Reg. No. C 75856

GAP GROUP INVESTMENTS (II) LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31st DECEMBER 2024

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31st DECEMBER 2024

The directors present their annual report and the audited parent company financial statements together with the Group's consolidated financial statements (the "financial statements") of Gap Group p.l.c. for the year ended 31st December 2024.

Principal Activities

Gap Group Investments (II) Limited is the parent company of GAP Group p.l.c.. GAP Group p.l.c. was set up to raise financial resources from the capital market to primarily finance the property development projects of the companies forming part of the Group and also to restructure the Group.

Review of business

Works on the development of the Group progressed well and within the scheduled time frames. The Group continued to sign new preliminary agreements at a steady pace whilst a promising number of contracts from its various projects were signed during the financial year under review.

Principal risks and uncertainties

Although the development works of the afore-mentioned projects and the securing of new sales by way of preliminary agreements are progressing as planned, the company is still subject to several financial risk factors including the market, economic, counter-party, credit and liquidity risks amongst others that may affect the projects and their timely completion. Additionally, the directors are monitoring closely inflationary risks resulting from the conflict in Ukraine and the Middle-East. The directors are confident that the company has robust measures in place to mitigate the likely possible effects of inflationary pressures. Where possible, the board provides principles for the overall risk management as well as policies to mitigate these risks in the most prudent way.

Strategy risk

Risk management falls under the responsibility of the board of directors. The board is continuously analysing its risks management strategy to ensure that risks are adequately identified and managed. The audit committee regularly reviews the risk profile adopted by the board of directors.

Operational risks

The company is a holding company, thus its income is derived from dividends and interest income charged to its subsidiaries. During the year ended, no dividends were received. The company is heavily dependent on the performance of its subsidiaries. The management regularly reviews the financial performance of the group companies to ensure that there is sufficient liquidity to sustain its operations.

Legislative risks

The company is governed by a number of laws and regulations. Failure to comply could have financial and reputational implications and could materially affect the company's ability to operate. The company has embedded operating policies and procedures to ensure compliance with existing legislation.

DIRECTORS' REPORT – continued

Directors

The directors of the Company who held office during the year were:

Paul Attard
Adrian Muscat
Carmela Muscat

The Company's Articles of Association do not require any directors to retire.

The Company's Secretary is Mr Paul Attard.

DIRECTORS' REPORT – continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of the profit or loss of the Group and the Company for the year then ended. In preparing the financial statements, the directors should:

- Ensure that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- value separately the components of asset and liability items;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Group and the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor
The auditor of the company, TACS Malta Limited has expressed its willingness to continue in office and a resolution proposing his reappointment will be put before the members at the next annual general meeting.

DIRECTORS' REPORT – continued

Approved by the Board of Directors and authorised for issue on 25th April 2025 and signed on its behalf by:

Adrian Muscat
Director

Paul Attard
Director

Registered office:

PLAN GROUP HEAD OFFICE,
Triq il- Wirt Naturali,
Bahar ic- Caghaq,
In- Naxxar

Date : 25 April 2025

Independent auditor's report
To the Shareholders of GAP Group Investments (II) Limited

Report on the Audit of the Financial Statements for the year ended 31st December 2024.

Opinion

I have audited the parent Company financial statements and the consolidated financial statements (the "financial statements") of Gap Group Investments (II) Limited (the "Company") and its subsidiaries (together, the "Group"), set on pages 8 to 39 which comprise the statement of financial position as at 31st December 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of material accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of Gap Group Investments (II) Limited and its Group as at 31st December 2024, and of the Company's and its Group's 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 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 Group 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.

Information other than the Financial Statements and Auditor's Report thereon

The directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of the Directors' Responsibilities.

My opinion on the financial statements does not cover the other 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.

With respect to the Directors' Report, I also considered whether the Directors' Report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386).

Independent auditor's report
To the Shareholders of GAP Group Investments (II) Limited

Information other than the Financial Statements and Auditor's Report thereon - continued

In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap. 386) in relation to the Directors' Report, in my opinion, based on the work undertaken in the course of the audit:

The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

The Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and Group and their environment obtained in the course of the audit, I have not identified any material misstatements in the Directors' Report.

Responsibilities of the Directors

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 and Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report
To the Shareholders of GAP Group Investments (II) Limited

Auditor's Responsibilities for the Audit of the Financial Statements - continued

- 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 and Group'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, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's and Group's ability to continue as a going concern and future events or conditions may cause the Company and Group to cease to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications resulting from the conflict in Ukraine, and the Middle East.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the Company and Group audit. I remain solely responsible for my audit opinion.

Report on Other matters relating to the Companies Act

I am also responsible under the Companies Act (Cap. 386), to report to you if, in my opinion:

- Adequate accounting records have not been kept, or that returns adequate for my audit have not been received from branches visited by me.

- The financial statements are not in agreement with the accounting records and returns.

- I have not received all the information and explanations I require for my audit.

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

This copy of the audit report has been signed by
Pamela Fenech (Director) for and on behalf of
TACS Malta Limited
Certified Public Accountant
Registered Auditor

1, Tal-Providenza Mansions,
Main Street,
Balzan
Malta
Date: 25th April 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2024

	Notes	Group 2024	Group 2023	Company 2024	Company 2023
		€	€	€	€
Revenue	3	48,181,299	42,763,849	-	-
Cost of sales		(27,985,870)	(27,560,601)	-	-
Gross Profit		20,195,429	15,203,248	-	-
Administrative expenses		(2,501, 196)	(2,493,762)	(7,196)	(39,151)
Operating profit / (loss)	4	17,694,233	12,709,486	(7,196)	(39,151)
Finance costs	7	(67,075)	(349,419)	(360)	(571)
Finance income	8	448,252	599,107	-	-
Loss on disposal of fixed asset		(27,880)	-	-	-
Other income		71,000	-	-	-
Profit/ (loss) before tax		18,118,530	12,959,174	(7,556)	(39,722)
Tax expense	9	(3,779,873)	(3,303,379)	-	-
Profit/(loss) for the year		14,338,657	9,655,795	(7,556)	(39,722)

OTHER COMPREHENSIVE INCOME

	Group 2024	Group 2023	Company 2024	Company 2023
Other comprehensive income / (loss)				
Reserve arising on revaluation of investments and amortised cost of interest free long term loan receivable	253,276	135,382	-	-
Other comprehensive income /(loss) for the year	253,276	135,382	-	-
Total Comprehensive income/(loss)	14,591,933	9,791,177	(7,556)	(39,722)
Earnings per share	7,965.92	5,364.33	0.00	0.00

The notes on pages 12 to 39 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION – 31ST DECEMBER 2024

	Notes	Group 2024	Group 2023	Company 2024	Company 2023
		€	€	€	€
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	1	27,161	-	-
Investment in subsidiaries	12	-	-	2,499,996	2,499,996
Investments	13	3,751,000	3,600,300	-	-
Other financial assets	14	9,842,989	10,286,219	2,500,000	2,500,000
Total Non-Current Assets		13,593,990	13,913,680	4,999,996	4,999,996
Current assets					
Inventory – Development project	16	49,771,608	62,197,149	-	-
Trade and other receivables	17	9,356,065	8,567,830	7,835,302	7,835,302
Cash and cash equivalents	18	9,732,515	11,350,792	29,679	39,155
Current tax assets		-	-	-	-
Total Current Assets		68,860,188	82,115,771	7,864,981	7,874,457
Total Assets		82,454,178	96,029,451	12,864,977	12,874,453
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	19	1,800	1,800	1,800	1,800
Revaluation reserve	21	539,960	286,684	-	-
Retained earnings		47,581,340	33,242,683	2,405,083	2,412,639
Total equity		48,123,100	33,531,167	2,406,883	2,414,439
Non-current liabilities					
Bank loans	22	-	3,726,241	-	-
Other financial liabilities	23	4,907	4,907	-	-
Debt securities in issue	22	7,857,686	22,715,374	4,396,878	-
Total non-current liabilities		7,862,593	26,446,522	4,396,878	-
Current liabilities					
Bank loans	22	5,320,020	1,879,395	-	-
Debt securities in issue	22	15,000,000	26,759,793	-	-
Trade and other payables	23	6,084,010	7,303,776	6,061,216	7,644
Other financial liabilities	23	-	-	-	10,452,370
Current tax liability		64,455	108,798	-	-
Total Current liabilities		26,468,485	36,051,762	6,061,216	10,460,014
Total liabilities		34,331,078	62,498,284	10,458,094	10,460,014
Total equity and liabilities		82,454,178	96,029,451	12,864,977	12,874,453

The notes on pages 12 to 39 are integral part of these financial statements.

The financial statements on pages 8 to 39 were approved by the Board of Directors and were signed on its behalf by:

Adrian Muscat
Director

Paul Attard
Director

Date: 25th April 2025

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2024

	Notes	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total
		€	€	€	€	€
Group						
Balance at 1st January 2023		18,457,044	-	151,302	23,586,888	42,195,234
Comprehensive income						
Profit for the year		-	-	-	9,791,177	9,791,177
Revaluation reserve	21	-	-	135,382	(135,382)	-
Transactions with owners						
Reduction in share capital		(18,455,244)	-	-	-	(18,455,244)
Balance at 31st December 2023		1,800	-	286,684	33,242,683	33,531,167
Balance at 1st January 2024		1,800	-	286,684	33,242,683	33,531,167
Comprehensive income						
Profit for the year		-	-	-	14,591,933	14,591,933
Revaluation reserve	21	-	-	253,276	(253,276)	-
Balance at 31st December 2024		1,800	-	539,960	47,581,340	48,123,100
Company						
Balance at 1st January 2023		18,457,044	-	-	2,452,361	20,909,405
Comprehensive loss						
Loss for the year		-	-	-	(39,722)	(39,722)
Transactions with owners						
Reduction in share capital		(18,455,244)	-	-	-	(18,455,244)
Balance at 31st December 2023		1,800	-	-	2,412,639	2,414,439
Balance at 1st January 2024		1,800	-	-	2,412,639	2,414,439
Comprehensive loss						
Loss for the year		-	-	-	(7,556)	(7,556)
Balance at 31st December 2024		1,800	-	-	2,405,083	2,406,883

The notes on pages 12 to 39 are an integral part of these financial statements.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST DECEMBER 2024

		Group		Company	
		2024	2023	2024	2023
		€	€	€	€
Cash flows from operating activities					
Net profit/(loss) before taxation		18,118,530	12,959,174	(7,556)	(39,722)
Adjustments for:					
Depreciation	11	-	18,819	-	-
Finance income	8	(448,252)	(599,107)	-	-
Finance costs	7	67,075	349,419	360	571
Fair value gain on interest-free long-term receivable		253,276	135,382	-	-
Loss on disposal of assets		27,880			
Other income		(71,000)	-	-	-
Operating profit / (loss) before working capital changes		17,947,509	12,863,687	(7,196)	(39,151)
Trade and other receivables	17	(374,562)	468,214	-	-
Inventory – Development Project	16	12,425,541	(13,049,792)	-	-
Trade and other payables	23	(1,219,761)	(120,336)	(1,920)	(9,618)
Cash generated from / (used in) operations		28,778,727	161,773	(9,116)	(48,769)
Finance costs	7	(67,075)	(349,419)	(360)	(571)
Income tax paid		(3,824,218)	(3,180,083)	-	-
Other income		71,000	-	-	
Net cash from/ (used in) operating activities		24,958,434	(3,367,729)	(9,476)	(49,340)
Cash flows from investing activities					
Purchase of fixed assets	11	(720)	(2,487)	-	-
Investments (net)	13	(150,700)	4,463,250	-	-
Finance income	8	448,252	599,107	-	-
Net cash from investing activities		296,832	5,059,870	-	-
Cash flows from financing activities					
Reduction in Share Capital		-	(18,455,244)	-	(18,455,244)
Shareholders loan		-	6,779,931	-	(7,185,939)
Related parties	24	(413,675)	7,331,531	-	25,722,720
Bank loans (net)	22	(285,616)	1,895,270	-	-
Bonds and debentures	22	(26,617,482)	(23,110,680)	-	-
Other financial assets	14	443,230	696,426	-	-
Net cash (used in) / from financing activities		(26,873,543)	(24,862,766)	-	81,537
Movement in cash and cash equivalents		(1,618,277)	(23,170,625)	(9,476)	32,197
Cash and cash equivalents at beginning of the year		11,350,792	34,521,417	39,155	6,958
Cash and cash equivalents at end of the year (note 18)		9,732,515	11,350,792	29,679	39,155

The notes on pages 12 to 39 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

1. Summary of material accounting policies

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

1.1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and with the requirements of the Maltese Companies Act, 1995. The financial statements are prepared under the historical cost convention, except as disclosed in the accounting policies below.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgements in the process of applying the Group's accounting policies. 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.

Standards, interpretations and amendments to published standards effective in 2024

The Group and the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's and the Company's accounting period beginning on 1st January 2024. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's and Company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

1 Summary of material accounting policies – continued

1.1 Basis of preparation - continued

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group and the Company

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group and the Company.

Management anticipates that all relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement. The Group and the Company do not expect that new standards, interpretations and amendments will have a material impact on the Group's and the Company's financial statements.

1.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the board of directors, responsible for making strategic decisions. The board of directors considers the Group to be made up of one segment, that is raising financial resources from capital markets to finance the capital projects of the Group. All the Group's revenue and expenses are generated in Malta and revenue is mainly earned from the development of immovable property.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in these Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These Financial Statements are presented in Euro, which is the Group's functional currency and presentation currency.

(b) Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Translation differences on non-monetary items, such as equities, are reported as part of the fair value gain or loss.

1.4 Financial assets

1.4.1 Classification

The Group classifies its financial assets as measured at amortised cost, as designated at fair value through other comprehensive income (FVOCI) and as designated at fair value through profit or loss (FVTPL). The classification is based on the business model in which a financial asset is managed and its contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

1 Summary of material accounting policies – continued

1.4 Financial assets – continued

1.4.2 Recognition and measurement

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

i. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI").

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

i. the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

1.4.3 Derecognition

Financial assets

The Group derecognises a financial asset when:

- The contractual right to the cash flows from the financial asset expire ; or
- It transfers the rights to receive the contractual cash flows in a transaction which either:
  - Substantially all of the risks and rewards of ownership of the financial assets are transferred; or
  - The Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

1 Summary of material accounting policies – continued

1.4 Financial assets - continued

1.4.3 Derecognition – continued

Financial liabilities

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

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

1.4.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group's financial assets are subject to the expected credit loss model.

Expected credit loss model

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

i. debt securities that are determined to have low credit risk at the reporting date; and
ii. other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due date and it considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) or the financial asset is more than 90 days past due date.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument: 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

1 Summary of material accounting policies – continued

1.4 Financial assets - continued

1.4.4 Impairment – continued

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficult of the borrower or issuer or a breach of contract such as default or being more than 90 days past due date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Simplified approach model

For loans and trade and other receivables, the Group applies the simplified approach required by IFRS 9, which required expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2024 or 1 January 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the customers to settle the receivable. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

1 Summary of material accounting policies – continued

1.5 Consolidation

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group financial statements include the financial statements of the parent Company and all its subsidiaries.

The Company acquired the shares in its subsidiaries during the period ended 31st December 2016 and the period ended 31st December 2019. The subsidiaries acquired during the years 2016 and 2019 were acquired at the net asset value of the subsidiaries existing and adjusted with the increase in the value of the immovable property arising from a revaluation of the immovable property at market value. The Company incorporated two subsidiaries in the Group in 2021 and 2022.

In the Company's financial statements investments in subsidiaries are accounted for on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses. Dividends from investments are recognised in the profit or loss.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value as are the identifiable net assets acquired.

1.6 Share Capital

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

1.7 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.8 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

1 Summary of material accounting policies – continued

1.9 Revenue and cost 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 Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met as described below.

Sales of property are recognised when the significant risks and rewards of ownership of the property being sold effectively transferred to the buyer. This is generally considered to occur at the later of the contract of sale and the date when all the Group's obligations relating to the property are completed and the possession of the property can be transferred in the manner stipulated by the contract of sale. Amounts received in respect of sales that have not yet been recognised in the financial statements, due to the fact that the significant risks and rewards of ownership still rest with the Group, are treated as payments received on account and presented within trade and other payable.

Other operating income consisting of the following is recognised on an accruals basis:
Interest

Dividends receivable are accounted for on a cash basis.

Costs are recognised when the related goods and services are sold, consumed or allocated, or when their future useful lives cannot be determined.

1.10 Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of property are capitalised as part of the cost of the project and are included in its carrying amount. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare any distinct part of the project for its sale or intended use is completed. Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property are capitalized as part of its cost. Borrowing costs are capitalized which acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended. All other borrowing costs are recognized as an expense in the profit and loss account in the period as incurred.

1.11 Trade and other 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.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

1 Summary of material accounting policies – continued

1.12 Other financial liabilities

Other financial liabilities are recognized initially at fair value of proceeds received, net of transaction costs incurred. Other financial liabilities are subsequently measured at amortised cost using the effective interest method unless the effect of discounting is immaterial. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of other borrowings is recognised in profit or loss over the term of the borrowings, unless the interest on such borrowings is capitalised in accordance with the Group's accounting policy on borrowing costs.

Repurchases of Bonds issued by the Group - If the Group repurchases a part of a financial liability, the Company allocates the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognised and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognised shall be recognised in Statement of profit and loss and other comprehensive income.

1.13 Property, plant and equipment

All property, plant and equipment are initially recorded at cost and subsequently stated at cost less depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount 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. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Depreciation is provided for on the straight-line method in order to write off cost over the expected useful economic lives of the assets as follows:

	Years
Plants & Machinery	4
Computer & Office Equipment	4
Motor Vehicles	5
Furniture & Fittings	10

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount, and are taken into account in determining operating profit.

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

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

1 Summary of material accounting policies – continued

1.13 Inventory - Development project

The main object of the Group is the development of land acquired for development and resale. This development is intended in the main for resale purposes, and is accordingly classified in the financial statements as Inventory. Any elements of a project which are identified for business operation or long-term investment properties are transferred at their carrying amount to Property, plant and equipment or investment properties when such identification is made and the cost thereof can reliably be segregated.

The development is carried at the lower of cost and net realisable value. Cost comprises the purchase cost of acquiring the land together with other costs incurred during its subsequent development, including:

(i) The cost incurred on development works, including demolition, site clearance, excavation, construction, etc., together with the costs of ancillary activities such as site security.

(ii) The cost of various design and other studies conducted in connection with the project, together with all other expenses incurred in connection therewith.

(iii) Any borrowing costs, including imputed interest, attributable to the development phases of the project.

The purchase cost of acquiring the land represents the cash equivalent of the contracted price. This was determined at date of purchase by discounting to present value the future cash outflows comprising the purchase consideration.

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

As stated in note 1.5, the Group accounts for business combinations using the acquisition method. Accordingly, at group level, the identifiable net assets acquired, including inventory held by the newly-acquired subsidiary, are measured at fair value as at date of acquisition of subsidiary. Therefore, at consolidated group level, inventory cost represents the fair value of inventory held by the acquired subsidiary as at date of acquisition of subsidiary, together with additional development and borrowing costs incurred following date of acquisition.

1.14 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

1 Summary of material accounting policies – continued

1.14 Trade and other receivables – continued

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling and other direct expenses.

When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against selling and other direct expenses in the income statement.

1.15 Cash and cash equivalents

Cash and cash equivalents as shown in the cashflow statement comprise cash at bank and in hand and bank deposits. Bank deposits include funds held with the trustee.

1.16 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

2 Financial risk management

2.1 Financial risk factors

The Group's activities potentially expose it to a variety of risks: market risk, economic risk, counter-party risk, credit risk and liquidity risk. Where possible, the board provides principles for overall risk management, as well as policies to mitigate these risks in the most prudent way.

(i) The Group is subject to market and economic conditions generally

The Group is subject to the general market and economic risks that may have a significant impact on the projects of the subsidiaries, the timely completion of the said projects and budgetary constraints. These include factors such as the state of the local property market, inflation, and fluctuations in interest rates, exchange rates, property prices and other economic and social factors affecting demand for real estate generally. If general economic conditions and property market conditions experience a downturn which is not contemplated in the Group's planning during the construction and completion of the projects, this shall have an adverse impact on the financial condition of the Group and the ability of the Company to meet its obligations.

(ii) The property market is a very competitive market that can influence the sales of units in the Projects

The real estate market in Malta is very competitive in nature. An increase in supply and/or a reduction in demand in the property segments in which the Group operates and targets to sell the remaining units in stock and the properties being developed, may cause sales of units forming part of the projects to sell at prices which are lower than is being anticipated by the Group or that sales of such units are in fact slower than is being anticipated. If these risks were to materialise, particularly if due to unforeseen circumstances there is a delay in the tempo of sales envisaged by the Group, they could have a material adverse impact on the Group and the Issuer's ability to meet its obligations.

(iii) The Group depends on third parties in connection with its business, giving rise to counterparty risks

The Group relies upon third-party service providers such as architects, building contractors and suppliers for the construction and completion of each of the projects of its subsidiaries. The Group has engaged the services of third party contractors for the development of the projects including, excavation, construction and finishing of the developments in a timely manner and within agreed cost parameters. This gives rise to counter-party risks in those instances where such third parties do not perform in line with the Group's expectations and in accordance with their contractual obligations. If these risks were to materialise, the resulting development delays in completion could have an adverse impact on the Group's businesses, and their respective financial condition, results of operations and prospects, that could have a material adverse impact on the Issuer's ability to meet its obligations.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

2 Financial risk management – continued

2.1 Financial risk factors – continued

(iv) Material risks relating to real estate development may affect the economic performance and value of the Projects

There are several factors that commonly affect the real estate development industry, many of which are beyond the Group's control, and which could adversely affect the economic performance and value of the Group's projects. Such factors include:

- changes in European and global economic conditions;
- changes in the general economic conditions in Malta;
- general industry trends, including the cyclical nature of the real estate market;
- changes in local market conditions, such as an oversupply of similar properties;
- a reduction in demand for real estate or change of local preferences and tastes;
- possible structural and environmental problems;
- changes in the prices, supply of raw materials; and
- acts of nature that may damage any of the properties or delay development thereof.

(v) The Group may be exposed to environmental liabilities attaching to real estate property

The Group may become liable for the costs of removal, investigation, or remediation of any hazardous or toxic substances that may be located on, or in or which may have migrated from, a property owned or occupied by it, which costs may be substantial. The Group may also be required to remove or remedy any hazardous substances that it causes or knowingly permits at any property that it owns or may in future own. Laws and regulations, which may be amended over time, may also impose liability for the presence of certain materials or substances or the release of certain materials or substances into the air, land or water or the migration of certain materials or substances from a real estate investment, including asbestos, and such presence, release or migration could form the basis for liability to third parties for personal injury or other damages. These environmental liabilities, if realised, could have an adverse effect on the Group's operations and financial position.

(vi) Property valuations may not reflect actual market values

The valuations of the properties on which the share acquisitions were based were prepared by an independent qualified architect in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS). In providing a market value of the respective properties, the independent architect has made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends as reality may not match the assumptions. There can be no assurance that such property valuations and property-related assets will reflect actual market values.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

2 Financial risk management – continued

2.1 Financial risk factors – continued

(vii) General exposure to funding risks

The funding of each project is partly dependent on the proceeds from the gradual sale of the units in each development. If the projected sale of the units is not attained or is delayed, the Group may well not have sufficient funds to complete all the projects within the projected time-frames or to pay the contractors for works performed.

(viii) The Group may be exposed to cost overruns and delays in completion of the projects

Each of the projects being undertaken by the Group is prone to certain risks inherent in real estate development, most notably the risk of completing each project within its scheduled completion date and within the budgeted cost for that development. If either or both risks were to materialise they could have a significant impact on the financial condition of the respective subsidiary and/or the Group, and the ability of the latter to meet its obligations. The risks of delays and cost overruns, could cause actual sales revenues and costs to differ from those projected and which are affected, amongst others, by factors attributable to counter-parties, general market conditions, and competition which are beyond the Group's control. Delays in the time scheduled for completion of one or more of the projects may also cause significant delays in the tempo of the sales forecasted by the Group for units within the Project or Projects affected by such delay, which can have a significant adverse impact on the Group's financial condition and cash flows. Similarly, if any one or more of the projects were to incur significant cost overruns that were not anticipated, the Group may have difficulties in sourcing the funding required for meeting such cost overruns and therefore may risk not completing one or more of the projects, which shall have a material adverse impact on the cash flows generated from sales of units in that Project and a material adverse impact on the financial condition of the specific subsidiary and ultimately the Issuer. The directors are closely monitoring closely inflationary risks resulting from the conflict in Ukraine and the Middle East.

(ix) Foreign Exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. As at reporting date, the Group has no currency risk since all assets and liabilities are denominated in Euro.

(x) Fair value interest rate risk

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its interest bearing financial instruments.

As at the reporting date, the Group holds investments held at fair value through other comprehensive income which are limited to Corporate bonds and bank deposits. The 4.75% Secured Bonds 2025 – 2027 and bank borrowings which represent 100% of the Group's third-party borrowings are subject to fixed interest rates. Based on the above, the board considers the potential impact on profit or loss of a defined interest rate shift at the reporting date to be quite contained.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

2 Financial risk management – continued

2.1 Financial risk factors – continued

(xi) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings. Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's financial obligations and to safeguard the Group's ability to continue as a going concern, in particular to complete of the Group's projects in a timely manner.

In the next 12 months, the Group requires to raise further funding to finish its ongoing projects. The funding should be available from own Reserves. In the absence of that, the Group will seek bank finance. There is no certainty that the Group will be able to obtain the full capital it requires, and this may affect the ability of the Group to deliver these projects on time.

Notwithstanding these challenges, the Group has ample experience in the industry and has always managed to obtain the appropriate funding and completed projects within pre-determined time-frames.

Maturity analysis

The Group's trade and other payables with the exception of specific liabilities are entirely repayable within one year from the end of the reporting period. The following table analyses the Group's borrowings, lease liabilities and deposits arising under operating leases classified as other payables into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	CARRYING AMOUNT	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS
	€	€	€	€	€
31st December 2024					
Bank loans	5,320,020	5,439,700	-	-	5,439,700
Debt securities	22,857,686	16,092,500	8,190,000	-	24,282,500
Other payables	6,084,010	6,084,010	-	-	6,084,010

	CARRYING AMOUNT	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS
	€	€	€	€	€
31st December 2023					
Bank loans	5,605,636	2,157,490	3,810,081	-	5,967,571
Debt securities	49,475,169	28,731,096	23,807,876	-	52,538,972
Other payables	7,303,776	7,303,776	-	-	7,303,776

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

2 Financial risk management – continued

2.1 Financial risk factors – continued

(xii) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern; to maximise the return to stakeholders through the optimisation of the debt and equity balance and to comply with the requirements of the Prospectus issued in relation to the 3.7% Secured Bonds 2023, 3.9% Secured Bonds 2024-2026, the 4.75% Secured Bonds 2025 – 2027.

The capital structure consists of items presented within equity in the statement of financial position. The Group monitors the level of debt against total capital on an ongoing basis.

(xiii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument leading to a financial loss.

The Group and the Company is not significantly exposed to credit risk arising in the course of its principal activity relating to the sale of residential units in view of the way promise of sale agreements are handled through receipt of payments on account at established milestones up to delivery. The Group monitors the performance of the purchases throughout the term of the related agreement in relation to meeting contractual obligations and ensures that contract amounts are fully settled prior to delivery of the residential unit.

Credit risk mainly arises from financial assets held in the Reserve Account, cash and cash equivalents and investments in financial assets held at other comprehensive income. Credit risk relating to financial assets is addressed through careful selection of the issuers of securities bought by the Group. All such transactions have been carried out solely by the Group's stockbroker (and Sponsor/Manager of the 3.7% Secured Bonds, the 3.9% Secured Bonds 2024 – 2026 and the 4.75% Secured Bonds 2025-2027). During the year under review, investment in financial assets held at other comprehensive income were limited to purchases in reliable Corporate Bonds - €3.8 Million (2023 - €8.1 Million) whilst part of the cash at Bank was held with local quality financial institutions- €11.9 Million (2023 - €29.7 Million). The Reserve Account is administered by the Security Trustee of the 4.75% Secured Bonds 2025 – 2027. Bonds issues and funds are held in a bank account of high standing.

Furthermore, the Group manages its credit risk exposure in relation to receivables from fellow companies in an active manner, at arm's length and with accrued interest charges thereon. The Board retains direct responsibility for affecting and monitoring the investments made by the fellow companies. The Board considers these receivables to be fully performing and recoverable.

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

3 Revenue

Revenue represents the sale of property held for development and resale, and is made up as follows:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Sale of property held for Development and resale	48,181,299	42,763,849	-	-
	48,181,299	42,763,849	-	-

4 Operating profit / (loss)

Operating profit / (loss) for the year is stated after charging:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Directors' fees (Note 6)	167,288	184,525	-	-
Employment costs (Note 5)	162,655	824,522	-	-
Depreciation (Note 11)	1	18,821	-	-
Audit fees – Annual statutory audit	52,171	54,634	5,723	8,034

5 Employees

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Employment costs comprise:				
Wages and salaries - administration	84,900	232,887	-	-
Wages and salaries – allocated to cost of sales	73,284	548,163	-	-
Social security costs – administration	2,821	12,516	-	-
Social security costs – allocated to cost of sales	1,650	30,956	-	-
	162,655	824,522	-	-
The average weekly number of persons employed by the Group during the year was:	7	21	-	-

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2024

6 Directors' emoluments

	Group 2024	Group 2023	Company 2024	Company 2023
	€	€	€	€
Directors' salary – allocated to cost of sales	149,288	166,525	-	-
Directors' Remuneration	18,000	18,000	-	-
	167,288	184,525	-	-

7 Finance costs

	Group 2024	Group 2023	Company 2024	Company 2023
	€	€	€	€
Interest and amortisation costs	67,075	349,419	360	571
	67,075	349,419	360	571
Finance costs allocated to cost of sales (Inventories – Property development)				
At 1st January	2,733,260	2,674,066	-	-
Interest capitalised during the year	2,324,123	3,436,709	-	-
At 31st December	(3,424,081)	(2,733,260)	-	-
Charge of capitalised interest for the year	1,633,302	3,377,515	-	-

8 Finance income

	Group 2024	Group 2023	Company 2024	Company 2023
	€	€	€	€
Interest receivable from related parties	303,797	418,233	-	-
Interest receivable from investments	144,455	180,874	-	-
	448,252	599,107	-	-

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

9 Tax expense

The Company and Group's income tax charge for the year has been arrived at as follows:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Current income tax				
Income tax on taxable income at 15%	32,168	21,668	-	-
Income tax subject to final tax of 5% and 8% on sales of immovable property	3,743,395	3,275,657	-	-
Income tax subject to 35%	4,310	6,054	-	-
Tax charge	3,779,873	3,303,379	-	-

The accounting profits and the tax charge for the year are reconciled as shown hereunder:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Net profit / (loss) for the year	18,118,530	12,959,174	(7,556)	(39,722)
Income tax thereon at 35%	6,341,485	4,535,711	(2,645)	(13,903)
Deferred tax not accounted for	7,390	(7,278)	-	-
Difference arising from interest received	(42,892)	(28,891)	-	-
Expenses disallowed for tax purposes	278,497	338,059	2,645	13,903
Difference arising on income subject to 5-8% withholding tax on sales of immovable property	(2,804,607)	(1,664,199)	-	-
Difference arising on adjustment to revaluation of inventories	-	142,723	-	-
Exempt income	-	(12,746)	-	-
	3,779,873	3,303,379	-	-

10 Fair value adjustment

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Difference arising on amortised cost on interest free loan given to Gap Holdings Limited (Note 14)				
Amount as at 31st December	2,666,989	2,564,413	-	-
Amount as at 1st January	(2,564,413)	(2,465,781)	-	-
	102,576	98,632	-	-

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

11 Property, plant and equipment

Group	Tools	Computer & Office Equipment	Motor Vehicles	Furniture & Fittings	Total
	€	€	€	€	€
Cost					
At 1st January 2024	4,098	38,012	67,208	1,283	110,601
Additions during the year	-	720	-	-	720
Disposals	(4,098)	(38,732)	(57,208)	(1,283)	(101,321)
At 31st December 2024	-	-	10,000	-	10,000
Depreciation					
At 1st January 2024	3,046	16,549	63,333	512	83,440
Charge for the year	-	-	-	-	-
Released – disposal	(3,046)	(16,549)	(53,334)	(512)	(73,441)
At 31st December 2024	-	-	(9,999)	-	(9,999)
Net book value					
At 31st December 2024	-	-	1	-	1
At 31st December 2023	1,052	21,463	3,875	771	27,161

The Company did not have any fixed assets during the year.

12 Investments in subsidiary undertakings

	Group 2024	Group 2023	Company 2024	Company 2023
	€	€	€	€
Shares in subsidiary undertakings				
Gap Group p.l.c. (C75875) – 2,499,996 ordinary shares of €1 each representing 100% holding (PLAN Group Head Office, Triq il-Wirt Naturali, Bahar ic-Caghaq, Naxxar)	-	-	2,499,996	2,499,996
Total	-	-	2,499,996	2,499,996

Gap Group p.l.c. (C75875) owns the following companies: Geom Developments Limited (C50805), Geom Holdings Limited (C64409), Gap Gharghur Limited (C72015), Gap Mellieha (I) Limited (C72013), Gap Group Contracting Limited (C75879), Gap Luqa Limited (C32225), Gap QM Limited (C96686), Gap Qawra Limited (C100513) and Gap Zonqor Limited (C103533).

Geom Developments Limited (C50805) is the parent company of GAP Group Finance Limited (C54352) which is the parent company of Manikata Holdings Limited (C53818) and GAP Properties Limited (C47928). The Group owns all the shares with the exception of a few shares which are owned by third parties. The amount attributable to the minority interest is reflected in note 23.

The principal activity of all the subsidiaries, except for Gap Group Contracting Limited, is the acquisition of property for development and resale. The activity of Gap Group Contracting Limited is to provide services to the entities within the Group related to their trading activity.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

13 Investments

Investments - FVOCI	Interest rate	Redemption date	Group	Company
			2024	
			€	€
Corporate Bonds	3.25%	2026	250,000	-
Corporate Bonds	3.85%	2028	686,000	-
Corporate Bonds	3.65%-3.80%	2029	2,815,000	-
			3,751,000	-

Investments - FVOCI	Interest rate	Redemption date	Group	Company
			2023	
			€	€
Corporate Bonds	3.25%	2026	248,300	-
Corporate Bonds	3.85%	2028	637,000	-
Corporate Bonds	3.65%-3.80%	2029	2,715,000	-
			3,600,300	-

14 Other financial assets

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Amount receivable from Gap Holdings Limited - Maturity date 2027	2,666,989	2,564,413	-	-
Amount receivable from Gap Holdings Limited - Maturity date 2027	4,992,000	5,221,806	-	-
Amount receivable from third party	2,184,000	2,500,000	-	-
Gap Group P.L.C. – subordinated shareholder's loan	-	-	2,500,000	2,500,000
	9,842,989	10,286,219	2,500,000	2,500,000

At 31st December 2024, the amount due by Gap Holdings Limited of €2,666,989 (2023 - €2,564,413) is non-interest bearing and is expected to be repaid by December 2027. The nominal amount of the loan is €3,000,000.

The amount due by Gap Holdings Limited of €4,992,000 (2023 - €5,221,806) is expected to be repaid by December 2027 and is unsecured. The amount receivable bears interest at 4.0% per annum.

The amount receivable from third party matures on 31 March 2027 and bears interest at 5% per annum.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

15 Reserve Account

The Reserve fund is made up as follows:

	2024	2023
	€	€
Amount held by the trustee as part of the Investments listed under Investments (See Note 13) held for the redemption of the 2023 and 2024 Bond	-	3,600,300
Amount held by the trustee for redemption of the bonds	50,000	5,130,508
Amount advanced to the issuer	-	2,316,000
	50,000	11,046,808

16 Inventory – Development project

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Property cost of land and development costs	46,347,527	59,463,889	-	-
Capitalised borrowing costs (See Note 7)	3,424,081	2,733,260	-	-
	49,771,608	62,197,149	-	-

17 Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Amounts receivable	354,593	91,830	-	-
Amounts due from shareholders	7,185,939	7,185,939	7,185,939	7,185,939
Amounts due from related parties	-	-	649,363	649,363
Amounts due from group companies	1,357,987	944,312	-	-
Accrued interest receivable	457,546	345,749	-	-
	9,356,065	8,567,830	7,835,302	7,835,302

The amounts due from shareholders, group companies and related parties are interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS – 31st DECEMBER 2024

18 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Cash in hand	322,184	146,910	-	-
Bank deposits	9,410,331	11,203,882	29,679	39,155
	9,732,515	11,350,792	29,679	39,155

19 Share capital

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Authorised				
1,800 Ordinary shares of €1 each	1,800	1,800	1,800	1,800
18,455,244 Ordinary B shares of €1 each	18,455,244	18,455,244	18,455,244	18,455,244
	18,457,044	18,457,044	18,457,044	18,457,044
Issued and fully paid up				
1,800 Ordinary shares of €1 each	1,800	1,800	1,800	1,800
	1,800	1,800	1,800	1,800

20 Earnings per share

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

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Profit/(loss) for the year	14,338,657	9,655,795	(7,556)	(39,722)
Weighted average share in issue	1,800	1,800	1,800	1,800
Earnings per share	7,965.92	5,364.33	0.00	0.00

The Group and Company have not issued any dilutive instruments in the past, and therefore the basic and diluted earnings per share are equal.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

21 Revaluation reserve

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Gain on amortisation of long-term interest free loan receivable	636,938	534,362	-	-
Loss on revaluation of investments at year end rates	(96,978)	(247,678)	-	-
	539,960	286,684	-	-

22 Borrowings

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Short term – falling due within one year				
Bank loans	5,320,020	1,879,395	-	-
Total short term borrowings	5,320,020	1,879,395	-	-

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Long term – falling due after one year				
Bank loans	-	3,726,241	-	-

Gap Group p.l.c. has a bank loan facility of €NIL (2023 - €1,879,395) which bears interest at 5.2%.

A subsidiary within the Group has a bank loan of €5,320,020 (2023 - €3,726,241) which bears interest at 4.5% per annum. The loan is repayable by the year 2025 form sales proceeds of immovable property.

The facilities were secured by a general and special hypothecs on the immovable properties of the relative subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

22 Borrowings – continued

Debt securities in issue

The bonds are measured at the amount of net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds, using effective yield method as follows:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Face value				
3.7% Secured Bonds 2023-2025	-	5,899,500	-	-
3.9% Secured Bonds 2024-2026	-	21,000,000	-	-
4.75% Secured Bonds 2025-2027	23,000,000	23,000,000	-	-
	23,000,000	49,899,500	-	-
Amortised Cost				
Issue of bond costs	426,938	846,054	-	-
Issue of bond costs amortised	(284,624)	(421,721)	-	-
	142,314	424,333	-	-
Amortised cost	22,857,686	49,475,167	-	-

The effective interest rates at the end of the year were as follows:

Face value

	2024	2023
	€	€
Secured Bonds 2023	-	4.25%
Secured Bonds 2023-2025	-	3.70%
Secured Bonds 2024-2026	-	3.90%
Secured Bonds 2025-2027	4.75	4.75%

During the current year, the 4.75% Secured Bonds 2025-2027 amounting to €15,000,000 were classified as current. The rest of the amount was classified as non-current.

On 11 April 2024, 4.70% Secured Bonds 2023-2025 were redeemed in full.

On 30 December 2024, 3.90% Secured Bonds 2024-2026 were redeemed in full.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

22 Borrowings – continued

On 5 December 2022, the subsidiary, GAP Group p.l.c. issued up to 23,000,000 4.75% Secured Bonds 2025-2027 of a nominal value of €100 per Bond issued at par. The bond interest is payable annually in arrears on 21 December. The bonds are redeemable at par and are due for redemption at any date falling between 22 December 2025 and 31 December 2027, at the sole option of the Issuer, by giving not less than 30 days' notice. The bonds are guaranteed by Gap Zonqor Limited, which has bound itself for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the Prospectus. The bonds have been admitted to the Stock Exchange on 29 December 2023. The quoted market price as at 31 December 2024 for the bonds was €100.99. In the opinion of the directors, these market prices fairly represent the fair value of these financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

23 Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Trade and other payables				
Trade creditors and accruals	4,819,271	5,083,874	5,724	7,644
Advance deposits received on promise of sale agreements	1,220,480	2,167,213	-	-
Other taxation	44,259	52,689	-	-
	6,084,010	7,303,776	5,724	7,644
Other Financial liabilities				
Amounts due to subsidiaries	-	-	10,452,370	10,452,370
	-	-	10,452,370	10,452,370
Non-current liabilities				
Minority interests	4,907	4,907	-	-
	4,907	4,907	-	-
Total trade and other creditors	6,088,917	7,308,683	10,458,094	10,460,014

The amounts due to the subsidiaries are interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

24 Transactions with related parties

All companies forming part of Gap Group p.l.c. are considered by the directors to be part of the Group. Companies having the same shareholders and directors are considered by the directors to be related parties.

During the course of the year, the Company and the Group entered into transactions with related undertakings all of which arise in the ordinary course of business. The related party transactions were:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Other financial assets				
Amounts receivable from related companies	7,658,989	7,786,219	-	-
Trade and other receivables				
Amounts due from group companies	1,357,987	944,312	-	-
Amounts due from shareholders	7,185,939	7,185,939	7,185,939	7,185,939
Amounts due from related parties	-	-	649,363	649,363
Finance income				
Interest receivable from related parties	303,797	418,233	-	-
Amounts due to subsidiaries	-	-	10,452,370	10,452,370

25 Contingent liabilities

One of the companies within the Group, Geom Developments Limited is involved in a pending court case which might lead to litigation costs amounting to circa €75,000. Consequently, this was disclosed as a contingent liability.

26 Capital commitments

As of December 2024, the Group has entered into promise of sale agreements with advance deposits amounting to €1,220,480 (2023 - €2,167,213). These agreements are expected to generate sales amounting to €12,204,800 (2023 - €21,672,130).

As at 31 December 2024, the Group had bank guarantees amounting to €271,936 (2023- €269,985) in favour of third parties.

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2024

27 Statutory information

Gap Group Investments (II) Limited is a limited liability company and is incorporated in Malta, with its registered address at PLAN Group Head Office, Triq il-Wirt Naturali, Bahar ic-Caghaq, Naxxar.

The parent company of Gap Group p.l.c is Gap Group Investments II Limited, a company registered in Malta, with its registered address at PLAN Group Head Office, Triq il-Wirt Naturali, Bahar ic-Caghaq, Naxxar.

There is no ultimate controlling party as none of the shareholders hold more than 50% of the voting shares in the company.