LUXURY LIVING FINANCE p.l.c.

Annual Report
and
Financial Statements
30 June 2019

Company Registration Number C 85987

CONTENTS

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 counties 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 expect 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 Limitedfor 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 Busuttil	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 Busuttil	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 Busuttil 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 Busuttil

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 Busuttil 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 are 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		(366,667)
Net interest income		12,679
Other income		45,000
Administrative expenses		(42,813)
Profit before Taxation	7	14,866
Income Tax	8	(5,203)
Profit for the period		9,663
Total comprehensive income for the period		9,663
Earnings per share (cents)	16	19c

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

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	50,000	-	50,000
Profit for the period	-	9,663	9,663
Total comprehensive income for the period	50,000	9,663	59,663
Balance at 30 June 2019	**50,000**	**9,663**	**59,663**

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

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 expect 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 measures 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 is 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 designed 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 FVTLP. 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 measures 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 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 entirely 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 that 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
	379,346

6. Finance Costs

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

7. Profit before Taxation

This is stated after charging the following:

	14 months to 30-Jun-19 €
Directors' remuneration	15,000

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

	14 months to 30-Jun-19 €
Annual statutory audit fees	1,500

8. Income Tax

Income tax recognised in statement of comprehensive income

	14 months to 30-Jun-19 €
Current tax expense	5,203

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	14,866
Tax at the applicable statutory rate of 35%	5,203
Tax effect of:	
Adjustment to tax charge	-
Tax charge	5,203

9. Loan Receivable

	2019 €
Non-current	
Loan receivable from parent company	7,918,521
	7,918,521

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	7,168,521
	7,918,521

10. Share Capital

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

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)	8,000,000
Gross amount of bond issue costs	(87,375)
Amortisation of gross amount of bond issue costs:	
Amortisation charge for the year	8,057
Unamortised bond issue costs	(79,318)
Amortised cost and closing carrying amount	7,920,682

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	20,720
	393,407

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	460,434

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	9,663
Weighted average number of ordinary shares in issue (Note 10)	50,000
Earnings per share (cents)	19c

17. Financial Risk Management

At the end of the period, the Company's main financial assets compromised 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.