

Muscat Holdings (II) Limited

FINANCIAL STATEMENTS

31st DECEMBER 2024

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DIRECTOR'S REPORT

FOR THE YEAR ENDED 31st DECEMBER 2024

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

Principal Activities

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

The principal activity of the Company is the holding of property for development and resale. The director does not envisage any changes to the Company's principal activities in the foreseeable future.

Review of business

Portoscala in Triq il Bahhara

Portoscala consists of twenty-eight (28) residential units spread across five floors within two blocks, complemented by thirty-four (34) garages at basement levels, five (5) stores, and one (1) commercial unit. This development was fully completed in March 2024. As at 31st December 2024, fourteen (14) apartments and twelve (12) garages were contracted. Furthermore, thirteen (13) apartments and seven (7) garages were under a preliminary agreement.

Solea in Triq il-Hut

This project consists of twenty-five (25) residential units and eighteen (18) lock-up garages. The property was placed on the market upon completion of the finishing works in Q3 of 2024. As at 31st December 2024, twenty (20) apartments and twelve (12) garages were under a preliminary agreement. No contracts of sale were executed during the year.

Results and dividends

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

The Director does not recommend the payment of a final dividend.

DIRECTOR'S REPORT - CONTINUED

Director

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

Adrian Muscat

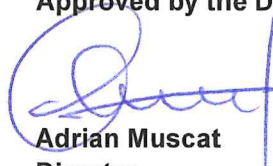
Edward Camilleri Ellul Bonici - resigned 16th May 2024

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

Auditor

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

Approved by the Director on behalf of the Board hereunder:



Adrian Muscat
Director

Hyatt Centric Malta
Triq Santu Wistin
San Giljan
SWQ3312

Date : 29 April 2025

STATEMENT OF THE DIRECTOR'S RESPONSIBILITIES

Statement of the Director's Responsibilities

The director is required by the Maltese Companies Act 1995 to prepare financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial period and of its income statement for that period. In preparing the financial statements, the director is required to:-

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

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

Approved by the Director on behalf of the Board hereunder:



Adrian Muscat
Director

Date : 29 April 2025

Independent auditor's report

To the Shareholders of Muscat Holdings (II) Limited.

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

Opinion

I have audited the financial statements of Muscat Holdings (II) Limited (the Company), set out on pages 7 to 29 which comprise the statement of financial position as at 31st December 2024 and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of material accounting policies.

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

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Independent auditor's report

To the Shareholders of Muscat Holdings (II) Limited.

Responsibilities of the Director

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Independent auditor's report

To the Shareholders of Muscat Holdings (II) Limited.

Report on Other Legal and Regulatory Requirements

I also read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. My responsibilities do not extend to any other information.

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

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

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



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

TACS Malta Limited

Certified Public Accountant & Registered Auditor

1, Tal-Providenza Mansions
Main Street,
Balzan
Malta
Date: 29 April 2025

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

	Notes	2024 €	2023 €
Revenue	3	5,193,500	20,000
Cost of sales		<u>(3,019,698)</u>	<u>(18,016)</u>
Gross profit		2,173,802	1,984
Administrative expenses		<u>(221,025)</u>	<u>(3,025)</u>
Operating profit / (loss)	4	1,952,777	(1,041)
Finance costs	6	(43,844)	-
Finance income	7	1	9
Share of loss of associates	9	<u>(76,900)</u>	<u>(33,119)</u>
Profit / (loss) before taxation		1,832,034	(34,151)
Tax expense	8	<u>(406,018)</u>	<u>(1,601)</u>
Profit / (loss) for the year		<u>1,426,016</u>	<u>(35,752)</u>
 Total Comprehensive income / (loss)		 <u>1,426,016</u>	 <u>(35,752)</u>
 Earnings per share		 <u>14.26</u>	 <u>0.00</u>

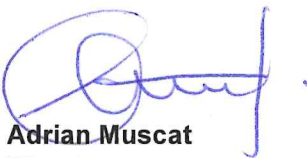
The notes on pages 11 to 27 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION - 31st DECEMBER 2024

	Notes	2024 €	2023 €
ASSETS			
Non-current assets			
Investment in associates	9	42,480	1,623,278
Other receivables	10	2,578,898	-
Total Non-current assets		<u>2,621,378</u>	<u>1,623,278</u>
Current assets			
Inventory - Development project	11	7,757,877	7,720,054
Trade and other receivables	12	32,005	15,480
Cash and cash equivalents	13	393,644	27,857
Total Current assets		<u>8,183,526</u>	<u>7,763,391</u>
Total Assets		<u>10,804,904</u>	<u>9,386,669</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	100,000	100,000
Retained earnings		3,222,217	1,796,201
Total equity		<u>3,322,217</u>	<u>1,896,201</u>
Non-current liabilities			
Bank loans	16	-	2,045,934
Total non-current liabilities		<u>-</u>	<u>2,045,934</u>
Current liabilities			
Bank loans	16	2,897,495	2,702,217
Trade and other payables	17	1,033,849	591,607
Other financial liabilities	17	3,551,343	2,150,710
Total current liabilities		<u>7,482,687</u>	<u>5,444,534</u>
Total liabilities		<u>7,482,687</u>	<u>7,490,468</u>
Total equity and liabilities		<u>10,804,904</u>	<u>9,386,669</u>

The notes on pages 11 to 27 are an integral part of these financial statements.

The financial statements on pages 7 to 27 were approved by the board of directors and were signed on its behalf by:


Adrian Muscat
Director

Date : 29 April 2025

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31st DECEMBER 2024

	Share Capital €	Retained Earnings €	Total €
Balance at 1st January 2023	100,000	1,831,953	1,931,953
Comprehensive loss			
Loss for the year	-	(35,752)	(35,752)
Balance at 31st December 2023	<u>100,000</u>	<u>1,796,201</u>	<u>1,896,201</u>
Balance at 1st January 2024	100,000	1,796,201	1,896,201
Comprehensive profit			
Profit for the year	-	1,426,016	1,426,016
Balance at 31st December 2024	<u>100,000</u>	<u>3,222,217</u>	<u>3,322,217</u>

The notes on pages 11 to 27 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st DECEMBER 2024

	2024	2023
	€	€
Cash flows from operating activities		
Net profit / (loss) before taxation	1,832,034	(34,151)
Adjustments for:		
Finance income	(1)	(9)
Finance cost	43,844	-
Share of loss of associated undertaking	76,900	33,119
Operating profit / (loss) before working capital changes	1,952,777	(1,041)
Trade and other receivables	(16,525)	887,417
Inventory	(37,823)	(2,670,018)
Trade and other payables	442,242	373,171
Cash generated from / (used in) operations	2,340,671	(1,410,471)
Finance cost	(43,844)	-
Income tax paid	(406,018)	(1,601)
<i>Net cash from / (used in) operating activities</i>	1,890,809	(1,412,072)
Cash flows from / (used in) investing activities		
Investments in associates	1,503,898	(1,656,397)
Finance income	1	9
<i>Net cash from / (used in) investing activities</i>	1,503,899	(1,656,388)
Cash flows from financing activities		
Director's loans	(348,850)	333,415
Movement in related parties	1,749,483	1,021,860
Bank loans (net)	(1,850,656)	1,484,374
Other loans	(2,578,898)	-
<i>Net cash (used in) / from financing activities</i>	(3,028,921)	2,839,649
Movement in cash and cash equivalents	365,787	(228,811)
Cash and cash equivalents at beginning of the year	27,857	256,668
Cash and cash equivalents at end of the year (note 13)	393,644	27,857

The notes on pages 11 to 27 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

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

1.1 Basis of preparation

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

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

Critical accounting estimates and judgements

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

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

Standards, interpretations and amendments to published standards effective in 2024

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

1.2 Share Capital

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

1.3 Offsetting financial instruments

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

1.4 Revenue and cost recognition

Sales of property are recognised when the significant risks and rewards of ownership of the property being sold effectively transferred to the buyer. This is generally considered to occur at the later of the contract of sale and the date when all the Company's obligations relating to the property are completed and the possession of the property can be transferred in the manner stipulated by the contract of sale. Amounts received in respect of sales that have not yet been recognised in the financial statements, due to the fact that the significant risks and rewards of ownership still rest with the Company, are treated as payments received on account and presented within trade and other payable.

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

Interest

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

1.5 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

1.6 Bank borrowings

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

1.7 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.8 Other financial liabilities

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

1.9 Financial instruments

i. Recognition and initial measurement

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

ii. Classification and subsequent measurement

Financial assets - Classification, subsequent measurement and gains and losses

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

1.9 Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial liabilities - Classification, subsequent measurement and gains and losses

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

iii. Derecognition

Financial assets

The Company derecognises a financial asset when:

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

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

Financial liabilities

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

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

iv. Offsetting

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

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

1.9 Financial instruments (continued)

v. Impairment

Simplified approach model

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

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2024 or 1 January 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the customers to settle the receivable. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

1.10 Inventory - Development project

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

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

- (i) The cost incurred on development works, including demolition, site clearance, excavation, construction, etc., together with the costs of ancillary activities such as site security.
- (ii) The cost of various design and other studies conducted in connection with the project, together with all other expenses incurred in connection therewith.
- (iii) Any borrowing costs, including imputed interest, attributable to the development phases of the project.

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

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

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

1.11 Trade and other receivables

Trade receivables are amounts due from customers for units sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the nominal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within selling and other direct expenses.

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

1.12 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

1 Summary of material accounting policies

1.13 Taxation

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

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

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

1.13 Investment in associates - interest in equity-accounted investees

The Company's interest in equity-accounted investees comprises of interests in associates.

Associates are those entities in which the Company has significant influence but not control or joint control, over the financial and operating policies.

Interest in associates is accounted for using the equity method. They are initially recognised as cost, which includes transaction costs. Subsequent to initial recognition, the financial statements including the Company's share of the profit and loss and OCI of equity-accounted investees, up to the date on which significant control ceases.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence on impairment.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

2 Financial risk management

Risks relating to the Company

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

2.1 Economic and Financial risks of the Company

ii. Risks relating to the financing of the Company's projects

The Company's development projects have been part-financed through bank financing with local banks. Future developments will continue to seek financing, with equity maintained at prudent levels. A significant portion of cash flow is used to repay debt obligations. Any increase in debt could affect profitability. Bank debt agreements impose financial covenants that may limit future financing, capital expenditure, or ability to withstand economic downturns. Changes in banks' risk appetite could affect loan terms, hindering the Company's ability to secure necessary financing.

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

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

2.2 Operational risks of the Company

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

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

ii. Risks relating to the Company's insurance policies

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

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

2 Financial risk management - continued

2.3 Risks specific to the property sector

i. Property Development and Construction Risks

The Group is exposed to potential delays, cost overruns, and resource constraints, including risks related to obtaining necessary permits and government-imposed restrictions. These factors may adversely impact project timelines and financial performance.

ii. Risks Relating to Property Sales

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

iii. Third-Party Engagement Risks

The Group relies on third-party contractors for construction and development activities. Any failure of these parties to meet their obligations could result in delays or increased costs, negatively impacting the completion of key projects and the Group's financial performance.

iv. Property Valuation Risks

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

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

2 Financial risk management - continued

2.4 Other Company Risks

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

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

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

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

iii. Risks relating to Information Technology

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

2 Financial risk management - continued

2.6 Financial risk factors

(ii) Capital risk management

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

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

(iii) Credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

3 Revenue

Revenue represents the property held for development & resale, and is made up as follows:

	2024	2023
	€	€
Sale of property held for Development and resale	5,193,500	20,000
	<u>5,193,500</u>	<u>20,000</u>

4 Operating profit / (loss)

The profit / (loss) for the year is stated after charging :

	2024	2023
	€	€
Audit fees	2,200	2,200

5 Employees

The company did not employ any employees.

6 Finance costs

	2024	2023
	€	€
<i>Finance costs allocated to cost of sales (Inventories - Property development)</i>		
Capitalised interest at 1st January	370,745	121,441
Capitalised interest during year	254,092	252,304
Capitalised interest at 31st December	(624,837)	(370,745)
	<u>-</u>	<u>3,000</u>
<i>Finance costs allocated to profit and loss</i>		
Interest from related parties	43,844	-
	<u>43,844</u>	<u>3,000</u>

7 Finance income

	2024	2023
	€	€
Interest from Maltese banks	1	9
	<u>1</u>	<u>9</u>

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

8 Tax expense

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

	2024	2023
	€	€
Current income tax		
Income tax on taxable income at 15%	-	1
Income tax subject to 8% final tax on sales of immovable property	406,018	1,600
Tax charge	<u>406,018</u>	<u>1,601</u>

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

	2024	2023
	€	€
Net profit / (loss) for the year	<u>1,832,034</u>	<u>(34,151)</u>
Income tax thereon at 35% (statutory local income tax rate)	641,212	(11,953)
Tax effect of:		
Difference resulting from different tax rates on bank interest received	-	(2)
Expenses disallowed for tax purposes	51,309	1,058
Diminution of investments	26,915	11,592
Difference arising on income subject to 5% & 8% withholding tax on sales	<u>(313,418)</u>	<u>906</u>
	<u>406,018</u>	<u>1,601</u>

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

9 Investment in associated undertakings / joint ventures

Investments in associates / joint ventures represented the 50% and 49.99% shareholding in ACMUS Property Development Limited (previously know as ACMUS Group Limited) respectively.

On 16th February 2023, the Company acquired 49.99% of the shares in ACMUS Property Development Limited. On 8th November 2024, the Company acquired 0.01% of the shares in ACMUS Property Development Limited and was classified as a joint venture. The main trading activity of ACMUS Property Development Limited will be the sale of property held for development and resale. The registered address of ACMUS Property Development Limited is Hyatt Centric Malta, Triq Santu Wistin, San Giljan, SWQ3312, Malta. It had no revenue during the year.

The Company's share of the results of the interest in associate and its share of the assets and liabilities is laid out below:

	2024	2023
Percentage ownership interest	50.00%	49.99%
	€	€
Non-current assets	42,306	49,897
Current assets	14,760,973	10,484,807
Non-current liabilities	14,403,609	7,160,100
Current liabilities	314,723	128,060
Total equity (100%)	84,947	3,246,544
Company's share total equity (50% & 49.99% respectively)	42,480	1,623,278
Carrying amount of interest in associate / joint venture	42,480	1,623,278
Percentage ownership interest	50.00%	49.99%
		€
Total loss (100%)	(153,801)	(66,252)
Company's share of comprehensive loss (50% and 49.99% respectively)	(76,901)	(33,119)
Investment in associate		2023
Investment at 16th February 2023		2,500
* Additions during the year		1,653,897
Movements accounted for through profit or loss (as above)		(33,119)
Closing as at 31st December 2023		1,623,278
Investment in associate / joint venture		2024
Opening at 1st January 2024		1,623,278
Investment at 8th November 2024		150,000
Additions during the year		925,001
Transferred to loans & other receivables (note 10)		(2,578,898)
Movements accounted for through profit or loss (as above)		(76,901)
Closing as at 31st December 2024		42,480

* These amounts related to advances to related parties which were payable at the discretion of the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

10 Other receivables

	2024	2023
	€	€
Loans due from related parties	2,578,898	-
	<u>2,578,898</u>	<u>-</u>

These amounts related to advances to related party which are payable at the discretion of the Company.

11 Inventory - Development project

	2024	2023
	€	€
Property cost of land and development costs	7,757,877	7,720,054
	<u>7,757,877</u>	<u>7,720,054</u>

12 Trade and other receivables

	2024	2023
	€	€
Other receivables	13,650	3,917
Amount due from related parties	4,950	-
Prepayments	1,842	-
Bank Guarantees	11,563	11,563
	<u>32,005</u>	<u>15,480</u>

13 Cash and cash equivalents

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

	2024	2023
	€	€
Cash in hand	3,176	4,947
Cash at bank	390,468	22,910
	<u>393,644</u>	<u>27,857</u>

14 Share capital

	2024	2023
	€	€
Authorised		
100,000 Ordinary shares of €1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Issued and fully paid up		
100,000 Ordinary shares of €1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

15 Earnings per share

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

	2024	2023
	€	€
Profit / (loss) for the year	1,426,016	(35,752)
Weighted average share in issue	100,000	100,000
Earnings per share	14.26	0.00

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

16 Borrowings

	2024	2023
	€	€
Short term - falling due within one year		
Bank loans	2,897,495	2,702,217
Total short term borrowings	2,897,495	2,702,217
	2024	2023
	€	€
Long term - falling due after one year		
Bank loans	-	2,045,934
Total long term borrowings	-	2,045,934
Maturity of long term borrowings		
Due between 1 and 2 years	-	1,763,777
Due between 2 and 5 years	-	282,157
	-	2,045,934

As at 31st December 2024, the Company had a bank loan facility amounting to €2,897,495 (2023 - €4,748,151) which were split into 2 loans, one loan to end-finance the acquisition of Marsascala Tal-Hut project and one loan to finance the development of Marsascala Tal-Hut project. The interest rate was at 3.75% per annum. Repayments shall be made from proceeds derived from the sale of property as laid out in the repayment terms. The loans were guaranteed by Muscat Holdings II Limited and its shareholder, which have bound themselves jointly and severally liable to the repayment of the loan and the interest thereon, pursuant and subject to the terms and conditions in the sanction letter.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

17 Trade and other payables

	2024	2023
	€	€
Trade and other payables		
Trade creditors and accruals	480,019	591,607
Advanced deposits	553,830	-
	<u>1,033,849</u>	<u>591,607</u>
Other financial liabilities		
Amount due to director	-	348,850
Amounts due to group companies	3,551,343	1,801,860
	<u>3,551,343</u>	<u>2,150,710</u>
Total trade and other payables	<u>4,585,192</u>	<u>2,742,317</u>

18 Transactions with related parties

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

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

	2024	2023
	€	€
Other receivables		
Loans due from related parties	<u>2,578,898</u>	<u>-</u>
Trade and other receivables		
Amount due from related parties	<u>4,950</u>	<u>-</u>
Other financial liabilities		
Amount due to director	-	348,850
Amounts due to group companies	3,551,343	1,801,860
	<u>3,551,343</u>	<u>2,150,710</u>

19 Contingent liabilities

The Company has provided a joint and several guarantee to the Security Trustee of the Parent Company and acts as a joint and several guarantor for other companies within the Group.