

DINO FINO OPERATIONS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2023

Company Registration Number: C 81069

DINO FINO OPERATIONS LIMITED

Annual report and financial statements

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DINO FINO OPERATIONS LIMITED

Director's Report

For the year ended 31 December 2023

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 number 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 leased 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 €3,337,642 (2022: €3,802,604) and generated a loss after tax of €972,710 (2022: (€1,204,482)).

Position review

The loss mainly resulted from the continuing effect of 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 2024. The company also registered lower than expected revenues. This is being attributed to the inflationary climate that has had an impact on consumer spending and in turn on the retail industry. During the year under review, the Company also continued to follow the progress of a number of new projects that had been launched in the previous year that should bear fruit in the current year.

The Company's asset base as at 31 December 2023 amounted to €7,833,837 (2022: €9,101,372), consisting principally of property plant and equipment, inventories and trade and other receivables. The Company's total liabilities amounted to €10,071,222 (2022: €10,366,047).

As at 31 December 2023, the Company is reporting a deficit of €2,237,385 (2022: €1,264,675).

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 2024 which show a more positive outlook. During 2024, focus shall be placed on consolidating and growing the investments made during 2023.

Reserves

The results for the year are set in the statement of comprehensive income on page 5.

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

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

DINO FINO OPERATIONS LIMITED

Director's Report

For the year ended 31 December 2023

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 2023

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.

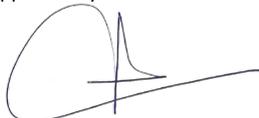
Auditor

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 2023, 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

30 April 2024

DINO FINO OPERATIONS LIMITED

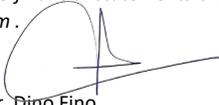
STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		2023	2022
		Euro	Euro
ASSETS	Notes		
Non-current assets			
Property, plant and equipment	9	458,964	539,743
Right-of-use assets	8.1	3,166,251	3,160,955
Deferred tax asset	10	1,039,733	791,336
		<u>4,664,948</u>	<u>4,492,034</u>
Current assets			
Inventories	11	623,081	579,051
Trade and other receivables	12	2,371,365	3,547,463
Cash and cash equivalents	13	174,443	482,824
		<u>3,168,889</u>	<u>4,609,338</u>
Total assets		<u>7,833,837</u>	<u>9,101,372</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	100,100	100,100
Accumulated losses		<u>(2,337,485)</u>	<u>(1,364,775)</u>
		<u>(2,237,385)</u>	<u>(1,264,675)</u>
Liabilities			
Non-current liabilities			
Bank borrowings	14	220,136	328,606
Related party loan		1,592,423	1,599,435
Lease liabilities	8.2	2,867,062	2,906,595
		<u>4,679,621</u>	<u>4,834,636</u>
Current liabilities			
Trade and other payables	15	4,803,345	4,952,034
Bank borrowings	14	109,930	107,181
Income tax liability		-	112,196
Lease liabilities	8.2	478,326	360,000
		<u>5,391,601</u>	<u>5,531,411</u>
Total liabilities		<u>10,071,222</u>	<u>10,366,047</u>
Total equity and liabilities		<u>7,833,837</u>	<u>9,101,372</u>

The accounting policies and explanatory notes on pages 7 to 27 form an integral part of these financial statements.

The financial statements on pages 4 to 27 have been authorised for issue by the sole director on 30 April 2024 and were signed by him.


 Mr. Dino Fino
 Director

DINO FINO OPERATIONS LIMITED**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2023

	Notes	2023 Euro	2022 Euro
Revenue	17	3,337,642	3,802,604
Cost of sales	18	(2,010,341)	(3,088,864)
Gross profit		1,327,301	713,740
Other income		147,920	72,241
Other direct costs	19	(898,328)	(893,357)
Administrative expenses		(1,635,225)	(1,398,675)
Operating loss		(1,058,332)	(1,506,051)
Net finance costs	21	(274,971)	(250,709)
Loss before tax		(1,333,303)	(1,756,760)
Income tax credit	22	360,593	552,278
Loss after tax		(972,710)	(1,204,482)

The accounting policies and explanatory notes on pages 7 to 27 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Note	Share capital Euro	Accumulated losses Euro	Total Euro
Balance as at 1 January 2022		100,100	(160,293)	(60,193)
Loss for the year		-	(1,204,482)	(1,204,482)
As at 31 December 2022		100,100	(1,364,775)	(1,264,675)
Loss for the year		-	(972,710)	(972,710)
Balance as at 31 December 2023		100,100	(2,337,485)	(2,237,385)

DINO FINO OPERATIONS LIMITED**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2023

	Note	2023 Euro	2022 Euro
Cash flows from operating activities			
Operating loss for the year		(1,333,303)	(1,756,760)
Adjustments for:			
Depreciation of property, plant and equipment		144,647	101,575
Depreciation of right-of-use assets		466,028	265,255
Provision for bad debts		15,081	38,499
Interest expense		275,702	250,709
Operating loss before working capital changes		(431,845)	(1,100,722)
Changes in working capital			
Movement in inventories		(44,030)	(328,579)
Movement in trade and other receivables		1,161,017	396,370
Movement in trade and other payables		(247,728)	648,776
Operating profit/(loss) after working capital changes		437,414	(384,155)
Less: Interest paid		(97,166)	(86,423)
Net cash generated from/(used in) operating activities		340,248	(470,578)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(63,868)	(244,122)
Cash used in investing activities		(63,868)	(244,122)
Cash flows from financing activities			
Repayments of bank loan		(105,721)	(104,464)
(Payments to) / receipts from related party		(7,012)	11,040
Payments of lease obligations	8.5	(472,028)	(360,000)
Net cash used in financing activities		(584,761)	(453,424)
Net movement in cash and cash equivalents		(308,381)	(1,168,124)
Cash and cash equivalents at the beginning of the year		482,824	1,650,948
Cash and cash equivalents at end of year	13	174,443	482,824

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

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 during 2022 which is focusing on contract sales.

The principal activity of the Company is to act as a holding company and finance the operations of its subsidiaries.

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

These financial statements of the Company have been prepared in accordance with 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

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to meet its obligations as they become due. The Company is still facing financial challenges that may cast doubt on its ability to continue as a going concern. Management is actively pursuing measures to address these challenges, including cost cutting and refinancing initiatives, intended to improve the Company's financial performance and liquidity position. In this respect, the Company is close to concluding an agreement with a substantial creditor for the deferment of balances due which is intended to reduce short-term cash flow pressures. As at 31 December 2023, it is to be noted that within current liabilities, Deposits on Orders which amount to € 982,604 (2022: € 1,212,197) are not refundable. The ability of the Company to continue as a going concern is dependent on the successful implementation of its plans to address the challenges it faces. The director is closely monitoring the Company's financial position and is committed to taking further actions as necessary to ensure its viability.

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 2023

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

Other standards and amendments that are effective for the first time in 2023 and could be applicable to the Company are:

- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)
- Disclosure of accounting policies (Amendments to IAS 8 and IFRS Practice Statement 2)
- Definition of accounting estimates (Amendments to IAS 8)
- International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)

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

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

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 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:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

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 Company's financial statements.

7. **Material accounting policies**

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements. Management has concluded that the disclosure of the entity's material accounting policies below and in the succeeding pages are appropriate.

7.1 **Overall considerations**

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

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 year.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

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.

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 equipment, airconditioner, improvement to premises, motor vehicle, electrical and plumbing installations.

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.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements
For the year ended 31 December 2023

7.6 Property, plant and equipment (continued)

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%

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 statement of comprehensive income. 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.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

7.8 Leases (continued)

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).

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 statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income 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 2023

7.10 Financial instruments (continued)

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 years 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 the statement of comprehensive income are presented within 'net finance costs', except for impairment of trade receivables which is presented within 'administrative 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 except prepayments, 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 FVTPL.

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 2023

7.10 Financial instruments (continued)

Impairment of financial assets (continued)

'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 except deposit on order and indirect taxes and social security, lease liabilities, bank borrowings, and amounts due to related party.

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

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 the statement of comprehensive income 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 statement of comprehensive income 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 statement of comprehensive income 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 2023

7.11 Income taxes (continued)

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 statement of comprehensive income, 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.

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 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 2023

7.14 Provisions and contingent liabilities (continued)

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 2023

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 assets

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

	2023	2022
	Euro	Euro
Cost		
As at 1 January	3,448,314	3,448,314
Additions	471,324	-
As at 31 December	3,919,638	3,448,314
Accumulated depreciation		
As at 1 January	287,359	22,104
Charge for the year	466,028	265,255
As at 31 December	753,387	287,359
Net book value		
As at 31 December	3,166,251	3,160,955
As at 31 December	3,160,955	3,426,210

8.2 Lease liabilities

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the IBR as at lease commencement date. The IBR 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:

	2023	2022
	Euro	Euro
Current		
Lease liabilities	478,326	360,000
Non-current		
Lease liabilities	2,867,062	2,906,595

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

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 2023				
Lease payments	482,341	1,615,972	2,160,000	4,258,313
Finance charges	(152,501)	(470,190)	(290,234)	(912,925)
Net present values	329,840	1,145,782	1,869,766	3,345,388

	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

8.4 Depreciation on right-of-use-assets

	2023 Euro	2022 Euro
Depreciation	466,028 =====	265,255 =====

8.5 Interest expense

	2023 Euro	2022 Euro
Interest expense on lease liabilities (included as net finance costs - note 21)	178,536 =====	164,286 =====

At 31 December 2023 and 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 2023 amounted to €472,028 (2022: €360,000).

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

9. Property, plant and equipment

	Furniture & fittings	Other equipment	Electronic, computer software & equipment	Airconditioner	Improvements to premises	Motor vehicle	Electrical & plumbing installations	Total
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro
At 1 January 2022								
Revalued/cost amount	291,094	36,889	116,024	41,951	40,421	6,500	168,554	701,433
Accumulated depreciation	(86,994)	(9,137)	(83,994)	(41,526)	(9,186)	(5,200)	(68,200)	(304,237)
Net book amount	204,100	27,752	32,030	425	31,235	1,300	100,354	397,196
At 31 December 2022								
Opening net book amount	204,100	27,752	32,030	425	31,235	1,300	100,354	397,196
Additions	45,890	14,723	23,695	31,619	67,038	-	61,157	244,122
Depreciation charge	(31,826)	(4,076)	(20,690)	(10,488)	(4,141)	(1,300)	(29,054)	(101,575)
Closing net book amount	218,164	38,399	35,035	21,556	94,132	-	132,457	539,743
At 1 January 2023								
Revalued/cost amount	336,984	51,612	139,719	73,570	107,459	6,500	229,711	945,555
Accumulated depreciation	(118,820)	(13,213)	(104,684)	(52,014)	(13,327)	(6,500)	(97,254)	(405,812)
Net book amount	218,164	38,399	35,035	21,556	94,132	-	132,457	539,743
At 31 December 2023								
Opening net book amount	218,164	38,399	35,035	21,556	94,132	-	132,457	539,743
Additions	26,244	14,015	10,225	-	10,005	-	3,379	63,868
Depreciation charge	(36,323)	(29,002)	(19,356)	(13,255)	(11,746)	-	(34,965)	(144,647)
Closing net book amount	208,085	23,412	25,904	8,301	92,391	-	100,871	458,964

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

10. Deferred tax asset

The movement in the deferred tax asset is as follows

	2023	2022
	Euro	Euro
At the beginning of the year	791,336	239,058
Credited to statement of comprehensive income	248,397	552,278
	-----	-----
At the end of the year	1,039,733	791,336
	=====	=====
<i>Temporary differences arising on:</i>		
Property, plant and equipment	(12,252)	(16,978)
Unabsorbed tax losses	332,417	490,416
Unabsorbed capital allowances	33,688	41,866
Leases	25,724	36,974
Prior year adjustment	(131,180)	-
	-----	-----
	248,397	552,278
	=====	=====

11. Inventories

	2023	2022
	Euro	Euro
Furniture displayed in showroom and warehouse	623,081	579,051
	=====	=====

12. Trade and other receivables

	2023	2022
	Euro	Euro
Trade receivables	353,272	432,518
Other receivables	17,117	109,150
Amounts due from related parties	59,289	69,836
Accrued income	1,697,784	2,625,393
	-----	-----
Financial assets	2,127,462	3,236,897
Prepayments	243,800	310,566
Current tax asset	103	-
	-----	-----
	2,371,365	3,547,463
	=====	=====

The Company's exposure to credit risk and impairment losses in relation to trade and other receivables is reported in note 23 to the financial statements.

Amounts due from related parties are unsecured, interest-free and are repayable on demand.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

13. Cash and cash equivalents

	2023	2022
	Euro	Euro
Cash in hand and at bank	174,443	482,824
	=====	=====

14. Bank borrowings

The bank borrowings of the Company are as follows:

	2023	2022
	Euro	Euro
Current	109,930	107,181
Non-current	220,136	328,606
	-----	-----
	330,066	435,787
	=====	=====

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.

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

15. Trade and other payables

	2023	2022
	Euro	Euro
Trade payables	1,442,576	1,281,336
Amounts due to related parties	295,348	259,044
Accruals	876,305	1,332,030
	-----	-----
Financial liabilities	2,614,229	2,872,410
Deposits on order	982,604	1,212,197
Indirect taxes and social security	1,206,512	867,427
	-----	-----
	4,803,345	4,952,034
	=====	=====

Amounts due to related parties are unsecured, interest free and are repayable on demand.

16. Share capital

	2023	2022
	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 earned from the sale of goods and services rendered, net of any indirect taxes, as follows:

	2023	2022
	Euro	Euro
Retail sales	3,337,642	3,802,604
	=====	=====

18. Cost of sales

	2023	2022
	Euro	Euro
Opening stock	579,051	250,473
Retail and contract purchases	1,837,077	3,168,387
Freight	217,294	249,055
Less: Closing stock	(623,081)	(579,051)
	-----	-----
	2,010,341	3,088,864
	=====	=====

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

19. Direct Costs

	Note	2023	2022
		Euro	Euro
Subcontracting fees (including installation costs)		113,136	126,343
Direct wages (including NI contributions & maternity fund)	20.2	542,852	481,658
Consumables and surveying costs		33,961	37,677
Warehousing fees		4,082	119,449
Commissions		36,364	37,184
Local transport and lifter		87,627	91,046
Depreciation expense:- right-of-use asset		80,306	-
		-----	-----
		898,328	893,357
		=====	=====

20. Staff costs**20.1 Director's remuneration**

	2023	2022
	Euro	Euro
Director's remuneration	66,368	63,552
	=====	=====

20.2 Staff Salaries and wages

	2023	2022
	Euro	Euro
Salaries	1,018,900	828,818
Maternity fund	1,925	1,632
	-----	-----
	1,020,825	830,450
	=====	=====

	2023	2022
	Euro	Euro
The average number of persons employed during the year:		
Direct Nature: Sales, Operations and Installations	19	18
Administrative Nature: Administration including director	14	12
	-----	-----
	33	30
	=====	=====

21. Net finance costs / (income)

	2023	2022
	Euro	Euro
Interest on right-of-use assets (ROUA)	178,536	164,286
Interest paid for bank borrowings	11,835	20,086
Interest paid for related party loan	85,331	66,337
Other interest income	(731)	-
	-----	-----
	274,971	250,709
	=====	=====

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

22. Income tax credit

Income tax credit comprises the following:

	2023	2022
	Euro	Euro
Current tax	112,196	-
Deferred tax	248,397	552,278
	360,593	552,278
	=====	=====

The loss before tax is stated after charging :

	2023	2022
	Euro	Euro
Director's remuneration	66,368	65,653
Auditor's remuneration	10,800	10,000
Depreciation expense	144,647	101,575
Depreciation expense: ROUA	466,028	265,255
	687,843	442,483
	=====	=====

	2023	2022
	Euro	Euro
Loss before tax	(1,333,303)	(1,756,760)
Tax at the domestic rate at 35%	(466,656)	(614,866)
Tax effect of:		
Expenses disallowed for tax purposes	107,204	56,687
Income subject to exemption	(6,652)	(17,140)
Absorbed trading losses	332,417	544,917
Capital allowances	33,687	30,402
Reversal of income tax from prior year	112,196	-
Total tax credit	112,196	-
	=====	=====

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

23. Financial instrument risks

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 23.4. 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.

23.1 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:

		2023	2022
	Notes	Euro	Euro
Classes of financial assets			
Carrying amounts:			
Trade and other receivables	12	2,127,462	3,236,897
Cash and cash equivalents	13	174,443	482,824
		2,301,905	3,719,721
		=====	=====

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 2023

23.2 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) are summarised below:

31 December 2023	Current Within 1 year Euro	Non-Current After 1 year Euro
Lease liabilities	482,341	3,775,972
Related party loan	-	1,592,423
Bank borrowings	109,930	220,136
Trade and other payables	2,614,229	-
	-----	-----
Total	3,206,500	5,588,531
	=====	=====
 31 December 2022	 Current Within 1 year Euro	 Non-Current After 1 year Euro
Lease liabilities	360,000	3,960,000
Related party loan	-	1,599,435
Bank borrowings	107,181	328,606
Trade and other payables	2,872,410	-
	-----	-----
Total	3,339,591	5,888,041
	=====	=====

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements

For the year ended 31 December 2023

23.3 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 year. 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.

23.4 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.

	Notes	2023 Euro	2022 Euro
Financial assets			
Financial assets measured at amortised cost:			
Current			
- Trade and other receivables	12	2,127,462	3,236,897
- Cash and cash equivalents	13	174,443	482,824
		<u>2,301,905</u>	<u>3,719,721</u>
Financial liabilities			
Financial liabilities measured at amortised cost:			
Non-current			
- Related party loan		1,592,423	1,599,435
- Bank borrowings	14	220,136	328,606
- Lease liabilities	8.2	2,867,062	2,906,595
		<u>4,679,621</u>	<u>4,834,636</u>
Current			
- Bank borrowings	14	109,930	107,181
- Trade and other payables	15	2,614,229	2,872,410
- Lease liabilities	8.2	478,326	360,000
		<u>3,202,485</u>	<u>3,339,591</u>

DINO FINO OPERATIONS LIMITED

Notes to the Financial Statements
For the year ended 31 December 2023

24. 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 due from/to related parties are shown separately in notes 12 and 15, respectively.

The Company had the following related party transactions:

	2023	2022
	Euro	Euro
<i>Transactions with related parties</i>		
Interest payable recharged from	85,331	66,337
Rent payments to	360,000	360,000
	=====	=====

25. Ultimate controlling party

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

26. 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.

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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 4 to 27 which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policies information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2023, and of its financial performance 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.

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Emphasis of matter

We draw your attention to the disclosures made in note 3 to the financial statements concerning the company's financial position. The financial statements have been prepared on the going concern basis the validity of which depends on the successful implementation of the company's plans. Our opinion is not qualified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the Directors' 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 directors' report, we also considered whether the directors' 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the directors' 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 directors are 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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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:

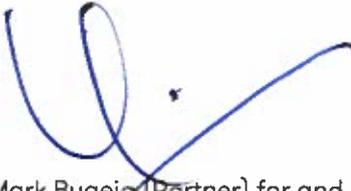
- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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

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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

30 April 2024

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