



YACHT LIFT MALTA P.L.C.

COMPANY ANNOUNCEMENT

REF: 09/2020

Company Announcement issued by Yacht Lift Malta p.l.c. (C-78281) of 129-130, Ta' Xbiex Seafront, Ta' Xbiex, hereinafter referred to as the "Company", in terms of the Prospect MTF Rules of the Malta Stock Exchange, regulating the Prospects Market, the market regulated as a multilateral trading facility operated by the Malta Stock Exchange.

Annual General Meeting

QUOTE

The Company announces that pursuant to the Board of Directors meeting held on the 20th of April 2020, wherein the financial statements for the year ended 30 September 2019 were approved, the Company's annual general meeting was held today and at which:

1. the Financial Statements for the year ended 30 September 2019 were approved;
2. the Statutory Directors' Report on the Financial Statements for the year ended 30 September 2019 was approved;
3. the Auditors' Report on the Financial Statements for the year ended 30 September 2019 was approved;
4. 3a were reappointed as the Company's auditors until the conclusion of the next general meeting; and
5. the composition of the Board of Directors was approved as follows:

Giuseppe Farrugia
Ivan Fsadni
Daniel Gatt
Stefan Sant

Copies of the Company's Audited Financial Statements for the financial year ended 30 September 2019 are attached to this announcement and are also available for viewing and download on the following link on the Company's website:
<https://www.yachtliftmalta.com/investors-information>

UNQUOTE

Dr. Katia Cachia
Company Secretary

30th April 2020

Yacht Lift Malta p.l.c.
Report and Financial Statements
for the period ended 30 September 2019

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The directors present their report and the audited financial statements for the period ended 30 September 2019.

Principal Activity

The company was incorporated on 24th November 2016 and had been mainly engaged in supplying goods and services to the yachting industry. Subsequently, during the year under review, the company proceeded to change in its status from a private limited liability company to a public limited liability company, with the change occurring on the 8th August 2019 and then issuing € 2,000,000 5.5% Secured Callable Bonds to the public on 6th September 2019.

Since its conversion into a public limited liability company, the Company's main activity is to borrow, raise or secure payment of money for the purpose of or in connection with the Company or its subsidiaries business as well as to act as a holding company and to raise finance and advance such financing to its subsidiaries or utilise such finance to acquire assets for the Group's operations.

Business Review

During the period under review, the Company issued € 2,000,000 5.5% Secured Callable Bonds to finance the purchase and installation of a floating dry dock platform in Malta known as "Yacht Lift".

Yacht Lift is a unique and revolutionary floating dry dock service developed and patented by Welcome Inn. The director's opinion is that this floating dry dock grants the opportunity to owners and operators of qualifying seagoing vessels to benefit from a service which is both considerably cheaper and also more time-efficient than the services currently on offer throughout the Maltese islands. Yacht Lift also enjoys the flexibility of being able to be transported to multiple locations in order to carry out its services.

The Company has entered into a "Contract of Sale" dated 26th October 2018 covering the terms and conditions of the purchase of the Yacht Lift by the Guarantor. The Group has signed an Agency Agreement whereby it retains the exclusive agency for the floating dry dock system in Malta. The Guarantor will be the exclusive operator of Yacht Lift in Malta. The said floating dry dock shall be located at Marina di Valletta, Sa Maison, Malta and an agreement granting the Issuer the right to locate the Dock at the said marina for a period of up to ten (10) years has been executed. Ownership of the Dock will be registered in the name of the Guarantor to ensure its registration as a vessel in terms of the Merchant Shipping Act (Chapter 234 of the laws of Malta).

As at 30 September 2019, the Company's total assets amounted to €2,467,303 and net assets amounted to €81,797. Net current assets amounted to €1,811,384. The main current assets of the Group consist of the €2,000,000 finance raised through the issue of the bonds. The main current liabilities consisted of bank borrowings amounting to €41,239, trade payables amounting to € 106,464, lease liabilities amounting to € 73,186 as well as shareholders' loans amounting to € 107,345. Non-current liabilities totalled € 2,038,176, which were mainly made up of the Secured Bonds amounting to €1,987,917, and non-current lease liabilities of € 50,259.

As at 30 September 2019, the Company's total non-current assets amounted to € 308,589 which include an amount of €229,105 being the net book value of the right-of-use assets arising from the lease of the dock facilities and pontoon and office buildings.

Dividends and Reserves

The directors do not recommend the payment of a dividend and propose to transfer the accumulated loss to reserves.

Principal risks and uncertainties

The company is subject to the general market and economic risks that may have a significant impact on the future yacht lifting operations. These include factors such as unexpected direct competition in the market.

Financial Risk Management

The company is exposed to credit, market and liquidity risks. An explanation of these risks and how the company manages these risks is found in Note 18 to these financial statements.

Post Balance Sheet Events

The Coronavirus (COVID-19) pandemic is affecting business on a national and worldwide level. The Company is closely monitoring the possible impact on its operations and financial performance and is committed to take all necessary steps to mitigate any impact. The Company is assessing the situation on an on-going basis, in order to enable the executive management to take the necessary decisions in the interest of all stakeholders. In view of the unprecedented circumstances it is too early to quantify the effects on the company's operations and performance.

Future Developments

The directors are continually assessing the developing situation with respect to the Coronavirus pandemic and its effects on the business. The directors are in discussions with Malta Enterprises and its bank and are exploring the government scheme which was delivered to the banks recently to provide a possible raising of capital to protect the Company and to ensure that the Company has sufficient liquidity to honour its commitments including to bondholders.

Directors

The following have served as directors of the company during the period under review :

Giuseppe Farrugia

Ivan Fsadni

Appointed on 05 August 2019

Daniel Gatt

Stefan Sant

Appointed on 05 August 2019

Statement of Directors' Responsibilities

The Companies Act (Cap. 386) enacted in Malta requires the directors to prepare financial statements for each financial period which give a true and fair view of financial position of the company as at period end and of the profit or loss of the company for the period then ended. In preparing these the directors are 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 judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period; and
- prepare the financial statements in accordance with generally accepted accounting principles as defined in the Companies Act (Cap. 386) and in accordance with the provision of the same Act.

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, (Cap.386). This responsibility includes designing, implementing and maintaining such internal controls 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. They are 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.

Going Concern Basis

After reviewing the company's forecasted financial statements, the directors are satisfied at the time of approving the financial statements that the Company is continually taking steps to ensure that there are adequate resources to continue operating for the foreseeable future and therefore it is appropriate to adopt the going concern basis in preparing the financial statements.

Shareholder register information pursuant to Listing Rule 5.64

Structure of Capital

The Company has an authorised share capital of 100,000 Ordinary Shares of one Euro (€1) each and issued and fully paid up share capital of 100,000 Ordinary Shares with a nominal value of one Euro (€1) each. The Company has two shareholders each holding 20% of the share capital namely:

Giuseppe Farrugia

Daniel Gatt

All Ordinary Shares are entitled to attend and vote at General meetings, whereupon each Ordinary Share shall be entitled to one vote. The Ordinary Shares in the Company shall rank *pari passu* for all intents and purposes at law. There are currently no different classes of Ordinary Shares in the Company and accordingly all Ordinary Shares have the same rights, voting rights and entitlements in connection with any distribution whether of dividends or capital.

The right to transfer shares in the Company is restricted in the manner as prescribed in the Company's Articles of Association.

The Company is authorised to acquire its own shares in accordance with Sections 106 and 107 of the Maltese Companies Act (Capt. 386).

Appointment and removal of Directors

The Directors of the Company shall be appointed by Ordinary Resolution of the Company at the General Meeting convened for such purpose and giving those eligible to attend at least fourteen (14) days' notice to submit names for the election of Directors. Notice of the Company proposing a person for election as a Director, as well as the latter's acceptance to be nominated as Director shall be given to the Company not less than fourteen (14) days prior to the date of the meeting appointed for such election.

The Directors of the Company shall be natural persons, and no body corporate may be a Director of the Company. An election of Directors shall take place every year, and all Directors, except a managing Director, shall retire from office once every three (3) years, but shall be subject to re-election.

A member of the Board shall hold office until such time as he tenders his resignation or until he is removed by the General Meeting by a resolution passed by a member or members having the right to attend and vote, holding in the aggregate shares entitling the holder/s thereof to more than fifty percent (50%) of the voting rights attached to shares represented and entitled to vote at the meeting.

Powers of Directors

The powers and duties of the Directors are outlined in the Company's Articles of Association.

Contracts with Board Members and Employees

The Company had no employees during the period ended 30 September 2019.

General Meetings

The Company shall in each year hold an Annual General Meeting by not later than fifteen months from the date of one Annual General Meeting to the next. All general meetings other than an Annual General Meeting shall be called Extraordinary General Meetings. The Directors may convene an Extraordinary General Meeting whenever they think fit. The Board shall, on the requisition of a member or members of the Company holding at the date of the deposit of the requisition not less than one-tenth (1/10th) of the paid-up share capital of the Company carrying the right to vote at General Meetings of the Company, proceed forthwith to convene an Extraordinary General Meeting of the Company in accordance with the provisions of the Article 129 of the Maltese Companies Act (Capt. 386). All shareholders shall be entitled to receive notice of, participate in and vote at the General Meeting.

A General Meeting of the Company shall be called by not less than fourteen (14) days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and shall specify the place, day and the hour of the meeting, and in case of special business, the general nature of that business, and shall be accompanied by a statement regarding the effect and scope of any proposed resolution in respect of such special business.

No disclosures are being made pursuant to Listing Rules 5.64.4, 5.64.5, 5.64.6, 5.64.7, 5.64.10 and 5.64.11.

Auditors

3a have intimated their willingness to continue in office. A proposal to reappoint the above as auditors of the company will be put to General Meeting.

Statement by Directors on the Financial Statements and Other Information included in the report

In pursuant to Listing Rule 5.68 the directors declare that to the best of their knowledge:

- the financial statements give a true and fair view of the financial position and financial performance of the Company and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the Companies Act (Cap. 386); and
- this report includes a fair review of the development and performance of the business and positions of the Company, together with a description of the principal risks and uncertainties that they face.

This report was approved by the Board of Directors on 20 April 2020 and signed on its behalf by:



Giuseppe Farrugia



Daniel Gatt

Statement of Compliance with the Principles of Good Corporate Governance

Yacht Lift Malta p.l.c. ("the Company") is hereby presenting its statement of compliance with the Code of Principles of Good Corporate Governance (the "Code") for the period ended 30 September 2019. This statement is in line with the requirements as set out by the Malta Financial Services Authority Listing Rule 5.97 and also in line with Prospects MTF Rules.

The Prospects MTF Rules issued by the Malta Stock Exchange require qualifying companies admitted to Prospects MTF to observe relevant corporate governance standards, in this case the Code of Principles of Good Corporate Governance ("the Code"), accompanied by a report of the independent auditor.

In view of the fact that Yacht Lift Malta p.l.c. (the "Company") debt (and not equity) securities are listed and traded on a regulated market or on a multilateral trading facility, it is exempt from disclosing the information as prescribed in Listing Rules 5.97.1, 5.97.2, 5.97.3, 5.97.6 and 5.97.7 in this Corporate Governance Statement.

The Board of Directors of the Company acknowledges that although the Code does not dictate or prescribe mandatory rules, compliance with the principles of good corporate governance recommended in the best interests of the Company, its shareholders and other stakeholders. The Board considers compliance with the Code to be an integral part of operations so as to ensure transparency and responsible corporate governance which will in turn yield a positive reputation for the Company. Effective measures have been taken to ensure compliance to these principles and for the implementation of the Code as detailed hereunder.

The Corporate Governance Statement (the "Statement") will set out the structures and processes in place within the Company and how these effectively achieve the goals set out in the Code. For this purpose, this Statement will make reference to the pertinent principles of the Code and then set out the manner in which the Directors believe that these have been adhered to, and where it has not.

Part One: Compliance with the Code

The Board of the Company believes 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 to the public and has no employees. Accordingly, some of the provisions of the Code are not applicable whilst others are applicable to a limited extent.

Principle One - The Board

The Board of Directors is responsible for devising strategy, setting policies of the Company and for reviewing internal control procedures, financial performance and business risks facing the Company. The activities of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the Company so as to protect the interest of bondholders, amongst other stakeholders. The Board is also responsible for making relevant public announcements and for the Company's compliance with its continuing obligations in terms of the rules of the Prospect MTF, and to ensure conformity with all other relevant rules and regulations.

Principle Two - Chairman and Chief Executive Officer

The functions of the Chairperson and Chief Executive Officer are not vested in the same individual and related responsibilities are clearly established, rendering these positions completely separate from one another.

The separation of roles of the Chairman and Chief Executive Officer avoids concentration of authority and power and differentiates leadership of the Board from the running of the business.

The Chairperson's main function is to lead the Board, set the agenda, ensure that the Directors of the Board receive precise, timely and objective information, ensure effective communication with shareholders and bondholders, and encourage active engagement by all members of the Board for discussion of complex or 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 Three - 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 Articles of Association of the Company clearly set out the procedures to be followed in the appointment of directors.

The Board of the Company who served during the period under review was as follows:

Directors

Giuseppe Farrugia	Executive Director
Daniel Gatt	Executive Director, Chief Executive Officer
Ivan Fsadni	Chairman, Independent Non-Executive Director (appointed 05 August 2019)
Stefan Sant	Independent Non-Executive Director (appointed 05 August 2019)

Company Secretary

Dr David Gatt	(resigned 05 August 2019)
Dr David Wain	(appointed 05 August 2019, resigned 18 March 2020)
Katia Cachia	(appointed 18 March 2020)

Principle Four - 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 monitor effectively 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 Listing Rules. The Committee's primary objective is to assist the Board with the execution of their responsibilities as Directors and provide additional oversight and corporate governance of the activities of executive management. The role and competence of such Committee is further described in Principle 12 hereunder.

Principle Five - Board meetings

Meetings of the Board are held as frequently as considered necessary. The Directors are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting documents as necessary. Minutes are prepared during Board meetings recording faithfully attendance, and resolutions taken at the meeting. These minutes are subsequently circulated to all Directors as soon as practicable after the meeting. The Chairman ensures that all relevant issues are on the agenda supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all Directors every opportunity to contribute to relevant issues on the agenda. The agenda of the Board seeks to achieve a balance between long-term strategic and short-term performance issues.

During the Board meetings, the Board also delegates specific responsibilities to the management team of the Company. Subsequent to the Company's submission of its Admission Document on the 06 September 2019, the Board met once whereby all members of the Board were present during this Board meeting.

Principle Six - Information and Professional Development

Each Director is made aware of the Company's on-going obligations in terms of the Companies Act, the Listing Rules and other relevant legislation. Directors have access to the advice and services of the Company Secretary. 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 Seven - Evaluation of the Board's performance

With respect to the period under review, the Company has not carried out a performance review of the Board. However, the Board expects to carry out the said review within the current financial year through the submission and evaluation of a questionnaire completed by the Directors.

Principle Eight - Committees

Principle 8A - Remuneration Committee

Pursuant to the Company's Articles of Association, the maximum aggregate emoluments that may be paid to Directors is approved by the shareholders in a general meeting. No remuneration was paid to the Directors during the period under review.

None of the Directors is employed or has a service contract with the Company.

Principle 8B - Nomination Committee

In view of the size and operation of the Company, the Board does not consider the Company to require the setting up of a Nomination Committee. Reference is also made to the information provided under the subheading 'Principle 3' above, which provides for a formal and transparent procedure for the appointment of new Directors to the Board.

Audit Committee

The terms of reference of the Audit Committee consists of supporting the Board in their responsibilities in dealing with issues of risks, control and governance and associated assurance.

The Board sets formal rules of engagement and terms of reference of the Audit Committee that establish its composition, role and function, the parameter of its remit and the basis for the processes that it is required to comply with. The Audit Committee is a sub-committee of the respective Board and is directly responsible and accountable to the respective Board. The Board reserves the right to change the Committee's terms of reference from time to time.

The Audit Committee has the role to deal with and advise the Board on:

- a) the monitoring responsibility over the financial reporting processes, financial policies, internal control structures and audit of annual financial statements;
- b) maintaining communication on such matters between the Board, management and independent auditors;
- c) facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- d) preserving the company's assets by understanding the Company's risk environment and determining how to deal with such risks.

The Audit Committee also has the role and function of considering and evaluating the arm's length nature of proposed transactions to be entered into by the Company and a related party.

The Malta Stock Exchange reviewed the Committee's terms of reference as part of the admission process with respect to the bonds issued by the Company.

The Audit Committee is presently composed of:

Ivan Fsadni	Chairman, Independent Non-Executive Director
Stefan Sant	Independent Non-Executive Director
Daniel Gatt	Executive Director

In compliance with the Listing Rule 5.118A, Ivan Fsadni is an Independent Non-Executive Director who is competent in accounting and/or auditing matters in view of his considerable experience as a warranted Certified Public Accountant.

Internal Control

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. The Directors are aware that internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against normal business risk.

During the financial period under review the Company operated a system of internal controls which provided reasonable assurance of effective and efficient operations covering all controls, including financial controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the significant risks facing the Company.

Other key features of the system of internal control adopted by the Company are as follows:

Risk identification

The Board, with the assistance of the Audit Committee, is responsible for the identification and evaluation of key risks applicable to the areas of business in which the Company is involved. The risks are assessed on a continual basis.

Information and communication

Periodic strategic reviews which include consideration of long-term financial projections and the evaluation of business alternatives are regularly convened by the Board. An annual budget is prepared and performance against this plan is actively monitored and reported to the Board.

Principle Nine - Relations with Shareholders and with the Market

The Company is committed to having an open and communicative relationship with its bondholders. The Board believes that bondholders should have an opportunity to send communications to the Board. Any communication from a bondholder to the Board generally or a particular Director should be in writing, signed, contain the number of bonds held in the sender's name and should be delivered to the attention of the Company Secretary at the registered office of the Company.

The Company issues Company Announcements to keep the market informed of any developments.

Principle Ten - Relations with Shareholders and with the Market

The Directors are of the view that this Principle is not applicable to the Company, since it doesn't have any institutional investors.

Principle Eleven - Conflicts of Interest

The Executive Directors of the Company are also the Directors of the Guarantor (Yacht Lift Malta Operations Ltd), and are, effectively the ultimate beneficial owners of the entirety of the Company and the Guarantor. In this view, they are susceptible to conflicts between the potentially diverging interests of the Company and the Guarantor, as the case may be, in transactions entered into, or proposed to be entered into between them.

In view of the lender-borrower relationship which arose between the Company and the Guarantor pursuant to the issue of the bonds, there may be situations that could give rise to conflicts between the potentially diverging interests of the said entities. In these situations, the Executive Directors are required to act in accordance with the majority decision of those Directors who would not have a conflict in the situation and in line with the advice of outside legal counsel.

The Non-Executive Directors have the role of acting as an important check on the possible conflicts of interest for the Executive Directors, in view of their dual role as Executive Directors of the Company and their role as officers of the Company.

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 has 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. Furthermore, the Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company.

In addition, to the above, in accordance with the provisions of article 145 of the Companies Act (Cap. 386 of the Laws of Malta), every Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company is under the duty to declare his interest in the relevant transaction to the Board at the first possible opportunity and he will not be entitled to vote on matters relating to the proposed transaction and only parties who do not have any conflict in considering the matter will participate in the consideration of the proposed transaction (unless the Board finds no objection to the presence of such Director with conflict of interest).

Principle Twelve - Corporate Social Responsibility

The Directors are committed to high standards of ethical conduct and to contribute to the development of the local community and society at large.

Part Two: Non-compliance with the Code

Principle Six - Information and Professional Development

The Company has not yet developed a succession policy for the future composition of the Board of Directors, this is in view of the company being non-trading as at period end.

Statement of Compliance with the Principles of Good Corporate Governance

Principle Seven - Evaluation of the Board's performance

Under the present circumstances, the Company has not carried out a performance review of the Board, in view that the Board has not been operating in its current capacity for a period of twelve months. Furthermore, 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 market and the Listing Rules by which the Issuer is regulated as a listed company in relation to the secured bonds.

Principle Eight - Remuneration and Nomination Committees

Given the size and circumstances of the Company's business, the Company does not deem it necessary to appoint a Nomination and Remuneration Committee as decisions on these matters are more adequately taken by the Board, who are considered to possess the level of skill, knowledge and experience expected in terms of the Code, and at shareholder level.

This statement of compliance with the principles of good corporate governance has been approved by the Board of Directors and signed on its behalf by:



Giuseppe Farrugia
Director



Daniel Gatt
Director

Date: 20 April 2020


**Statement of Comprehensive Income
for the period ended 30 September 2019**

		2019	2018
	Notes	€	€
Revenue	3	5,000	60,000
Administrative expenses		(47,920)	(55,226)
Operating (loss)/profit		(42,920)	4,774
Finance costs	4	(9,404)	-
(Loss)/profit before taxation	5	(52,324)	4,774
Income tax expense	6	45,788	(1,671)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(6,536)	3,103
Total comprehensive income attributable to:			
Equity holders of the company		(6,536)	3,103
Earnings per Share:			
Basic earnings per share (in €)		-	13

The notes on pages 14 to 35 form an integral part of these financial statements.

	Notes	2019 €	2018 €
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	262,801	14,013
Deferred tax assets	6	45,788	-
		<u>308,589</u>	<u>14,013</u>
Current Assets			
Trade and other receivables	9	2,158,714	120,928
		<u>2,158,714</u>	<u>120,928</u>
Total Assets		<u><u>2,467,303</u></u>	<u><u>134,941</u></u>
EQUITY			
Capital and Reserves			
Share capital	11	100,000	240
Retained earnings		(18,203)	2,403
Total Equity		<u>81,797</u>	<u>2,643</u>
LIABILITIES			
Non-Current Liabilities			
Long-term borrowings	14	2,038,176	-
		<u>2,038,176</u>	<u>-</u>
Current Liabilities			
Trade and other payables	12	123,889	12,350
Current income tax liabilities	13	1,671	1,671
Short-term borrowings	14	221,770	118,277
		<u>347,330</u>	<u>132,298</u>
Total Liabilities		<u>2,385,506</u>	<u>132,298</u>
Total Equity and Liabilities		<u><u>2,467,303</u></u>	<u><u>134,941</u></u>

The financial statements were approved by the Board of Directors on 20 April 2020 and signed on its behalf by:


Giuseppe Farrugia


Daniel Gatt

The notes on pages 14 to 35 form an integral part of these financial statements.

**Statement of Changes In Equity
for the period ended 30 September 2019**

	Share Capital	Retained Earnings	Total
	€	€	€
At 01 January 2018	240	(700)	(460)
Comprehensive Income			
Profit for the year	-	3,103	3,103
At 31 December 2018	<u>240</u>	<u>2,403</u>	<u>2,643</u>
At 31 December 2018 as previously stated	240	2,403	2,643
Change in accounting policy	-	(14,070)	(14,070)
At 1 January 2019	<u>240</u>	<u>(11,667)</u>	<u>(11,427)</u>
Comprehensive Income			
Loss for the period	-	(6,536)	(6,536)
Other movements			
Cash issue of shares	100,000	-	100,000
Return of allotments	(240)	-	(240)
At 30 September 2019	<u>100,000</u>	<u>(18,203)</u>	<u>81,797</u>
Equity interests	<u>100,000</u>	<u>(18,203)</u>	<u>81,797</u>

Statement of cash flows
for the period ended 30 September 2019

	2019		2018	
	€	€	€	€
Cash flow from operating activities				
Net (loss)/profit before taxation	(52,324)		4,774	
Reconciliation to cash generated from / (used in) operations:				
Depreciation	16,810		885	
Bond issue costs - professional fees	2,417		-	
Finance costs	9,404		-	
Operating profit / (loss) before working capital changes	(23,693)		5,659	
(Increase) / decrease in other debtors	(37,786)		(120,928)	
Increase / increase in trade creditors	94,964		11,500	
(Decrease) / (decrease) in other creditors	23,838		100,232	
Interest paid	(662)		-	
Cash (used in) / generated from operating activities		56,661		(3,537)
Cash flow from investing activities				
Issue of shares for cash	100,000		-	
Purchase of tangible fixed assets	(159,295)		(14,898)	
Cash generated from / (used in) investing activities		(59,295)		(14,898)
Cash from financing activities				
Payment of bond issue costs	(14,500)		-	
New short-term bank borrowings	15,996		-	
Repayment of short-term bank borrowings	(4,085)		-	
Payments of lease under IFRS 16	(5,910)		-	
Cash used in financing activities		(8,499)		-
Net (decrease) / increase in cash in the period		(11,133)		(18,435)
Cash and cash equivalents at beginning of period		(18,195)		240
Cash and cash equivalents at end of period	Note 10	(29,328)		(18,195)

1. General Information

The Company is a public limited liability company incorporated on 24 November 2016 and domiciled in Malta. The registered office of the Company is 129-130, Ta' Xbiex Seafront, Ta' Xbiex, XBX 1028. The Company status is that of a public limited liability company. These financial statements were approved for issue by the Board of Directors on 20 April 2020.

The ultimate beneficial owners of the Company are its shareholders, Giuseppe Farrugia and Daniel Gatt.

2. Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Statement of compliance and basis of measurement

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is stated in the accounting policies below. These financial statements are prepared in accordance with the provisions of the Companies Act (Cap.386) enacted in Malta and with the requirements of the International Financial Reporting Standards as adopted by the European Union (EU).

These are the Company's first financial statements prepared under International Financial Reporting Standards (IFRSs) as adopted by the EU. The Company's previous financial statements, for the year ended 31 December 2008, were prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME). The date of transition to IFRSs as adopted by the EU is the beginning of the earliest period for which the Company presents full comparative information in accordance with GAPSME in these financial statements, hence 1 January 2018.

An explanation of how the transition to IFRSs as adopted by the EU has affected the Company's reported financial position and financial performance is provided in Note 20.

The preparation of financial statements in conformity with the International Financial Reporting Standards as adopted by the EU requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at Statement of Financial Position date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Presentation and functional currencies

The Company's presentation as well as functional currency are denominated in €.

Period covered by the financial statements

During the period, the Company changed its accounting reference period. Consequently, the comparative financial statements cover one year from 01 January to 31 December 2018 whilst the current year financial statements cover the the period from 01 January to 30 September 2019.

Standards, Interpretations and Amendments effective in the current period

During the period, the Company applied the following International Financial Reporting Standards as adopted by the EU which became mandatorily effective for annual periods beginning on or after 01 January 2019:

On 13 January 2016, the IASB issued IFRS 16 Leases. The standard specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Company has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated the comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in the notes below.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6%.

Practical expedients applied

In applying IFRS 16 for the first time, the Company used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has elected to reassess whether a contract is or contains a lease at the date of initial application.

During the period, the Company applied the following International Financial Reporting Interpretations and Amendments as adopted by the EU which became mandatorily effective for annual periods beginning on or after 01 January 2019:

New or revised Interpretations adopted:

On 7 June 2017, the IASB issued IFRIC 23 Uncertainty over Income tax treatments. The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: (1) Whether tax treatments should be considered collectively; (2) Assumptions for taxation authorities' examinations; (3) The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; (4) The effect of changes in facts and circumstances.

New or revised Amendments adopted:

-Amendments to IFRS 9 'Prepayment features with negative compensation'. Amends the existing requirements in IFRS 9 regarding the termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

-Annual Improvements to IFRS Standards 2015-2017 Cycle. The following amended standards have been adopted: (1) IAS 12 - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits; (3) IAS 23 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

New and revised IFRSs adopted by the EU that are not mandatorily effective for periods beginning on or after 01 January 2019 and have not been applied during the period under review:

Below is a list of new or revised standards relevant to the Company, as well as interpretations and amendments to IFRSs adopted by the EU, that are not yet mandatorily effective (but allow early application) for annual periods beginning on or after 01 January 2019:

-Amendments to References to the Conceptual Framework in IFRS Standards - Issued on 29 March 2018, the document contains amendments to IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 19 and IFRIC 22. These are mandatorily applicable for annual periods beginning on or after 1 January 2020.

-Amendments to IAS 1 and IAS 8 Definition of Material. Issued 31 October 2018 and clarifies the definition of 'material' and align the definition used in the Conceptual Framework and the standards. These are mandatorily applicable for annual periods beginning on or after 1 January 2020.

Standards and Interpretations issued by the IASB but not yet adopted by the EU:

At present, IFRSs as adopted by the EU do not significantly differ from regulations adopted by the IASB except for some standards and amendments to the existing standards, which were not endorsed for use in the EU for periods beginning on or after 01 January 2019 and cannot be applied by the entities preparing their financial statements in accordance with IFRS as adopted by the EU. These are not relevant to the financial statements of the Company.

The Directors are assessing the impact that the adoption of these International Financial Reporting Standards will have on the financial statements in the period of initial application. The Directors anticipate that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements in the period of initial application.

Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

After initial recognition, property, plant and equipment are carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is recognised in profit or loss. The rates of depreciation used for other items of property, plant and equipment are as follows:

Office equipment	-	25% Straight Line
Motor boat	-	10% Straight Line
Computer equipment	-	
Building improvements	-	10% Straight Line
Right-of-use assets	-	5% to 10% Straight Line

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition represent the difference between the net proceeds and the carrying amount and are included in profit or loss in the period of derecognition.

Accounting policies for right-of-use assets are discussed in further details in the leases section.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is calculated as the present value of the expected future cash flows, discounted at the original effective interest rate inherent in the assets. The recoverable amount of the assets is the greater of their net selling price and value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable 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, if no impairment loss had been recognised.

Impairment of financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs as a practical expedient. Therefore the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as part of borrowings in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a part of property, plant and equipment in the statement of financial position .

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the impairment.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

Amounts receivable

Amounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less expected credit losses. The amount of credit loss is updated at each reporting period to reflect changes in credit risk since initial recognition.

Amounts receivable are derecognised when the rights to receive cash flows have expired or when substantially all risks and rewards of ownership have been transferred. When there is no reasonable expectation of recovering part or all of an amount receivable, it's carrying value is written off.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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 Statement of Financial Position date.

Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services, whether or not billed to the Company. Due to their short-term nature, these are measured at amortised cost and are not discounted.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external values may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Taxation

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income. When it relates to items recognised directly to equity, income tax is recognised as part of the other comprehensive income and in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Share Capital

Ordinary shares are classified as equity.

Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be measured reliably. The Company measures revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods and services promised.

The consideration relates to the transaction price or a portion of the transaction price allocated to each performance obligation as defined in the contract with the customer.

The transaction price may include variable consideration and the time value of money. Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events.

Performance obligations are satisfied as follows:

Revenue is recognised using the percentage of completion basis determined by reference to work performed unless the outcome of the contract cannot be estimated reliably.

Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at face value. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the Statement of Financial Position, bank overdrafts are included as borrowings under current liabilities.

Capital Disclosures

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt ÷ adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (ie share capital, share premium, non-controlling interests, retained earnings, and revaluation reserve) other than amounts accumulated in equity relating to cash flow hedges, and includes some forms of subordinated debt.

3. Revenue

	2019	2018
	€	€
Included in this category is the following:		
Revenue from contract with customers	5,000	60,000

4. Finance costs

	2019	2018
	€	€
Included in this category are the following:		
On bonds	5,425	-
On bank overdrafts	662	-
On bank loans	246	-
On lease liability	3,071	-
	<u>9,404</u>	<u>-</u>

5. (Loss)/profit for the period / year

	2019	2018
	€	€
(Loss)/profit for the period is stated after charging:		
Depreciation of tangible assets	16,810	885
Auditors' remuneration	8,000	750

6. Taxation

Unrelieved tax losses and capital allowances carried forward for taxation purposes amount to €130,455 and €686 respectively (2018 - €- and €-). These amounts will be set off against the first available future taxable income and are subject to agreement by the Inland Revenue.

- a) Taxation is provided for at the rate of 35% for company profits, except for certain bank interest receivable which is taxed at 15%.

	2019	2018
	€	€
Current year taxation		
Income tax on the taxable income for the period / period	-	1,671
Deferred taxation		
Transfer from deferred taxation account	(45,788)	-
	<u>(45,788)</u>	<u>1,671</u>

- b) The accounting profit and the tax expense for the period / period are reconciled as follows:

	2019	2018
	€	€
(Loss)/profit on ordinary activities before taxation	<u>(52,324)</u>	<u>4,774</u>
Tax on accounting profit at 35%	(18,313)	1,671
Tax effect on:		
Provisions disallowable for tax purposes	1,075	-
Other non-temporary differences	(28,550)	-
Tax expense for the period / period	<u>(45,788)</u>	<u>1,671</u>

c) The asset for deferred tax is analysed as follows:

	2019	2018
	€	€
Excess of capital allowances over depreciation	(111)	-
Unabsorbed tax losses and capital allowances	45,899	-
Deferred tax asset	<u>45,788</u>	<u>-</u>

Deferred tax assets and liabilities are offset when the income tax relates to the same fiscal authority.

Provision was made for deferred tax for all temporary differences on the basis of the balance sheet liability method using a principal tax rate at 35% (2018 - 35%).

7. Property, plant and equipment

	Office Equipment	Motor boat	Building Improvements	Right-of-Use Assets	Total
	€	€	€	€	€
Cost					
Additions	1,864	-	13,034	-	14,898
At 31 December 2018	1,864	-	13,034	-	14,898
Depreciation					
Charge for the period	233	-	652	-	885
At 31 December 2018	233	-	652	-	885
Net book values					
At 31 December 2018	1,631	-	12,382	-	14,013
Cost					
At 1 January 2019	1,864	-	13,034	-	14,898
Additions	-	2,200	20,355	-	22,555
Adoption of IFRS 16	-	-	-	269,669	269,669
At 30 September 2019	1,864	2,200	33,389	269,669	307,122
Depreciation					
At 1 January 2019	233	-	652	-	885
Charge for the period	350	18	2,504	-	2,872
Adoption of IFRS 16	-	-	-	40,564	40,564
At 30 September 2019	583	18	3,156	40,564	44,321
Net book values					
At 30 September 2019	1,281	2,182	30,233	229,105	262,801

8. Leases

This note provides information for leases where the Company is a lessee.

(i) Amounts recognised in the balance sheet as property, plant and equipment:

	2019	2018
	€	€
Parking facilities and pontoon	191,646	-
Buildings	78,023	-
	<u>269,669</u>	<u>-</u>

Additions to the right-of-use assets amounted to € 191,646 during the period (2018:nil).

(ii) Amounts recognised in the balance sheet as borrowings:

	2019	2018
	€	€
Lease liabilities		
Current	73,186	-
Noncurrent	50,259	-
	<u>123,445</u>	<u>-</u>

(iii) Amounts recognised in the statement of profit or loss:

The statement of profit or loss shows the following amounts relating to leases:

	2019	2018
	€	€
Depreciation charge of right-of-use assets		
Parking facilities and pontoon	1,597	-
Buildings	12,341	-
	<u>13,938</u>	<u>-</u>
Interest expense (included in finance cost)	3,071	-
Expense relating to variable/short-term lease payments not included in lease liabilities (included in administrative expenses)	8,617	20,000

The total cash outflow for leases in 2019 was € 162,589 (2018:€ 20,000).

(iv) The Company's leasing activities

The Company leases offices, parking facilities and pontoon in the assigned specific areas. Rental contracts are typically made for fixed periods of 5 to 10 years, but may have termination and extension options which were considered as discussed in the accounting policies.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

One of the agreements contain variable lease payments which will be calculated as 10% commission on sales invoices. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in the agreements. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

9. Trade and other receivables

		2019	2018
		€	€
Amounts owed by related companies	<i>Note</i>	76,700	70,800
Other debtors		2,028,240	2,196
Prepayments and accrued income		53,774	47,932
		<u>2,158,714</u>	<u>120,928</u>

Amounts owed by related companies

These amounts are unsecured, interest free and repayable on demand.

10. Notes to the Statement of Cash Flows

Cash and cash equivalents

Cash and cash equivalents included in the Statement of Cash Flows comprise the following Statement of Financial Position amounts:

	2019	2018
	€	€
Overdrafts	<u>(29,328)</u>	<u>(18,195)</u>

Major non-cash transactions:

Financing activities

The amount of € 2,000,000 was excluded from financing activities which pertains to bond proceeds held by the trustee.

11. Share capital	2019	2018
	€	€
Authorised		
100,000 (2018:1,200) Ordinary shares of €1 each	100,000	1,200
	<u> </u>	<u> </u>
Issued		
100,000 (2018: 1,200) Ordinary shares of €1 each 100% (2018:20%) paid up	100,000	240
	<u> </u>	<u> </u>
12. Trade and other payables	2019	2018
	€	€
Trade payables	106,464	11,500
Accruals and deferred income	17,425	850
	<u> </u>	<u> </u>
	123,889	12,350
	<u> </u>	<u> </u>
13. Current Income Tax Liabilities	2019	2018
	€	€
The tax provision is made up of :-		
Balance at beginning of year / period	1,671	-
Provision for the year / period	-	1,671
	<u> </u>	<u> </u>
Balance at end of year / period	1,671	1,671
	<u> </u>	<u> </u>

14. Borrowings

	2019	2018
	€	€
Non-current		
Bonds payable	<i>Note</i> 1,987,917	-
Lease liabilities	<i>Note</i> 50,259	-
	<u>2,038,176</u>	<u>-</u>
Current		
Bank overdrafts	29,328	18,195
Amounts owed to shareholders	<i>Note</i> 107,345	100,082
Bank borrowings	<i>Note</i> 11,911	-
Lease liabilities	<i>Note</i> 73,186	-
	<u>221,770</u>	<u>118,277</u>
Lease liabilities		
Repayable between one and two years	103,741	-
Repayable between two and five years	19,704	-
	<u>123,445</u>	<u>-</u>

Bonds payable

The Company issued 20,000 secured callable bonds with a face value of €100 each, for an aggregate amount of €2 million. The bonds have an interest of 5.5% per annum, payable annually in arrears on 12 September. The nominal value of the secured bonds is repayable in full upon maturity on 13 September 2025. The bonds are guaranteed by related parties and jointly and severally liable for the payment of the bonds and interest thereon, pursuant to the terms of the Guarantee. The bonds are measured at the amount of the bond issue of €2 million net of the bond issue costs which are being amortised over the lifetime of the bonds, as follows:

	2019	2018
	€	€
Face value of the bonds	2,000,000	-
<i>Less:</i>		
Bond issue costs	(14,500)	-
Accumulated amortisation	2,417	-
	<u>(12,083)</u>	<u>-</u>
Closing net book value of the bond issue costs	(12,083)	-
Amortised cost and carrying amount of the bonds	<u>1,987,917</u>	<u>-</u>

Amounts owed to shareholders

These amounts are unsecured, interest free and repayable on demand.

Bank loan

The bank loan is repayable over one year through 12 monthly repayments of € 1,361.56 each inclusive of interest. This is secured by guarantee on bank's form Leg 01 given by the Company's shareholders and subject to interest rate of 6.15% per annum.

15. Capital commitments

	2019	2018
	€	€
Details of capital commitments at the accounting date are as follows:		
Approved but not yet contracted for	1,442,575	-
Contracted for but not yet provided in the financial statements	12,000	32,355

16. Post balance sheet events

The Coronavirus (COVID-19) pandemic is affecting business on a national and worldwide level. The Company is closely monitoring the possible impact on its operations and financial performance and is committed to take all necessary steps to mitigate any impact. The Company is assessing the situation on an on-going basis, in order to enable executive management to take the necessary decisions in the interest of all stakeholders. In view of the unprecedented circumstances it is too early to quantify the effects on the Company's operations and performance.

17. Related party transactions**Loans to related parties**

	2019	2018
	€	€
Loans to other related parties :		
Opening balance	70,800	-
Revenue from contract during the period/year	5,900	70,800
Closing balance	76,700	70,800

Loans from related parties

	2019	2018
	€	€
Loans from shareholder, directors and key management :		
Opening balance	100,082	-
Loans advanced during the period	21,182	215,131
Loans repayments made	(13,919)	(115,049)
Closing balance	<u>107,345</u>	<u>100,082</u>

18. Financial Risk Management

The Company's activities potentially expose it to a variety of financial risks: market risk (including price risk, currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The management of the company's financial risk is based on a financial policy approved by the Board of directors and exposes the Company to a low level of risk.

a) Market risk

(i) Price risk

The Company has not yet commenced its trading operations which were planned to start by April 2020, but which is being delayed to July 2020 due to COVID-19 pandemic, hence this risk may have not yet materialised.

Once the Company starts its yacht lifting operations, the company is exposed to market risk due to the possibility of unexpected direct competition in the market. The company has adopted robust risk management policies to mitigate this risk. Management plans to monitor and benchmark the prices offered by any competitors such as land based yacht maintenance operators to determine competitive prices. This is done to assess the appropriate level of risk for certain events happening once trading starts. Management also plans to monitor the price elasticity of demand and customers behaviour when prices change.

(ii) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Company's functional currency is the Euro and will operate solely in Malta. The directors do not foresee foreign exchange risk to be material in the future other than the purchase of the yacht lift which is denominated in US Dollars.

(iii) Cash flow and fair value interest rate risk

The Company's sole significant interest-bearing liability is the bond interest, its future income and operating cash flows are substantially independent of changes in market interest rates. On this basis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

(b) Credit risk

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward-looking information in determining any expected credit loss.

Credit risk mainly arises on trade and other receivables as follows:

	2019	2018
	€	€
Trade debtors - related party	76,700	70,800
Other debtors	2,000,000	-
	<u>2,076,700</u>	<u>-</u>

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount, as disclosed in the respective notes to the financial statements. The Company deals only with bank and financial institutions with quality standing and does not consider that there was any material credit risk concentration at the end of the reporting period, after considering historical payment patterns where relevant.

(c) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities which includes a bond of EUR2,000,000, amounts due to related parties EUR107,345, trade and other payables of EUR 123,889, bank overdraft and bank loan EUR41,239.

During 2019, the company has entered into a longterm bond offer for Secured Callable Bonds arrangement with Calamatta Cuschieri amounting to EUR 2,000,000, with an interest of 5.5% interest per annum and repayable by 2025.

Although current assets exceed current liabilities as at 30 September, 2019 by EUR 1,811,384 (2018: net liability of EUR 11,370), the directors do not consider liquidity risk since the bond of EUR 2,000,000 was being partly and fully realised immediately after the reporting period.

Liquidity risk is monitored at a board level by ensuring that sufficient funds are available.

Capital 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 and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

19. Fair values estimation

The nominal values less estimated credit adjustments of trade receivable and payables are assumed to approximate their fair values, otherwise, these have been adjusted to approximate their fair values.

The fair values of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price whilst the appropriate quoted market price for financial liabilities is the current asking price.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

20. First-time adoption of IFRSs as adopted by the EU

As explained in note 2, the Company first-time adopted IFRSs as adopted by the EU in these financial statements. The date of transition to IFRSs as adopted by the EU is 01 January 2018.

The accounting policies applied by the Company upon transition to IFRSs as adopted by the EU were almost consistent with those applied under the GAPSME. As a result, the transition to IFRSs as adopted by the EU had no significant effect on the Company's reported position and financial performance, except for the adoption of IFRS 16, Leases where a modified retrospective approach was adopted (i.e., there were no restatements to the comparative amounts but rather a direct adjustment to the opening balances of retained earnings in the statement of equity). The impact of the adoption was discussed in Note 2.

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Yacht Lift Malta p.l.c., set out on pages 10 to 35, which comprise the Statement of Financial Position as at 30 September 2019, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 September 2019, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entities 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.

To the best of our knowledge and belief, we declare that we have not provided non-audit services to the Company.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

Accounting for leases

During the financial period ended 30 September 2019, the Company applied IFRS for the first time, with the consequence that the accounting of leases had to be applied using the new IFRS 16-Leases.

Our focus was on assessing whether the leases entered into by the Company, based on the contractual arrangements entered into constituted a lease within the scope of "IFRS 16 Leases" and to assess the management's basis for such application.

The Company accounted for such leases in line with the requirements of IFRS 16, whereby it recognised assets and liabilities for all leases with a term of more than one year, unless the underlying asset is of immaterial value. The Company was required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Because of this changeover to IFRS and the adoption of the new standard from 2019 and the significance of the accounting transactions in this regard, we consider this a key audit matter for our audit.

Our audit procedures included reviewing the relevant contractual agreements, evaluating the appropriateness of the assessment applied in determining the applicability of IFRS 16 and reviewing and considering the appropriateness of the transactions ascribed to assets and liabilities arising from these lease arrangements. We also considered the adequacy of the related disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report. Our opinion on the financial statements does not cover this information, including the directors' report. 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. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Information (continued)

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 179(3) of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

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

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

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 (EU IFRSs), 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 have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

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

From the matters communicated with those charged with governance, 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 the Statement of Compliance with the Principles of Good Corporate Governance

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

The Listing Rules also require the auditors to 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 Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Report.

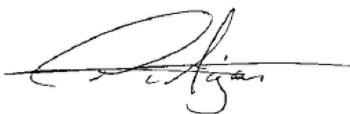
We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance with the Principles of Good Corporate Governance has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

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

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

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



This copy of the audit report has been signed by
Neville Cutajar (Partner) for and on behalf of

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Certified Public Accountants

Office Address:

Level 2, Palazzo Ca' Brugnera
Valley Road, Birkirkara Malta BKR 9024

Date : 20 April 2020

Yacht Lift Malta p.l.c.

The following pages do not form part of the statutory financial statements

**Detailed Trading and Profit and Loss Account
for the period ended 30 September 2019**

	2019		2018
	€	€	€
Revenue		5,000	60,000
Administrative expenses			
Legal fees	5,457		4,900
Depreciation on right-of-use assets	13,938		-
Depreciation on motor boat	18		-
Use of premises	-		400
Rental	8,617		20,000
Business travelling	-		365
Professional fees	4,766		2,103
Consultancy fees (paid/payable)	-		25,000
Accountancy fees	1,750		450
Audit fees	8,000		750
Bank charges	103		373
Bond issue costs - professional fees	2,417		-
Depreciation of leasehold improvements	2,504		652
Depreciation of computers & electronic equipment	350		233
		(47,920)	(55,226)
Operating (loss)/profit		(42,920)	4,774
		-	-
Interest payable			
Bank interest	662		-
Loan interest	246		-
Other interest	8,496		-
		(9,404)	-
(Loss)/profit for the period before taxation		(52,324)	4,774