
**CARMELO STIVALA GROUP
LIMITED**

Report and Financial Statements

for the period ended 31 December 2014

NEXIA BT

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CARMELO STIVALA GROUP LIMITED

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CARMELO STIVALA GROUP LIMITED

Director's Report

for the period ended 31 December 2014

Director Mr Carmelo Stivala

Registered address 143
The Strand
Gzira GZR 1026
Malta

The director presents his report and the audited financial statements for the period ended 31 December 2014.

Principal activities

The company is engaged in renting property to related parties.

Business review

The company was incorporated on 14 November 2013. The profit for the period amounted to € 264,929. During the period under review, the company rented its investment property to related parties and earned dividends from an associate, resulting in sustainable profits for the period. The director expects that the present level of activity will be sustained for the foreseeable future.

Dividends and reserves

The director does not recommend the payment of an ordinary dividend and proposes to transfer the profit for the period to reserves.

Events after the reporting period

There were no particular important events affecting the company which occurred since the end of the reporting period.

Director

In accordance with the company's Articles of Association, the director, who held office throughout the period, remains in office.

CARMELO STIVALA GROUP LIMITED

Director's Report

for the period ended 31 December 2014

Director's responsibilities

The Maltese Companies Act, 1995 requires the director to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period, in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these the director is required to:

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company and to enable him to ensure that the financial statements comply with the Maltese Companies Act, 1995. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Nexia BT, have intimated their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the next annual general meeting.

This report was approved, authorised for issue, and signed by the director on 21 August 2015.



Mr Carmelo Stivala
Director

CARMELO STIVALA GROUP LIMITED

Independent Auditors' Report

To the Members of Carmelo Stivala Group Limited

We have audited the accompanying financial statements of Carmelo Stivala Group Limited, which comprise the Statement of Financial Position as at 31 December 2014, and the Statement of Profit or Loss and Other 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.

Director's Responsibility for the Financial Statements

The director is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU. 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

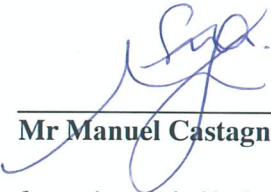
CARMELO STIVALA GROUP LIMITED

Independent Auditors' Report

To the Members of Carmelo Stivala Group Limited

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Carmelo Stivala Group Limited as of 31 December 2014 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU, and have been properly prepared in accordance with the Maltese Companies Act, 1995.



Mr Manuel Castagna

for and on behalf of

Nexia BT

Certified Public Accountants

The Penthouse, Suite 2

Capital Business Centre, Entrance C

Triq taz-Zwejt

San Gwann SGN 3000

Malta

Date : 21 August 2015

CARMELO STIVALA GROUP LIMITED

Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2014

	Notes	2014 €
Revenue	2	200,000
Administrative expenses		<u>(17,795)</u>
Operating profit	4	182,205
Investment income	5	146,973
Finance costs	6	<u>(7,656)</u>
Profit before taxation		321,522
Income tax	7	<u>(56,593)</u>
Profit for the period		<u>264,929</u>
Total comprehensive income		<u>264,929</u>

The notes on pages 9 to 16 form an integral part of these financial statements.


CARMELO STIVALA GROUP LIMITED

Statement of Financial Position

at 31 December 2014

	Notes	2014 €
ASSETS		
Non-current assets		
Investment property	8	1,928,767
Investments in associates	9	720
		<u>1,929,487</u>
Current assets		
Trade and other receivables	10	3,674,415
Total assets		<u>5,603,902</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Called up issued share capital	11	1,200
Retained earnings		264,929
Total equity		<u>266,129</u>
Non-current liabilities		
Long-term borrowings	12	3,498,816
Current liabilities		
Trade and other payables	13	1,797,764
Current tax payable	14	41,193
		<u>1,838,957</u>
Total liabilities		<u>5,337,773</u>
Total equity and liabilities		<u>5,603,902</u>

The financial statements were approved, authorised for issue, and signed by the director on 21 August 2015.



Mr Carmelo Stivala
Director

The notes on pages 9 to 16 form an integral part of these financial statements.

CARMELO STIVALA GROUP LIMITED

Statement of Changes in Equity

for the period ended 31 December 2014

	Called-up issued share capital	Retained earnings	Total
	€	€	€
Profit for the period	-	264,929	264,929
Other comprehensive income	-	-	-
Total comprehensive income	-	264,929	264,929
Issue of share capital	1,200	-	1,200
At 31 December 2014	1,200	264,929	266,129

CARMELO STIVALA GROUP LIMITED

Statement of Cash Flows

for the period ended 31 December 2014

	2014
	€
Cash flows from operating activities	
Operating profit	182,205
Adjustments for:	
Gain on disposal of investment property	(1,726)
	<u>180,479</u>
Working capital changes:	
Movement in trade and other receivables	(3,674,415)
Movement in trade and other payables	1,797,764
Cash flows from operations	(1,696,172)
Interest paid	(7,656)
Dividends received	146,973
Taxation paid	(15,400)
Net cash flows from operating activities	<u>(1,572,255)</u>
Cash flows from investing activities	
Acquisition of investment property	(2,159,767)
Proceeds from disposal of investment property	232,726
Acquisition of associate	(720)
Net cash flows from investing activities	<u>(1,927,761)</u>
Cash flows from financing activities	
Movement in shareholders' loan	3,498,816
Issue of share capital	1,200
Net cash flows from financing activities	<u>3,500,016</u>
Movement in cash and cash equivalents	<u><u>-</u></u>
Reconciliation of net cash flow to movement in net funds	
Movement in cash and cash equivalents	-
Cash and cash equivalents at start of period	-
Cash and cash equivalents at end of period	<u><u>-</u></u>

CARMELO STIVALA GROUP LIMITED

Notes to the Financial Statements

for the period ended 31 December 2014

1. General information

Carmelo Stivala Group Limited is a limited liability company incorporated in Malta. The company is engaged in renting property to related parties. Its registered office is at 143, The Strand, Gzira GZR 1026 Malta.

2. Accounting policies

Accounting convention and basis of preparation

These financial statements are presented using the Euro, being the currency that reflects the economic substance of the underlying events and circumstances relevant to the company. They are prepared under the historical cost convention as modified by the fair valuation convention where required by International Financial Reporting Standards, in accordance with the provisions of the Maltese Companies Act, 1995, and the requirements of International Financial Reporting Standards as adopted by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the property will flow to the company, and the cost of the property can be reliably measured. Investment property is initially measured at cost, including transaction costs, less impairment losses. After initial recognition, investment property is stated at cost less accumulated depreciation and less accumulated impairment losses.

Financial assets

Investments in associates are stated at cost less impairment losses.

Income from these investments is accounted for when received.

Loans and receivables are stated at fair value, net of any impairment. A provision for impairment of loans and receivables is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of payment. Loans and receivables are considered for impairment on a case by case basis and any provision is based on the director's assessment of the amount recoverable on each receivable. Any change in value of loans and receivables is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Financial liabilities

The company's financial liabilities include borrowings and trade and other payables, which are measured at amortised cost using the effective interest rate method.

Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument. Any changes in fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income.

Interest-related charges are recognised as an expense in the period in which they are incurred.

CARMELO STIVALA GROUP LIMITED

Notes to the Financial Statements

for the period ended 31 December 2014

Share capital

Ordinary shares are classified as equity.

Dividends are recognised in the period in which they are declared.

Impairment

The carrying amounts of the company's assets, other than deferred tax assets, are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. The tax expense is calculated on net income, adjusted for non-temporary differences between taxable and accounting income. The tax effect of temporary differences, arising from items brought into account in different periods for income tax and accounting purposes, is carried in the Statement of Financial Position as deferred tax debits or credits. Such deferred tax balances are calculated on the liability method taking into account the estimated tax that will be paid or recovered when the temporary differences reverse.

Deferred tax debits are only carried forward if there is a reasonable expectation of realisation. Deferred tax debits, arising from tax losses yet to be recovered, are only carried forward if there is a reasonable assurance and to the extent that future taxable income will be sufficient to allow the benefit of the tax loss to be realised or to the extent of the net credits in the deferred tax balance.

Foreign currencies

The financial statements are presented in Euro, being both the company's functional and presentation currency. Transactions denominated in foreign currencies are translated into Euro at the rates of exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in foreign currencies are translated into Euro at the rates of exchange prevailing at the date of the Statement of Financial Position. Translation differences are dealt with through the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Revenue

Revenue represents the invoiced value of services rendered, net of taxes. Revenue from services rendered is recognised in proportion to the stage of completion of the transaction.

CARMELO STIVALA GROUP LIMITED

Notes to the Financial Statements for the period ended 31 December 2014

The accounting profit and the tax charge for the period are reconciled as follows:

	2014
	€
Profit before taxation	321,522
Tax thereon at 35%	112,533
Tax effect of permanent differences	(55,940)
Tax charge for the period	<u>56,593</u>

8. Investment property

	Freehold land and buildings
	€
Cost	
Additions	2,159,767
Disposals	(231,000)
At 31 December 2014	<u>1,928,767</u>

In the director's opinion, the fair value of investment property stated at cost is €1,928,767.

9. Non current financial assets

	Investments in associates
	€
Cost	
Additions	720
At 31 December 2014	<u>720</u>

CARMELO STIVALA GROUP LIMITED

Notes to the Financial Statements for the period ended 31 December 2014

At year-end, the company held 20% or more of the share capital of the following companies:

Company	Registered address	Shares held	
		Class	% age
Associates			
Civala Limited	Vincenti Buildings, 25/25, Strait Street, Valletta VLT 1432 Malta.	Ordinary	50
Quisisana Boutique Company Ltd	143, The Strand, Gzira GZR 1026, Malta.	Ordinary	50

10. Trade and other receivables

	2014
	€
Amounts owed by related parties	<i>Note</i> 3,164,643
Other receivables	507,272
Financial assets	3,671,915
Advance payments to suppliers	2,500
	<u>3,674,415</u>

Amounts owed by related parties

Amounts owed by related parties are unsecured, interest-free and have no fixed date of repayment.

11. Called up issued share capital

	2014
	€
Authorised	
1,200 Ordinary shares of €1 each	1,200
	<u>1,200</u>
Called up issued and fully paid-up	
1,200 Ordinary shares of €1 each	1,200
	<u>1,200</u>

Each ordinary share gives the right to one vote, participates equally in profits distributed by the company and carries equal rights upon the distribution of assets by the company in the event of a winding up.

CARMELO STIVALA GROUP LIMITED

Notes to the Financial Statements

for the period ended 31 December 2014

12. Borrowings

2014
€

Falling due in between two and five years:

Ultimate beneficial owners' loan *Note* 3,498,816

Ultimate beneficial owners' loan

The ultimate beneficial owners' loan is unsecured, interest-free and has no fixed date of repayment.

13. Trade and other payables

2014
€

Amounts owed to related parties	<i>Note</i> 1,760,285
Indirect taxes and social security	35,488
Accruals	1,991
	<u>1,797,764</u>

Amounts owed to related parties

These amounts are unsecured, interest-free and have no fixed date of repayment.

14. Current tax payable

2014
€

The tax provision is made up of :	
Provision for the period	56,593
Tax paid at source	(15,400)
Balance at end of period	<u>41,193</u>

15. Risk management objectives and policies

The company is exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from its operating and investing activities. The company's risk management is coordinated by the director and focuses on actively securing the company's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the company is exposed to are described below.

CARMELO STIVALA GROUP LIMITED

Notes to the Financial Statements

for the period ended 31 December 2014

Credit risk

The company's credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position, which are disclosed in Notes 9 and 10.

The company continuously monitors defaults of customers and other counterparts, and incorporates this information into its credit risk controls. The company's policy is to deal only with creditworthy counterparties.

None of the company's financial assets is secured by collateral or other credit enhancements.

Liquidity risk

The company's exposure to liquidity risk arises from its obligations to meet financial liabilities, which comprise borrowings and trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the company's obligations when they become due.

At 31 December 2014, there were no contractual maturities on the financial liabilities of the company. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Financial Position.

Foreign currency risk

Most of the company's transactions are carried out in Euro. Exposure to currency exchange rates arises from the company's transactions in foreign currencies.

The company's financial assets face minimal foreign currency risk since all sales are made receivable in Euro.

Interest rate risk

The company's exposure to interest rate risk is limited to the variable interest rates on borrowings. Based on observations of current market conditions, the director considers an upward or downward movement in interest of 1% to be reasonably possible. However, the potential impact of such a movement is considered immaterial.

CARMELO STIVALA GROUP LIMITED

Notes to the Financial Statements

for the period ended 31 December 2014

16. Related parties

Beside dividends receivable, during the year, the company had the following related party transactions.

	2014 €
Transactions with parent company:	
Dividends receivable	<u>146,973</u>
Transactions with other related parties:	
Rent receivable	<u>200,000</u>

17. Ultimate controlling party

No individual controls the majority of voting rights of the company.

18. Capital management policies and procedures

The company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital. The company monitors the level of debt, which includes borrowings and trade and other payables less cash and cash equivalents, against total capital on an ongoing basis.

CARMELO STIVALA GROUP LIMITED

Detailed Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2014

	2014	
	€	€
Revenue		
Rent receivable		200,000
Administrative expenses		
Ground rent payable	40	
Legal and professional	2,517	
Audit	1,500	
Bank charges	45	
General expenses	828	
Donations	2,320	
Penalties and fines	12,271	
Gain on disposal of investment property	(1,726)	
		<u>(17,795)</u>
Operating profit		182,205
Investment income		
Dividends receivable	146,973	
		<u>146,973</u>
Finance costs		
Interest on bank overdraft	7,656	
		<u>(7,656)</u>
Profit on ordinary activities before taxation		<u><u>321,522</u></u>

This page does not form part of the statutory financial statements.