



LLF 17

The following is a company announcement issued by Luxury Living Finance plc (the “Company”) pursuant to rule 4.11.13 of the Prospects Rules

QUOTE

The Board of Directors of the Company, on the 30 October 2019:

- i. approved the Company’s Audited Financial Statements for the financial year ended 30 June 2019; and
- ii. resolved that no final dividend be recommended to the Company’s Annual General meeting.

Upon the conclusion of the meeting of the Board of Directors, the Annual General Meeting of the Company was held at which:

- a. the audited consolidated Financial Statements, the Auditors’ Report and the Directors’ Report for the financial year ended 30 June 2019 were approved;
- b. Louis Padovani was reappointed as the Company’s auditors and the Board of Directors was authorised to fix his remuneration;
- c. the current directors were reappointed up to the next Annual General Meeting in accordance with the Company’s Articles of Association; and
- d. The shareholders took note of the Board of Directors’ resolution that no dividend be declared.

The above mentioned reports and financial statements are available as part of this announcement and on <https://www.llt-finance.com/>

The Board of Directors of Luxury Living Technologies Limited - the guarantor of the €8,000,000 5% Secured Bonds 2028 issued by the Company in terms of the Company Admission Document dated 3 July 2018 (the “Guarantor”) on the 30 October 2019:

- i. approved the Company’s Audited Financial Statements for the financial year ended 30 June 2019; and
- ii. resolved that no final dividend be recommended to the Company’s Annual General meeting.

Upon the conclusion of the meeting of the Board of Directors, the Annual General Meeting of the Company was held at which:

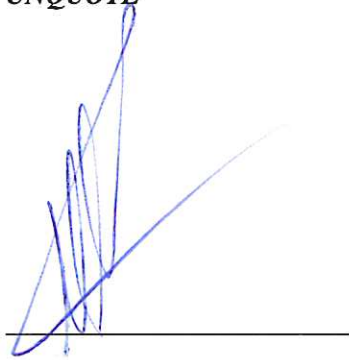
- a. the audited consolidated Financial Statements, the Auditors’ Report and the Directors’ Report for the financial year ended 30 June 2019 were approved;
- b. Louis Padovani was reappointed as the Company’s auditors and the Board of Directors was authorised to fix his remuneration;

c. the current directors were reappointed up to the next Annual General Meeting in accordance with the Company's Articles of Association; and

d. The shareholders took note of the Board of Directors' resolution that no dividend be declared.

The above mentioned reports and financial statements are available as part of this announcement and on <https://www.llt-finance.com/>

UNQUOTE

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Mikiel Calleja
Company Secretary
31 October 2019

LUXURY LIVING FINANCE p.l.c.

*Annual Report
and
Financial Statements
30 June 2019*

Company Registration Number C 85987

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The directors present their report together with the audited financial statements of the Company for the fourteen months ended 30 June 2019.

Principal Activities

The Company's principal activity is to carry on the business of a finance company, principally by advancing capital raised to its parent company, when and as required.

The Company is essentially a special purpose vehicle set up for financing transactions of Luxury Living Technologies Limited. It raised such finance through an issue of bonds which is quoted on Prospects MTF and guaranteed by Luxury Living Technologies Limited, to whom proceeds from its issue has been advanced.

Performance Review

The Company was incorporated on 25 April 2018. Consequently, these financial statements have been prepared for the fourteen-month period, from date of incorporation to 30 June 2019.

During the period under review, the Company generated finance income amounting €379,346 from loan advanced to parent company as well as €45,000 from a management recharge to the parent company. Interest expense on bonds amounted to €366,667. The Company's profit before taxation amounted to €14,866. After accounting for taxation, the profit for the period amounted to €9,663.

The directors expect the present level of activity to be sustained in the foreseeable future.

Position Review

The Company's asset base amounted to €8,378,955 as at 30 June 2019.

Non-current assets relate to loan receivable from parent company amounting to €7,918,521.

The Company's main liabilities are made up of an €8,000,000 5% Secured Bonds redeemable in 2028.

Dividends and Reserves

The retained earnings of the Company at the end of the fourteen month period amounted to €9,663. The directors do not recommend the distribution of a dividend and propose to transfer the profit for the year to reserves.

Financial Risk Management

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. These are further analysed on Note 17 to these financial statements.

Events Subsequent to the Statement of Financial Position Date

There are no particular important events affecting the Company which occurred since the end of the accounting period.

Future Developments

The directors intend to continue to operate in line with the current business plan.

Directors

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

Dr Joseph Borg Bartolo (Non-Executive and Chairman)
Mr Jean Paul Busuttil (Executive)
Mr William Wait (Non-Executive)

The Board meets on a regular basis to discuss performance, position and other matters.

Disclosure of information to the auditor

As at the date of making this report, the directors confirm the following:

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

Statement of Directors' Responsibilities

The Maltese Companies Act, (Cap 386) requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to:-

- adopt the going concern basis, unless it is inappropriate to presume that the company will continue in business as going concern;
- select suitable accounting policies and apply them consistently;
- make judgment and estimates that are reasonable in the circumstances;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- ensure that financial statements have been drawn up in accordance with International Financial Reporting as adopted by the EU;

The directors are also responsible for designing, implementing, and maintaining 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, and that they comply with the Maltese Companies Act (Cap 386).

The directors are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Luxury Living Finance p.l.c. for the fourteen month period ended 30 June 2019 are included in the Annual Report 2019, which is published in hard-copy printed form and will be made available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the control over, and the security of the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Auditor

The auditor, Louis Padovani, has expressed his willingness to remain in office and a resolution proposing his reappointment will be put before the members at the annual general meeting.

Going concern statement pursuant to Prospects MTF Rule 4.11.12

After making enquiries and taking into consideration future plans as explained in Note 2, the directors have a reasonable expectation that the Company has adequate resources to continue in operating existence in the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparation financial statements.

Principal risks and uncertainties associated with the Company

The Company's main objective is that of a finance company. Given that the Company does not carry out any trading activities, it is economically dependent on the business prospects of Luxury Living Technologies Limited ('the parent'). As a result, the Company is dependent on the receipt of income from its parent in relation to Bond proceeds which it has advanced in the form of a loan. Consequently, the operations of the parent would directly affect the performance and position of the Company.

The parent is a company principally operating in eco and renewable energy solutions specialising in installations of photovoltaic units in a variety of domestic, industrial and agricultural locations, with a view of operating a boutique hotel in the first quarter of 2020. Although Luxury Living Technologies Limited registered a loss of €277,274 before tax for the year ended 30 June 2019, this was mainly attributable to logistical issues arising from photovoltaic farms installed but not connected by 30 June 2019, as well recent events in the construction industry which resulted in delays in the development of the St. Julian's boutique hotel, which adversely affected revenue. Luxury Living Technologies Limited intends to continue installing and connecting photovoltaic farms during the next financial year and commence operating the St. Julian's boutique hotel in order to achieve positive and sustainable financial results going forward. The directors monitor closely the impact of events and the ability of the parent to honour its financial commitments. To this regard, the directors are of the view that the amount receivable from the parent by the Company is recoverable.

A detailed review of the risk management policies adopted by the Company is included in Note 17 to these financial statements.

Share Capital Structure

The Company's authorised and issued share capital is €50,000 divided into 50,000 Ordinary Shares of €1 each.

The share capital consists of 49,999 Ordinary 'A' Shares and 1 Ordinary Share 'B'. Ordinary 'A' Shares grant one voting right for every share held and are participating shares entitled received dividend distribution. Ordinary 'B' shares have no voting rights except for the purpose of participating in the appointment or election of directors. Ordinary 'B' share are not entitled to receive any divided distributions.

Holding in excess of 5% Share Capital

On the basis of information available to the Company, as at 30 June 2019, Luxury Living Technologies Limited held 49,999 shares in the Company which is equivalent to 99.999% shares of its total issued share capital.

There are no arrangements in place as at 30 June 2019, the operation of which may at a subsequent date in result in a change in control of the Company.

Appointment and removal of directors

Appointment of directors shall be made at the Annual General Meeting of the Company.

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

Power of the Directors

The management and administration of the Company is vested in the Board of Directors. The powers of Board members are contained in the Company's Articles of Association. There are no provisions in the Company's Memorandum and Articles of Association regulating the retirement or non-retirement of directors over an age limit.

Director's Interest

As at 30 June 2019, non-Executive directors have no beneficial interest in the share capital of the Company. The Executive Director has an indirect beneficial interest in the share capital of the Company through his shares in Bag Investments Co. Ltd. and Sansuna Estate Co. Ltd.

Contracts with Board Members and Employees

The Company does not have service contracts with any of its Board Members. All directors may be removed from their posts of director by ordinary resolution of the shareholders in a general meeting.

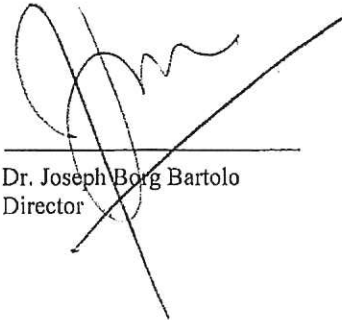
Material Contracts

The Company entered into a loan agreement with its parent Luxury Living Technologies Limited for the transfer of funds received from the Bond issue. Details of such contract is set out in Note 9 to the financial statements.

On behalf of the Board



Mr. William Watt
Director



Dr. Joseph Borg Bartolo
Director

Registered Address:
Greentek Business Complex,
New Street in Triq il-Hofor,
Qormi

30 October 2019

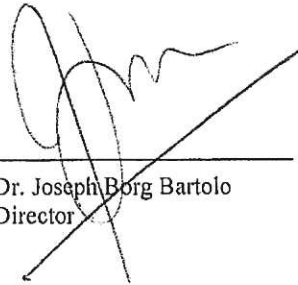
Statement by the Directors on the Financial Statements and Other Information included in the Annual Report

The directors declare that to the best of their knowledge, the financial statements included in the Annual Report are prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU and give a true and fair view of the assets, liabilities, financial position and profit of the Company and this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the board of directors on 30 October 2019 by:



Mr. William Wait
Director



Dr. Joseph Borg Bartolo
Director

The Code adopted by the Company

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.

The Board of Directors (the “Board” or the “Directors”) of Luxury Living Finance p.l.c (the “Company”) acknowledge that although the Code does not dictate or prescribe mandatory rules, compliance with the principles of good corporate governance recommended in the Code is in the best interests of the Company, its shareholders and other stakeholders.

The Company’s structure is designed to meet the Company requirements and to ascertain that decision making is subject to the checks and balances where this is appropriate.

General

Good corporate governance is the responsibility of the Board as a whole, and has been and remains a priority for the Company. In deciding on the most appropriate manner in which to implement the Code, the Board took cognisance of the Company’s size, nature and operations, and formulated the view that the adoption of certain mechanisms and structures which may be suitable for companies with extensive operations may not be appropriate for the Company. The limitations of size and scope of operations inevitably impact on the structures required to implement the Code, without however diluting the effectiveness thereof.

The Board considers that, to the extent otherwise disclosed herein, the Company has generally been in compliance with the Code throughout the year under review.

This Statement shall now set out the structures and processes in place within the Company and how these effectively achieve the goals set out in the Code for the year under review. For this purpose, this Statement will make reference to the pertinent principles of the Code and then set out the manner in which the Board considers that these have been adhered to, and where it has not.

For the avoidance of doubt, reference in this Statement to compliance with the principles of the Code means compliance with the Code’s main principles.

Compliance with the code

The Directors believe that for the financial year under review the Company has generally complied with the requirements for each of the Code’s main principles. Further information in this respect is provided hereunder.

Principle 1: The Company’s Board of Directors

The Directors report that for the financial year under review, the Directors have provided the necessary leadership in the overall direction of the Company and have performed their responsibilities for the efficient and smooth running of the Company with honesty, competence and integrity. The Board is composed of members who are fit and proper to direct the business of the Company with honesty, competence and integrity. All the members of the Board are fully aware of, and conversant with, the statutory and regulatory requirements connected to the business of the Company. The Board is accountable for its performance and that of its delegates to shareholders and other relevant stakeholders.

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 interests of the 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 Prospects MTF Rules.

The Company has a structure that ensures a mix of executive and non-executive directors and that enables the Board to have direct information about the Company's performance and business activities.

All directors are required to:

- exercise prudent and effective controls which enable risk to be assessed and managed to achieve continued prosperity to the company;
- be accountable for all actions or non-actions arising from discussion and actions taken by them or their delegates;
- determine the Company's strategic aims and the organisational structure;
- regularly review management performance and ensure that the Company has the appropriate mix of financial and human resources to meet its objectives and improve the economic and commercial prosperity of the company;
- acquire a broad knowledge of the Company;
- Be aware of and be conversant with the statutory and regulatory requirements connected to the business of the company;
- Allocate sufficient time to perform their responsibilities;
- Regularly attend meetings of the board.

Principle 2: The Company's Chairman and Chief Executive Officer

Due to the size of the Company and the nature of its operations, the Company does not employ a Chief Executive Officer ('CEO'). This function is undertaken by the Executive Director.

The day to day running of the business is vested with the Executive Director of the Company.

The Chairman exercises independent judgment and is responsible to lead the Board and set its agenda, whilst also ensuring that the directors receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company.

Principle 3: Composition of the Board

The Board is responsible for the overall long-term strategy and general policies of the Company, of monitoring the Company's systems of control and financial reporting and communicating effectively with the market as and when necessary. As at 30 June 2019, the Board consists of one executive director and two non-executive directors as follows:

Dr Joseph Borg Bartolo	Non-Executive Director and Chairman
Mr Jean Paul Busuttill	Executive Director
Mr William Wait	Independent, Non-Executive Director

In accordance with the provisions of the Company's Articles of Association, the first directors are to serve until the end of the first annual general meeting during which the new directors shall be appointed. Thereafter, all directors shall hold office from the general meeting at which they are elected until the next annual general meeting. All retiring directors are eligible for re-election.

The independent non-executive Director

- a) Is not employed in any capacity with the Company;
- b) Does not have a significant business relationship with the Company;
- c) Did not receive significant additional remuneration from the Company;
- d) Does not have close family ties with any of the Company's executive Directors or senior employees;
- e) Has not served on the Board for more than twelve consecutive years; or
- f) Has not been within the last three years an engagement partner or a member of the audit team of the present or former external auditor of the Company

Each Director hereby declares that he undertakes to:

- a) to maintain in all circumstances his independence of analysis, decision and action;

- b) not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and
- c) to clearly express his/her opposition in the event that he finds that a decision of the Board may harm the Company

Each director is mindful of maintaining independence, professionalism and integrity in carrying out his duties, responsibilities and providing judgment as a director of the Company.

Principle 4: The Responsibility of the Board

The Board acknowledges its statutory mandate to conduct the administration and management of the Company. The Board, in fulfilling this mandate and discharging its duty of stewardship of the Company, assumes responsibility for the Company's strategy and decisions with respect to the issue, servicing and redemption of its bonds in issue, and for monitoring that its operations are in conformity with its commitments towards bondholders, shareholders, and all relevant laws and regulations. The Board is also responsible for ensuring that the Company establishes and operates effective internal control and management information systems and that it communicates effectively with the market.

Systems and procedures are in place to control, monitor, report and assess risks and their financial implications. Management accounts, budgets, strategic plans and prepared on a regular basis and are presented to the Board to monitor the performance of the Company on an ongoing basis.

In terms of the Prospects MTF Rules, the board has established an Audit Committee to monitor the Company's present and future operations, threats and risks in the external environment and current and future strengths and weaknesses. The Audit Committee ensures that the Company has the appropriate policies and procedures in place to ensure that the Company and its employees maintain the highest standards of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards. The Audit Committee has a direct link to the Board and is represented by the Chairman of the Audit Committee in all board meetings.

Principle 5: Board Meetings

Meetings of the Board are held as frequently as considered necessary. The board members are notified in advance of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting documents as necessary. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Company's expense

During the financial year 5 meeting were held. The following Directors attended to Board meetings as follows:

Dr Joseph Borg Bartolo	Non-executive director and Chairman	5 meetings
Mr Jean Paul Busuttill	Executive Director	5 meetings
Mr William Wait	Independent, non-Executive Director	5 meetings

Principle 6: Information and Professional Development

Due to its size the Company does not employ any employees. However, as part of succession planning and employee retention of the Luxury Living Group (the Company and its parent Luxury Living Technologies Limited), the Board ensures that the Luxury Living Group implements appropriate schemes to recruit, retain and motivate the employees.

Principle 7: Evaluation of the Boards Performance

Under the present circumstances, 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 always under the scrutiny of the shareholders of the Company.

Principle 8: Committees

Principle 8A: Remuneration Committee

In view of the size and type of operation of the Company, the Board does not consider the Company to require the setting up of a remuneration committee, and the Board itself carries out the functions of the remuneration committee specified in, and in accordance with, Principle Eight A of the Code, given that the remuneration of the Directors is not performance-related.

Pursuant to the Company's Articles of Association, the maximum aggregate emoluments that may be paid to directors are approved by the shareholder in a general meeting. Total remuneration of €15,000 was paid to directors during the year under review.

The remuneration of directors is a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits.

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

Principle 8B: Nomination Committee

In view of the size and type of 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.

Principle 9: Relations with Shareholders and with the Market

The Company publishes annual financial statements and when required company announcements. The Board feels these provide the market with adequate information about its activities.

Principle 10: Institutional Shareholders

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

Principle 11: Conflict of interest

Mr. Jean Paul Busuttill is an Executive Director and has a direct beneficial interest in the share capital of the Company (through various companies), and as such is susceptible to conflicts arising between the potentially diverging interests of the shareholders and the Company. During the financial year under review, no private interests or duties unrelated to the Company were disclosed by the Directors which were or could have been likely to place any of them in conflict with any interests in, or duties towards, the Company.

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company. Furthermore, 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 fully 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 12: Corporate Social Responsibility

The Company seeks to adhere to sound Principles of Corporate Social Responsibility in its management practices, and is committed to enhance the quality of life of all stakeholders and of the employees of the Company and the Luxury Living Group.

The Board is mindful of the environment and its responsibility within the community in which it operates. In carrying on its business the Company is fully aware and at the forefront to preserving the environment and continuously review its policies aimed at respecting the environment and encouraging social responsibility and accountability.

Audit Committees

The Audit Committee's primary objective is to assist the Board in fulfilling its responsibilities: in dealing with issues of risk, control and governance; and review the financial reporting processes, financial policies and internal control structure. During the financial year under review, the Audit Committee met four times. Although the Audit Committee is set up at the level of the Company its main tasks are also related to the activities of the Luxury Living Group.

The Board set 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 it is directly responsible and accountable to the respective board. The Boards reserves the right to change the Committee's terms of reference from time to time.

Briefly, the Audit Committees are expected to deal with and advise the Board on:

- its monitoring responsibility over the financial reporting processes, financial policies, internal control structures and audit of the annual and consolidated financial statements;
- monitoring the performance of the entity borrowing funds (the Guarantor) from the Company;
- maintaining communications on such matters between the Board, management and the independent auditors;
- facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- preserving the Issuer's assets by understanding the Company's risk environment and determining how to deal with those risks.

The Audit Committee also has the role and function of considering and evaluating on an 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.

Members of the Audit Committee:

The Audit Committee is presently composed of:

- Mr William Wait (Chairman of the Audit Committee)
- Dr Joseph Borg Bartolo
- Mr Jean Paul Busuttill

Mr William Wait and Dr Joseph Borg Bartolo act as non-executive members of the Committee. The Audit Committee is chaired by Mr. William Wait, whilst Dr Joseph Borg Bartolo and Mr Jean Paul Busuttill act as members. In compliance with the Prospects MTF Rules, Mr William Wait is an independent, non-executive director. The Company believes that the members of the Audit Committee have the necessary experiences, independence and standing to hold the office as members thereof.

As stipulated in the terms of reference of the Audit Committee, the Chairman shall have a casting vote in the case of deadlock.

The Directors believe that the current set-up is sufficient to enable the Company to fulfil the objective of the Prospect MTF Rules' terms of reference in this regard.

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 risks.

During the financial year under review the Company operated a system of internal controls which provided reasonable assurance of effective and efficient operations covering all controls, including financial and operational 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 in respect of its own internal control as well as the control of its subsidiaries and affiliates are as follows:

Risk identification:

The Board, with the assistance of the management team, is responsible for the identification and evaluation of key risks applicable to the areas of business in which the Company and the Luxury Living Group are involved. These 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. In conclusion, the Board considers that the Company has generally been in compliance with the Principles throughout the period under review as befits a company of this size and nature. Non-compliance with the principles and the reasons therefor have been identified above.

Approved by the Board on 30 October 2019 and signed on its behalf by:



Mr. William Wait
Director



Dr. Joseph Borg Bartolo
Director

I have audited the accompanying financial statements of LUXURY LIVING FINANCE p.l.c. set out on pages 16 to 30 which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Opinion

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of financial statements for the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Recoverability of group balances

Loan receivable include funds advanced to parent company, who is also the guarantor of the bonds issued by the Company. This loan amounted to €7,918,521 as at 31 December 2018 and carries an agreed rate of interest of 5.25% per annum.

The recoverability of this loan is assessed at the end of each financial year.

This loan is the principle asset of the Company and as such it is considered to be material

How the scope of my audit responded to the risk

I have reviewed the loan agreement and agreed the terms to the loan balance included in these financial statements. I reviewed that repayments are being made in line with the agreement. I have also assessed the financial soundness of the parent company by making reference to its latest audited financial statements.

Findings

I concur with management's view that the intercompany loan is recoverable.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report. My opinion on the financial statements does not cover this information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

- The information given in the directors' report for the financial period 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, I am required to report if I have identified material misstatements in the directors' report. I have nothing to report in this regard.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap.386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Other Information

The directors are responsible for the other information. The other information comprises the General Information. My opinion on the financial statements does not cover this information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonable 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 Prospects MTF Rules issued by the Malta Stock Exchange require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Prospects MTF Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

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

I am not required to, and I 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 my opinion, the Statement of Compliance set out on pages 6 to 11 has been properly prepared in accordance with the requirements of the Prospect Rules issued by the Malta Stock Exchange.

Other matters on which I am required to report by exception

Under the Maltese Companies Act (Cap. 386) I am required to report to you if, in my opinion:

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

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



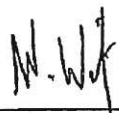
Louis Padovani
Certified Public Accountant & Registered Auditor

'Kyle', Apartment 4,
Triq il-Mediterran,
St. Julians. STJ 1870.
30 October 2019

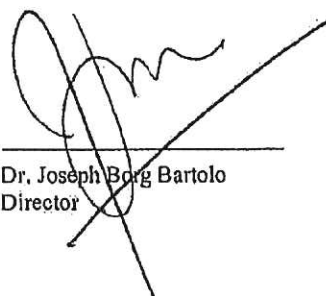
	Notes	14 months to 30-Jun-19 €
Finance income	5	379,346
Finance costs		<u>(366,667)</u>
Net interest income		12,679
Other income		45,000
Administrative expenses		<u>(42,813)</u>
Profit before Taxation	7	14,866
Income Tax	8	<u>(5,203)</u>
Profit for the period		<u>9,663</u>
Total comprehensive income for the period		<u>9,663</u>
Earnings per share (cents)	16	<u>19c</u>

	Notes	2019 €
ASSETS		
Non-Current assets		
Loan receivable	9	<u>7,918,521</u>
Current Assets		
Cash and cash equivalents	14	<u>460,434</u>
Total Assets		<u><u>8,378,955</u></u>
 EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	10	50,000
Retained earnings	11	<u>9,663</u>
		<u>59,663</u>
Non-Current Liabilities		
Borrowings	12	<u>7,920,682</u>
Current Liabilities		
Trade and other payables	13	393,407
Taxation		<u>5,203</u>
		<u>398,610</u>
Total Equity and Liabilities		<u><u>8,378,955</u></u>

The financial statements on page 16 to 19 were approved and signed by the Directors on 30 October 2019:



 Mr. William Wait
 Director



 Dr. Joseph Borg Bartolo
 Director

	Share Capital €	Accumulated Profits €	Total €
Issue of share capital	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Profit for the period	<u>-</u>	<u>9,663</u>	<u>9,663</u>
Total comprehensive income for the period	<u>50,000</u>	<u>9,663</u>	<u>59,663</u>
Balance at 30 June 2019	<u><u>50,000</u></u>	<u><u>9,663</u></u>	<u><u>59,663</u></u>

	Note	14 months to 30-Jun-19 €
Cash flows from operating activities		
Profit for the period before taxation		14,866
		<u>14,866</u>
<i>Adjustment for:</i>		
Amortisation of bond issue costs		8,057
Finance income		(379,346)
Finance costs		<u>366,667</u>
		10,244
<i>Working capital changes:</i>		
Change in trade and other payables		<u>45,562</u>
Cash generated from operations		55,806
Interest received		<u>360,434</u>
Net cash generated from operating activities		<u>416,240</u>
Cash flows from investing activities		
Issue of share capital		<u>50,000</u>
Net cash generated from investing activities		<u>50,000</u>
Cash flows from financing activities		
Loans advanced to parent company		(7,918,521)
Bond proceeds		8,000,000
Issue costs		<u>(87,375)</u>
Net cash generated from financing activities		<u>(5,896)</u>
Movement in cash and cash equivalents		460,434
Cash and cash equivalents at beginning of period		<u>-</u>
Cash and cash equivalents at end of period	15	<u><u>460,434</u></u>

The notes on pages 20 and 30 are an integral part of these financial statements.

Notes to the Financial Statements

1. General Information

The financial statements of LUXURY LIVING FINANCE p.l.c. (“the Company”) have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared on the historical cost basis except for land and buildings which are stated at their revalued amount. These financial statements present information about the Company as an individual undertaking.

2. Significant accounting policies

Basis of preparation and consolidation

The financial statements of LUXURY LIVING FINANCE p.l.c. (“the Company”) have been prepared in accordance with the provisions of the Maltese Companies Act, (Cap 386) enacted in Malta, which require adherence to International Financial Reporting Standards (IFRSs) as adopted by EU.

Luxury Living Finance p.l.c. is a public limited liability company. Luxury Living Finance p.l.c. is incorporated in Malta with registered address Greentek Business Complex, New Street in Triq il-Hofor, Qormi. The parent company of Luxury Living Finance p.l.c. is Luxury Living Technologies Limited of the same address. The Company’s ultimate beneficial owner is Jean Paul Busuttil.

Reporting period.

The company was incorporated on 25 April 2018. Consequently, these financial statements cover a fourteen-month period.

Basis of measurement

The financial statements are prepared on the historical cost basis.

Going concern

The Company’s principal activity is to act as a finance company. The Company in itself does not have substantial assets and is a special purpose vehicle set up to raise finance for the business of Luxury Living Group. The parent company, Luxury Living Technologies Limited was set up as a company to provide eco and renewable energy solutions which is expected to generate income from the sale of domestic photovoltaic panels and feed-in-tariffs from the installation of photovoltaic farms. As from the first quarter of 2020, Luxury Living Technologies Limited shall expand its operations through the operation of an 80-bed boutique hotel, which is currently in development.

In preparing these financial statements, the directors of the Company made reference to the anticipated revenue streams which are expected to be generated over the years from the continued sale of photovoltaic panels, further connection of photovoltaic farms which in turn shall generate monthly feed-in-tariffs and the operation of the St. Julian’s boutique hotel.

Despite the fact that Luxury Living Technologies Limited generated a loss for the year ending 30 June 2019, the directors believe that it remains appropriate to prepare these financial statements on a going concern basis.

Functional and presentation currency

These financial statements are presented in Euro (€) which is the Company’s functional currency.

2. Significant accounting policies (cont.)

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs, requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies (refer to Note 4 – Critical accounting estimates and judgements).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Significant Accounting Policies

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

Revenue

Revenue is measured at fair value. Amounts disclosed as revenue are interest income from loans and management recharge.

Finance income and finance cost

Finance income and finance cost are recognised in profit or loss for all interest-bearing instruments on a time-proportionate basis using the effective interest method. Finance costs include the effect of amortising any difference between net proceeds and redemption value in respect of the Company's borrowings. Finance income and costs are recognised as they accrue, unless collectability is in doubt.

Income taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income except to the extent that it related to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, any adjustments to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary difference when they reserve, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilise. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Significant Accounting Policies (continued)

Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares, Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Financial instruments

Recognition and measurement

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

A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs are attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

Classification and subsequent measurement

i. *Financial assets*

On the recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) (debt investment), FVOCI (equity instrument) or FVTPL.

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

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

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

A financial asset is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

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

On the initial recognition of an equity investment that is not held for trading the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment basis.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition the Company may irrevocably designated a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

i. *Financial assets*

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held because this best reflects, the way the business is managed, and information is provided to management. The information considered included:

- history of the Company's bad debts
- liquidity position of inter-companies '

Assessment whether contractual cashflows are SPPI

For the purpose of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time.

In assessing whether the contractual cash flow are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised through profit and loss. Any gain or loss on derecognition is recognised in profit or loss.

ii. *Financial liabilities*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gains or loss on derecognition is also considered in profit or loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flow from the financial assets expire, or it transfer the right to receive the contractual cash in a transaction in which substantially all of the risks and rewards of ownership of the financial assets transferred or on which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

ii. *Financial liabilities (continued)*

Derecognition (continued)

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

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

Offsetting

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

Impairments

i. *Non-derivative financial assets*

The Company recognises loss allowance for ECLs on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to 12-month ECLs. When determining whether the credit risk of a financial asset has increase significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment including forward information. 12-month ECLS are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or shorter period if the expected life of the instrument is less than 12 months).

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-derivative financial assets

Financial assets not classified as at FVTPL are assessed at each reporting date to determine whether there is objective evidence of impairment.

3. Significant Accounting Policies (continued)

Cash and cash equivalents

Cash comprises demand deposits. Cash equivalents are short-term investments that are held to meet short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as deduction from equity, net of any tax effects.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholder.

4. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

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

5. Finance Income

	14 months to 30-Jun-19 €
Interest receivable on long term loan due from parent company	379,346
	<u>379,346</u>

6. Finance Costs

	14 months to 30-Jun-19 €
Interest payable on bonds	366,667
Amortisation of bond issue costs	8,057
	<u>374,724</u>

7. Profit before Taxation

This is stated after charging the following:

	14 months to 30-Jun-19 €
Directors' remuneration	<u>15,000</u>

The total remuneration paid to the Company's auditors during the year amounts to:

	14 months to 30-Jun-19 €
Annual statutory audit fees	<u>1,500</u>

8. Income Tax

Income tax recognised in statement of comprehensive income

	14 months to 30-Jun-19 €
Current tax expense	<u>5,203</u>

The tax charge and the result of accounting profit multiplied by statutory income tax rate are reconciled as follows:

	14 months to 30-Jun-19 €
Profit for the year before taxation	<u>14,866</u>
Tax at the applicable statutory rate of 35%	5,203
Tax effect of:	
Adjustment to tax charge	<u>-</u>
Tax charge	<u>5,203</u>

9. Loan Receivable

	2019 €
Non-current	
Loan receivable from parent company	<u>7,918,521</u>
	<u>7,918,521</u>

Loan receivable relates to the transfer of funds to parent company, generated by the Company from the issue of bonds.

Non-current portion of loan receivable from parent company is unsecured, carries interest at 5.25% per annum and is repayable in full by not later than 30 June 2028.

At 30 June 2019, this financial asset was fully performing and hence does not contain impaired assets.

Maturity of loans and receivables:

	2019 €
Within 2 and 5 years	750,000
Over 5 years	<u>7,168,521</u>
	<u>7,918,521</u>

10. Share Capital

	2019 €
Authorised, Issued and Fully paid Up 49,999 Ordinary 'A' shares of €1 each 1 Ordinary 'B' share of €1 each	 49,999 <u>1</u>
	<u>50,000</u>

11. Retained Earnings

This represents accumulated profits. During the year under review, no dividends were paid out of retained earnings.

12. Borrowings

	2019 €
Non-current	
8,000,000 5% Secured Bonds 2028	7,920,682
Bonds outstanding (face value)	<u>8,000,000</u>
Gross amount of bond issue costs	(87,375)
Amortisation of gross amount of bond issue costs:	
Amortisation charge for the year	<u>8,057</u>
Unamortised bond issue costs	<u>(79,318)</u>
Amortised cost and closing carrying amount	<u>7,920,682</u>

Interest on the 5% Secured Bonds 2028 is payable annually in arrears, on 29 July of each year.

The Secured Bonds shall constitute the general, direct and unconditional obligations of the Issuer, and shall at all times rank pari passu, without any priority or preference among themselves. The Secured Bonds shall be guaranteed in respect of both the interest and the principal amount due under said Secured Bonds by the Guarantor in terms of the Guarantee. The Secured Bonds shall rank with priority in relation to the Pledged Shares.

Pursuant to the Pledge Agreement, the Pledgor has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders as Beneficiaries, a pledge over the shares held in Luxury Living Technologies Limited.

The Pledge will secure the claim of the Security Trustee, for the benefit and in the interest of Bondholders, for the repayment of the principal and interest under the Secured Bonds.

13. Trade and other payables

	2019 €
Accrued expenses	372,687
Amounts due to parent company	<u>20,720</u>
	<u>393,407</u>

Amounts due to a parent company are unsecured, interest free and have no fixed date for repayment but are expected to be repaid within the next twelve months.

14. Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2019 €
Cash at bank and in hand	<u>460,434</u>

15. Related Party Transactions

The Company's related parties include parent company, key management personnel (the directors) and all other companies up to the ultimate beneficial owner.

Unless otherwise stated, none of the transactions incorporates special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

15.1 Transactions with key management personnel

Other than the remunerations paid to the directors in note 7, there were no other transactions with key management personnel.

15.2 Transactions with the parent company

Transactions with parent company are included in note 5 whilst balances are shown separately in note 9.

16. Earnings per Share

Earnings per share is based on the profit after taxation attributable to the ordinary shareholders of the company divided by the weighted average number of ordinary shares in issue during the year.

	2019 €
Net profit attributable to owners of the company	<u>9,663</u>
Weighted average number of ordinary shares in issue (Note 10)	<u>50,000</u>
Earnings per share (cents)	<u>19c</u>

17. Financial Risk Management

At the end of the period, the Company's main financial assets comprised loan receivable from parent company and cash held at bank. At the period end the Company's main financial liabilities consisted of borrowings and trade and other payables.

The Company constitutes a financing special purpose vehicle whose bonds are matched by equivalent amounts due from, and guaranteed by, Luxury Living Technologies Limited (parent company).

The Company's principal risk exposures relate to credit risk and liquidity risk. The Company is not exposed to currency risk and the directors consider interest rate risk exposure to be minimal due to matching of interest costs on borrowings with finance income from its loans and receivables.

Timing of Cash Flows

The presentation of the above mentioned financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

Credit Risk

Financial assets which potentially subject the Company to concentrations of credit risk consist principally of loan receivables from parent company and cash at bank (Notes 9 and 14). The carrying amount of financial assets represents the maximum credit exposure.

The Company's cash at bank is placed with quality financial institutions. The Company's receivables consist mainly of loan receivables from parent and accordingly credit risk in this respect is limited.

Liquidity Risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which compromise principally interest-bearing borrowings and trade and other payables (refer to Notes 12 and 13). The Company is exposed to liquidity risk arising from its ability to satisfy liability commitments depending on cash inflows receivable in turn from Luxury Living Technologies Limited.

Management monitors liquidity risk by means of cash flows forecasts on the basis of expected cash flows over a twelve-month period to ensure that no additional financing facilities are expected to be required over the coming year. This process is performed through a rigorous assessment of detailed cash flow projections of the parent company where matching of cash inflows and outflows arising from expected maturities of financial instruments are assessed on an annual basis.

The carrying amounts of the Company's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity dates in the respective notes to the financial statements.

Capital Management

The Company's bonds are guaranteed by Luxury Living Technologies Limited (the parent). Related finance costs are also guaranteed by the parent company. The capital management of the Company therefore consists of a process of regularly monitoring the financial position of the guarantor.

Fair Values of Financial Instruments

At 30 June 2019, the carrying amounts of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contracted cash flows at the current market interest rate that is available to the Company or similar financial instruments.

As at end of the reporting period, the fair values of financial assets and liabilities, approximated the carrying amounts shown in the statement of financial position.

18. Events after the end of the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation for issue of these financial statements.

LUXURY LIVING TECHNOLOGIES LIMITED

*Annual Report
and
Financial Statements
30 June 2019*

Company Registration Number C 74593

LUXURY LIVING TECHNOLOGIES LIMITED
Annual Report and Financial Statements
30 June 2019

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The directors present their report together with the audited financial statements of the Company and the Group for the year ended 30 June 2019.

Principal Activities

Luxury Living Technologies Limited was incorporated on 1 March 2016 as a private limited liability. The principal objects of the Company relate to providing eco and renewable energy solutions, specialising in installations of photovoltaic units in a variety of domestic, industrial and agricultural locations. The Company's operations comprise the trading, importing and exporting, installing and maintaining of all kinds of merchandise related to renewable energy, especially water softening and purifying systems, solar panels and solar powered devices and similar related products in domestic, industrial and agricultural locations.

Performance Review

During the year under review the Company's objectives remained focused on providing eco and renewable energy solutions to retail customers as well expand its operations into photovoltaic farms. To this end, on 29 November 2018 the Company acquired three photovoltaic farms situated in Luqa, Qormi and Maghtab for €2,135,000 and by 30 June 2019 had installed and connected a further four photovoltaic farms. However, due to logistical issues encountered, the Company took longer than expected to connect these photovoltaic farms, and subsequently had installed but not connected three photovoltaic farms by 30 June 2019.

During the year, the Company also commenced the development of 80-bed hostel situated in St. Julian's. However, due to recent events in the construction industry this resulted in unexpected delays in the development of the St. Julian's hostel, and is expected to commence operations in the first quarter of 2020.

During the year the Company generated turnover of €680,057, a decrease of €511,605 over the previous year. This is due to a commercial sales of €990,000 generated during FY2019, which are being accounted for over a five year period, rather than in the year of invoice in accordance with IFRS 15, *Revenue from Contracts with Customers*. Despite this, the Company generated a gross profit margin of 60%, an increase of 11 percentage points over 2018.

Administrative expenses increased from €386,814 in FY2018 to €546,664 in FY2019 in order to support the Company's envisaged growth going forward. This increase in administrative expenses is principally due to the introduction of additional staff members, insurance expenses, motor vehicle expenses, ongoing bond issue costs and higher depreciation costs on the property, plant and equipment.

Consequently, the Company registered a loss for the year of €283,837 before tax.

Outlook for 2020

The principal objective for Luxury Living Group is to strengthen and expand its core business by investing in photovoltaic farms generating less than 1 MW, as well as diversify its operations into the tourism industry. It is for this reason that the Luxury Living Group's principal strategic ambition is to provide a successful and sustainable business model, by building on Malta's commitment to reach 10% of its gross final energy consumption from renewable energy sources by 2020.

Dividends and Reserves

The results for the year are set in the Consolidated Statement of Comprehensive Income on page 6.

The Board of Directors does not propose the payment of a dividend.

Registration

LUXURY LIVING TECHNOLOGIES LIMITED is registered in Malta as a limited liability company under the Companies Act. (Cap. 386) with registration number C 74593.

Directors

Mr. Jean Paul Busuttil
Ms. Mirjam Busuttil (Resigned on 2 May, 2018)
Mr William Wait (Appointed on 2 May, 2018)
Mr Carlo Mifsud (Appointed on 2 July, 2018)

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:-

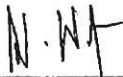
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent in the circumstances;
- adopt the going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern;
- account for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

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 the directors to ensure that the financial statements have been properly prepared in accordance with the Companies Act (Cap.386) enacted in Malta. This responsibility includes designing, implementing and maintaining 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. The directors 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.

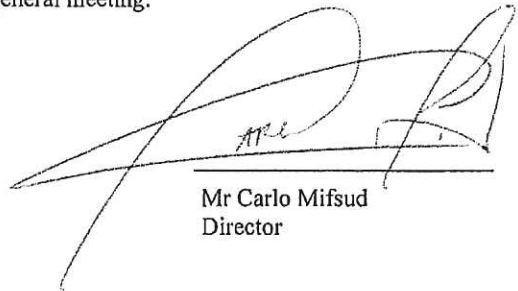
Auditors

The auditor, Mr Louis Padovani CPA has expressed his willingness to remain in office and a resolution proposing his reappointment will be put before the members at the annual general meeting.

Approved and signed by the Directors:



Mr. William Wait
Director



Mr Carlo Mifsud
Director

Registered Address:

Greentek Business Complex,
New Street in Triq il-Hofor,
Qoroni

30 October 2019

I have audited the accompanying financial statements of LUXURY LIVING TECHNOLOGIES LIMITED set out on pages 6 to 27 which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Opinion

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were most of significance in my audit of financial statements for the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report. My opinion on the financial statements does not cover this information, and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

- the information given in the directors' report for the financial period 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, I am required to report if I have identified material misstatements in the directors' report. I 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 and the requirements of the Maltese Companies Act (Cap.386) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

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

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

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

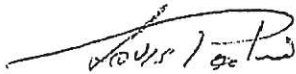
I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) I am required to report to you if, in my opinion:

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

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



Louis Padovani
Certified Public Accountant & Registered Auditor

'Kyle', Apartment 4,
Triq il-Mediterran,
St. Julians. STJ 1870

30 October 2019

LUXURY LIVING TECHNOLOGIES LIMITED
Statement of Comprehensive Income
30 June, 2019

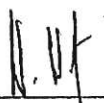
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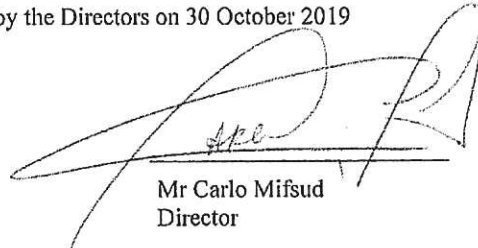
	Note	<u>The Group</u>		<u>The Company</u>	
		2019 €	2018 €	2019 €	2018 €
Turnover	4	680,057	1,191,662	680,057	1,191,662
Cost of sales		<u>(273,251)</u>	<u>(603,368)</u>	<u>(273,251)</u>	<u>(603,368)</u>
Gross profit		406,806	588,294	406,806	588,294
Administrative expenses		<u>(543,477)</u>	<u>(386,814)</u>	<u>(545,664)</u>	<u>(386,814)</u>
Operating (loss)/profit		(136,671)	201,480	(138,858)	201,480
Interest expense		<u>(140,603)</u>	<u>(47,033)</u>	<u>(144,979)</u>	<u>(47,033)</u>
(Loss)/Profit before Taxation	5	(277,274)	154,447	(283,837)	154,447
Taxation	7	<u>153,994</u>	<u>(1,718)</u>	<u>156,291</u>	<u>(1,718)</u>
(Loss)/Profit for the year		<u><u>(123,280)</u></u>	<u><u>152,729</u></u>	<u><u>(127,546)</u></u>	<u><u>152,729</u></u>

	Note	The Group		The Company	
		2019 €	2018 €	2019 €	2018 €
ASSETS					
Non-current Assets					
Intangible assets		2,831,000	2,831,000	2,831,000	2,831,000
Investment in subsidiary	9	-	-	50,000	-
Deferred tax asset	7	151,088	-	156,291	-
Trade and other receivables	10	2,123,188		2,123,188	
Plant and equipment	8	2,189,283	55,721	2,189,283	55,721
		<u>7,294,559</u>	<u>2,886,721</u>	<u>7,349,762</u>	<u>2,886,721</u>
Current Assets					
Inventories		2,413,776	583,358	2,422,079	583,358
Trade and other receivables	10	1,799,182	1,831,644	1,819,902	1,831,644
Cash at bank		3,163,772	25,205	2,703,338	25,205
		<u>7,376,730</u>	<u>2,440,207</u>	<u>6,945,319</u>	<u>2,440,207</u>
Total Assets		<u>14,671,289</u>	<u>5,326,928</u>	<u>14,295,081</u>	<u>5,326,928</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	11	2,931,000	2,931,000	2,931,000	2,931,000
Accumulated (loss)/profit		(124,774)	1,904	(126,134)	1,904
Total equity		<u>2,806,226</u>	<u>2,932,904</u>	<u>2,804,866</u>	<u>2,932,904</u>
Non-Current Liabilities					
Interest bearing borrowings	13	8,945,211	1,132,989	8,943,050	1,132,989
		<u>8,945,211</u>	<u>1,132,989</u>	<u>8,943,050</u>	<u>1,132,989</u>
Current Liabilities					
Bank overdraft	13	387,520	495,694	387,520	495,694
Interest bearing borrowings	13	-	231,024	-	231,024
Trade and other payables	14	2,530,614	532,599	2,157,927	532,599
Taxation		0	1,718	1,718	1,718
Total current liabilities		<u>2,919,852</u>	<u>1,261,035</u>	<u>2,547,165</u>	<u>1,261,035</u>
Total Equity and Liabilities		<u>14,671,289</u>	<u>5,326,928</u>	<u>14,295,081</u>	<u>5,326,928</u>

The notes on pages 11 to 27 form part of these financial statements.

The financial statements on pages 6 to 27 were approved and signed by the Directors on 30 October 2019


Mr. William Whit
Director


Mr Carlo Mifsud
Director

LUXURY LIVING TECHNOLOGIES LIMITED
Statement of Changes in Equity
30 June, 2019

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The Group	Share Capital €	Accumulated Profit €	Total €
Balance at 1 July 2018	100,000	(150,825)	(50,825)
Issue of share capital	2,831,000	-	2,831,000
Profit for the year	-	152,729	152,729
Total comprehensive income for the year	2,931,000	1,904	2,932,904
Balance at 30 June 2018	2,931,000	1,904	2,932,904
Balance as at 1 July, 2018	2,931,000	1,904	2,932,904
Prior year adjustment	-	(492)	(492)
Loss for the year	-	(126,186)	(126,186)
Total comprehensive income for the year	2,931,000	(124,774)	2,806,226
Balance as at 30 June, 2019	2,931,000	(124,774)	2,806,226
The Group	Share Capital €	Accumulated Profit €	Total €
Balance at 1 July 2018	100,000	(150,825)	(50,825)
Issue of share capital	2,831,000	-	2,831,000
Profit for the year	-	152,729	152,729
Total comprehensive income for the year	2,931,000	1,904	2,932,904
Balance at 30 June 2018	2,931,000	1,904	2,932,904
Balance as at 1 July, 2018	2,931,000	1,904	2,932,904
Prior year adjustment	-	(492)	(492)
Loss for the year	-	(126,186)	(126,186)
Total comprehensive income for the year	2,931,000	(124,774)	2,806,226
Balance as at 30 June, 2019	2,931,000	(124,774)	2,806,226

LUXURY LIVING TECHNOLOGIES LIMITED
Statement of Changes in Equity
30 June, 2019

Page 9

The Company	Share Capital €	Accumulated Profit €	Total €
Balance at 1 July 2018	100,000	(150,825)	(50,825)
Issue of share capital	2,831,000	-	2,831,000
Profit for the year	-	152,729	152,729
Total comprehensive income for the year	2,931,000	1,904	2,932,904
Balance at 30 June 2018	2,931,000	1,904	2,932,904
Balance as at 1 July, 2018	2,931,000	1,904	2,932,904
Prior year adjustment	-	(492)	(492)
Loss for the year	-	(127,546)	(127,546)
Total comprehensive income for the year	2,931,000	(126,134)	2,804,866
Balance as at 30 June, 2019	2,931,000	(126,134)	2,804,866

The notes on pages 11 to 27 form part of these financial statements.

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Note				
Cash flows from operating activities				
(Loss)/Profit for the year before taxation	(277,274)	154,447	(283,837)	154,447
<i>Adjustments for:</i>				
Depreciation and amortisation	103,962	14,803	95,905	14,803
Prior year adjustment	(492)	-	(492)	-
Interest expense	140,603	47,033	144,979	47,033
	<u>(33,201)</u>	<u>216,283</u>	<u>(43,445)</u>	<u>216,283</u>
<i>Working capital changes:</i>				
Change in inventories	(1,830,417)	(207,621)	(1,838,722)	(207,621)
Change in trade and other receivables	(2,090,726)	(1,261,736)	(2,111,446)	(1,261,736)
Change in trade and other payables	1,910,511	451,272	1,533,448	451,272
Cash generated used in operations	<u>(2,043,833)</u>	<u>(801,802)</u>	<u>(2,460,165)</u>	<u>(801,802)</u>
Interest paid	<u>(53,099)</u>	<u>(47,033)</u>	<u>(53,099)</u>	<u>(47,033)</u>
Net cash used in operating activities	<u>(2,096,932)</u>	<u>(848,835)</u>	<u>(2,513,264)</u>	<u>(848,835)</u>
Cash from investing activities				
Investment in subsidiary	-	-	(50,000)	-
Aquisition of property, plant and equipment	<u>(2,229,467)</u>	<u>(3,592)</u>	<u>(2,229,467)</u>	<u>(3,592)</u>
Net cash used in investing activities	<u>(2,229,467)</u>	<u>(3,592)</u>	<u>(2,279,467)</u>	<u>(3,592)</u>
Cash from financing activities				
Bond proceeds	8,000,000	-	-	-
Issue of bonds	(87,375)	-	-	-
Loans received from parent subsidiary	-	-	7,918,521	-
Bank draw down/ (repayment)	<u>(339,484)</u>	<u>629,013</u>	<u>(339,484)</u>	<u>629,013</u>
Net cash generated from financing activities	<u>7,573,142</u>	<u>629,013</u>	<u>7,579,038</u>	<u>629,013</u>
Movement in cash and cash equivalents	<u>3,246,743</u>	<u>(223,414)</u>	<u>2,786,307</u>	<u>(223,414)</u>
Cash and cash equivalents at beginning of year	<u>(470,489)</u>	<u>(247,075)</u>	<u>(470,489)</u>	<u>(247,075)</u>
Cash and cash equivalents at end of year	<u>13</u> <u>2,776,252</u>	<u>(470,489)</u>	<u>2,315,818</u>	<u>(470,489)</u>

The notes on pages 11 to 27 form part of these financial statements.

1. Corporate information

The consolidated financial statements of Luxury Living Technologies Limited and its subsidiary Luxury Living Finance p.l.c. ('the Group') for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 30 October 2019.

Luxury Living Technologies Limited ('the Company') is a limited liability company domiciled and incorporated in Malta.

2. Significant accounting policies

2.1 Basis of preparation and consolidation

These financial statements are prepared under the historical cost convention, as modified by the measurement of investment property, land and buildings classified as property, plant and equipment and financial assets at fair value and are in accordance with the requirements of the International Financial Reporting Standards (IFRS as adopted by the European Union and comply with the Companies Act, Cap. 386 of the Laws of Malta. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see Note 3 – Critical accounting estimates and judgements). The consolidated financial statements are presented in Euro (€), which is the functional currency of the Group.

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 30 June 2019. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intragroup balances, transactions, unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

2.2 New and revised standards that are effective for the current period

In the current year, the entity has applied IFRS 9 Financial Instruments and the related consequential amendments to other International Financial Reporting Standards that are effective for periods that begin on or after 1 January 2018. IFRS 9 introduced new requirements for the classification and measurement of financial assets and introduced an 'expected credit loss' model for the impairment of financial assets. In adopting IFRS 9, the entity has applied transitional relief and opted not to restate prior periods. Any differences between previous carrying amounts and those determined under IFRS 9 at the date of initial application, under this option, is included in opening retained earnings or equivalent component of equity.

There have been no changes to the classification or measurement of financial assets and liabilities as a result of the application of IFRS 9.

In the current year, the entity has applied IFRS 15 Revenue from Contracts with Customers which is effective for periods that begin on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition.

The application of IFRS 15 has not had an impact on the financial position and financial performance of this entity on commercial contracts entered into before 1 July 2018, however the commercial contract entered into during FY2019 is being accounted for over a five year period.

New and revised standards that are issued but not yet effective

IFRS 16, 'Leases' introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, except for short-term and low-value leases. IFRS 16 will supersede the current lease guidance of IAS 17 and the related interpretations. The standard is mandatory for periods commencing on or after 1 January 2019.

At this stage the company is still in the process of assessing and evaluating the impact of IFRS 16.

2.2 Current vs non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting date; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment except for land and buildings, are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see note 4.2). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

- Motor vehicles 20%
- Other equipment 10%
- Computer equipment 25%
- Furniture and Fittings 10%
- Photovoltaic farms 5%

Depreciation methods, useful life and residual values are reassessed at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

2.4 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a proportionate basis.

Impairment of Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs/ When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, then the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.5 Investment in subsidiary

A subsidiary is an entity that is controlled by the company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investment in subsidiaries is stated at cost less any impairment loss which may have arisen. Income from the investment is recognised only to the extent of distributions received from the Company from post-acquisition profits. Distributions received in excess of such profits are regarded as recovery of investment and are recognised as a reduction of the cost of investment.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value, and includes photovoltaic farms which are in the course of construction. Consequently, costs include material, labour, borrowing costs and any other costs directly attributable to the photovoltaic farms. Once photovoltaic farms are connected to the grid, these are transferred from inventory to property, plant and equipment.

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

2.7 Other receivables

Other receivables include, receivables created by enterprise by providing funds directly to a debtor and are measured at cost.

Prepayments comprise payments made in advance in respects of expenditure relating to the subsequent financial year and accrued income is income relating to the current period, which will not be invoiced until after the current reporting date.

2.8 Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cashflows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.9 Share capital

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

2.10 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.11 Foreign currencies

Translations denominated in foreign currencies are translated at the exchange rate ruling on the date of the transactions. Monetary receivables and payables denominated in foreign currencies are translated at the rates of exchange prevailing at each reporting date. Translation differences are dealt within the statement of comprehensive income.

2.12 Financial instruments

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

A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

Classification and subsequent measurement

i. Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) (debt investment), FVOCI (equity instrument) or FVTPL.

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

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

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

A financial asset is measured at FVOCI if it meets both the following conditions and is not designated at FVTPL:

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

On initial recognition of an equity investment that is not held for trading the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduce an accounting mismatch that would otherwise arise.

Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held because this best reflects the way the business is managed, and information provided to management. The information considered included;

- history of the Company's bad debt
- liquidity position of inter-companies

Assessment whether contractual cashflows are SPPI

For the purpose of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflows such that it would not meet this condition.

Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised through profit and loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfer the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

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

Offsetting

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

Impairment

Non-derivative financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward looking information.

12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or shorter period if the expected life of the instrument is less than 12 months).

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-derivative financial assets

Financial assets not classified as at FVTPL are assessed at each reporting date to determine whether there is objective evidence of impairment.

2.13 Revenue recognition

Revenue from contracts with customers is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of value-added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Group and these can be measured reliably.

The following specific recognition criteria must also be met before revenue is recognised:

The Group is in the business of selling, providing maintenance and installation of photovoltaic panels and water softening and purifying systems, and related ancillary products. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, which generally coincides with the date of the invoice. In case of commercial sales, the Group considers whether there are other premises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Provision of services

Revenue from the provision of services is recognised in the year in which the services are rendered, by reference to the completion of the specific transaction assessed based on the actual service provided as a proportion of the total services to be provided.

Interest and investment income

Interest income is accounted for when it is probable that the economic benefits associated with the transaction will flow to the Group and these can be measured reliably.

Dividend income

Dividend income is recognised on the date the Group's right to receive income is established.

2.14 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity.

Current tax is based on the taxable profit for the period as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable

entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.15 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property, are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, the directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements, these estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the changes become known.

In the opinion of the management, except for the above, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as significant in terms of the requirements of IAS 1 (revised) – ‘Presentation of Financial Statements’.

4. Revenue

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Revenue from sale of equipment	508,887	1,191,662	508,887	1,191,662
Revenue from feed-in-tariffs	171,170	-	171,170	-
Total revenue	<u>680,057</u>	<u>1,191,662</u>	<u>680,057</u>	<u>1,191,662</u>

Contract balances

As at 30 June 2019, the Group had a balance of €1,836,438 (2018: €846,439), in relation to commercial contracts. The commercial contracts generated during financial year ended 30 June 2019 are being accounted for over a five-year term. This balance is unsecured and bears interest at 8%.

Performance obligations

Sale of goods

The performance obligation is satisfied upon transfer of the risks and rewards of ownership which generally coincides with the date of the invoice. In the case of the commercial client, payment is estimated to be collected over a five-year term.

5. Profit before tax

The profit before tax has been arrived at after deducting the following expenses:

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Depreciation and amortisation	103,962	14,803	95,905	14,803
Auditors' remuneration	5,128	2,400	3,628	2,400
Directors' salaries (Note 6)	77,629	10,734	62,629	10,734

Auditor's fee

Fees charged by the auditor for services rendered during the financial years ended 30 June 2019 and 2018 relate to the following:

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Annual statutory audit fee	<u>5,128</u>	<u>2,400</u>	<u>3,628</u>	<u>2,400</u>

Finance cost

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Interest on loan from subsidiary	-	-	91,880	-
Interest on bond borrowings	87,504	-	-	-
Interest on bank loan	<u>53,099</u>	<u>47,033</u>	<u>53,099</u>	<u>47,033</u>
	<u>140,603</u>	<u>47,033</u>	<u>144,979</u>	<u>47,033</u>

6. Staff costs and employee information

Staff costs for the year comprised the following:

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Directors' remuneration	77,629	10,734	62,629	10,734
Wages and salaries	183,481	173,537	183,481	173,537
Social security contributions	<u>74,657</u>	<u>53,347</u>	<u>74,657</u>	<u>53,347</u>
	<u>335,767</u>	<u>237,618</u>	<u>320,767</u>	<u>237,618</u>

The average number of persons (including directors) employed by the company during the year was as follows:

	The Group	
	2019	2018
	€	€
Operational	5	4
Administration	6	3
	<u>11</u>	<u>7</u>

7. Income tax

7.1 Income tax recognised in statement of comprehensive income

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Current tax	-	1,718	-	1,718
Deferred tax	<u>(151,088)</u>	<u>-</u>	<u>(156,291)</u>	<u>-</u>
Tax charge/(credit)	<u>(151,088)</u>	<u>1,718</u>	<u>(156,291)</u>	<u>1,718</u>

7.2 Tax reconciliation

The tax on the company's results before tax differs from the theoretical amount that would arise using the statutory tax rate of 35%, as follows:

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
(Loss)/Profit for the year before taxation	(277,274)	154,447	(283,837)	154,447
Adjustment for depreciation and amortisation	<u>103,962</u>	<u>14,803</u>	<u>95,905</u>	<u>14,803</u>
	<u>(173,312)</u>	<u>169,250</u>	<u>(187,932)</u>	<u>169,250</u>
Tax charge/ (credit) at the statutory tax rate	(60,659)	59,238	(65,776)	59,238
<i>Tax effect of:</i>				
Unabsorbed capital allowances	(49,523)	(57,519)	(49,523)	(57,519)
Unabsorbed trading losses	(40,826)	-	(40,991)	-
	<u>(151,008)</u>	<u>1,718</u>	<u>(156,290)</u>	<u>1,718</u>
Tax charge/(credit)	<u>(151,008)</u>	<u>1,718</u>	<u>(156,290)</u>	<u>1,718</u>

8. Property, plant and equipment

The Group

	PV farms €	Motor Vehicles €	Furniture & Fittings €	Other Equipment €	Computer Equipment €	Total €
As at 01 July 2018						
Cost	-	41,800	14,001	23,012	10,971	89,784
Depreciation charge	-	(19,507)	(2,822)	(5,335)	(6,399)	(34,063)
Closing net book value	-	22,293	11,179	17,677	4,572	55,721
As at 30 June 2019						
NBV	-	22,293	11,179	17,677	4,572	55,721
Additions	2,196,900	12,414	1,774	7,409	10,970	2,229,467
Disposal	-	-	-	-	-	-
Depreciation charge	(75,966)	(10,636)	(1,400)	(3,042)	(4,861)	(95,905)
Depreciation release on disposal	-	-	-	-	-	-
Closing net book value	2,120,934	24,071	11,553	22,044	10,681	2,189,283
As at 30 June 2019						
Cost	2,196,900	54,214	15,775	30,421	21,941	2,319,251
Accumulated Depreciation	(75,966)	(30,143)	(4,222)	(8,377)	(11,260)	(129,968)
Closing net book value	2,120,934	24,071	11,553	22,044	10,681	2,189,283

9. Investment in subsidiary

The Company

	The Company	
	2019 €	2018 €
At 1 July 2018		
Cost and carrying net book amount	-	-
At 30 June 2019		
Cost and carrying net book amount	50,000	-

The subsidiary as at 30 June 2019 is shown below:

	Registered Office	% of shares held	2019
Luxury Living Finance p.l.c.	Greentek Business Complex		€
	Triq il-Hofor	100%	50,000
	Qormi		
			<u>50,000</u>

The share capital and reserves of the subsidiary at reporting date stood as follows:

	2019	2018
	€	€
Ordinary shares	50,000	-
Retained earnings	<u>9,663</u>	<u>-</u>
	<u>59,663</u>	<u>-</u>

10. Trade and other receivables

Current	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Trade debtors	805,940	268,487	826,660	268,487
Other receivables	18,435	201,707	18,435	201,707
Indirect taxation	19,239	-	19,239	-
Deferred cost	236,333	-	236,333	-
Prepayments	663,455	623,770	663,455	623,770
Related party balances	54,399	20,292	54,399	20,292
Shareholders' advances	<u>1,381</u>	<u>40,236</u>	<u>1,381</u>	<u>40,236</u>
	<u>1,799,182</u>	<u>1,154,492</u>	<u>1,819,902</u>	<u>1,154,492</u>
Non Current				
	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Trade debtors	1,462,550	677,151	1,462,550	677,151
Deferred cost	<u>660,638</u>	<u>-</u>	<u>660,638</u>	<u>-</u>
	<u>2,123,188</u>	<u>677,151</u>	<u>2,123,188</u>	<u>677,151</u>

11. Share capital

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Authorised				
2,931,000 Ordinary Shares of € 1 each	<u>2,931,000</u>	<u>2,931,000</u>	<u>2,931,000</u>	<u>2,931,000</u>
Issued and Fully paid up				
2,931,000 Ordinary Shares of € 1 each	<u>2,931,000</u>	<u>2,931,000</u>	<u>2,931,000</u>	<u>2,931,000</u>

12. Retained Earnings

This represents accumulated profits. During the period under review, no dividends were paid out of retained earnings.

13. Borrowings

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Non current				
Related party loans	7,918,521	-	7,918,521	-
Bank loans	<u>889,818</u>	<u>1,132,989</u>	<u>1,024,529</u>	<u>1,132,989</u>
	<u>8,808,339</u>	<u>1,132,989</u>	<u>8,943,050</u>	<u>1,132,989</u>
Current				
Bank overdrafts	387,520	495,694	387,520	495,694
Bank loans	<u>136,872</u>	<u>231,024</u>	<u>-</u>	<u>231,024</u>
	<u>524,392</u>	<u>726,718</u>	<u>387,520</u>	<u>726,718</u>
Total	<u>9,332,731</u>	<u>1,859,707</u>	<u>9,330,570</u>	<u>1,859,707</u>

The bank overdrafts bear interest rate of 2.25% over the bank base rate per annum and is repayable on demand. The Group enjoys an overdraft facility amounting to €500,000. These facilities are secured by general hypothec over the Group's assets, general and special hypothecary guarantee over property owned by the related companies, pledges in insurance policies in the name of the related companies. The bank loans bear interest of 2.5% over the bank base rate and 2% over the bank base rate per annum and are secured by a general hypothec over the Company's assets, special hypothec over the affiliate's assets, guarantees given by the parent and group companies and by pledge over the affiliate's insurance policies in the name of the Company covering properties. One of the loans is repayable by 2026 and the other is repayable by 2031.

Non-current portion of loan due to subsidiary is unsecured, carries interest at 5.25% per annum and is repayable in full by not later than 30 June 2028.

14. Trade and other payable

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Trade payables	178,843	288,187	178,843	288,187
Shareholders loans	-	50,329	-	50,329
Accruals	1,141,886	192,446	769,199	192,446
Related party balances	36,072	-	36,072	-
Deferred income	1,173,813	-	1,173,813	-
Indirect taxation	-	1,637	-	1,637
	<u>2,530,614</u>	<u>532,599</u>	<u>2,157,927</u>	<u>532,599</u>

15. Cash and cash equivalents

For the purposes of the cash flow statement, the cash and cash equivalents at the end of the year comprise the following:

	The Group		The Company	
	2019	2018	2019	2018
	€	€	€	€
Cash at bank	3,163,772	25,205	2,703,338	25,205
Bank overdraft	<u>(387,520)</u>	<u>(495,694)</u>	<u>(387,520)</u>	<u>(495,694)</u>
	<u>2,776,252</u>	<u>(470,489)</u>	<u>2,315,818</u>	<u>(470,489)</u>

16. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

The Company is ultimately owned by Jean Paul Busuttil and therefore all other companies up to the ultimate beneficial owner, as well as other companies outside the Group which are owned by Jean Paul Busuttil are considered to be related parties.

Trading transactions between the companies include items which are normally encountered in a group context.

Luxury Living Technologies Limited is the parent company of the entity listed in Note 7.

Transactions with related parties

	2019	2018
	€	€
Expenditure		
Management fee charged to parent	45,000	-
Interest payable on loan due to subsidiary	379,346	-
Rent payable to related parties	70,000	
Loans and Advances		
Advances/repayments from shareholder	1,381	40,236
Advances to subsidiary	360,433	-
Advances/repayments from related parties		
Movement in loan due to subsidiary	<u>7,918,521</u>	<u>-</u>

Loan due to subsidiary is unsecured, carries interest at 5.25% per annum and is repayable in full by 30 June 2028.

Year end balances from related party transactions are disclosed in Notes 8, 11 and 14.

Key management personnel compensation consisting of directors' remuneration has been disclosed in note 6.

17. Contingent liabilities

As at 30 June 2019, the Company had a guarantee in favour of Luxury Finance p.l.c. in relation to the issue of €8,000,000 5% Secured Bonds 2028.

18. Financial risk management

At the period end, the Company's main financial assets comprised investment in subsidiary, trade and other receivables and cash held at bank. At the period end the Company's main financial liabilities consisted of borrowings from group companies and trade and other payables.

The Company's principal risk exposures related to credit risk and liquidity risk. The Company is not exposed to currency risk and the directors consider interest rate risk exposure to be minimal due to fixed interest rates stipulated on interest bearing liabilities. Notes 11 incorporate interest rates and maturity information with respect to the Company's main interest-bearing liabilities.

Timing of Cash Flows

The presentation of the above-mentioned financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

Credit Risk

Financial assets which potentially subject the Company to concentrations of credit risk consist trade and other receivables and cash at bank (Notes 8 and 13).

The Company's cash at bank is placed with high quality financial statements.

The Company's receivables consist mainly of trade and other receivables. Customer credit risk is managed by the Group's management subject to the Group's established policy procedures and control relating to

customer credit risk management. Credit quality of a customer is assessed based on each customer's credit limits. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at the reporting date on an individual basis. The Group exercises a prudent credit control policy. During FY2019 the Company entered into commercial contracts with clients totalling €0.9 million. Given that this revenue will be receivable directly through the feed-in-tariffs generated by the installed photovoltaic panels, the credit risk in this respect is limited.

Liquidity Risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally of trade and other payables and borrowings (refer to Notes 13 and 14). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

Management monitors liquidity risk by means of cash flows forecasts on the basis of expected cash flows over a twelve-month period to ensure that no additional financing facilities are expected to be required over the coming year.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio to support its business and maximise shareholder value.

The Company manages its capital structure and adjusts it, in light of economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended 30 June 2019.

Fair Value of Financial Instruments

At 30 June 2018 and 30 June 2019, the carrying amount of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. As at end of the reporting period, the fair values of financial assets and liabilities, approximate the carrying amounts shown in the statement of financial position.

19. Events after the reporting date

As at reporting date, there are no significant transactions that occurred that needs to be disclosed as at 30 June 2019.

