent company	17	2,500,000	-	-	2,500,000	-	2,500,000
Comprehensive income							
Total comprehensive income for the financial year		-	1,998,338	-	1,998,338	-	1,998,338
Other movement		-	-	(306)	(306)	-	(306)
Balance at 31 December 2023		10,360,000	20,475,590	-	30,835,590	1,317	30,836,907

Included in the Group's retained earnings are fair value gains net of deferred tax on investment properties amounting to €20,736,859 (2022: €18,741,989) which are not distributable to the Group's ultimate parent company.

Consolidated Statement of Changes in Equity

The Company		Share capital €	Retained earnings €	Shareholder's contribution €	Total €
	Note				
Balance at 1 January 2022		942,501	602,080	6,730,306	8,274,887
Comprehensive income					
Total comprehensive income for the financial year		-	1,933	-	1,933
Balance at 31 December 2022		942,501	604,013	6,730,306	8,276,820
Balance at 1 January 2023		942,501	604,013	6,730,306	8,276,820
Capitalisation of retained earnings	17	187,499	(187,499)	-	-
Capitalisation of shareholder's contribution	17	6,730,000	-	(6,730,000)	-
Capitalisation of amounts due to ultimate parent company	17	2,500,000	-	-	2,500,000
Comprehensive loss					
Total comprehensive loss for the financial year		-	(164,188)	-	(164,188)
Other movements		-	-	(306)	(306)
Balance at 31 December 2023		10,360,000	252,326	-	10,612,326

The accountancy policies and explanatory notes on pages 12 to 61 form an integral part of the consolidated and separate financial statements.

Consolidated Statement of Cash Flows

	Notes	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Operating activities					
Cash generated from/(used in) operating activities	24	955,344	740,235	(306,080)	(1,963)
Other income	6	152,696	45,846	-	-
Tax paid	23	(99,549)	(207,658)	-	-
Net cash generated from/(used in) operating activities		1,008,491	578,423	(306,080)	(1,963)
Investing activities					
Interest received		53	86,252	48,667	-
Purchase of intangible assets	9	(8,050)	(3,680)	-	(3,680)
Additions, development and other capitalised costs of investment properties	12	(1,334,981)	(6,895,717)	-	-
Purchase of property, plant and equipment	10	(263,050)	-	-	-
Purchase of financial assets		(182,603)	-	-	-
Net movement in subsidiaries' balances		-	-	(6,863,380)	(23,155)
Net cash used in investing activities		(1,788,631)	(6,813,145)	(6,814,713)	(26,835)

Consolidated Statement of Cash Flows – continued

	Notes	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Financing activities					
Interest paid		(422,193)	(188,441)	(175)	-
Movement in other related party balances		(5,685,784)	1,037,527	417,762	28,798
Movement in ultimate parent company balances		3,704,867	(44,231)	3,675,621	-
Movement in ultimate beneficiary owner balances		139,966	231,552	-	-
Movement in long/short-term borrowings		3,346,977	4,558,821	3,148,800	-
Net cash generated from financing activities		1,083,833	5,595,228	7,242,008	28,798
Movement in cash and cash equivalents		303,693	(639,494)	121,215	-
Cash and cash equivalents at beginning of year		(175,885)	463,609	-	-
Cash and cash equivalents at end of year	25	127,808	(175,885)	121,215	-

The accountancy policies and explanatory notes on pages 12 to 61 form an integral part of the consolidated and separate financial statements.

Notes to the Financial Statements

1. Accounting policies

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

a. Going concern

During the year ended 31 December 2023, the Group registered a profit for the year of €1,998,338 (2022: €2,703,803) and at the consolidated statement of financial position date, its current liabilities exceeded its current assets by €11,293,595 (2022: €12,016,618). These consolidated financial statements have been prepared on a going concern basis, on the basis of undertakings given by the Group's ultimate parent company to continue to provide financial support to the Group in the foreseeable future. At year end the Group held investment properties amounting €47,055,647 (2022: €43,585,332). The Group always has the option to sell any of such assets.

The Board of Directors have, at the time of approving the separate financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the separate financial statements.

b. Basis of preparation

These consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and comply with the Companies Act (Cap.386). The consolidated and separate financial statements have also been prepared in accordance with IFRS Standards adopted by the European Union and therefore the Group consolidated financial statements comply with Article 4 of the EU IAS Consolidated Regulation.

The consolidated and separate financial statements are prepared under the historical cost convention, except for the revaluation of investment properties that are measured at revalued amounts, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

i. Use of estimates and judgements

In preparing the consolidated and separate financial statements, the Board of Directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the consolidated and separate financial statements. These estimates are reviewed on a regular basis and, if a change is needed, it is accounted for in the year the changes become known.

1. **Accounting policies** – continued
- b. **Basis of preparation** – continued
- i. **Use of estimates and judgements** – continued

Except for the below, in the opinion of the Board of Directors, the accounting estimates, assumptions 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 significant in terms of the requirements of IAS 1 (revised) - 'Presentation of financial statements'.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below.

Fair value of investment properties

The Group uses the services of professional valuers to revalue the investment properties. The professional valuers take into account the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

- A use that is physically possible, takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset (e.g. the location or size of a property).
- A use that is legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (e.g. the zoning regulations applicable to a property).
- A use that is financially feasible takes into account whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.

As described in Note 12, the Group uses valuation techniques that include inputs that are not always based on observable market data in order to estimate the fair value of investment properties. Note 12 also provides detailed information regarding these valuation methods and the key assumptions used in performing such valuations.

- 1. **Accounting policies** – continued
- b. **Basis of preparation** – continued
- i. **Use of estimates and judgements** – continued

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial instruments sections of Note 1p). The Group and the Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group and the Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's and the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

1. **Accounting policies** – continued

b. **Basis of preparation** – continued

ii. **New and amended IFRS Standards that are effective for the current year**

In 2023, the Group and the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatory for the Group and the Company's accounting year beginning on 1 January 2023. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group and the Company's accounting policies impacting the financial performance and position.

Amendments to IAS 1
Presentation of
Financial Statements
and IFRS Practice
Statement 2 Making
Materiality
Judgements—
Disclosure of Material
Accounting Policies

The Group and the Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regards to disclosure of material accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2

Amendments to IAS
12 Income Taxes—
Deferred Tax related
to Assets and
Liabilities arising from
a Single Transaction

The Group and the Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

1. Accounting policies – continued

b. Basis of preparation – continued

ii. New and amended IFRS Standards that are effective for the current year – continued

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	The Group and the Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted
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iii. New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these consolidated and separate financial statements, the Group and the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective had not yet been adopted by the EU:

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current and Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>

The Board of Directors do not expect that the adoption of the Standards listed above will have a material impact of the consolidated financial statements of the Group and the Company in future years.

c. Basis of consolidation

The Group’s consolidated financial statements consolidate those of the parent Company and all of its subsidiaries and sub-subsidiaries as of 31 December each year. The subsidiaries and sub-subsidiaries have a reporting date of 31 December. Control is achieved when the Company:

- has the power over the investee.
- Is exposed, or has rights, to variable returns from its involvement with the investee.
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

1. Accounting policies – continued

c. Basis of consolidation – continued

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

1. Accounting policies – continued

c. Basis of consolidation – continued

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

d. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see below).
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

1. Accounting policies – continued

d. Business combinations – continued

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

e. Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1. Accounting policies – continued

f. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value-added tax and discounts, where applicable.

To determine whether to recognise revenue, the Group follows a 5-step process:

- i. Identifying the contract with a customer
- ii. Identifying the performance obligations
- iii. Determining the transaction price
- iv. Allocating the transaction price to the performance obligations
- v. Recognising revenue when/as performance obligations are satisfied.

The Group recognises revenue from the following major sources:

- i. Construction works of residential and commercial properties – the Group provides construction related works to its customers. Revenue from construction works is recognised over time, based on the proportion of works performed to date. The Board of Directors considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.
- ii. Sales of inventory properties – The sale of completed property constitutes a single performance obligation and the Company has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied. Payments are received when legal title transfers.

g. Foreign currencies

(i) Functional and presentation currency

Items included in the Group's consolidated and the Company's separate financial statements are measured using the currency of the primary economic environment in which the entity operates. The Euro is the Group's and the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency (Euro) 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 the consolidated and separate statement of profit or loss and other comprehensive income.

1. Accounting policies – continued

h. Intangible assets

Intangible assets comprise computer software.

Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 years. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Where an indication of impairment exists, in that the carrying amount of an intangible asset is greater than its estimated recoverable amount, a charge is made to write down the value of the asset to its estimated recoverable amount (Accounting policy (m)).

i. Leases

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

j. Property, plant and equipment

Property, plant and equipment, comprising buildings improvement, motor vehicles, fixture and fittings, computer and electronic equipment, are initially recorded at cost and are subsequently stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of 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. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

1. Accounting policies – continued

j. Property, plant and equipment – continued

Depreciation is calculated on the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

• Building Improvements	2%
• Computer and electronic equipment	25%
• Furniture and fittings	10%
• Motor Vehicle	20%

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

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 (Accounting policy (m)).

k. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation or both. Investment properties are recognized as an asset when it is probable that the future economic benefits that are associated with the investment properties will flow to the entity and the cost can be measured reliably.

Investment properties are initially measured at cost, including transaction costs, less impairment losses. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in fair values of investment properties are included in profit and loss in the period in which they arise, including the corresponding tax effect. Fair values are determined by a professionally qualified architect on the basis of market values.

Investment properties are derecognized either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment properties is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to or from investment properties only when there is a change in use. For transfers from inventory to investment properties at fair value, any difference between the fair value at the date of the transfer and its previous carrying amount should be recognised in profit or loss. For transfers from investment property carried at fair value to inventory the fair value at the change of use is the 'cost' of the property under its new classification.

1. Accounting policies – continued

l. Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting. The dividend income from such investments is included in the separate statement of profit or loss and other comprehensive income in the accounting year in which the Company's rights to receive payment of any dividend is established. The Company gathers objective evidence that an investment is impaired. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the separate statement of profit or loss and other comprehensive income.

m. Impairment of non-financial assets

At each reporting date, the Group and the Company reviews the carrying amounts of its intangible assets, investment properties and property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group's and Company' cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

1. Accounting policies – continued

n. Inventories

Property held for development and resale

When the main object of a property project is the development for resale purposes, the asset is classified in the financial statements as inventory. Any elements of a project which are identified for business operation or long-term investment purposes are transferred at their carrying amount or fair value to property, plant and equipment or investment property when such identification is made and the cost thereof can be reliably segregated.

Property held for development is carried at the lower of cost and net realisable value.

Cost comprises the purchase cost of acquiring the property together with other costs incurred during its subsequent development, including:

- (i) the costs incurred on development works, including demolition, site clearance, excavation, construction and other activities 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 attributable to the development phases of the project.

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

Gains and losses on disposal of property inventories are determined by reference to their carrying amount and are taken into account in determining gross profit.

o. Fair value measurement

The Group measures non-financial assets such as investment properties at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

1. Accounting policies – continued

o. Fair value measurement – continued

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

p. Financial instruments

Financial assets and financial liabilities are recognised in the Group's and the Company's consolidated and separate statement of financial position when the Group and the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1. Accounting policies – continued

p. Financial instruments – continued

i) Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition either at amortised cost, fair value through other comprehensive income (“OCI”) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s and Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component, or for which the Group and the Company has applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value.

Trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group’s and the Company’s business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at amortised cost;
- b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- d) Financial assets at fair value through profit or loss

The Group and the Company do not hold any financial assets at fair value through OCI, financial assets designated at fair value through OCI and financial assets at fair value through profit or loss.

The Group and the Company holds financial assets at amortised costs.

1. Accounting policies – continued

p. Financial instruments – continued

i) Financial assets

(b) Subsequent measurement

- *Financial assets at amortised cost*

The Group and the Company measures financial assets at amortised cost if both of the following conditions are met:

- a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group’s and the Company’s financial assets at amortised cost are trade and other receivables and contract assets which are expected to be received within 1 year from year end.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset.

Interest income is recognised in profit or loss and is included in the “investment income” line item (Note 5).

1. Accounting policies – continued

p. Financial instruments – continued

i) Financial assets – continued

(c) Derecognition

A financial asset is primarily derecognised when:

- a) The rights to receive cash flows from the asset have expired; or
- b) The Group and the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either the Group and the Company has transferred substantially all the risks and rewards of the asset or the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(d) Impairment

The Group and the Company recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at an approximate of the original effective interest rate. The expected cash flows will include cash flows from the sale of a collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group and the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

The Group and the Company considers a financial asset in default when contractual payments are ninety (90) days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

1. Accounting policies – continued

p. Financial instruments – continued

ii) Financial liabilities and equity

a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's and the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's and the Company's own equity instruments.

c) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group and the Company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

1. Accounting policies – continued

p. Financial instruments – continued

ii) Financial liabilities and equity – continued

b) Financial liabilities – continued

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group's and Company's financial liabilities also include a debt securities in issue as a zero-coupon secured callable notes.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate, the "EIR" method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. The EIR amortisation is included as finance costs in the consolidated and separate statement of profit or loss and other comprehensive income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

q. Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated and separate statement of financial position at face value. For the purposes of the consolidated and separate statement of cash flows, cash and cash equivalents comprise deposits held at call with banks. Bank overdrafts, which are repayable on demand and form an integral part of the Group's cash management, and are presented in current liabilities in the consolidated statement of financial position.

1. Accounting policies – continued

r. Current and deferred taxation

The tax expense for the year comprises current and deferred taxation.

Taxation 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 equity, respectively.

Current tax is based on the taxable result for the year. The taxable result for the year differs from the results as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other years. Current tax also includes any tax arising from dividends. It is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting year, and any adjustments in relation to the prior years.

Deferred taxation is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. 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.

s. Share capital and dividends

Ordinary shares are classified as equity.

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

t. Borrowings

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset affects profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1. Accounting policies – continued

u. Employee benefits

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

v. Operating costs

Operating expenses are recognised in the statement of profit or loss and other comprehensive income upon utilisation of service or at the date of their origin.

w. Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Board of Directors, which is the Group's chief operating decision-maker in accordance with the requirements of IFRS 8, Operating Segments.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance executing the function of the chief-operating decision-maker.

The Board of Directors considers the Group to constitute one reporting segment in view of its activities.

v. Contingent liabilities

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the local group; or are present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits.

2. Revenue

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Sale of inventory properties	200,000	4,452,416	-	-
Constructions works	-	168,373	-	-
Rental income	845,058	530,510	-	-
	1,045,058	5,151,299	-	-

2. Revenue – continued

The above fall under IFRS 15 and are recognised as follows:

Timing of revenue recognition

	2023 €	2022 €
<i>At a point in time</i>		
Sale of inventory properties	200,000	4,452,416
<i>Over time</i>		
Construction works	-	168,373
Rental income	845,058	530,510
	845,058	698,883

3. Expenses by nature

The major items included with profit and loss are included below:

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Depreciation of property, plant and equipment (Note 10)	65,754	23,513	-	-
Amortisation of intangible assets (Note 9)	4,177	2,976	2,165	2,976
Staff costs (Note 4)	232,789	363,081	-	-
Directors' remuneration	25,333	18,000	25,333	18,000
Auditor's remuneration	25,706	23,533	8,791	7,670
Directors' fees	8,000	8,000	8,000	8,000
Cost of sales	171,135	4,041,549	-	-

Cost of sales by category of activity:

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Cost of sales of inventory properties	171,135	3,769,259	-	-
Construction costs	-	272,290	-	-
	171,135	4,041,549	-	-

3. Expenses by nature

Auditor's fees

Fees charged including any non-claimable VAT by the auditor for the services rendered during the financial years ended 31 December 2023 and 2022 relate to the following:

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
	€	€	€	€
Annual statutory auditors	25,706	23,533	8,791	7,670
Tax compliance & advisory services	2,482	2,482	443	443
Other non – audit services	1,757	295	649	295
	29,945	26,310	9,883	8,408

4. Staff costs

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
	€	€	€	€
Wages and salaries	453,483	347,860	-	-
Social security costs	25,589	15,221	-	-
Recharge to other related parties	(246,283)	-	-	--
	232,789	363,081	-	-

Average number of full-time equivalents employed by the Group and the Company during the year is 10 (2022:6) which are classified as administration employees.

5. Investment income

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
	€	€	€	€
Interest receivable for subsidiary	-	-	48,667	-
Interest receivable in financial asset at amortised cost	1,262	-	-	-
Interest receivable from third parties	-	86,189	-	-
Interest receivable on bank balances	53	63	-	-
	1,315	86,252	48,667	-

6. Other income

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Administration charges receivable	-	6,677	-	-
Other income	152,577	39,169	-	-
Purchase discounts taken	119	-	-	-
	152,696	45,846	-	-

7. Finance costs

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Interest payable on bank loans	168,409	97,111	-	-
Interest payable on third party loan	-	16,734	-	-
Interest payable on Zero Coupon secured callable notes	136,670	-	136,670	-
Notional interest on financial asset at amortised cost	1,397	-	-	-
Other interest payable	252,387	74,596	175	-
	558,863	188,441	136,845	-

8. Income tax

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Current tax:				
At 5%	-	201,550	-	-
At 8%	16,000	1,713	-	-
At 15 %	15,500	9,500	-	-
At 35%	30,210	17,343	-	-
Deferred tax charge for the year (Note 22)	388,176	671,437	-	-
	449,886	901,543	-	-

8. Income tax – continued

The tax expense and the result of accounting profit/(loss) multiplied by the statutory domestic income tax rate is reconciled as follows:

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Profit/(loss) before tax	2,448,224	3,605,346	(164,188)	1,933
Tax on accounting profit at 35% thereon	856,878	1,261,871	(57,466)	677
Tax effect of:				
Income not subject to tax	(897,346)	(1,312,514)	(17,033)	(16,321)
Income subject to reduced tax rates of tax	(74,667)	(1,227,749)	-	-
Non-allowable expenses	411,734	1,650,296	74,499	15,644
Other differences	196	(2)	-	-
Maintenance allowance on rental income	(153,390)	(101,326)	-	-
Unabsorbed trading losses	16,505	2,661	-	-
Temporary differences attributable to unrecognised deferred tax assets in prior years	(98,200)	(43,131)	-	-
Movement in deferred tax	388,176	671,437	-	-
	449,886	901,543	-	-

9. Intangible assets

The Group

	Website Costs €	Total €
At 1 January 2022		
Cost	8,223	8,223
Accumulated amortisation	(4,076)	(4,076)
Net book amount	4,147	4,147
Movements for the year ended 31 December 2022		
Opening net book amount	4,147	4,147
Additions	3,680	3,680
Amortisation charge	(2,976)	(2,976)
Closing net book amount	4,851	4,851
At 31 December 2022		
Cost	11,903	11,903
Accumulated amortisation	(7,052)	(7,052)
Net book amount	4,851	4,851
Movements for the year ended 31 December 2023		
Opening net book amount	4,851	4,851
Additions	8,050	8,050
Amortisation charge	(4,177)	(4,177)
Closing net book amount	8,724	8,724
At 31 December 2023		
Cost	19,953	19,953
Accumulated amortisation	(11,229)	(11,229)
Net book amount	8,724	8,724

Amortisation charge of €4,177 (2022: €2,976) is included in administrative expenses.

9. Intangible assets – continued

The Company

	Website Costs €	Total €
At 1 January 2022		
Cost	8,223	8,223
Accumulated amortisation	(4,076)	(4,076)
Net book amount	4,147	4,147
Movements for the year ended 31 December 2022		
Opening net book amount	4,147	4,147
Additions	3,680	3,680
Amortisation charge	(2,976)	(2,976)
Closing net book amount	4,851	4,851
At 31 December 2022		
Cost	11,903	11,903
Accumulated amortisation	(7,052)	(7,052)
Net book amount	4,851	4,851
Movements for the year ended 31 December 2023		
Opening net book amount	4,851	4,851
Amortisation charge	(2,165)	(2,165)
Closing net book amount	2,686	2,686
At 31 December 2023		
Cost	11,903	11,903
Accumulated amortisation	(9,217)	(9,217)
Net book amount	2,686	2,686

Amortisation charge of €2,165 (2022: €2,976) is included in administrative expenses.

10. Property, plant and equipment

The Group

	Buildings improvement	Furniture & fittings	Motor Vehicle	Computer & Electronic Equipment	Total
	€	€	€	€	€
At 1 January 2022					
Cost	-	97,154	64,642	3,477	165,273
Accumulated depreciation	-	(65,812)	(33,687)	(869)	(100,368)
Net book amount	-	31,342	30,955	2,608	64,905
Movements for year ended 31 December 2022					
Opening net book amount	-	31,342	30,955	2,608	64,905
Depreciation charge	-	(9,716)	(12,928)	(869)	(23,513)
Closing net book amount	-	21,626	18,027	1,739	41,392
At 31 December 2022					
Cost	-	97,154	64,642	3,477	165,273
Accumulated depreciation	-	(75,528)	(46,615)	(1,738)	(123,881)
Net book amount	-	21,626	18,027	1,739	41,392
Movements for year ended 31 December 2023					
Opening net book amount	-	21,626	18,027	1,739	41,392
Additions	27,960	21,636	-	213,454	263,050
Depreciation charge	(559)	(4,954)	(6,008)	(54,233)	(65,754)
Closing net book amount	27,401	38,308	12,019	160,960	238,688
At 31 December 2023					
Cost	27,960	118,790	64,642	216,931	428,323
Accumulated depreciation	(559)	(80,482)	(52,623)	(55,971)	(189,635)
Net book amount	27,401	38,308	12,019	160,960	238,688

Depreciation charge of €65,754 (2022: €23,513) are included in the administrative expenses.

11. Goodwill

The Group	€
Movements for the year ended 31 December 2022	
Opening/closing net book amount	<u>3,241,988</u>
At 31 December 2022	
Net book amount	<u>3,241,988</u>
Movements for the year ended 31 December 2023	
Opening/closing net book amount	<u>3,241,988</u>
At 31 December 2023	
Net book amount	<u>3,241,988</u>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

12. Investment properties

The Group	2023 €	2022 €
Movements for the year ended 31 December		
Opening net book amount	43,585,332	34,613,000
Additions and development costs	817,922	5,852,412
Other capitalised costs	517,059	1,043,305
Transfers to inventory	-	(923,007)
Fair value gains for the year	2,135,334	2,999,622
Closing net book amount	<u>47,055,647</u>	<u>43,585,332</u>
At 31 December		
Cost	24,269,646	22,934,665
Net fair value gains	22,786,001	20,650,667
Net book amount	<u>47,055,647</u>	<u>43,585,332</u>

The transfers to inventory during the prior year relates to the transfer of properties resulting from a change in use, following management's assessment of whether the property meets, or ceases to meet, the definition of investment property.

12. Investment properties – continued

Fair value of investment properties

The Group's investment properties were revalued by an independent architect during the year 2023. It is the Group's policy to revalue its investment property every two years. The architect is qualified and has experience in valuation of properties. Any revaluation gain/loss net of applicable deferred income taxes is credited/charged to profit or loss for the year.

The current use of the properties equates to the highest and best use. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The Group's properties has been determined to fall within Level 3 of the fair valuation hierarchy. The different levels in the fair value hierarchy are defined in Note 1. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the year.

Details of the investment properties and information about the fair value hierarchy as at the end of year is as follows:

Description	Fair value at 31 December		Valuation technique	Range of significant unobservable inputs	
				Rental value	Capitalisation rates %
	2023 €	2022 €			
Commercial property	47,055,647	43,585,332	Future rental cash flows	€35 to €150 per square metre	5-6

The following amounts have been recognised in the consolidated statement of profit or loss and other comprehensive income in respect of investment properties:

	2023 €	2022 €
Rental income	845,058	530,510

13. Investments in subsidiaries

The Company	2023	2022
	€	€
Movements for the year ended 31 December		
Opening net book amount	1,001,550	1,001,550
Increase of paid-up capital	40	-
Capitalisation of amounts due from subsidiary (Note i)	3,579,995	-
	4,581,585	1,001,550
At 31 December		
Cost/net book amount	4,581,585	1,001,550

Note i: On 11 December 2023, the Company has allocated 35,799,950 shares of €0.10 each for new shares which was paid through capitalisation of amounts due from a subsidiary.

The subsidiaries, all of which are unlisted at 31 December are shown below:

Name	Registered office	Principal activities	Percentage of shares held	
			2023	2022
J. Zammit Developments Ltd	Aries House Mdina Road Zebbug ZBG 9016	The Company is engaged in trading of property held-for-resale.	100%	100%
Car-Sun Limited	Aries House Mdina Road Zebbug ZBG 9016	The Company's activity is to hold investment property for capital appreciation and rental income.	100%	100%
J. Zammit Estates Limited	Aries House Mdina Road Zebbug ZBG 9016	The Company's activity is to hold investment property for capital appreciation and rental income.	100%	100%
Zammit Business Centre Limited (Note)	Aries House Mdina Road Zebbug ZBG 9016	The Group is the holding company of De Rohan Business Centre Limited (100% holding)	29.91%	29.91%

Note: The Company owns 29.91% of Zammit Business Centre Limited, however, it also has 100% voting rights and thus the Company is the ultimate controlling entity of the subsidiary.

14. Inventories

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Property held-for-resale	1,104,751	1,119,994	-	-

15. Trade and other receivables

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Non-current				
Amount due from subsidiaries (Note iii)	-	-	3,650,200	7,230,306
Current				
Trade receivables (Note i)	320,717	57,804	-	-
Amounts due from subsidiaries (Note ii)	-	-	6,932,576	-
Amounts due from other related parties (Note ii)	97,571	257,394	-	-
Amounts due from ultimate parent company (Note ii)	-	29,246	-	-
Amounts due from ultimate beneficial owner (Note ii)	-	-	4,612	-
Other receivables	702,141	1,570,605	-	-
Prepayments and accrued income	823,457	352,598	305,681	48,226
	1,943,886	2,267,647	7,242,869	48,226

Notes:

- i. Trade receivables disclosed above are inclusive of amounts that are past due at the end of the reporting year for which the Group has not recognised an allowance and the amounts are still considered recoverable.
- ii. Amounts due from subsidiaries, other related parties, ultimate parent company and ultimate beneficial owner are unsecured, interest free and are repayable on demand.
- iii. Amount due from subsidiaries are unsecured, interest free and are not repayable within the next twelve months from the separate statement of financial position date.

16. Investment in financial assets

	2023 €	2022 €
Financial assets measured at amortised cost		
Loan to third party	183,865	-

The financial asset is secured, bears interest of 5% per annum and is repayable by 4 October 2023.

17. Share capital

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Authorised				
10,360,000 (2022: 3,770,000) Ordinary Shares of €1 each	10,360,000	3,770,000	10,360,000	3,770,000
Issued and paid up as follows:				
10,359,999 (2022: 3,769,999) Ordinary Shares of €1 each, 100% (2022: 25% paid up)	10,359,999	942,500	10,359,999	942,500
1 Ordinary Shares of €1 each, 100% paid up	1	1	1	1
	10,360,000	942,501	10,360,000	942,501

On 10th August 2023, the Company has called its shareholders to pay the additional 75% share capital amounting to €187,499 through the capitalisation of retained earnings and on the 14th August 2023, an extraordinary general meeting was held with all the shareholders of the Company, to approve such capitalisation of retained earnings.

On 23rd November 2023, the Company has capitalised part of shareholder's contribution amounting to €2,640,000.

On 6th December 2023, the Company has increased its authorised share capital of the Company from €3,770,000 divided into 3,770,000 shares of €1 each to €7,860,000 divided into 7,860,000 shares of €1 each. On the same day such new authorised share capital was issued through the capitalisation of shareholder's contribution amounting to €4,090,000.

On 18th December 2023, the Company has further increased its authorised share capital of the Company to €10,360,000 divided into 10,360,000 shares of €1 each. On the same day such new authorised share capital was issued through the capitalisation of amounts due to ultimate parent company amounting to €2,500,000.

18. Retained earnings

The Group and the Company's retained earnings represent accumulated profits and losses since incorporation date. Included in the Group's retained earnings are undistributable reserves amounting to €20,736,859 (2022: €18,741,989) relating to the revaluation amount net of deferred tax on investment properties.

19. Shareholder's contribution

The Group/The Company

	2023	2022
	€	€
Shareholder's contribution	-	6,730,306

The shareholder's contribution represents contributions from the beneficiary owners to finance its operations. As noted in Note 17, such shareholder's contribution was capitalised to the Company's share capital.

20. Interest-bearing borrowings

	The Group	The Group	The Company	The Company
	2023	2022	2023	2022
	€	€	€	€
Non-current				
Bank loans	4,623,757	4,825,281	-	-
Current				
Zero-coupon secured callable notes	3,285,470	-	3,285,470	-
Bank loans	4,675,922	4,276,221	-	-
Bank overdraft (Note 25)	145,136	221,533	-	-
Other loan due to other related party (Note)	-	5,095,648	-	-
	8,106,528	9,593,402	3,285,470	-
	12,730,285	14,418,683	3,285,470	-

Note: Other loan from other related party was unsecured, bore an interest at 4.3% per annum and was repayable on demand.

Zero-coupon secured callable notes

By virtue of a prospectus dated 15 February 2023, Agora Estates plc (the 'Issuer') issued €3,500,000 zero coupon secured callable notes with a nominal value of €100 each. Such notes were offered at a discount price of €96 per note and are redeemable at €101 per note. Only 93.7% of such issue was taken up with total proceeds amounted to €3,148,800.

20. Interest-bearing borrowings – continued

Zero-coupon secured callable notes – continued

These were due for redemption on 27 February 2024, however they were callable during period between 1 August 2023 and 30 November 2023 at the discretion of the Company. The Company did not call such notes during the period. These notes are not listed on any stock market.

The notes are secured through:

- a) First ranking special hypothec over a property owned by the ultimate beneficial owner and a related party (secured asset),
- b) Pledge over the insurance proceeds covering the full replacement value of the secured asset
- c) Personal guarantee by the ultimate beneficiary owner and a related party

In accordance with the provisions of the prospectus, a portion of the proceeds from such issue have been advanced by the Issuer to its subsidiary as a loan between the Company and the subsidiary, whilst the rest of the proceeds was used as working capital for the Group.

Upon redemption, these notes may be converted in the event of an issue of a listed bond, whereby Noteholders have the right to convert with preference of allocation, all or part of the notes held by them into such number of listed bonds corresponding in nominal value to the conversion redemption price of the notes being converted to listed bonds. If not, such notes are redeemed from proceeds deriving from the sale of resale properties held by the Group and from a loan of €800,000 (2022:€Nil) granted to the Company by the ultimate beneficial owner. Such loan was unutilised as at year end.

	The Group and the Company	
	2023	2022
	€	€
Proceeds received upon issue	3,148,800	-
Accumulated amortisation	136,670	-
Closing carrying amount of the debt securities in issue	3,285,470	-

Bank loans

Bank loans amounting to €8,406,219 (2022: €8,426,502) are carried at an interest rate between 4% and 5.15% per annum (2022: 3.75% and 5% per annum) whilst bank loans amounting to €893,460 (2022: €675,000) are carried at an interest rate of 4.25% (2022: 4.25%) per annum plus the applicable base rate which is a variable rate which is 3months Euribor. When the base rate is negative, then the base rate shall be zero.

20. Interest-bearing borrowings – continued

Bank loans – continued

The bank loans are secured by:

- a) Special and general hypothec over the present and future assets of the Group;
- b) Pledge over insurance policies covering all the hypothecated properties;
- c) Pledge over all leased agreements held with tenants of the hypothecated properties;
- d) First special hypothec guarantee by a related party over properties owned by the latter;
- e) Personal guarantee given by the ultimate beneficial owner; and
- f) Corporate guarantees given by related parties.

Apart from the above bank borrowings, the Group has undrawn loan facilities amounting to €593,310 (2022: €3,000,000).

Weighted average effective interest rates during the reporting year:

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
	%	%	%	%
Zero Coupon secured callable notes	5.69	-	5.69	-
Bank overdraft	7.50	7.50	-	-
Bank loans	4.00 – 5.15	3.75 - 5.00	-	-
Other loans	-	4.30	-	-

Maturity of bank and other loans falling due after more than one year:

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
	€	€	€	€
Between 1 and 2 years	566,422	740,787	-	-
Between 2 and 5 years	1,990,739	2,407,530	-	-
Over 5 years	2,066,596	1,676,964	-	-
	4,623,757	4,825,281	-	-

21. Trade and other payables

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Current				
Trade payables	1,398,703	1,572,747	2,065	-
Amounts due to other related parties (Note)	1,675,708	2,744,496	422,459	-
Amounts due to subsidiary (Note)	-	-	91,379	-
Amounts due to ultimate parent company (Note)	1,175,621	-	1,175,621	-
Amounts due to ultimate beneficial owner (Note)	431,507	291,541	-	-
Advance deposits	393,000	293,000	-	-
Other payables	310,397	542,747	-	-
Accruals and deferred income	876,441	232,999	9,234	8,113
	6,261,377	5,677,530	1,700,758	8,113

Note:

Amounts due to other related parties, subsidiary, ultimate parent company and ultimate beneficial owner are unsecured, interest free and are repayable on demand.

22. Deferred taxation

The Group deferred taxation is split between deferred tax asset of €27,277 (2022: €106,312) and deferred tax liabilities of € 4,001,930 (2022: €4,655,789). Income tax payable is made up as follows:

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
At beginning of year	3,586,477	2,915,040	-	-
Charge to consolidated statement of profit or loss and other comprehensive income (Note 8)	388,176	671,437	-	-
At end of year	3,974,653	3,586,477	-	-

Deferred tax is analysed as follows:

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Net deferred tax liability at:				
Unabsorbed trading losses	(27,277)	(106,312)	-	-
Temporary difference on				
Investment properties	3,994,452	3,692,789	-	-
Property, plant and equipment	7,478	-	-	-
At end of year	3,974,653	3,586,477	-	-

23. Current taxation

The Group current taxation is split between current tax asset of €Nil (2022: €14,519) and current tax liabilities of € 247,271 (2022: €299,806). Income tax payable is made up as follows:

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
	€	€	€	€
Balance at 1 January	285,287	312,839	-	-
Current tax charge for the year (Note 8)	61,710	230,106	-	-
Withholding tax paid	(16,000)	(200,000)	-	-
Settlement tax paid	(89,928)	(17,641)	-	-
Fines and interest	6,379	9,983	-	-
Over accrual of prior year tax	(177)	-	-	-
Tax credit not utilised	-	(50,000)	-	-
Balance at 31 December	247,271	285,287	-	-

24. Cash generated from/(used in) operations

Reconciliation of operating profit/(loss) to cash generated from/(used in) operations:

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
	€	€	€	€
Operating profit/(loss)	398,607	545,442	(53,977)	(40,242)
Adjustment for:				
Amortisation of intangible assets (Note 9)	4,177	2,976	2,165	2,976
Depreciation of property, plant and equipment (Note 10)	65,754	23,513	-	-
Tax credit not utilised (Note 23)	(177)	(50,000)	-	-
Waiver of payable balances	-	186,554	-	46,632
Waiver of receivable balances	-	(69,929)	-	(4,457)
Changes in working capital:				
Inventories	15,243	3,617,498	-	-
Trade and other receivables	134,692	(680,809)	(257,455)	-
Contract assets	-	112,983	-	-
Trade and other payables	337,048	(2,947,993)	3,187	(6,872)
Cash generated from/(used in) operations	955,344	740,235	(306,080)	(1,963)

24. Cash generated from/(used in) operations – continued

The Group's principal non-cash transaction during the year ended 31 December 2023, related to the transfer of inventory to/from investment properties due to change in use amounting to €Nil (2022: €923,007).

25. Cash and cash equivalents

For the purposes of the consolidated and separate statement of cash flows, the cash and cash equivalents at the end of the year comprise the following:

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
	€	€	€	€
Cash at bank	272,944	45,648	121,215	-
Bank overdraft (Note 20)	(145,136)	(221,533)	-	-
Balance at 31 December	127,808	(175,885)	121,215	-

26. Related party transactions

Year end balances due from or to other related parties, subsidiaries, ultimate parent company and ultimate beneficial owner are disclosed in notes 15, 19, 20 and 21 to these consolidated and separate financial statements.

The Group and the Company also entered into related party transactions on an arm's length basis with its subsidiaries. Transactions between the Group have been eliminated on consolidation.

The following transactions were carried out with related parties:

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
	€	€	€	€
Rental income				
Other related parties	113,184	100,608	-	-
Sales of services				
Other related parties	-	105,238	-	-
Ultimate beneficial owner	-	38,235	-	-
Other income				
Other related parties	120,000	-	-	-
Purchase of services				
Ultimate beneficial owner	1,155	32,403	-	-

26. Related party transactions – continued

The following transactions were carried out with related parties:- continued

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Interest income				
Subsidiary	-	-	48,667	-
Other related parties	-	47,284	-	-
<hr/>				
Interest expense				
Other related party	249,700	193,184	-	-
Ultimate beneficial owner	6,985	4,590	-	-
<hr/>				
<u>Non-current receivables</u>				
Amount due from subsidiaries				
Beginning of the year	-	-	7,230,306	7,230,306
Increase of investment's paid-up share capital	-	-	(40)	-
Capitalisation of investment in subsidiary	-	-	(3,579,995)	-
Payment of expense made on behalf of subsidiaries	-	-	19,646	-
Waiver of balance	-	-	(19,717)	-
	-	-	3,650,200	7,230,306
<hr/>				
<u>Current receivables</u>				
Amount due from subsidiaries				
Advances made during the year	-	-	3,198,800	-
Recharges of expenses	-	-	(25,333)	-
Assignment of debt	-	-	3,808,000	-
Payment of expense made on behalf of Company	-	-	(188,141)	-
Repayments made during the year	-	-	(30,000)	-
Payment of expense made on behalf of subsidiary	-	-	120,583	-
Interest receivable	-	-	48,667	-
	-	-	6,932,576	-
<hr/>				

26. Related party transactions – continued

The following transactions were carried out with related parties: - continued

	The Group	The Group	The Company	The Company
	2023	2022	2023	2022
	€	€	€	€
<u>Current receivables</u> – continued				
Amount due from other related parties				
Beginning of the year	257,394	931,240	-	-
Rental income	113,184	-	-	-
Other income	120,000	-	-	-
Interest payable	(249,700)	-	-	-
Assignment of debt	3,542,150	(86,500)	-	-
Waiver of balance	-	(12,150)	-	-
Advances received during the year	(10,652)	-	-	-
Advances made during the year	1,620,000	79,930	-	-
Payments made on behalf of other related parties	87,494	-	-	-
Payments made on behalf of the Group	(264,969)	(391,757)	-	-
Transfer from other loans due to other related party	(5,095,643)	-	-	-
Transfer from amounts due to other related parties	(596,458)	-	-	-
Transfer from/(to) amounts due to ultimate beneficiary owner	92,500	(68,412)	-	-
Set-off	467,944	(225,757)	-	-
Repayments made during the year	-	30,800	-	-
Recharge of expenditure	14,327	-	-	-
	97,571	257,394	-	-
Amount due from ultimate parent company				
Beginning of the year	29,246	14,644	-	-
Transfer to amount to ultimate parent company	(29,246)	(29,629)	-	-
Waiver of balance	-	50,275	-	-
Movements during the year	-	(6,044)	-	-
	-	29,246	-	-

26. Related party transactions – continued

The following transactions were carried out with related parties:- continued

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
	€	€	€	€
Amount due from ultimate beneficial owner				
Beginning of the year	-	42,387	-	-
Transfer to amount due to ultimate parent company	-	(42,387)	-	-
Payments of expenses on behalf of ultimate beneficial owner	-	-	4,612	-
	-	-	4,612	-
<i>Interest bearing borrowings - current</i>				
Other loan due to other related party				
Beginning of the year	5,095,643	3,410,333	-	-
Sales of services	-	(105,238)	-	-
Interest payable	-	147,181	-	-
Assignment of debt	-	(174,365)	-	-
Advances made during the year	-	1,822,805	-	-
Payments made on behalf of the Group	-	98,930	-	-
Payments made on behalf of the other related party	-	(61,559)	-	-
Repayments made during the year	-	(111,110)	-	-
Recharge of expenses	-	68,671	-	-
Transfer to amounts due to other related party	(5,095,643)	-	-	-
	-	5,095,648	-	-

26. Related party transactions – continued

The following transactions were carried out with related parties:- continued

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
<u>Trade and other payables – current</u>				
Amount due to ultimate beneficial owner				
Beginning of the year	291,541	102,376	-	-
Transfer to amounts due from ultimate beneficial owner	-	(42,387)	-	-
Transfer to amounts due from other related parties	92,500	-	-	-
Sales made during the year	-	(38,235)	-	-
Purchases made during the year	1,155	32,403	-	-
Assignment of debt	-	(5,000)	-	-
Waiver of balance payable	(311,226)	(3,500)	-	-
Waiver of balance receivable	-	40,887	-	-
Advances received during the year	186,413	(223,403)	-	-
Advances made during the year	(152,348)	-	-	-
Payments made on behalf of the Group	116,413	321,070	-	-
Payments made on behalf of the ultimate beneficial owner	(91,667)	(102,849)	-	-
Repayments made during the year	311,786	214,769	-	-
Interest payable	(6,985)	(4,590)	-	-
Recharge of expenses	(6,075)	-	-	-
	431,507	291,541	-	-
Amount due to ultimate parent company				
Beginning of the year	-	29,629	-	-
Transfer from amounts due from ultimate parent company	(29,246)	(29,629)	-	-
Assignment of debt	3,419,621	-	3,675,621	-
Capitalisation to share capital	(2,500,000)	-	(2,500,000)	-
Set-off	471,000	-	-	-
Waiver of payable	(876)	-	-	-
Waiver of receivables	11,363	-	-	-
Recharge of expenses	(5,768)	-	-	-
Advances made during the year	(112,500)	-	-	-
Payments made on behalf of the ultimate parent company	(77,973)	-	-	-
	1,175,621	-	1,175,621	-

26. Related party transactions – continued

The following transactions were carried out with related parties:- continued

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
	€	€	€	€
Amount due to other related parties				
Beginning of the year	2,744,496	2,380,815	-	28,188
Transfer from amounts due from other related parties	(596,458)	-	-	-
Advances received during the year	1,119,029	1,321,536	386,500	-
Advances made during the year	(655,483)	-	-	-
Payments made on behalf of the Group/Company	610,685	296,308	55,360	2,030
Payments made on behalf of the other related parties	(399,707)	(37,256)	(19,401)	-
Assignment of debt	(217,560)	(1,251,521)	-	-
Repayments made during the year	(254,553)	(24,160)	-	-
Interest receivable	-	(47,284)	-	-
Interest payable	-	46,003	-	-
Waiver of balance	(18,396)	(33,159)	-	(30,218)
Recharge of expenses	(656,345)	83,642	-	-
Set-off	-	9,572	-	-
	1,675,708	2,744,496	422,459	-
Amount due to subsidiary				
Beginning of the year	-	-	-	23,155
Advances made during the year	-	-	(30,000)	-
Payments made during the year	-	-	(11,000)	49,494
Waiver of balance	-	-	-	(10,224)
Set-off	-	-	(443,000)	-
Assignment of debt	-	-	575,379	(62,425)
	-	-	91,379	-
Key management compensation				
Directors' remuneration	25,333	18,000	25,333	18,000
Directors' fees	8,000	8,000	8,000	8,000

Shareholders' contributions have been disclosed in note 19 whilst the investments in subsidiaries have been disclosed in note 13.

27. Financial risk management

Overview

The Group and the Company has an exposure to the following risks arising from the use of financial instruments within its activities:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's and the Company's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Group's and the Company's management of capital. Further quantitative disclosures are included in these consolidated financial statements. The responsibility for the management of risk is vested in the Board of Directors. Accordingly, it is the Board of Directors who have the overall responsibility for establishing an appropriate risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group and the Company's trade and other receivables and cash and cash equivalents held at banks. The carrying amounts of financial assets represent the maximum credit exposure.

The Group and the Company assesses the credit quality of its customers by taking into account their financial standing, past experience, any payments made post reporting date and other factors, such as bank references and the customers' financial position.

Management is responsible for the quality of the Group's and the Company's credit portfolios and has established credit processes involving delegated approval authorities and credit procedures, the objective of which is to build and maintain assets of high quality.

The Group's and the Company's policy is to deal only with credit worthy counterparties. The credit terms are generally 30 days. The Group and the Company regularly review the ageing analysis together with the credit limits per customer.

Impairment of Trade and other receivables

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. Management considers the probability of default from such trade and other receivables not to be material. In view of this, the amount calculated using the 12-month expected credit loss model is considered to be insignificant. Therefore, based on the above, no loss allowance has been recognized by the Group and the Company.

27. Financial risk management – continued

Credit risk – continued

Cash and cash equivalents

The cash and cash equivalents held with banks as at 31 December 2023 and 2022 are callable on demand and held with local financial institutions with high quality standing or rating. Management considers the probability of default from such banks to be insignificant. Therefore, based on the above, no loss allowance has been recognized by the Group and the Company.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Generally, the Group and the Company ensures that it has sufficient cash on demand to meet expected operational expenditure, including the servicing of financial obligations.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity grouping based on the remaining period at the end of the reporting period to the contractual maturity date.

The Group

As at 31 December 2023	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €	Carrying amount €
Interest-bearing borrowings	8,106,528	566,422	1,990,739	2,066,596	12,730,285	12,730,285
Trade and other payables	6,261,337	-	-	-	6,261,337	6,261,337
Current taxation	247,271	-	-	-	247,271	247,271
	14,615,136	566,422	1,990,739	2,066,596	19,238,893	19,238,893
As at 31 December 2022	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €	Carrying amount €
Interest-bearing borrowings	9,593,402	740,787	2,407,530	1,676,964	14,418,683	14,418,683
Trade and other payables	5,677,530	-	-	-	5,677,530	5,677,530
Current taxation	299,806	-	-	-	299,806	299,806
	15,570,738	740,787	2,407,530	1,676,964	20,396,019	20,396,019

27. Financial risk management – continued

Liquidity risk – continued

The Company						
As at 31 December 2023	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €	Carrying amount €
Interest-bearing borrowings	3,285,470	-	-	-	3,285,470	3,285,470
Trade and other payables	1,700,758	-	-	-	1,700,758	1,700,758
	4,986,228	-	-	-	4,986,228	4,986,228
As at 31 December 2022	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €	Carrying amount €
Trade and other payables	8,113	-	-	-	8,113	8,113

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, will affect the fair value or future cash flows of a financial instrument. The objective of market risk is to manage and control market risk exposures within acceptable parameters, while optimising the return on 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 Group's and the Company's functional currency. The Group and the Company is not exposed to significant foreign exchange risk arising from the Group's and Company's financing transactions as assets and liabilities are principally denominated in Euro and the Group and the Company is not exposed to foreign exchange risk arising on trading transactions as these are principally conducted in Euro.

The Group's and the Company's cash and cash equivalents, borrowings, loans and receivables, and payables are denominated in Euro.

Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

27. Financial risk management – continued

Market risk – continued

ii) Cash flow and fair value interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest rate risk arises from borrowings.

Borrowings issued at variable rates, comprising bank borrowings (refer to Note 20), expose the Group and the Company to cash flow interest rate risk. Certain Group's and Company'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. 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 and the Company did not have any hedging arrangements with respect to the exposure of floating interest rate risk.

The Group and the Company has also bank borrowings and bank overdraft issued at fixed rates (Note 20). These bank loans do not expose the Group and the Company to cash flow interest rate risk.

Capital management

It is the policy of the Board of Directors to maintain an adequate capital base in order to sustain the future development of the business and safeguard the ability of the Group and the Company to continue as a going concern. In this respect, the Board of Directors monitor the operations and results of the Group and the Company, and also monitor the level of dividends, if any, payable to the ordinary shareholders. The Group and the Company are not subject to externally imposed capital requirements. There were no changes in the Group's and the Company's approach to capital management during the year.

Fair values

At 31 December 2023 and 2022 the carrying amounts of cash at bank, receivables, payables and accrued expenses and short-term borrowings reflected in the consolidated and separate financial statements are reasonable estimates of fair value. The fair values of loans are not materially different from their carrying amounts.

28. Events after the reporting period

Issuance of listed bonds

On 12 February 2024, the Company has issued the first tranche of its €21,000,000 bond issuance programme, whereby the Company has issued €12,000,000 5.8% Secured Bonds 2036 of a nominal value of €100 per Bond.

Merger by acquisition

In terms of the draft terms of merger resolution dated 1 April 2024, J. Zammit Estates Limited, De Rohan Business Centre Limited, Zammit Business Centre Limited and Car-Sun Limited shall be amalgamated in accordance with the provisions of Section 358 of the Companies Act by means of the transfer of all the assets and liabilities of De Rohan Business Centre Limited, Zammit Business Centre Limited and Car-Sun Limited to J. Zammit Estates Limited and by the dissolution of De Rohan Business Centre Limited, Zammit Business Centre Limited and Car-Sun Limited without having to be wound up.

For accounting purposes, as from 1 January 2024 the transactions of De Rohan Business Centre Limited, Zammit Business Centre Limited and Car-Sun Limited shall be treated to be the transactions of J. Zammit Estates Limited.

The amalgamation shall become effective after the expiration of three months following the date on which the draft terms of merger are published by the Registrar of Companies.

Increase in investment in subsidiary

Effective from 6 February 2024, the Company has acquired 81,690 shares at €0.01 each of Zammit Business Centre Limited from the ultimate beneficial owner for the consideration of €3,525. In view of such acquisition, Zammit Business Centre Limited became 100% owned by the Company.

There were no other adjusting or significant non-adjusting events between the end of the reporting year and the date of authorisation by the Board of Directors.

29. Guarantees

One of the Group's subsidiary, J. Zammit Developments Limited, holds bank guarantees in favour of third parties for any applications or permits granted to the subsidiary and to other related parties amounting to €16,124 (2022: €12,257). The Group also held a guarantee of €1,550,000 (2022: €Nil) covering the facilities in the name of other related party.

30. Contingencies

As at the end of the reporting period, the Group has contingent liabilities amounting to €2,020,000 (2022: €Nil) in respect of guarantees given to secure the banking facilities of other related parties.

31. Commitments

Operating lease commitments - the Group is the lessor

The operating leases relating to investment properties owned by the Group have terms between 1 and 10 years. The lessees do not have the option to purchase the properties at the expiry of the lease period. The income earned under the operating lease amounted to €845,058 (2022: €530,510).

At the end of the reporting period, the lessees had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2023 €	2022 €
Not later than 1 year	1,035,452	739,035
Later than 1 year and not later than 5 years	3,649,356	2,795,581
	4,684,808	3,534,616

32. Statutory information

Agora Estates p.l.c. is a public limited company and is registered in Malta.

The ultimate parent company of Agora Estates p.l.c. is Zammit Holdings Limited, a private limited company registered in Malta with its registered address at Aries House, Triq tal-Hlas, Zebbug, Malta.

The ultimate controlling party of the Group is Mr James Zammit of 81, Triq Il-Qiegha, Attard, Malta.

Independent Auditor's Report

To the Members of Agora Estates p.l.c.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Agora Estates p.l.c. (the "Company") and its subsidiaries (collectively the "Group"), set out on pages 5 to 61, which comprise the consolidated and separate statement of financial position as at 31 December 2023, the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2023, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

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

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Directors' Report. Our opinion on the consolidated and separate financial statements does not cover this information, including the Directors' Report. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the Directors' Report for the financial year for which the consolidated and separate financial statements are prepared is consistent with the consolidated and separate financial statements; and
- the Directors' Report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' Report. We have nothing to report in this regard.

Independent Auditor's Report – continued

Responsibilities of the Board of Directors

The Board of Directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with EU IFRSs, and for such internal control as the Board of Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Board of Directors are responsible for assessing the Group's and 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 Board of Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of 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 and 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 consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report – continued

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements – continued

- 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.

We communicate with the Board of Directors 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.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The consolidated and separate financial statements are not in agreement with the accounting records and returns.

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

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Group's and the Company's members 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.



Donatella Bondin
Director

For and on behalf of

Equis Assurance Limited
Certified Public Accountants

NOUV
MRO Frank Galea Road
Zebbug,
Malta

16 April 2024