

DINO FINO OPERATIONS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2022

Company Registration Number: C 81069

DINO FINO OPERATIONS LIMITED

Annual report and financial statements

Table of Contents

I.	Director's Report	1
II.	Independent Auditors' Report	4
III.	Statement of Financial Position	7
IV.	Statement of Comprehensive Income	8
V.	Statement of Changes in Equity	8
VI.	Statement of Cash Flows	9
VII.	Notes to the Financial Statements	10

DINO FINO OPERATIONS LIMITED

Director's Report

For the year ended 31 December 2022

The director presents his report of Dino Fino Operations Limited,(the 'Company'), a registered limited liability company under the Companies Act, (Cap.386) with registration numer C 81069.

Principal activity

The Company is engaged in retail operations of home and office furniture and furnishings to domestic and commercial clients. The Company operates from a four-storey showroom in Birkirkara which it currently leases out from a related party, Dino Fino Finance P.L.C.

Performance review

During the year under review the Company's objective remained focused on trading in retail operations of home and office furniture. The Company generated revenue amounting to €3,802,604 (2021: €4,954,104) and generated a loss after tax of €1,204,482 (2021: profit after tax of €587,819).

Position review

The loss mainly resulted from unanticipated price increases from suppliers and transportation costs due to international inflation and supply chain disruptions. Management has taken measures to deal with these matters and are confident that this will result in an improved performance during 2023. During the year under review, the Company also embarked on a number projects including the set-up of a new floor dedicated to contract furniture, the introduction of new brands aimed at reaching new segments of the market and an investment in a centralised logistics centre. These projects have now been completed and it is expected that the Company will reap the benefits therefrom during 2023.

The Company's asset base as at 31 December 2022 amounted to €9,101,372 (2021: €9,946,270), consisting principally of property plant and equipment, inventory and trade and other receivables. The Company's total liabilities amounted to €10,366,047 (2021: €10,006,463).

As at 31 December 2022, the Company is reporting a negative equity of €1,264,675 (2021: €60,193).

Future developments

The director expects the present level of activity to improve in the foreseeable future, in line with the Company's projections prepared for 2023 which show a more positive outlook. During 2023, focus shall be placed on consolidating and growing the investments made during 2022.

Reserves

The results for the year are set in the Statement of Comprehensive Income on page 8.

Financial risk management

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. These are further analysed in note 23 to these financial statements.

Events during the reporting period

The conflict in Ukraine has resulted in an increase in costs and significant supply chain disruptions.

DINO FINO OPERATIONS LIMITED

Director's Report

For the year ended 31 December 2022

Director

The director of the Company during the year was:

Mr. Dino Fino

The director has served on the Board throughout the year and shall continue in office in accordance with the Company's Memorandum and Articles of Association.

Statement of director's responsibilities

The Companies Act (Cap. 386) enacted in Malta, requires the director to prepare financial statements for each financial period which give a true and fair view of the financial position of the Company as at the end of the financial period and of the profit or loss for that year. In preparing these, the director is required to:

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

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 the director to ensure that the financial statements comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the director determines what is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

At the date of making this report, the director confirms the following:

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

Going concern

The director confirms that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the director continues to adopt the going concern basis in preparing the financial statements.

DINO FINO OPERATIONS LIMITED

Director's Report

For the year ended 31 December 2022

Appointment and removal of director

The director shall hold office for a period of one year and is eligible for re-election. An election of the director shall take place every year at the Annual General Meeting of the Company.

Auditor

The auditor, Grant Thornton Malta has expressed their willingness to continue in office and a resolution proposing their re-appointment will be put before the members at the annual general meeting.

The director confirms that to the best of his knowledge:

- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the annual report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company face.

Approved by the sole director and signed by him.



Mr. Dino Fino
Director

28 April 2023

Independent auditor's report

To the shareholder of Dino Fino Operations Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Dino Fino Operations Limited set out on pages 7 to 31 which comprise the statement of financial position as at 31 December 2022, and the income statement, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Basis for opinion

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

Other information

The director is responsible for the other information. The other information comprises the director's report shown on pages 1 to 3 which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

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

With respect to the director's report, we also considered whether the director's report includes the disclosures required by Article 177 of the Act.

Based on the work we have performed, in our opinion:

- 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 the Act.

In addition, in light of the knowledge and understanding of 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 and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

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

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

The director is responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

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

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

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



Mark Bugeja (Partner) for and on behalf of

GRANT THORNTON Certified Public Accountants

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

28 April 2023

DINO FINO OPERATIONS LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		2022	As restated 2021	As restated 2020
	Notes	Euro	Euro	Euro
ASSETS				
Non-current assets				
Property, plant and equipment	9	539,743	397,196	470,005
Right-of-use asset	8.1	3,160,955	3,426,210	1,594,925
Deferred tax asset	10	791,336	239,058	239,059
		<u>4,492,034</u>	<u>4,062,464</u>	<u>2,303,989</u>
Current assets				
Inventories	11	579,051	250,472	340,863
Trade and other receivables	12	3,547,463	3,982,386	1,720,754
Cash and cash equivalents	13	482,824	1,650,948	546,222
		<u>4,609,338</u>	<u>5,883,806</u>	<u>2,607,839</u>
Total assets		<u>9,101,372</u>	<u>9,946,270</u>	<u>4,911,828</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	16	100,100	100,100	100,000
Accumulated losses		(1,364,775)	(160,293)	(748,112)
		<u>(1,264,675)</u>	<u>(60,193)</u>	<u>(648,112)</u>
Liabilities				
Non-current liabilities				
Shareholder's loan		-	319,395	376,564
Borrowings	14	328,606	435,750	951,196
Amounts due to related party		1,599,435	1,269,000	-
Lease liabilities	8.2	2,906,595	3,102,309	1,898,599
		<u>4,834,636</u>	<u>5,126,454</u>	<u>3,226,359</u>
Current liabilities				
Trade and other payables	15	4,952,034	4,303,258	1,990,889
Borrowings	14	107,181	104,501	148,804
Income tax liability		112,196	112,250	44,318
Lease liabilities	8.2	360,000	360,000	149,570
		<u>5,531,411</u>	<u>4,880,009</u>	<u>2,333,581</u>
Total liabilities		<u>10,366,047</u>	<u>10,006,463</u>	<u>5,559,940</u>
Total equity and liabilities		<u>9,101,372</u>	<u>9,946,270</u>	<u>4,911,828</u>

The accounting policies and explanatory notes on pages 10 to 30 form an integral part of these financial statements.

The financial statements on pages 7 to 30 have been authorised for issue by the sole director on 28 April 2023 and were signed by him.

Mr. Dino Fino
Director

DINO FINO OPERATIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

		2022	As restated 2021
	Notes	Euro	Euro
Revenue	17	3,802,604	4,954,104
Cost of sales	18	(3,088,864)	(3,106,567)
Gross profit		713,740	1,847,537
Other income		72,241	584,508
Other direct costs	19	(893,357)	(539,194)
Administrative expenses	20	(1,398,675)	(1,029,008)
Operating (loss)/profit		(1,506,051)	863,843
Net finance costs	21	(250,709)	(191,810)
(Loss)/profit before tax		(1,756,760)	672,033
Taxation	22	552,278	(84,214)
(Loss)/profit after tax		(1,204,482)	587,819

The accounting policies and explanatory notes on pages 10 to 30 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Share capital Euro	Retained earnings Euro	Total Euro
Balance as at 1 January 2020		300	(88,714)	(88,414)
Prior year adjustment	23	-	(634,104)	(634,104)
Issue of shares		99,700	-	99,700
Profit for the year		-	174,706	174,706
Dividends paid		-	(200,000)	(200,000)
Balance as at 1 January 2021		100,000	(748,112)	(648,112)
Issue of shares		100	-	100
Profit for the year		-	587,819	587,819
As at 31 December 2021		100,100	(160,293)	(60,193)
Loss for the year		-	(1,204,482)	(1,204,482)
Balance as at 31 December 2022		100,100	(1,364,775)	(1,264,675)

DINO FINO OPERATIONS LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 Euro	2021 Euro
Cash flows from operating activities			
Operating (loss)/profit for the year		(1,756,760)	672,033
Adjustments for:			
Depreciation of plant and machinery		101,575	101,214
Depreciation of right-of-use asset		265,255	143,099
Provision for bad debts		38,499	-
Interest expense		250,709	191,810
Loss on write-off of fixed assets		-	41,246
Release of asset against liability : Termination of lease		-	(532,033)
Taxation		-	84,214
		-----	-----
Operating (loss)/profit before working capital changes		(1,100,722)	701,583
Movements in working capital			
Movement in inventories		(328,579)	90,391
Movement in trade and other receivables		396,370	(835,302)
Movement in trade and other payables		648,776	915,768
		-----	-----
Operating (loss)/profit after working capital changes		(384,155)	872,440
Less: Interest paid		(86,423)	(191,810)
Less: Tax paid		-	(16,283)
		-----	-----
Net cash (used in)/generated from operating activities		(470,578)	664,347
Cash flows from investing activities			
Acquisition of property, plant and equipment		(244,122)	(27,986)
		-----	-----
Net cash used in investing activities		(244,122)	(27,986)
Cash flows from financing activities			
Repayments of shareholder's loan		-	(57,169)
Repayments of bank loan		(104,464)	(559,748)
Receipts form related party		11,040	1,269,000
Share capital increase		-	100
Payment of lease obligation		(360,000)	(183,816)
		-----	-----
Net cash (used in)/generated from financing activities		(453,424)	468,367
		-----	-----
Net movement in cash and cash equivalents		(1,168,124)	1,104,728
Cash and cash equivalents at the beginning of the year		1,650,948	546,220
		-----	-----
Cash and cash equivalents at end of year	13	482,824	1,650,948
		=====	=====

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

1. Nature of operations

Dino Fino Operations Limited (the "Company") is engaged in retail operations of home and office and furnishings to domestic and commercial clients. The Company operates from a four storey showroom in Birkirkara which is currently leased out from its parent company, Dino Fino Finance P.L.C. The business is currently operating from four floors following the newly refurbished fourth floor which is focusing on contract sales.

2. General information and statement of compliance with International Financial Reporting Standards (IFRS)

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU), and in accordance with the Companies Act, Cap 386.

The financial statements are presented in euro (€), which is also the Company's functional currency. The amounts presented in the financial statements have been rounded to the nearest euro.

3. Going Concern

After making enquires and taking into consideration future plans, the director has a reasonable expectation that the Company has adequate resources to continue in operating existence for the foreseeable future. For this reason, the director continues to adopt the going concern basis in preparing financial statements.

4. Consideration of the effects of war in Ukraine

The conflict in Ukraine has resulted in an increase in costs and significant supply chain disruptions.

5. New standards adopted as at 1 January 2022

Some accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted do not have a significant impact on the company's financial results or position. Accordingly, the Company has made no changes to its accounting policies in 2022.

Other standards and amendments that are effective for the first time in 2022 and could be applicable to the Company are:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- COVID-19 – Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)
- Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements (2018-2020 Cycle):
 - Subsidiary as a First-time Adopter (Amendments to IFRS 1)
 - Fees in the '10 per cent' Test for Derecognition of Liabilities (Amendments to IFRS 9)
 - Lease Incentives (Amendments to IFRS 16)
 - Taxation in Fair Value Measurements (Amendments to IAS 41).

These amendments do not have a significant impact on these financial statements and therefore no additional disclosures have been made.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

6. 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, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the International Accounting Standards Board (IASB). None of these standards or amendments to existing standards have been adopted early by the Company.

Other standards and amendments that are not yet effective and have not been adopted early by the company include:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities from a Single Transaction
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the

7. Significant accounting policies

7.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases specified by IFRS for each type of asset, liability, income and expense. These are more fully described in the accounting policies summarised below.

The financial statements are presented in accordance with IAS 1 'Presentation of financial statements' (Revised 2007). The Company did not have any items classified as other comprehensive income.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous period.

7.2 Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied, excluding VAT and trade discounts.

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

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as performance obligation(s) are satisfied.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

7.2 Revenue recognition

The Company often enters into transactions involving a range of products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties, VAT and trade discounts.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

7.3 Expense recognition

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

7.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported within finance costs.

7.5 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year end and are measured at historical cost (translated using the exchange rates at the transaction date).

7.6 Property, plant and equipment

The Company's property, plant and equipment are classified into the following classes; furniture and fittings, other equipment, computer software, office equipment, electronic and computer software, airconditioner, improvement to premises, motor vehicle, electrical and plumbing installation.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in the statement of comprehensive income in the year of derecognition.

Depreciation is provided at rates intended to write down the cost of the assets or revalued amounts over their expected useful lives. The annual rates used are as follows:

Furniture and fittings	10%
Other equipment	20%
Computer software	25%
Office equipment	25%
Electronic and computer equipment	25%
Airconditioner	17%
Improvement to premises	10%
Motor Vehicle	20%
Electrical and plumbing Installation	15%

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

7.7 Impairment of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and its value in use. To determine the value in use, the Company's management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the Company's management.

Impairment losses are recognised immediately in the income statement. Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. All assets are subsequently re-assessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

7.8 Leases

The Company as a lessee

For any new contracts entered into, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the commencement date (net of any incentives received).

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

7.8 Leases

Measurement and recognition of leases as a lessee

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

On the statement of financial position, the Company has opted to disclose the right-of-use assets and lease liabilities as separate financial statement line items.

Operating leases as a lessee

All leases are treated as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term, where the lessee does not bear substantially all of the risks and rewards of ownership associated with the asset. Associated costs, such as maintenance and insurance, are expensed as incurred.

7.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, less the costs of completion and selling expenses. Any write-down to net realisable value should be recognised as an expense in the period in which the write-down occurs. Any reversal should be recognised in the income statement in the period in which the reversal occurs

7.10 Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

7.10 Financial Instruments

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The Company does not have any financial assets categorised as FVTPL and FVOCI in the year presented.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Impairment of financial assets

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

7.10 Financial Instruments

Impairment of financial assets

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

The Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis as they possess share credit risk characteristics.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables and debt securities in issue.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within net finance costs.

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.

7.11 Income taxes

Tax expense recognised in the income statement comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from the income statement in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

7.11 Income taxes

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

In addition, tax losses available to be carried forward are assessed for recognition of deferred tax assets.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the income statement, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

7.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits repayable on demand less bank balances overdrawn. Bank balances overdrawn that are repayable on demand and form part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

7.13 Equity and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

Accumulated (losses) retained earnings include current and prior period results.

7.14 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

7.14 Provisions and contingent liabilities

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

7.15 Significant management judgements in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable and reliable in the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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 (revised 2007).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of property, plant and equipment.

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty related to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain plant and equipment.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

7.15 Significant management judgements in applying accounting policies and estimation uncertainty

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the company's stand-alone credit rating).

8. Leases

8.1 Right-of-use asset

The Company has elected to present right-of-use assets and liabilities as separate items in the statement of financial position.

	Euro
Cost	
As at 1 January 2022	3,448,314
Additions	-
As at 31 December 2022	<u>3,448,314</u>
Accumulated depreciation	
As at 1 January 2022	22,104
Charge for the year	265,255
As at 31 December 2022	<u>287,359</u>
Net book value	
As at 31 December 2022	<u>3,160,955</u>
As at 31 December 2021	<u>3,426,210</u>

8.2 Lease liabilities

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2022. The incremental borrowing rate reflects the rate of interest, that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease liabilities are presented in the statement of financial position of the Company as follows:

	2022	2021
	Euro	Euro
Current		
Lease liabilities	<u>360,000</u>	<u>360,000</u>
Non-current		
Lease liabilities	<u>2,906,595</u>	<u>3,102,309</u>

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

8. Leases

8.3 Future minimum lease payments as 31 December were as follows

	Not later than one year Euro	Later than one year but not later than five years Euro	Later than five years Euro	Total Euro
31 December 2022				
Lease payments	360,000	1,440,000	2,520,000	4,320,000
Finance charges	(154,539)	(510,610)	(388,256)	(1,053,405)
Net present values	205,461	929,390	2,131,744	3,266,595

	Not later than one year Euro	Later than one year but not later than five years Euro	Later than five years Euro	Total Euro
31 December 2021				
Lease payments	360,000	1,800,000	2,510,679	4,670,679
Finance charges	(164,286)	(665,149)	(378,935)	(1,208,370)
Net present values	195,714	1,134,851	2,131,744	3,462,309

8.4 Depreciation on right-of-use-assets

	2022 Euro	2021 Euro
Depreciation	265,255 =====	143,099 =====

8.5 Interest expense

	2022 Euro	2021 Euro
Interest expense on lease liabilities (included as net finance costs - note 20)	164,286 =====	121,360 =====

At 31 December 2022, the Company did not have short-term leases or leases of low value assets.

The total cash outflow in respect of leases during the year 2022 amounted to €360,000 (2021:€183,816)

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

9. Property, plant and equipment

	Furniture & fittings	Other Equipment	Computer Software	Office Equipment	Electornic & computer software	Airconditioner	Improvements to premises	Motor vehicle	Electical & plumbing	Total
At 1 January 2022										
Revalued/Cost amount	291,094	36,889	22,835	19,161	74,028	41,951	40,421	6,500	168,554	701,433
Accumulated Depreciation	(86,994)	(9,137)	(18,273)	(7,760)	(57,961)	(41,526)	(9,186)	(5,200)	(68,200)	(304,237)
Net Book Amount	204,100	27,752	4,562	11,401	16,067	425	31,235	1,300	100,354	397,196
Year Ended 31 December 2022										
Opening Net Book Amount	204,100	27,752	4,562	11,401	16,067	425	31,235	1,300	100,354	397,196
Additions	45,890	14,723	1,710	224	21,761	31,619	67,038	-	61,157	244,122
Depreciation charge	(31,826)	(4,076)	(2,709)	(4,846)	(13,135)	(10,488)	(4,141)	(1,300)	(29,054)	(101,575)
Closing Net Book Amount	218,164	38,399	3,563	6,779	24,693	21,556	94,132	-	132,457	539,743

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

10. Deferred tax asset

The movement in the deferred tax asset is as follows

	2022	2021
	Euro	Euro
At the beginning of the year	239,058	239,059
Credited/(Charged) to Statement of Comprehensive income	552,278	(1)
	-----	-----
At the end of the year	791,336	239,058
	=====	=====
<i>Temporary differences arising on:</i>		
Property, plant and equipment	(16,978)	-
Unabsorbed tax losses	544,917	-
Leases	24,339	-
	-----	-----
	552,278	-
	=====	=====

11. Inventories

	2022	2021
	Euro	Euro
Furniture displayed in showroom and warehouse	579,051	250,472
	=====	=====

12. Trade and other receivables

	2022	2021
	Euro	Euro
Trade receivables	432,518	320,255
Other receivables	109,150	292,889
Amount due from related parties	69,836	55,451
Accrued income	2,625,393	3,287,314
	-----	-----
Financial assets	3,236,897	3,955,909
Prepayments	310,566	26,477
	-----	-----
	3,547,463	3,982,386
	=====	=====

The Company's exposure to credit risk and impairment losses in relation to trade and other receivables is reported in note 24 to the financial statements

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

13. Cash and cash equivalents

	2022	2021
	Euro	Euro
Cash in hand and at bank	482,824	1,650,948
	=====	=====

14. Bank Borrowings

The bank borrowings of the Company are as follows:

	2022	2021
	Euro	Euro
Current	107,181	104,501
Non-Current	328,606	435,750
	-----	-----
	435,787	540,251
	=====	=====

The carrying amount of bank borrowings is considered to be a reasonable approximation of fair value.

Bank loans are secured by a first general hypothec for €600,000 over the present and future assets of the Company and by pledges on cash held in savings account with FCM Bank Limited for €60,000.

14.1 Facilities

	2022	2021
	Euro	Euro
Cash collateral	530	530
Guarantee	6,753	6,753
	-----	-----
	7,283	7,283
	=====	=====

14.2 Security

The Company has a pledge on term deposit held with Bank of Valletta P.L.C., for €6,755 . It also has a pledge on cash held in savings account with FCM Bank Limited for €60,000.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

15. Trade and other payables

	2022	2021
	Euro	Euro
Trade payables	1,281,336	497,598
Related party payables	259,044	239,110
Shareholder's loan (current)	-	39,551
Accruals	1,332,030	1,516,870
	-----	-----
Financial liabilities	2,872,410	2,293,129
Prepaid income (deposit on order)	1,212,197	1,377,911
Indirect taxes and social security	867,427	632,218
	-----	-----
	4,952,034	4,303,258
	=====	=====

16. Share capital

	2022	2021
	Euro	Euro
<i>Authorised:</i>		
650,000 ordinary shares of Euro 1 each	650,000	650,000
	=====	=====
<i>Issued:</i>		
100,100 ordinary shares of Euro 1 each - 100% paid up	100,100	100,100
	=====	=====

17. Revenue

Revenue represents the amounts receivable for sale of goods and services rendered, net of any indirect taxes, as follows:

	2022	2021
	Euro	Euro
Retail sales	3,802,604	4,954,104
	=====	=====

18. Cost of Sales

	2022	2021
	Euro	Euro
Opening stock	250,473	340,863
Retail purchases	3,168,387	2,770,943
Contract purchases	249,055	245,234
Freight	(579,051)	(250,473)
	-----	-----
Less: Closing stock	3,088,864	3,106,567
	=====	=====

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

19. Direct Costs

	Note	2022 Euro	2021 Euro
Subcontracting fees (including installation costs)		126,343	47,085
Direct wages (including NI Contributions & Maternity fund)	20.2	481,658	457,264
Consumables and surveying costs		37,677	34,845
Warehousing fees		119,449	-
Commissions		37,184	-
Local transport and lifter		91,046	-
		-----	-----
		893,357	539,194
		=====	=====

20. Staff costs

20.1 Director's remuneration

	2022 Euro	2021 Euro
Director's remuneration	63,552	65,653
	=====	=====

20.2 Staff Salaries and wages

	2022 Euro	2021 Euro
Salaries	347,160	240,588
Maternity fund	1,632	1,495
	-----	-----
	348,792	242,083
	=====	=====

	2022 Euro	2021 Euro
The average number of persons employed during the year:		
Direct Nature: Sales, Operations and Installations	18	19
Administrative Nature: Administration including director	12	12
	-----	-----
	30	31
	=====	=====

21. Net finance costs

	2022 Euro	2021 Euro
Interest right-of-use	164,286	121,360
Interest paid to third party	20,086	5,552
Interest paid for related party loan	66,337	64,898
	-----	-----
	250,709	191,810
	=====	=====

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

22. Taxation

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

	2022	2021
	Euro	Euro
Director's remuneration	63,552	65,653
Auditor's remuneration	10,000	9,500
Depreciation expense	101,575	100,795
Depreciation expense: right-of-use asset	265,255	143,099
	-----	-----
	440,382	319,047
	=====	=====

	2022	As restated 2021
	Euro	Euro
Deferred tax asset/(liability) (note 10)	552,278	-
	-----	-----
Deferred tax to Statement of Comprehensive income	552,278	-
Tax charge for the year	-	84,214
	-----	-----
	552,278	84,214
	=====	=====

	2022	2021
	Euro	Euro
(Loss)/profit before tax	(1,756,760)	672,033
	-----	-----
Tax at the domestic rate at 35%	(614,866)	235,212
	-----	-----
Tax effect of:		
Expenses disallowed for tax purposes	56,687	127,985
Income subject to exemption	(17,140)	(250,716)
Absorbed trading losses	544,917	-
Capital allowances	30,402	(28,267)
	-----	-----
Total tax charge	-	84,214
	=====	=====

23. Prior year adjustment

During the year under review, it was determined that an error had been made in the financial statements for the prior year ended 31 December 2019. The error related to a misallocation that resulted in the understatement of prepaid income (deposit on order) within trade and other payables and the overstatement of accrued income within revenue. This misallocation consequently impacted the revenue figures and deferred tax calculation for the year. As a result, the financial statements for the prior year have been restated to correct this error as follows;

- Increase in Prepaid Income (Deposit on Order) by €559,227
- Decrease in Retained Earnings by €363,498
- Increase in Deferred Tax Asset by €195,729

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

24. Financial instrument risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in note 24.4. The main types of risks are credit risk, liquidity risk and interest rate risk.

The Company's risk management is coordinated by the director and focuses on actively securing the company's short to medium term cash flows by minimising the exposure to financial risk.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risk to which the Company is exposed are described below.

24.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

		2022	2021
	Note	Euro	Euro
Classes of financial assets			
Carrying amounts:			
Trade and other receivables	12	3,236,897	3,955,909
Cash and cash equivalents	13	482,824	1,650,948
		-----	-----
		3,719,721	5,606,857
		=====	=====

The Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

24.2 Liquidity risk

Liquidity risk is the risk that the Company might be unable to meet its obligations. The Company manages its liquidity needs through yearly cash flow forecasts by carefully monitoring expected cash inflows and outflows on a monthly basis. The Company's liquidity risk is not deemed to be significant in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, as well as the Company's committed borrowing facilities that it can access to meet liquidity needs.

As at 31 December, the non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

31 December 2022	Current Within 1 year Euro	Non-Current After 1 year Euro
Other related party loan	-	1,269,000
Bank borrowings	107,181	328,606
Trade and other payables	2,293,129	-
	-----	-----
Total	2,400,310	1,597,606
	=====	=====
 31 December 2021	 Current Within 1 year Euro	 Non-Current After 1 year Euro
Other related party loan	-	1,269,000
Bank borrowings	104,501	435,750
Trade and other payables	2,239,129	-
	-----	-----
	<u>2,343,630</u>	<u>1,704,750</u>
	=====	=====

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

24.3 Market risk

Foreign currency risk

The Company transacts business mainly in euro. Exposure to currency exchange rates arise from the Company's sale and purchase of foreign currency to/from clients/suppliers. However, foreign currency, financial assets and liabilities denominated in foreign currency at the end of the financial reporting date under review are deemed negligible.

Accordingly, the Company's exposure to foreign exchange risk is not significant and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates at the reporting date is deemed not necessary.

Interest rate risk

The Company's exposure to interest rate risk is limited to the variable interest rate of bank borrowings. Based on observation of current market conditions, management considers a change of +/- 100 basis points to be reasonably possible. The calculations are based on the Company's financial instruments held at the end of each reporting period. All other variables are held constant. Consequently, the potential impact of such a shift in interest rates with effect from the beginning of the year on the net results for the reporting periods presented is considered immaterial.

24.4 Summary of financial assets and financial liabilities by category

The carrying amounts of the Company's financial assets and financial liabilities as recognised at the reporting date of the reporting year under review may also be categorised as follows.

	2022	2021
	Euro	Euro
Financial assets		
Current		
Financial assets measured at amortised cost:		
- Trade and other receivables	3,236,897	3,955,909
- Cash and cash equivalents	482,824	1,650,948
	-----	-----
	3,719,721	5,606,857
	=====	=====
Financial liabilities		
Financial liabilities measured at amortised cost:		
Non-Current		
- Shareholder's loan	-	319,395
- Related party loan	1,599,435	1,269,000
- Borrowings	328,606	435,750
- Lease liabilities	2,906,595	3,102,309
	-----	-----
	4,834,636	5,126,454
	=====	=====
Current		
- Borrowings	107,181	104,501
- Trade and other payables	2,872,410	2,293,129
- Lease liabilities	360,000	360,000
	-----	-----
	3,339,591	2,757,630
	=====	=====

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2022

25. Reclassifications

Comparative figures have been reclassified to conform with the current year's presentation of financial statements.

26. Related parties

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. Amounts owed by/to related parties are shown separately in notes 12 and 15.

The Company had the following related party transactions:

	2022	2021
	Euro	Euro
<i>Transactions with related parties</i>		
Interest payable recharged from	86,708	39,526
	=====	=====

27. Ultimate controlling party

The Company's parent is Dino Fino Finance P.L.C, having its registered address at Msida Valley Road, Birkirkara BKR9025. The ultimate controlling party is Mr. Dino Fino, who is also considered to be a related party.

28. Events after reporting date

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