YACHT LIFT MALTA P.L.C.

ANNUAL REPORT
For the year ended 30 September 2022

Company Registration No: C 78281

YACHT LIFT MALTA P.L.C.

Company Information

Directors:	Mr Giuseppe Farrugia Capt Daniel Gatt Mr Ivan Fsadni (resigned on 17 March 2022) Dr Stefan Sant (resigned on 17 March 2022) Michela Lattughi (appointed on 6 June 2022) Dr Valentina Lattughi (appointed on 6 June 2022)
Secretaries:	Ms Deborah Anne Chappell (appointed on 12 March 2021/resigned on 27 December 2021) Ms Katia Cachia (resigned on 12 March 2021) Mr David Michael Gatt (appointed on 27 December 2021)
Company number:	C 78281
Registered office:	129-130 Ta Xbiex Seafront Ta Xbiex, XBX 1028 Malta
Auditors:	KSi Malta The Core Valley Road Msida, MSD 9021 Malta (EU)
Banker :	Bank of Valletta PLC Triq Gorg Borg Olivier Mellieha Malta

YACHT LIFT MALTA P.L.C.

Contents

Report of the Directors
For the year ended 30 September 2022

The directors present their report and the audited financial statements of Yacht Lift Malta P.L.C. (the Company) for the year ended 30 September 2022.

Principal Activity

Since its conversion into a Public Limited Liability Company, the principal activity of the Company is to act as a finance and investment company.

Review of Business

During the year under review the Company registered a profit before tax of € 49,460. The Company issued € 2,000,000 5.5% secured callable Bonds having a nominal value of €100 each. These funds were used to finance the purchase and installation of a floating dry dock platform known as 'Yacht Lift' situation at Marina Di Valletta Pieta.

Dividends and Reserves

The directors do not recommend the payment of a dividend.

Financial Risk Management

The Company's activities potentially expose it to a variety of financial risks: liquidity risk and credit risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board provides principles for overall risk management, as well as policies covering the risks referred to above and specific areas such as investment of excess liquidity. The Company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

(b) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that services are made to customers with an appropriate credit history.

Report of the Directors (continued)
For the year ended 30 September 2022

Post Balance Sheet Events

The Directors evaluated subsequent events from 1 October 2022 through ---2023, the date the financial statements are approved. Through such assessment, it was determined that third party investors will be investing in the Group.

Directors

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

Mr Giuseppe Farrugia
Capt Daniel Gatt
Mr Ivan Fsadni (resigned on 17 March 2022)
Dr Stefan Sant (resigned on 17 March 2022)
Michela Lattughi (appointed on 6 June 2022)
Dr Valentina Lattughi (appointed on 6 June 2022)

In accordance with the Company's Articles of Association the present directors remain in office.

Directors' Interest

The directors' beneficial interest in the shares of the Company on 30 September 2022 is 100,000 ordinary shares having a nominal value of €1 each and fully paid up held equally by Capt Daniel Gatt and Mr Giuseppe Farrugia.

Financial Reporting Framework

The directors have resolved to prepare the Company's financial statements for the year ended 30 September 2022 in accordance with International Financial Reporting Standards as adopted by the EU.

Auditors

KSi Malta have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

Mr Giuseppe Farrugia	Capt Daniel Gatt
Director	Director

14 August 2023

Directors' Responsibilities
For the year ended 30 September 2022

Statement of Directors' Responsibilities

The Companies Act, 1995 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors, through oversight of management are responsible to ensure that the Company establishes and maintains internal controls to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

The directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Company at 30 September 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 EU; 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 faces.

Going Concern Statement

After making enquiries and having taken into consideration the future plans of the Company, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopted the going concern basis in the preparation of the financial statements.

Corporate Governance - Statement of Compliance
For the year ended 30 September 2022

The Prospects MTF Rules ("the Rules") oblige issuing companies to observe The Code of Principles of Good Corporate Governance (the "**Code**"), in relation to which a report is to be prepared on the adherence thereto by the independent auditor. Companies listed on Prospects MTF are required to include, in their Annual Report, a Directors' Statement of Compliance which deals with the extent to which the company has adopted the Code of Principles of Good Corporate Governance and the effective measures that the company has taken to ensure compliance with the Code, accompanied by a report of the auditors thereon.

In view of the fact that Yacht Lift Malta P.L.C. (the **"Company"**) debt (and not equity) securities are listed and traded on Prospects MTF which is a multilateral trading facility. The company is hence hereunder reporting its compliance with the Code and where the Company has decided otherwise to not adhere to specific provisions as allowed by the Rules, the Company is specifying where and how it is not in compliance with the Code.

Part 1: Compliance with the Code

The Board of Directors (the "**Board**") of the Company believe in the adoption of the Code and has endorsed them except where the size and/or particular circumstances of the Company are deemed by the Board not to warrant the implementation of specific recommendations. In this context it is relevant to note that the Company has issued bonds on Prospects MTF and has no employees. Accordingly, some of the provisions of the Code are not applicable whilst others are applicable to a limited extent.

Principle 1: The Board

The Board of Directors is responsible for devising a strategy and setting policies of the Company. It is also responsible for reviewing internal control procedures, financial performance and business risks faced by the Company. The Board is also responsible for decisions relating to the redemption of the Bond, and for monitoring that the operations of the company are in conformity with the prospectus and all relevant rules and regulations.

The Board is composed of:

Capt Daniel Gatt- Executive Director and Chief Executive Officer
Mr Giuseppe Farrugia- Executive Director
Dr Stefan Sant- Non-Executive Director (resigned on 17 March 2022)
Mr Ivan Fsadni- Non-Executive Director and Chairperson (resigned on 17 March 2022)
Ms Michela Lattughi- Non-Executive Director and Chairperson (appointed on 6 June 2022)
Dr Valentina Lattughi- Non-Executive Director (appointed on 6 June 2022)

All of the directors were nominated and appointed by the shareholders in general meeting.

The Board delegates specific responsibilities to an Audit Committee, details of which are found in Principle 5 hereunder.

Part 1: Compliance with the Code (continued)

Principle 1: The Board (continued)

The Directors and other Prospects MTF Restricted Persons as defined by the Rules are informed of their obligations on dealings in securities of the Company within the established parameters of the law and the Rules. Each Director and Prospects MTF Restricted Person has been provided with the Code of Dealing required in terms of the Rules and training in respect of their obligations arising thereunder.

Principle 2: Chairperson and Chief Executive Officer

The roles of the Chairperson and the Chief Executive, set out in writing and agreed by the Board, were held separately for the period to ensure that there was a clear distinction between the running of the Board and the executive responsibility for the running of the business of the Company.

The Chairperson's main function is to lead the Board, set the agenda and ensure that all board members partake in discussions of complex and contentious issues.

The Chief Executive Officer has specific authorities from the Board to manage the Company's operational activities within the strategy and parameters set by it.

Principle 3: Composition of the Board

The Board considers that the size of the Board, whilst not being large as to be unwieldy, is appropriate, taking into account the size of the Company and its operations. The combined and varied knowledge, experience and skills of the Board members provides the balance of competences that are required and adds value to the functioning of the Board and gives direction to the Company.

The Board is composed of 2 executive directors and 2 non-executive directors.

The non-executive directors are considered to be independent within the meaning provided by the Code. Each non-executive director has submitted a declaration to the Board declaring their independence as stipulated under the Code Provision 3.4.

Directors are appointed during the Company's Annual General Meeting for period of one year, at the end of which term they may stand again for re-election. The Articles of Association of the Company clearly set out the procedures to be followed in the appointment of directors.

Corporate Governance - Statement of Compliance (continued)
For the year ended 30 September 2022

Part 1: Compliance with the Code (continued)

Principle 4: The Responsibilities of the Board

The Board has the first level responsibility for executing the four basic roles of Corporate Governance, namely accountability, monitoring, strategy formulation and policy development. The Board seeks to effectively monitor the implementation of strategy and policy by management.

Clear internal and external reporting lines are established with a view to ensuring that the Board can properly discharge its obligation to take decisions in the best interests of the Company. An audit committee has been set up with clear terms of reference in line with the Rules. The procedure of the Audit Committee is regulated under its terms of reference.

Principle 5: Board Meetings

Board meetings concentrate mainly on strategy, operational performance and financial performance of the Company. After each Board meeting and before the next, Board minutes that faithfully record attendance, key issues and decisions are sent to the directors. Meetings were attended as follows:

Members	*Meetings Attended out of total held during tenure*
Capt Daniel Gatt	4 out of 4
Mr Giuseppe Farrugia	4 out of 4
Mr Ivan Fsadni (resigned on 17 March 2022)	2 out of 4
Dr Stefan Sant (resigned on 17 March 2022)	2 out of 4
Ms Michela Lattughi (appointed on 6 June 2022)	2 out of 4
Dr Valentina Lattughi (appointed on 6 June 2022)	2 out of 4

The Board also delegates specific responsibilities to the management team of the Company.

Board Committees

<u>Audit Committee</u>

The Board delegates certain responsibilities to the Audit Committee, the terms of reference of which reflect the requirements stipulated in the Rules and under applicable law. In addition, unless otherwise dealt with in any other manner prescribed by the Rules, the Audit Committee has the responsibility to, *inter alia*, monitor and scrutinise, and, if required, approve Related Party Transactions, if any, falling within the ambits of the Rules and to make its recommendations to the Board of any such proposed Related Party Transactions.

The Audit Committee establishes internal procedures and monitors these on a regular basis. The terms of reference for the Audit Committee are designed both to strengthen this function within the Company and to widen the scope of the duties and responsibilities of this Committee. The Committee also has the authority to summon any person to assist it in the performance of its duties, including the Company's external auditors.

During the year under review, the Audit Committee was composed of Capt Daniel Gatt (independent executive director), Mr Ivan Fsadni (independent non-executive director and Chairperson of the Audit Committee- resigned on 17 March 2022), Dr Stefan Sant (independent non-executive director- resigned on 17 March 2022), Ms Michela Lattughi (independent non-executive director and Chairperson of the Audit Committee- appointed on 6 June 2022) and Dr Valentina Lattughi (independent non-executive director- appointed on 6 June 2022).

Part 1: Compliance with the Code (continued)

Board Committees (continued)

<u>Audit Committee (continued)</u>

The Board considers the Chairperson of the Audit Committee to be independent and competent in accounting and/or auditing. Such determination was based on Ms Michela Lattughi substantial experience in various roles throughout his career as a Certified Public Accountant.

<u>Senior Management</u>

In view of the Company being primarily a finance and investment company, the Company does not have any employees. However, the overall management of the Group comprises of Capt Daniel Gatt, as Group Chief Executive Officer.

Principle 6: Information and Professional Development

Each director is made aware of the Company's on-going obligations in terms of the Companies Act, the Rules and other relevant legislation. Directors have access to the advice and services of the Company Secretary and to legal counsel. The Company is also prepared to bear the expense incurred by the directors requiring independent professional advice should they judge it necessary to discharge their responsibilities as directors.

Principle 9: Relations with Shareholders and with the Market

The Company has communicated effectively with the market through company announcements and financial information published by the Company.

Principle 10: Institutional Shareholders

The Company is of the view that due to the fact that it does not have Institutional Shareholders, this provision is not applicable.

Principle 11: Conflicts of Interest

The directors are aware that their primary responsibility is always to act in the interest of the Company and its shareholders as a whole irrespective of who appointed them to the Board. Acting in the interest of the Company includes an obligation to avoid conflicts of interest. In such instances, the Company has strict policies in place which allow it to manage such conflicts, actual or potential, in the best interest of the Company.

Principle 12: Corporate Social Responsibility

The group of companies understands the importance of contributing to society at large, both in terms of the wellbeing of its staff as well as the contribution towards society at large.

Part 2: Non-Compliance with the Code

Principle 7: Evaluation of the Board's Performance

At present, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Issuer's shareholders, the market and the rules by which the Issuer is regulated.

Principle 8: Committees

The Issuer does not have a Remuneration Committee as recommended by this principle because it is not deemed as necessary in view of the very limited number of directors engaged by the Issuer. Furthermore, the Issuer does not have a Nomination Committee as recommended in Principle 8. Appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the Memorandum and Articles of Association. The Issuer considers that the members of the Board provide the level of skill, knowledge and experience expected in terms of the Code.

Internal Controls

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to achieve business objectives and to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses or fraud.

Authority to manage the business of the Group, including the Company is delegated to the Group Chief Executive Officer within the limits set by the Board of Directors. Systems and procedures are in place for the Company to control, report, monitor and assess risks and their financial implications, and to take timely corrective actions where necessary. Regular financial budgets and strategic plans are prepared, and performance against these plans is actively monitored and reported to the directors on a regular basis.

Corporate Governance - Statement of Compliance (continued)
For the year ended 30 September 2022

Remuneration Statement

In terms of the Company's Memorandum and Articles of Association, it is the shareholders of the Company in the General Meeting who determine the maximum annual aggregate remuneration of the directors. The aggregate amount approved for this purpose during the last Annual General Meeting was consistent to the one declared in the current financial year.

No part of the remuneration paid to the directors is performance based, and the Chief Executive Officer receives no additional remuneration in relation to this role. None of the directors, in their capacity as a Director of the Company, is entitled to profit sharing, share options or pension benefits with respect to Yacht Lift Malta P.L.C.

Signed on behalf of the Board of Directors on 14 August 2023 by:

Ms Michela Lattughi
Director and Chairperson of Audit Committee

YACHT LIFT MALTA P.L.C.

Independent Auditors' Report

To the shareholders of Yacht Lift Malta P.L.C.

Qualified Opinion

We have audited the financial statements of Yacht Lift Malta P.L.C. (the Company), set out on pages 16 to 43, which comprise the statement of financial position as at 30 September 2022, and the statement of profit or loss and other 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 summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis For Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 September 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Qualified Opinion

The Company's trade and other payables are carried in the statement of financial position at EUR 133,066. Management has not carried out the necessary reconciliations within the accounting system, and payments are sometimes made directly from other sources. By consequence, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of trade and other payables as at 30 September 2022. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

Material Uncertainty related to Going Concern

We draw attention to Note 17 in the financial statements, which indicates that although the Company registered a profit for the year of EUR 51,055 during the year ended 30 September 2022 and, as of that date, the Company's assets exceeded its total liabilities by EUR 109,624; the operations of the Company are heavily dependent on another entity which has presented a material uncertainty in relation to its going concern. As stated in Note 17, these events or conditions, along with other matters as set forth in Note 17, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

YACHT LIFT MALTA P.L.C.

Independent Auditors' Report (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Amounts due from Related Company – Refer to Note 10

We identified the amounts due from a related company as a key audit matter in our audit of the financial statements of the Company for the year ended 30 September 2022. The balance of amounts due from the related company constitutes a substantial portion of the total assets reported in the balance sheet.

To address this key audit matter, we performed the following procedures:

Reconciliation and Confirmation: We conducted a detailed reconciliation between the amounts due from the related company as per the books of the Company and the corresponding amounts reported in the financial statements of the related company. Additionally, we obtained direct confirmations from the related company to validate the balances and ensure their agreement.

Comparative Analysis: We obtained a copy of the financial statements of the related company and performed a comparative analysis of the balances reported. This analysis aimed to ascertain the consistency and accuracy of the amounts due from the related company as presented in the Company's financial statements.

Transaction History Examination: We reviewed the transaction history between the Company and the related company to ensure that the amounts due were appropriately recorded and classified. This examination helped us confirm the legitimacy of the balances and identify any potential errors or misstatements.

Based on our procedures and assessments, nothing has come to our attention that would indicate that the amounts due from the related company as presented in the financial statements are not fairly stated in accordance with applicable accounting standards.

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors, Directors' Responsibilities, and the Corporate Governance Statement of Compliance. Our opinion on the financial statements does not cover this 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.

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, 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 related 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 has no realistic alternative but to do so.

Auditors' 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 auditors' 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 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 the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

YACHT LIFT MALTA P.L.C.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Article 177 of the Companies Act

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

- the information given in the Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and

- the Report of the Directors has been prepared in accordance with the Maltese Companies Act (Cap.386).

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 Report of the Directors. We have nothing to report in this regard.

YACHT LIFT MALTA P.L.C.

Independent Auditors' Report (continued)

Matters on which we are required to report by exception under the Companies Act

Our Responsibilities

We have responsibilities under the Companies Act, 1995 enacted in Malta to report to you if, in our opinion:

- The information given in the Report of the Directors is not consistent with the financial statements.
- Adequate accounting records have not been kept.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.

Our Opinion

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

In addition, we confirm that:

- To the best of our knowledge and belief, we have not provided non-audit services to the Company in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

Report on Corporate Governance

The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditors to include a report on the Statement of Compliance prepared by the Directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the annual return.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 4 to 9 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

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

KSi Malta

YACHT LIFT MALTA P.L.C.

Independent Auditors' Report (continued)

Use of our Report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Auditor Tenure

We were first appointed as auditors of the Company on 16 February 2021. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 3 years.

Joseph Gauci (Partner) for and on behalf of
KSi Malta
Certified Public Accountants

Msida
Malta (EU)

14 August 2023

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 September 2022

	Notes	2022 €	2021 €
Revenue		135,000	341,250
Administrative expenses	6	(61,567)	(67,233)
Operating profit		73,433	274,017
Other income		9,552	-
Finance income	6	108,850	108,627
Finance costs	6	(142,375)	(133,140)
Profit before tax		49,460	249,504
Income tax	7	1,595	(45,660)
Profit for the year		51,055	203,844
Other comprehensive income for the year			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		51,055	203,844
Earnings per share	12	0.51	2.04

Statement of Financial Position
As at 30 September 2022

	Notes	2022 €	2021 €
Assets			
Property, plant and equipment	8	50,047	58,472
Investment in subsidiary	9	-	235
Deferred tax assets	8	3,398	1,803
Total non-current assets		53,445	60,510
Trade and other receivables	10	2,439,199	2,375,001
Cash and cash equivalents	10	13,052	14,351
Total current assets		2,452,251	2,389,352
Total assets		2,505,696	2,449,862
Liabilities			
Borrowings	10	2,232,181	2,270,008
Total non-current liabilities		2,232,181	2,270,008
Trade and other payables	10	133,066	95,805
Current tax liabilities		1,671	1,671
Borrowings	10	29,154	23,809
Total current liabilities		163,891	121,285
Total liabilities		2,396,072	2,391,293
Net assets		109,624	58,569
Equity			
Share capital	11	100,000	100,000
Retained earnings	11	9,624	(41,431)
Total equity		109,624	58,569

The financial statements on pages 16 to 43 were approved and authorised for issue by the Board on 14 August 2023 and were signed on its behalf by:

Mr Giuseppe Farrugia
Director

Capt Daniel Gatt
Director

Statement of Changes in Equity
For the year ended 30 September 2022

	Share capital €	Retained earnings €	Total €
Changes in equity for 2021			
Balance at 1 October 2020	100,000	(245,275)	(145,275)
Profit for the year	-	203,844	203,844
Balance at 30 September 2021	100,000	(41,431)	58,569
Changes in equity for 2022			
Balance at 1 October 2021	100,000	(41,431)	58,569
Profit for the year	-	51,055	51,055
Balance at 30 September 2022	100,000	9,624	109,624

Statement of Cash Flows
For the year ended 30 September 2022

	Note	2022 €	2021 €
Cash flows from operating activities			
Profit before tax		49,460	249,504
Adjustments for:			
Amortisation of bond issue cost		16,530	16,530
Impairment of investment		235	-
Depreciation		8,425	8,654
Interest received		(108,850)	(108,627)
Operating (loss)/profit before working capital changes		(34,200)	166,061
Movement in payables		37,261	47,680
Movement in receivables		48,360	(254,479)
Net cash inflow/(outflow) from operating activities		51,421	(40,738)
Cash flows from financing activities			
(Repayments of)/Proceeds from bank loan		(49,012)	292,021
Payments to related company		(3,708)	(301,716)
Net cash outflow from financing activities		(52,720)	(9,695)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(5,280)
Net cash outflow from investing activities		-	(5,280)
Net movement in cash and cash equivalents		(1,299)	(55,713)
Cash and cash equivalents at beginning of year		14,351	70,064
Cash and cash equivalents at end of year	10.3.1	13,052	14,351

Notes to the Financial Statements
For the year ended 30 September 2022

1 REPORTING ENTITY AND OTHER INFORMATION

Yacht Lift Malta P.L.C. is a public limited liability company domiciled and incorporated in Malta. The company's registered office is 129-130, Ta' Xbiex Seafront, Ta' Xbiex, XBX 1028, Malta. The Company is to act as a finance and investment company to related companies within the Group.

2 BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act, 1995. They were authorised for issue by the Company's board of directors –2023.

Details of the Company's accounting policies are included in Note 16.

3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Euro, which is the Company's functional currency.

4 USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

4.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in the following notes:

- Estimation of current tax payable and current tax expense; – note 7;
- Estimated useful life of property, plant and equipment – note 8;
- Recognition of deferred tax assets – note 8;
- Leases: whether an arrangement contains a lease – note 10;
- Leases classification – note 10.

5 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Standards and interpretations applied during the current year

Amendments and interpretations applicable for the first time in 2022 shown here under have been implemented. The application of the below standards and interpretations do not have an impact on the financial statements of the Company.

Standard	**Subject of amendment**	**Effective date**
IFRS 1 First-time Adoption of International Financial Reporting Standards	Amendments resulting from *Annual Improvements to IFRS Standards 2018–2020* (subsidiary as a first-time adopter)	1 January 2022
IFRS 3 Business Combinations	Amendments updating a reference to the *Conceptual Framework*	1 January 2022
IFRS 9 Financial Instruments	Amendments resulting from *Annual Improvements to IFRS Standards 2018–2020* (fees in the '10 per cent' test for derecognition of financial liabilities)	1 January 2022
IAS 16 Property, Plant and Equipment	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022

5 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard	**Subject of amendment**	**Effective date**
IFRS 4 Insurance Contracts	Amendments regarding the expiry date of the deferral approach	1 January 2023
IFRS 17 Insurance Contracts	Original issue	1 January 2023
	Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	1 January 2023
IAS 1 Presentation of Financial statements	Amendments regarding the classification of liabilities	1 January 2024
	Amendment to defer the effective date of the January 2020 amendments	1 January 2024
	Amendment regarding the disclosure of accounting policies	1 January 2023
	amendments regarding the classification of debt with covenants	1 January 2024
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Amendments regarding the definition of accounting estimates	1 January 2023
IAS 12 Income Taxes	Amendments regarding deferred tax on leases and decommissioning obligations	1 January 2023
IFRS 16 Leases	Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	1 January 2024

The directors are of the opinion that the adoption of these Standards (where applicable) will not have a material impact on the financial statements.

Notes to the Financial Statements (continued)
For the year ended 30 September 2022

6 OTHER INCOME AND EXPENSE ITEMS

6.1 Breakdown of expenses by nature

	2022 €	2021 €
Auditors' remuneration	13,000	10,500
Non-executive directors fees	10,883	14,000
Depreciation	8,425	8,654
Other expenses	29,259	34,079
Total administrative expenses	61,567	67,233

6.2 Finance income

	2022 €	2021 €
Interest on loan to related company	108,850	108,627

6.3 Finance costs

	2022 €	2021 €
Bank charges	4,210	934
Amortisation- bond issue costs	16,530	16,530
Bond interest	110,000	110,000
Bank loan interest	11,635	5,676
	142,375	133,140

7 INCOME TAX

7.1 Income tax

	2022 €	2021 €
Current tax		
Current tax on taxable income for the year	-	-
Total current tax expense	-	-
Deferred income tax		
Deferred tax (income)/expense for the year	(1,595)	45,660
Total deferred tax (income)/expense	(1,595)	45,660
Total income tax	(1,595)	45,660

7.2 Reconciliation of income tax expense

	2022 €	2021 €
Profit before tax	49,460	249,504
Theoretical tax expense @ 35%	17,311	87,326
Tax effect of amounts which are not deductible in calculating taxable income:		
Other temporary differences	403	2,158
Amortisation of bond issue costs	5,786	5,786
Trading losses claimed from subsidiary company	(28,756)	(49,230)
Depreciation on improvements	1,353	1,353
Impairment of investment	82	-
Disallowable expenses	2,226	(1,733)
	(1,595)	45,660

Notes to the Financial Statements (continued)
For the year ended 30 September 2022

8 NON-FINANCIAL ASSETS AND LIABILITIES

8.1 Property, plant and equipment

	Improvement to property €	Furniture and fittings €	Motor boats €	Office equipment €	Total €
Cost/revalued amount					
At 1 October 2020	33,389	33,091	2,200	5,049	73,729
Additions	5,280	-	-	-	5,280
At 30 September 2021	38,669	33,091	2,200	5,049	79,009
At 1 October 2021	38,669	33,091	2,200	5,049	79,009
Additions	-	-	-	-	-
At 30 September 2022	38,669	33,091	2,200	5,049	79,009
Depreciation					
At 1 October 2020	6,495	3,309	234	1,845	11,883
Charge for the year	3,866	3,310	216	1,262	8,654
At 30 September 2021	10,361	6,619	450	3,107	20,537
At 1 October 2021	10,361	6,619	450	3,107	20,537
Charge for the year	3,867	3,309	220	1,029	8,425
At 30 September 2022	14,228	9,928	670	4,136	28,962
Carrying amounts					
At 30 September 2022	24,441	23,163	1,530	913	50,047
At 30 September 2021	28,308	26,472	1,750	1,942	58,472

8 NON-FINANCIAL ASSETS AND LIABILITIES (continued)

8.1.1 Depreciation method and useful lives

Items of property, plant and equipment are recognised at historical costs less depreciation. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of the residual values, over the estimated useful lives or, in the case of leasehold property the shorter lease term as follows:

	%
Improvements to property	10
Furniture and fittings	10
Motor boats	10
Office equipment	25

8.2 Deferred tax assets

	2022	2021
The balances comprises temporary differences attributable to:		
Tax losses	€ 3,398	€ 1,803

	Tax losses €	Total €
At 1 October 2020	47,463	47,463
Credited:		
- to profit or loss	(45,660)	(45,660)
At 30 September 2021	1,803	1,803
At 1 October 2021	1,803	1,803
Credited:		
- to profit or loss	1,595	1,595
At 30 September 2022	3,398	3,398

Notes to the Financial Statements (continued)
For the year ended 30 September 2022

9 INVESTMENT IN SUBSIDIARY

	2022 €	2021 €
At 1 October	235	235
Impairment	(235)	-
At 30 September	-	235

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting power held 2022	2021
Yacht Lift Malta Operations Limited	Services company	129-130, Ta Xbiex Seafront, Ta Xbiex XBX 1028 Malta	98%	98%

10 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The company holds the following financial instruments:

	Notes	2022 €	2021 €
Financial assets			
Other financial assets held at amortised cost	10.2	2,112,949	2,000,391
Trade and other receivables	10.1	326,250	374,610
Cash and cash equivalents	10.3	13,052	14,351
		2,452,251	2,389,352
Financial liabilities			
Trade and other payables	10.4	133,066	95,805
Borrowings	10.5	2,261,335	2,293,817
		2,394,401	2,389,622

10 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

10.1 Trade and other receivables

	2022	2021
	€	€
Current assets		
Trade debtors	-	177,000
Other debtors	-	6,360
Prepayments and accrued income	326,250	191,250
	326,250	374,610

10.2 Other financial assets held at amortised cost

The Company classifies its financial assets as held at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows;

- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets held at amortised cost include the following debt investments:

	2022	2021
Current assets		
Amounts due from related company (note)	€ 2,112,949	€ 2,000,391

Note:

Further information relating to loan from related company and key management personnel is set out in note 15.

10 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

10.3 Cash and cash equivalents

	2022	2021
Current assets		
Cash at bank and in hand	€ 13,052	€ 14,351

10.3.1 Reconciliation to cashflow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows

	2022 €	2021 €
Balance as above	13,052	14,351
Balances per statement of cash flows	13,052	14,351

10.4 Trade and other payables

	2022 €	2021 €
Current liabilities		
Trade payables	98,833	41,502
Other payables	18,191	14,465
Accruals	16,042	39,838
	133,066	95,805

10 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

10.5 Borrowings

	2022	2021
	€	€
Secured		
Current liabilities		
Bank loan (note)	29,154	23,809
	29,154	23,809
Non-current liabilities		
Bond loan (note)	1,969,357	1,952,827
Bank loan (note)	262,824	317,181
	2,232,181	2,270,008
Total borrowings	2,261,335	2,293,817

Note:

Bond loan

The Company issued 20,000 secured callable bonds having a face value of € 100 each totalling to € 2,000,000. These bonds have an interest rate of 5.5% per annum, payable annually in arrears on 12 September. The Bonds are repayable in full upon maturity on 13 September 2025.

These funds were used to finance the purchase and installation of the floating dry dock platform known as "Yacht Lift" in Marina Di Valletta.

Bank loans

The bank loan facilities are secured by general and special hypothec over the company's assets and by guarantees of the directors and related parties. The interest rate on the two bank loans are 2.5%. During the financial year ending 30 September 2022, the Company had another bank loan of EUR 100,000 with interest rate of 6.15% and which was repaid in full by 9 September 2022.

Notes to the Financial Statements (continued)
For the year ended 30 September 2022

11 EQUITY

11.1 Share Capital

	2022	2021
Authorised		
100,000 ordinary shares of €1 each	€ 100,000	€ 100,000
Called-up, issued and fully paid up		
100,000 ordinary shares of €1 each	€ 100,000	€ 100,000

Ordinary shares have a par value of € 1. They entitle the holder to participate in dividends and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

11.2 Retained earnings

The profit and loss account represents accumulated losses as follows:

	€
At 1 October 2020	(245,275)
Net profit for the year	203,844
At 30 September 2021	(41,431)
At 1 October 2021	(41,431)
Net profit for the year	51,055
At 30 September 2022	9,624

12 EARNINGS PER SHARE

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

	2022	2021
Profit for the year	€ 51,055	€ 203,844
Weighted number of ordinary shares	100,000	100,000
Earnings per shares	€ 0.51	€ 2.04

13 FINANCIAL RISK MANAGEMENT

The company's risk management is carried out by the board of directors. There are written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidities.

13.1 Market risk

(i) Cash flow and fair value interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financial position and cash flows. As at the reporting date, the Company has fixed and variable interest-bearing liabilities. Fixed interest-bearing liabilities consists of finance lease liability whilst exposure to variable interest-bearing liabilities consists of bank overdrafts. As at the consolidated statement of financial position date, the Company's exposure to changes in interest rates on bank overdrafts held with financial institutions were limited as the level of borrowings with variable interest-bearing liabilities is immaterial with the level of borrowing with a fixed interest rate.

13.2 Credit risk

Credit risk arises from credit exposure to customers and amounts held with financial institutions (note 10). The maximum credit exposure to credit risk at the reporting date in respect of the financial assets were as follows:

	2022 €	2021 €
Trade and other receivables	-	183,360
Cash at bank	13,052	14,351
	13,052	197,711

With respect to amounts receivable, the Company assesses on an ongoing basis the credit quality of the third party tenants, taking into account financial position, past experience and other factors. The Company manages credit limits and exposures actively in a practical manner such that there are no material past due amounts receivable from third party tenants as at the reporting date. The Company has no significant concentration of credit risk arising from third parties. As at 30 September 2022 and 2021, the company had no trade receivables.

13.3 Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's obligations.

13 FINANCIAL RISK MANAGEMENT (continued)

13.3 Liquidity risk (continued)

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amounts	Contractual cash flows	On demand	Within one year	Between two and five years	After more than five years
	€	€	€	€	€	€
At 30 September 2022						
Trade and other payables	117,024	117,024	117,024	117,024	-	-
Bond loan	1,969,357	2,550,000	110,000	110,000	2,330,000	-
Bank loans	291,978	291,978	29,154	29,154	262,824	-
	2,378,359	2,959,002	256,178	256,178	2,592,824	-
At 30 September 2021						
Trade and other payables	55,967	55,967	55,967	55,967	-	-
Bond loan	1,952,827	2,660,000	110,000	110,000	2,440,000	-
Bank loans	340,990	340,990	23,809	23,809	89,013	228,168
	2,349,784	3,056,957	189,776	189,776	2,529,013	228,168

14 CAPITAL MANAGEMENT

14.1 Risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
- to maintain an optimal capital structure to reduce the cost of capital; and
- to comply with requirements of the Prospectus issued in relation to the 5.5% Bond.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of business. The board of directors monitor the return on capital, which the Company defines as the profit for the year divided by total equity. The board of directors also monitors the level of dividends that may be available to ordinary shareholders.

15 RELATED PARTIES

Yacht Lift Malta P.L.C. is controlled by Mr. Giuseppe Farrugia and Capt. Daniel Gatt, who respectively own 50% of the issued share capital of the Company.

15.1 Key management and personnel and director transactions

Key management personnel have control over the financial and operating policies of the company.

15.2 Transactions with related parties

		Transaction value for the year ending 30 September		Balance outstanding as at 30 September	
		2022	2021	2022	2021
	Note	€	€	€	€
Financing Transactions					
Amounts due from related company (note)	15.2.1	112,558	410,342	2,112,949	2,000,391

15.2.1 The amounts due from related company are unsecured, has a 6% interest rate and repayable on demand.

16 ACCOUNTING POLICIES

16.1 REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

16.2 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

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

16 ACCOUNTING POLICIES (continued)

16.3 TAXATION

The income tax expense represents the sum of the tax currently payable and deferred tax.

16.3.1 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

16.3.2 Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

16 ACCOUNTING POLICIES (continued)

16.3 TAXATION (continued)

16.3.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

16.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

16.4.1 Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

16 ACCOUNTING POLICIES (continued)

16.4 FINANCIAL INSTRUMENTS (continued)

16.4.1 Classification of financial assets (continued)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

16.4.2 Write off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

16.4.3 Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime Expected Credit Losses (ECL) for trade receivables, contract assets and lease receivables.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

16 ACCOUNTING POLICIES (continued)

16.4 FINANCIAL INSTRUMENTS (continued)

16.4.4 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

16.5 LEASES

16.5.1 The Company as a Lessee

For any new contracts entered into on or after 1 January 2018, 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 identified in the contract or implicitly specified by being identified at the time 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;

- the Company has the right to direct the use of the identified asset throughout the period of use. The company assess 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 recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use 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 lease commencement date.

16 ACCOUNTING POLICIES (continued)

16.5 LEASES (continued)

16.5.1 The Company as a Lessee (continued)

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 the 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 short-term leases and 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 profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in trade and other payables.

16.5.2 The Company as a lessor

- The Company's accounting policy under IFRS 16 has not changed from the comparative period.

- As a lessor the Company classifies its leases as either operating or finance leases.

- A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

The Company as a lessee

Finance Leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

16 ACCOUNTING POLICIES (continued)

16.5 LEASES (continued)

The Company as a Lessee (continued)

Finance Leases (continued)

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See the accounting policy note 11 in the year-end financial statements for the depreciation methods and useful lives for assets held under finance leases. The interest element is charged to profit or loss, as finance costs over the period of the lease.

The Company as a lessor

Operating Leases

Rental income is recognised on a straight-line basis over the term of the lease.

16.6 Property, Plant and Equipment

The Company's accounting policy for land and buildings is explained in note 8.1. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The depreciation methods and periods used by the Company are disclosed in note 8.1.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

16 ACCOUNTING POLICIES (continued)

16.6 PROPERTY, PLANT AND EQUIPMENT (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is the Company's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

16.7 FINANCIAL LIABILITIES

16.7.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

16.7.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

16.7.3 Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

16 ACCOUNTING POLICIES (continued)

16.7 FINANCIAL LIABILITIES (continued)

16.7.4 Derecognition

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

16.8 PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

16.9 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Dividends are recognised as liability in the period in which they are declared.

16.10 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

16.10.1 Subsidiaries

Subsidiaries are all entities over which the parent company has control. The parent company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the parent company.

16 ACCOUNTING POLICIES (continued)

16.10 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING (continued)

16.10.2 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the parent's share of the post-acquisition profits or losses of the investee in profit or loss, and the parent's share of movement in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the parent does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

17 GOING CONCERN

Although the Company registered a profit during the year and presents a net asset position, the operations and revenue of the Company are heavily dependent on the performance of another company forming part of the same Group of Companies – Yacht Lift Malta Operations Limited. The latter Company has registered a net loss and presents a net liability position. These events or conditions, in the opinion of the Board, were at first a direct result of the delay imposed on the start of the operations of Yacht Lift Malta Operations Limited due to the permit issue encountered, further exacerbated by the COVID-19 pandemic. Subsequently, the Group encountered other operational difficulties that hindered the operations significantly.

The Group obtained additional financing through its shareholders and has made efforts to start operations as planned to offset the above-mentioned issues that have created uncertainty related to going concern. Furthermore, it has started talks with third party investors in order to rectify the financial position in the short term. In view of these measures and the projected future operations of the Group, the Directors remain convinced that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.