

**LUXURY LIVING TECHNOLOGIES LIMITED**

*Annual Report  
and  
Financial Statements  
1 July 2017 to 30 June 2018*

Company Registration Number C 74593

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The Directors present their report together with the audited financial statements of Luxury Living Technologies Limited (the Company) for the financial year ended 30 June 2018. On 25 April, 2018, a 100% subsidiary named Luxury Living Finance p.l.c. (C 85987) was incorporated. However, as Luxury Living Finance p.l.c. did not perform any trading activity, the audited financial statements of the Company represent the consolidated financial statements for the group.

**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.

**Review of Business**

During the year under review the Company's objectives remained focused on providing eco and renewable energy solutions to retail customers. To this end, the Company generated turnover of €1,191,662, with a gross profit margin of 49.4%, an increase of 16 percentage points over the 16 month period ending 30 June 2017. Administrative expenses totalled €386,814 (16-month period ending 30 June 2017: €541,594). The comparatively lower costs are directly attributable to a reduction in the comparative periods from 16 months to a 12 month period.

Consequently, the profit before tax for the year under review amounted to €154,447 (16-month period ending 30 June 2017: loss €150,825).

**Outlook for 2018**

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 operate an 80-bed hostel situated in St. Julian's, by virtue of a Develop and Operate Agreement dated 25 April 2018. To this end, Luxury Living Finance p.l.c. successfully issued an €8 million bond on 3 July 2018, whereby the proceeds raised were mainly intended to invest in photovoltaic farms as well as operate a hostel. 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.

The Directors are pleased to report that bond was fully subscribed and that the first photovoltaic farm has been installed. As a result, the Directors are confident that the Group shall generate higher turnover for the financial year ending 30 June 2019 and will commence developing the St. Julian's hostel.

**Dividends and Reserves**

The results for the year are set in the Consolidated Statement of Comprehensive Income on page 5 and 7.

The Board of Directors does not propose the payment of a dividend. Retained profits carried forward at the reporting date amounted to €1,904 (16-month period ending 30 June 2017: retained losses €150,825).

Approved and signed by the Directors:



Mr. Jean Paul Busuttil  
Director



Mr William Wait  
Director

**Registered Address:**

Greentek Business Complex,  
New Street in Triq il-Hofor,  
Qormi.

28 September 2018

## **Independent Auditor's Report**

To the Shareholders of LUXURY LIVING TECHNOLOGIES LIMITED

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I have audited the accompanying financial statements of LUXURY LIVING TECHNOLOGIES LIMITED set out on pages 5 - 15 which comprise the statement of financial position as at 30 June 2018, 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 balance sheet of the Company as at 30 June 2018, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards 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 our 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 our opinion.

### ***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 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.

### ***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.

## **Independent Auditor's Report**

To the Shareholders of LUXURY LIVING TECHNOLOGIES LIMITED

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### *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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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 our 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 our independence, and where applicable, related safeguards.



## **Independent Auditor's Report**

To the Shareholders of LUXURY LIVING TECHNOLOGIES LIMITED


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

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



**Louis Padovani**

**Certified Public Accountant & Registered Auditor**

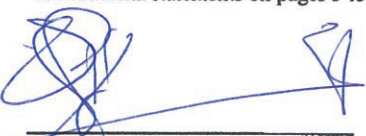
'Kyle', Apartment 4,  
Triq il-Mediterran,  
St. Julians. STJ 1870.


28 September 2018.

	Notes	12 months 2018 €	16 months 2017 €
Turnover		1,191,662	1,235,274
Cost of sales		<u>(603,368)</u>	<u>(827,191)</u>
Gross Profit		588,294	408,083
Administrative expenses		<u>(386,814)</u>	<u>(541,594)</u>
Operating profit/(loss)		201,480	(133,511)
Profit on sale of assets		-	3,528
Interest paid		(47,033)	(28,306)
Wages re-charged		<u>-</u>	<u>7,464</u>
<b>Profit/(Loss) before Taxation</b>	3	154,447	(150,825)
Taxation	4	<u>(1,718)</u>	<u>-</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<u><u>152,729</u></u>	<u><u>(150,825)</u></u>

	Notes	12 months to 30/06/2018 €	16 months to 30/06/2017 €
<b>ASSETS</b>			
<b>Intangible Assets</b>		<u>2,831,000</u>	<u>-</u>
<b>Tangible Fixed Assets</b>			
Plant and equipment	5	<u>55,721</u>	<u>66,932</u>
		<u>55,721</u>	<u>66,932</u>
<b>Current Assets</b>			
Inventories	6	<u>583,358</u>	<u>375,737</u>
Trade and other receivables	7	<u>1,831,644</u>	<u>569,908</u>
Cash at bank		<u>25,205</u>	<u>49,009</u>
		<u>2,440,207</u>	<u>994,654</u>
<b>Total Assets</b>		<u><u>5,326,928</u></u>	<u><u>1,061,586</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	8	<u>2,931,000</u>	<u>100,000</u>
Accumulated profit/(losses)		<u>1,904</u>	<u>(150,825)</u>
<b>Total equity</b>		<u>2,932,904</u>	<u>(50,825)</u>
<b>Non-Current Liabilities</b>			
Interest bearing borrowings	9	<u>1,132,989</u>	<u>735,000</u>
		<u>1,132,989</u>	<u>735,000</u>
<b>Current Liabilities</b>			
Bank overdraft		<u>495,694</u>	<u>296,084</u>
Interest bearing borrowings		<u>231,024</u>	<u>-</u>
Trade and other payables	10	<u>532,599</u>	<u>81,327</u>
Taxation		<u>1,718</u>	<u>-</u>
<b>Total current liabilities</b>		<u>1,261,035</u>	<u>377,411</u>
<b>Total Equity and Liabilities</b>		<u><u>5,326,928</u></u>	<u><u>1,061,586</u></u>

The financial statements on pages 5 to 15 were approved and signed by the Directors on 28 September 2018

  
 Mr Jean Paul Busuttill  
 Director

  
 Mr William Wait  
 Director



**LUXURY LIVING TECHNOLOGIES LIMITED**  
Statement of Changes in Equity  
Period ended 30 June 2018

	Share Capital €	Accumulated Profit €	Total €
Balance at 1 March 2017	100,000	(134,587)	(34,587)
<b>Transactions with owners</b>			
Issue of share capital	-	-	-
Loss	-	(16,238)	(16,238)
Total comprehensive income for the year	100,000	(150,825)	(50,825)
<b>Balance at 30 June 2017</b>	<b>100,000</b>	<b>(150,825)</b>	<b>(50,825)</b>
Balance as at 1 July, 2017	100,000	(150,825)	(50,825)
Increase in capital	2,831,000	-	2,831,000
Profit	-	152,729	152,729
Total comprehensive income for the year	2,931,000	1,904	2,932,904
<b>Balance as at 30 June, 2018</b>	<b>2,931,000</b>	<b>1,904</b>	<b>2,932,904</b>

	12 months 2018 €	16 months 2017 €
Notes		
<b>Operating Activities</b>		
Profit/(Loss) for the year before taxation	154,447	(150,825)
<i>Adjustments for:</i>		
Depreciation	14,803	23,338
Interest paid	<u>47,033</u>	<u>28,306</u>
	216,283	(99,181)
<i>Working capital changes:</i>		
Change in inventories	(207,621)	(375,737)
Change in trade and other receivables	(1,261,736)	(569,908)
Change in trade and other payables	<u>451,272</u>	<u>41,327</u>
Cash generated from/(used in) operations	(801,802)	(1,003,499)
Interest paid	<u>(47,033)</u>	<u>(28,306)</u>
<b>Net Cash used in Operating Activities</b>	<u>(848,835)</u>	<u>(1,031,805)</u>
<b>Investing Activities</b>		
Disposal of assets	-	11,042
Aquisition of property, plant and equipment	<u>(3,592)</u>	<u>(101,312)</u>
<b>Net Cash used in Investing Activities</b>	<u>(3,592)</u>	<u>(90,270)</u>
<b>Financing Activities</b>		
Issue of share capital	-	140,000
Advance from bank	<u>629,013</u>	<u>735,000</u>
<b>Net Cash generated from Financing Activities</b>	<u>629,013</u>	<u>875,000</u>
<b>Movement in Cash and Cash Equivalents</b>	(223,414)	(247,075)
Cash and cash equivalents at beginning of year	<u>(247,075)</u>	-
<b>Cash and Cash Equivalents at End of Year</b>	<u>11</u> <u>(470,489)</u>	<u>(247,075)</u>

**1. General Information**

*Statement of compliance*

The financial statements of LUXURY LIVING TECHNOLOGIES LIMITED (“the Company”) have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

*Functional and presentation currency*

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

**2. 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 recognition*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company’s activities. Revenue is shown net of value-added tax or other sales taxes, returns, rebates and discounts.

Revenue is recognised as follows:

(a) Sales of goods

Sales of goods are recognised when a company has delivered goods to its customer, the customer has accepted the products and collectibility of the related debts is reasonably assured. It is the company’s policy to sell its products with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

**Income taxes**

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.

2. Significant Accounting Policies (*continued*)

*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. 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%

## 2. Significant Accounting Policies (*continued*)

### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### *Property held for development and resale*

When the main object of a property project is the development for resale purposes, the asset is classified in the financial statements as inventory. Any elements of the project which are identified for business operation or long term investments properties are transferred at their carrying amount or fair value to property, plant and equipment or investment property when such identification is made and the cost thereof can be reliably segregated.

The development property is carried at the lower of cost and net realisable value. The purchase cost of acquiring the property represents the cash equivalent value of the contracted price. In case of land previously held as tangible non-current assets, the transfer value is the carrying value of the land as last revalued prior to its transfer to inventories.

Cost comprises the purchase cost of acquiring the property together with other costs incurred during its subsequent development by specifically identifying the cost of individual items including:

- The costs incurred on development works and construction works in progress, including demolition, site clearance, excavation, construction and acquisition costs, together with the expenses incidental to acquisition and costs of ancillary activities such as site security;
- The cost of various design and other studies conducted in connection with the project, together with all other expenses incurred in connection therewith;
- Any borrowing costs, including imputed interests, attributable to the development phases of the property project.

### *Trade receivables*

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at invoiced amount and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### *Cash and cash equivalents*

Cash and cash equivalents include cash at bank.

### *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 a deduction from equity, net of any tax effects.



2. Significant Accounting Policies (*continued*)

*Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

*Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

3. Profit before tax

3.1 Profit before tax is stated after charging the following:

	2018
	€
Depreciation	14,803
Audit fees	2,400
	<u>17,203</u>

4. Income Taxation

4.1 Income tax recognised in statement of comprehensive income

	12 months to 30-Jun-18 €	16 months to 30-Jun-17 €
Current tax	1,718	-
Deferred tax	-	-
Tax charge/(credit)	<u>1,718</u>	<u>-</u>

4.2 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:

	12 months to 30-Jun-18 €	16 months to 30-Jun-17 €
Profit/(Loss) for the year before taxation	<u>154,447</u>	<u>(150,825)</u>
Tax charge/ (credit) at the statutory tax rate	54,056	(52,789)
<i>Tax effect of:</i>		
Unabsorbed capital allowances	(52,338)	52,789
Tax charge/(credit)	<u>1,718</u>	<u>-</u>

5. Tangible Fixed Assets

	Motor Vehicles €	Furniture & Fittings €	Other Equipment €	Computers & Equipment €	Total €
<b>As at 01 July 2017</b>					
Cost	41,800	10,663	22,758	10,971	86,192
Depreciation charge	(11,147)	(1,422)	(3,034)	(3,657)	(19,260)
<b>Closing net book value</b>	<b>30,653</b>	<b>9,241</b>	<b>19,724</b>	<b>7,314</b>	<b>66,932</b>
<b>As at 30 June 2018</b>					
Cost	41,800	10,663	22,758	10,971	86,192
Additions	-	3,338	254	-	3,592
Disposal	-	-	-	-	-
Depreciation charge	(8,360)	(1,400)	(2,301)	(2,742)	(14,803)
Depreciation release on disposal	-	-	-	-	-
<b>Closing net book value</b>	<b>33,440</b>	<b>12,601</b>	<b>20,711</b>	<b>8,229</b>	<b>74,981</b>
<b>As at 1 July 2017</b>					
NBV	30,653	9,241	19,724	7,314	66,932
Additions	-	3,338	254	-	3,592
Disposal	-	-	-	-	-
Depreciation charge	(8,360)	(1,400)	(2,301)	(2,742)	(14,803)
Depreciation release on disposal	-	-	-	-	-
<b>Closing net book value</b>	<b>22,293</b>	<b>11,179</b>	<b>17,677</b>	<b>4,572</b>	<b>55,721</b>

6. Inventories

	30/06/2018 €	30/06/2017 €
Goods held for re-sale	583,358	375,737
Works in progress	-	-
	<b>583,358</b>	<b>375,737</b>

7. Trade and other receivables

	30/06/2018 €	30/06/2017 €
Trade debtors	945,639	126,663
Other receivables	201,707	-
Prepayments	623,770	309,939
Third party balances	20,292	-
Directors' loans	40,236	133,306
	<b>1,831,644</b>	<b>569,908</b>

8. Share Capital

	30/06/2018	30/06/2017
	€	€
<b>Authorised</b>		
2018: 2,931,000 Ordinary Shares of € 1 each	2,931,000	-
2017: 100,000 Ordinary Shares of € 1 each	<u>-</u>	<u>100,000</u>
	<u>2,931,000</u>	<u>100,000</u>
<b>Issued and Fully paid up</b>		
2018: 2,931,000 Ordinary Shares of € 1 each	2,931,000	-
2017: 100,000 ordinary shares of €1 each	<u>-</u>	<u>100,000</u>
	<u>2,931,000</u>	<u>100,000</u>

9. Non-current Liabilities

	30/06/2018	30/06/2017
	€	€
Bank loans	<u>1,132,989</u>	<u>735,000</u>
	<u>1,132,989</u>	<u>735,000</u>

10. Trade and Other Payables

	30/06/2018	30/06/2017
	€	€
Trade payables	288,187	26,672
Shareholders loans	50,329	-
Accruals	192,446	32,479
Indirect taxation	<u>1,637</u>	<u>22,176</u>
	<u>532,599</u>	<u>81,327</u>

11. 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:

	30/06/2018	30/06/2017
	€	€
Cash at bank	25,205	49,009
Bank overdraft	<u>(495,694)</u>	<u>(296,084)</u>
	<u>(470,489)</u>	<u>(247,075)</u>