St. Anthony Co. p.l.c.
ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

Company Registration No: C 95618

St. Anthony Co. p.l.c.

Holding Company Information

Directors:	Mrs Lora Cascun Dr Sarah Cassar Mr Stephen Paris Mr Edward Vella Mr Joshua Vella Mr Joseph M Zrinzo
Secretary:	Dr Luca Vella
Company number:	C 95618
Registered office:	Casa Antonia Pope Alexander VII Junction Balzan BZN 1530 Malta
Auditors:	KSi Malta 6, Villa Gauci Mdina Road Balzan Malta
Bankers:	Bank of Valletta plc Triq ir-Rand H'Attard Malta HSBC Bank Malta plc Business Banking Centre Mill Street Qormi Malta
Legal Advisors:	Mamo TCV Palazzo Pietro Stiges 103 Srait Street Valletta Malta

St. Anthony Co. p.l.c.

Contents

St. Anthony Co. p.l.c.

Report of the Directors
For the year ended 31 December 2022

The Directors present their report and the audited separate and consolidated financial statements for the year ended 31 December 2022.

Principal Activity

St. Anthony Co. p.l.c. ("the Company", "the Parent") acts as the parent company of two 100% owned subsidiary undertakings, namely Goldvest Company Limited (C 18266) and St. George's Care Ltd (C 95621) (collectively "the Group"). The Company also provides finance to Goldvest Company Limited in the form of redeemable preference shares.

Goldvest Company Limited owns the two properties of the Group, whilst St. George's Care Ltd operates two senior citizens' homes from the two properties, one in Sliema known as The Imperial and the other in Balzan named Casa Antonia.

Review of Business

The Group registered a pre-tax loss for the year of €1,769,658 compared to a pre-tax loss for the previous year of €1,206,637. At the end of the reporting year, net assets amounted to €21,078,097 compared to €22,391,062 at the end of the prior year. The movement in the net assets is a result of the loss for the year reduced by a movement in the revaluation reserve.

In the first quarter of 2022, €15.5m 4.55% secured bonds due in 2032 were admitted to listing on the Official List of the Malta Stock Exchange with effect from the 20 January 2022 and trading commenced on the 21 January 2022. The bond issue is guaranteed by Goldvest Company Limited (C18266).

Although the achieved results described above were short of those projected in the Prospectus, management deem the results to be satisfactory given the challenges the sector continued to face.

Going Concern

The Directors have assessed the Group's ability to continue to operate as a going concern, taking into account the results achieved to date, the financial projections prepared by management, the current funding arrangements and a number of measures being considered to continue to improve the Group's financial performance.

As discussed in Note 2.2 to these financial statements, the Directors, at the time of approving these financial statements, have determined that there is reasonable expectation that the Group and the Company will have adequate resources to continue to operate sustainably for the foreseeable future. For this reason, these financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operational existence for the foreseeable future and will continue to meet their financial obligations as and when they fall due.

Dividends and Reserves

Given the financial results achieved, the directors do not recommend the payment of a dividend.

Financial Risk Management

The Group's activities potentially expose it to financial risks mainly liquidity and credit risk. The Group's overall risk management focuses on the unpredictability of general economic activity and financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board provides principles for overall risk management, as well as policies covering risks referred to above.

(a) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of reasonable credit terms with suppliers and funding through an adequate amount of committed credit facilities both externally and with related parties.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that services are provided to individual customers who are not expected to default on invoices issued.

Principal risks and uncertainties

The Group's principal risks and uncertainties can be categorised as follows:

Operational risks

a) Achieving and maintaining sufficient occupancy levels and generating sufficient cash flow to meet obligations as they fall due.

The Group expects to achieve certain occupancy levels at both homes and generate sufficient cash flow to meet the Group's obligations as they fall due. Whilst the performance of Casa Antonia is tried and tested as this has been operating for a significant number of years, the expected performance of The Imperial has been forecasted based on market data which is subjective and may vary materially. Furthermore, the Group is seeking to provide a unique and quality product offering as part of The Imperial operations which reduces the size of the market able to take up such offering.

Once occupancy levels are achieved, there is the risk that these may fall for various reasons including but not limited to reputational damage and/or a slowdown in the market. Reduced occupancy levels at either the Casa Antonia property or The Imperial property may adversely impact the Group's revenue and general financial performance.

b) Staff compliment

The Group's operations require the employment and retention of an appropriately skilled and trained workforce. There is a risk that St. George's Care Ltd, as the operating company, may not be able to maintain or expand an appropriately skilled and trained workforce that is able to meet the existing or future care needs of residents for various reasons including but not limited to industry shortage, travel restrictions and an increase in wages which cannot be absorbed and/or recouped.

Should it not be possible to recruit accordingly thereby lessening the quality of the offering and this translates into decreased occupancy, or should it be possible to recruit but this results in increased wages and therefore operating costs which cannot be recouped through rates and/or other savings, the Group's revenue and profitability may suffer.

Principal risks and uncertainties – continued

c) Competition

The industry in which the Group operates is highly competitive. In addition to normal competitive risks, the fact that the Company has opted to provide a high-quality offering at The Imperial property, thereby reducing the market available to it, may, should a competitor decide to open in the same space, cause a reduction in prices, resident losses and thinning margins, thereby having a potentially direct material adverse effect on the financial performance and profitability of the Group.

d) Fixed costs

The fixed costs associated with the ownership of the Group's aforementioned properties and the carrying out of the operations is substantial. A dip in demand and the inability to adjust fixed costs may adversely affect the Group's profitability and financial condition.

e) Medical claims and litigation

In addition to the risk of litigation typical operations may carry, the nature of the operations inherently exposes the Group to the risk of medical related litigation. Subject to the insurance arrangements the Group has in place, any actual or threatened medical related litigation against the Group could cause the Group to incur significant expenditure and may adversely impact the group's future financial performance. The costs of such actions as well as increased insurance costs could also adversely affect the Group's financial performance and profitability.

f) Maintaining licence

The Group's operations are conducted under a licence granted in terms of the Social Care Standards Authority Act (Chapter 582 of the Laws of Malta), with such licence being renewed on a yearly basis. Should the renewal of the licence be delayed for any reason (or ultimately not granted), either or both operations would be unable to continue, which would adversely impact the Group's revenue and general financial performance.

g) Changes to regulations

Any regulatory changes for the aged care industry may, in terms of compliance costs and other regulatory requirements, have an adverse impact on the properties and the manner in which the operations are carried out which could have a negative impact on the Group's financial performance and profitability.

Market value

The valuations of both properties are prepared by an independent qualified architect in accordance with the Kamra tal-Periti Valuation Standards (2012), which are aligned with the TEGoVA European Valuation Standards. In providing a market value for each property, the independent architect has made certain assumptions which ultimately may cause the actual value to be materially different from any future value 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 therefore be no assurance that such property valuations will reflect actual market values.

Future Developments

The Board's main objective is focused to achieve the occupancy targeted levels and recover sufficient revenue to cover the operating expenses and to build up cash reserves to settle the Group's commitments as they fall due.

Directors' Interest

As illustrated in note 18 to these financial statements, only Mr Edward Vella, a member of the Board of Directors, has a beneficial interest in the shares of the Company.

Auditors

KSi Malta have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors and signed on its behalf on 26 April 2023 by:

Mr Edward Vella
Chairman

Dr Sarah Cassar
Managing Director

St. Anthony Co. p.l.c.

Directors' Responsibilities
For the year ended 31 December 2022

The Companies Act, 1995 requires the directors to prepare financial statements for each financial period in accordance with generally accepted accounting principles and practice which give a true and fair view of the state of affairs of the Group and the holding company as at the end of each financial period and of the profit or loss of the Group and the holding company for that period. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Group and the holding company will continue in business;
- select suitable accounting policies and apply them consistently from one accounting period to another;
- 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and holding company and to enable them to ensure that the financial statements comply with the Companies Act, 1995 enacted in Malta.

This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Group and holding company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Mr Edward Vella
obo/Directors

Corporate Governance – Statement of Compliance
For the year ended 31 December 2022

Introduction

St. Anthony Co. plc (the "Company") is committed to observing the principles of transparency and responsible corporate governance. The Board considers compliance and corporate governance principles to constitute an important means of maintaining the confidence of present and future shareholders, bondholders, creditors, employees, business partners and the public. Pursuant to the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority, the Company hereby reports on how it has complied with the Code of Principles of Good Corporate Governance (the "Code") contained in Appendix 5.1 of the Capital Markets Rules for the financial period ended 31 December 2022, which report details the extent to which the Code has been adopted, as well as the effective measures taken by the Company to ensure compliance with said Code.

The Board recognises that, in virtue of Capital Markets Rule 5.101, the Company is exempt from the requirement to disclose the information prescribed by Capital Markets Rules 5.97.1 to 5.97.3, 5.97.6 and 5.97.8.

For the purpose of this Statement of Compliance and during the period under review, the Group is defined as comprising the Company [as parent company], Goldvest Company Limited (C 18266) [the guarantor of the €15,500,000 4.55% Secured Bonds 2032 issued by the Company] and St. George's Care Ltd (C 95621) [the operating arm of the Group currently carrying out the operation of the nursing and residential retirement homes at the Casa Antonia property and at the Imperial property, respectively].

Compliance with the Code

Principles 1 and 4 - The Board of Directors and its Responsibilities

The Board is responsible for overseeing the Company's strategic planning process, as well as reviewing and monitoring management's execution and attainment of financial projections. The Board delegates certain powers, authorities and discretions to the Audit Committee, as duly constituted in terms of the Capital Markets Rules, the role and competence of which committee are further described hereunder.

The Board of Directors has a composition that ensures that the Company is led by individuals who have the necessary skills and diversity of knowledge. It considers strategic issues, key projects and regularly monitors performance against delivery of the key targets of previously approved projections.

In fulfilling its mandate, the Board assumes responsibility for:

- reviewing the Company's strategy on an on-going basis, as well as setting the appropriate business objectives;
- reviewing the effectiveness of the Company's system of internal controls;
- implementing an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve the Company's objectives;
- identifying and ensuring that significant risks are managed satisfactorily; and
- ensuring that Company policies are being rigorously observed.

Principle 2 - Chairman and Chief Executive Officer

The role of Chairman of the Board of Directors is occupied by Mr Edward Vella. The Chairman is responsible to lead the Board and set its agenda. The Chairman ensures that the Board is in receipt of precise, timely and objective information and encourages active engagement by all members of the Board for discussion of all issues raised during Board meetings. The Board has, to date, not deemed it necessary to appoint a Chief Executive Officer of the Company given the nature of the Company's operations and sphere of activity; specifically, the Company is a special purpose vehicle set up to act as a financing company solely for the Group's requirements.

Corporate Governance – Statement of Compliance (continued)
For the year ended 31 December 2022

Principle 2 - Chairman and Chief Executive Officer (continued)

Dr Sarah Cassar acts as Managing Director as she is responsible for the overall management of Casa Antonia care home and The Imperial care home, both of which are operated by St. George's Care Ltd.

Principle 3 – Composition of the Board

The Company's Memorandum of Association provides that the Board of Directors shall consist of not less than four (4) and not more than seven (7) Directors. Each Director has one (1) vote. All Directors are appointed by means of an ordinary resolution of the shareholders of the Company in general meeting. All directors are to retire from office at least once every three (3) years but shall be eligible for re-election.

As at the date of this Statement and during the reporting period under review the members of the Board are as follows:

Mr. Edward Vella – Chairman, Executive Director
Dr. Sarah Cassar – Managing Director
Mr. Joshua Vella - Executive Director
Ms. Lora Cascun - Independent, non-Executive Director
Mr. Stephen Paris - Independent, non-Executive Director
Mr. Joseph M. Zrinzo - Independent, non-Executive Director

Dr Luca Vella acts as Company Secretary.

In compliance with the Capital Markets Rules, the Board considers that the independent, non-executive Directors are independent of management and free from any business, family or other relationship that could materially interfere with the exercise of their independent judgment. In assessing the independence of the independent Directors, due notice has been taken of Rule 5.119 of the Capital Markets Rules. The composition of the Board has a balance of knowledge and experience, as well as a strong independent, non-executive presence, to allow continued scrutiny of performance, strategy and governance.

Principle 5 – Board Meetings

Meetings of the Board are held as frequently as considered necessary, with a minimum of four (4) meetings being held annually – the Board met five (5) times during 2022. The Board members are notified of forthcoming meetings at least seven (7) days before the said meeting.

In addition, the notification includes the issue of an agenda and any supporting documentation as necessary, in order to ensure that all meetings are of a highly effective nature and all participants are well informed and able to effectively contribute to Board decisions. Attendance with regards to Board meetings is recorded in the minutes of the meetings. Minutes of all Board and Audit Committee meetings are circulated to all members and kept on file by the Company Secretary.

Board and Audit Committee meetings are attended by the Group Financial Controller, in order for the Board to have direct access to the financial results of the Group. This is also intended to ensure that the policies and strategies adopted by the Board are effectively implemented.

The Board is headed by the Chairman, Mr Edward Vella.

All executive Directors have more than 10 years' work experience with the Group, whereas all independent, non-executive Directors have relevant experience related to the business in which the Group operates.

Corporate Governance – Statement of Compliance (continued)
For the year ended 31 December 2022

Principle 5 – Board Meetings (continued)

The remuneration of the Directors is reviewed periodically by the shareholders of the Company. Furthermore, the composition of the Board (which includes 3 independent, non-executive Directors) ensures that no individual has unfettered power of decision.

Principle 6 – Information and Professional Development

The Company firmly believes in the professional development of all the members within the organisation. The senior management team is responsible for establishing and implementing schemes which are aimed to maintain and recruit employees and management personnel. Furthermore, periodic training exercises are held for the Group's employees to keep abreast of current technological and other relevant subject matter trends and practices. Directors are encouraged to talk directly to any member of management regarding any questions or concerns the Directors may have. Senior management are invited to attend Board meetings from time to time, when and as appropriate.

The Board delegates certain powers, authorities and discretions to the Audit Committee.

The Company's Board has established an Audit Committee for the purpose of assisting the Board in fulfilling its responsibilities for overseeing the financial reporting process, the system of internal controls, the audit process and the process for monitoring compliance with applicable laws and regulations. The Audit Committee also acts to facilitate communication between the Board, management and the external auditors. The Audit Committee reports directly to the Board.

The Audit Committee scrutinizes and monitors related party transactions. It considers the materiality and the nature of the related party transactions carried out by the Company to ensure that the arms' length principle is adhered to at all times. As part of its duties, the Committee receives and considers reports on the historic and projected financial performance of the Group and the audited statutory financial statements of the companies comprising the Group.

The Board has formally appointed the following three (3) individuals as the members of the Audit Committee:

Stephen Paris – Chairman & Independent, non-Executive Director
Lora Cascun – Independent, non-Executive Director
Joseph M. Zrinzo – Independent, non-Executive Director

Audit Committee members are appointed for a one (1) year term of office. Such term is automatically renewed for further periods of one (1) year each unless otherwise determined by the Board of Directors of the Company. The Audit Committee meets at least four (4) times a year, with additional meetings to be called at the discretion of the Chairperson of the Audit Committee, presently Mr Stephen Paris. The Audit Committee met six (6) times during 2022. The Chairperson will also call a meeting of the Audit Committee if required by any Committee member, by senior management or by the external auditors of the Company. In compliance with the Capital Markets Rules, Mr Stephen Paris is considered to be the member competent in accounting and/or auditing matters. The Company considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof.

Principle 8 – Committees

All Directors of the Company, including, the independent non-executive Directors, have unfettered access to the Group's in-house and external financial and legal advisors who keep said Directors adequately informed of all statutory and regulatory requirements connected to the business of the Company, and the Group generally, on an on-going basis.

Corporate Governance – Statement of Compliance (continued)
For the year ended 31 December 2022

Principle 9 - Relations with shareholders and with the market

The Company is committed to having an open and communicative relationship with its shareholders and bondholders. The market is kept updated with all relevant information concerning the Company via the publication of Company Announcements in terms of the Capital Markets Rules and, furthermore, the Company regularly publishes such information on its website to ensure continuous relations with the market, including but not limited to the interim and annual financial statements.

Principle 11 - Conflicts of Interest

Directors are expected to always act in the best interests of the Company and its shareholders and investors. In accordance with the provisions of the Articles of Association of the Company, any actual, potential or perceived conflict of interest must be immediately declared by a director to the other members of the Board, who then (also possibly through a referral to the Audit Committee) decide on whether such a conflict exists. In the event that the Board perceives such interest to be conflicting with the relative Director's duties, said Director shall not vote at a meeting of Directors in respect of any contract, arrangement or proposal in which he/she has a material interest, whether direct or indirect.

Specifically, in accordance with Article 88.3 of the Articles of Association of the Company, a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Company shall declare the nature of his/her interest at a meeting of the Directors and, save for as provided in the Articles, a Director shall not vote in respect of any contract or proposed contract or arrangement, transaction or any other proposal whatsoever in which he/she has any material interest otherwise than by virtue of his/her interests in shares or debentures or other securities of or otherwise in or through the Company.

Principle 12 - Corporate Social Responsibility

The Board is mindful of and seeks to adhere to sound principles of corporate social responsibility in its management practices. This helps the Group develop strong relationships with its stakeholders and create long-term value for society and its business. The Group is committed to play an effective role in the country's sustainable development, whilst tangibly proving itself to be a responsible and caring citizen of the community in which it operates. The Group continues to support a number of different local initiatives aimed at improving the quality of life of the local communities it supports. Additionally, the Group retains active links with the communities surrounding its properties and supports a number of cultural initiatives and charitable causes.

The Group is committed to the conservation and celebration of local heritage, with dedicated efforts aimed at preserving and enhancing historical properties, in particular the original structure of The Imperial on Rudolf Street, Sliema. Recognition of the exemplary transformation of one of the oldest buildings in Sliema was given by the Malta Architecture and Spatial Planning Award Committee who awarded the Imperial with the Hospitality, Tourism, Accommodation and Leisure Award. The Group works closely with local authorities in an effort to improve the public spaces surrounding its properties.

As a provider of a social service, the Group is committed to being an active member of civil society. The Group provides support to various cultural organizations, mainly through sponsorships and the provision of premises and logistical support, as well as via the holding of fund-raising events in aid of local charitable causes.

The Group further prides itself in being a catalyst in the promotion of intra-generational opportunities, working hard to introduce people from younger generation into the communities within its Care Homes.

Corporate Governance – Statement of Compliance (continued)
For the year ended 31 December 2022

Principle 12 - Corporate Social Responsibility (continued)

In respect of the environment and reduction of carbon footprint through innovation and sustainable investment which makes more efficient use of valuable resources is another important principle the Group adheres to. The Group invests heavily in its maintenance and engineering department to ensure that all owned buildings are as energy efficient as possible.

Remuneration Statement

In terms of the Company's Memorandum and Articles of Association, it is the shareholders of the Company in the General Meeting who determine the maximum annual aggregate remuneration of the Directors. The independent, non-executive Directors received €16,500 in aggregate for directorship services rendered during 2022.

No part of the remuneration paid to the independent, non-executive Directors is performance based. None of the Directors, in their capacity as a Director of the Company, is entitled to profit sharing, share options or pension benefits.

Non-compliance with the Code

Other than as stated below, the Company has fully implemented the principles set out in the Code:

Principle 7 - Evaluation of the Board's performance

The Board of the Company does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an on-going basis by, and is subject to the constant scrutiny of, the Company's shareholders and the rules by which the Company is regulated as a listed company.

Principle 8 - Nomination Committee and Remuneration Committee

The Board of Directors considers that the size and operation of the Company does not warrant the setting up of nomination and remuneration committees. Given that the Company does not have any employees other than the Directors and the company secretary it is not considered necessary for the Company to maintain a remuneration committee. Similarly, the Company has not incorporated a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the Company's Memorandum and Articles of Association. The Company considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

Principle 10 – Institutional Shareholders

The Company is ultimately privately beneficially owned and has no institutional shareholders, therefore, Principle 10 does not, at present, apply to the Company.

Approved by the Board of Directors on 26 April 2023.

Mr Stephen Paris
Director and Chairman of Audit Committee

KSi Malta

Independent Auditors' Report

To the shareholders of St. Anthony Co. p.l.c.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of St. Anthony Co. plc and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the Group financial statements and Parent Company financial statements give a true and fair view of the Group and the Parent's Company's financial position as at 31 December 2022, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been prepared in accordance with the requirements of the Maltese Companies Act (Cap.386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our 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 we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Property, plant and equipment – refer to Notes 6 and 12

The Group's property, which is fair valued in accordance with the Group's accounting policy has a carrying amount of €50,619,960 as at 31 December 2022. We focused on this area because the value of the property makes up more than 80% of the total carrying amount of non-current assets on the statement of financial position.

We obtained external valuations performed by an independent property valuer during the year 2021 in order to determine whether the valuations were made using reasonable assumptions and approaches. The fair value of the land and building was determined based on a mix of the market comparable approach that reflects the price per square meter achieved for properties with similar characteristics and location and by discounting the expected future cashflows, to be derived from the operations of these properties.

The valuation of the Group's property is inherently subjective principally due to the judgemental nature of the factors mentioned above and the assumptions used in the underlying valuation models. The significance of the estimates and judgements involved warrants specific audit focus in this area. We were provided with the necessary documentation and following our assessment of the valuation techniques and methodology used, there were no indications that the carrying amounts are under or overvalued materially.

6, Villa Gauci, Mdina Road. Balzan, BZN9031, Malta (EU)
Tel: +356 2122 6176 | info@ksimalta.com | www.ksimalta.com

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, the Statement of Directors' Responsibilities and the Corporate Governance Statement of Compliance. Our opinion on the financial statements does not cover this information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of the Directors

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Auditors' 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Article 177 of the Companies Act

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

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Report of the Directors. We have nothing to report in this regard.

6, Villa Gauci, Mdina Road. Balzan, BZN9031, Malta (EU)
Tel: +356 2122 6176 | info@ksimalta.com | www.ksimalta.com

Matters on which we are required to report by exception under the Companies Act (continued)

Our Responsibilities

We have responsibilities under the Companies Act, 1995 enacted in Malta to report to you if, in our opinion:

- The information given in the Report of the Directors is not consistent with the financial statements.
- Adequate accounting records have not been kept.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.

Our Opinion

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

In addition, we confirm that:

- Our opinion is consistent with our additional report to the audit committee.
- To the best of our knowledge and belief, we have not provided non-audit services to the Company in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

Report on Corporate Governance

The Capital Market Rules issued by the Malta Financial Services Authority require the Directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Capital Market Rules also require the auditor to include a report on the Statement of Compliance prepared by the Directors.

The Capital Market Rules also require the auditor to include a report on the Statement of Compliance prepared by the Directors.

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

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 5 to 10 has been properly prepared in accordance with the requirements of the Capital Market Rules issued by the Malta Financial Services Authority.

We also read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the annual financial report of St. Anthony Co. plc for the year ended 31 December 2022, entirely prepared in a single electronic reporting format.

Responsibility of the directors

The directors are responsible for the preparation of the annual financial report and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the annual financial report and the relevant electronic tagging therein comply in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report, in accordance with the requirements of the ESEF RTS.

Obtaining the annual financial report and performing validations to determine whether the annual financial report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.

Examining the information in the annual financial report to determine whether all the required tagging therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

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

Opinion

In our opinion, the annual financial report for the year ended 31 December 2022 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Other Matter - Use of this Report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

6, Villa Gauci, Mdina Road. Balzan, BZN9031, Malta (EU)
Tel: +356 2122 6176 | info@ksimalta.com | www.ksimalta.com

Appointment

We were first appointed as auditors of the Company on 15 January 2021. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 3 years.

Bernard Charles Gauci (Partner) for and on behalf of
KSi Malta
Certified Public Accountants

Balzan
Malta

26 April 2023

St. Anthony Co. p.l.c.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Note	Group		Company	
		2022	2021	**2022**	2021
		€	€	**€**	€
Revenue	7	**7,075,594**	4,780,931	**1,242,922**	-
Cost of sales	8.1	**(6,364,936)**	(4,266,601)	**-**	-
Gross profit		**710,658**	514,330	**1,242,922**	-
Administration expenses	8.1	**(1,145,948)**	(1,112,767)	**(76,892)**	(43,463)
Operating (loss)/profit		**(435,290)**	(598,437)	**1,166,030**	(43,463)
Finance costs	9.2	**(1,334,368)**	(608,200)	**(864,715)**	(172,682)
(Loss)/Profit before tax		**(1,769,658)**	(1,206,637)	**301,315**	(216,145)
Income tax	10	**410,661**	(193,570)	**-**	-
(Loss)/Profit for the year		**(1,358,997)**	(1,400,207)	**301,315**	(216,145)
Other Comprehensive Income for the year					
Other Comprehensive Income for the year net of income tax		**46,032**	10,421,499	**-**	-
Total comprehensive income/ (expense) for the year		**(1,312,965)**	9,021,292	**301,315**	(216,145)
Loss/Profit for the year attributable to:					
Owners of the Company		**(1,312,965)**	9,021,292	**301,315**	(216,145)
Earnings per share	11	(0.09)	(0.10)	0.02	(0.02)

St. Anthony Co. p.l.c.

Statement of Financial Position
As at 31 December 2022

		Group		Company	
		2022	2021	**2022**	2021
	Note	**€**	€	**€**	€
Assets					
Property, plant and equipment	12	**62,126,853**	62,920,256	**-**	-
Investment in subsidiaries	17	**-**	-	**14,827,061**	19,938,956
Investment in financial assets		**-**	-	**20,261,895**	-
Deferred tax	12.4	**848,314**	437,652	**-**	-
Total non-current assets		**62,975,167**	63,357,908	**35,088,956**	19,938,956
Inventories	12.6	**112,662**	87,750	**-**	-
Trade and other receivables	13.1	**889,057**	1,101,933	**391,312**	80,990
Cash and cash equivalents	13.4	**2,231,418**	519,274	**892,077**	1,200
Total current assets		**3,233,137**	1,708,957	**1,283,389**	82,190
Total assets		**66,208,304**	65,066,865	**36,372,345**	20,021,146
Liabilities					
Trade and other payables	13.2	**282,924**	422,320	**-**	-
Borrowings	13.3	**37,068,504**	30,770,040	**19,932,231**	4,831,697
Deferred tax	12.5	**3,400,000**	3,400,000	**-**	-
Total non-current liabilities		**40,751,428**	34,592,360	**19,932,231**	4,831,697
Borrowings	13.3	**188,083**	4,032,684	**1,064,109**	727,418
Trade and other payables	13.2	**4,188,296**	4,050,759	**695,266**	82,607
Current tax		**2,400**	-	**-**	-
Total current liabilities		**4,378,779**	8,083,443	**1,759,375**	810,025
Total liabilities		**45,130,207**	42,675,803	**21,691,606**	5,641,722
Net assets/(liabilities)		**21,078,097**	22,391,062	**14,680,739**	14,379,424

St. Anthony Co. p.l.c.

Statement of Financial Position (continued)
As at 31 December 2022

		Group		Company	
	Note	**2022**	2021	**2022**	2021
		€	€	**€**	€
Equity					
Share capital	14.1	**14,676,284**	14,676,284	**14,676,284**	14,676,284
Revaluation reserve	14.2	**10,467,531**	10,421,499	**-**	-
Reorganisation reserve	14.3	**(1,241,057)**	(1,241,057)	**-**	-
Accumulated losses/ Retained Earnings		**(2,824,661)**	(1,465,664)	**4,455**	(296,860)
Equity attributable to owners of the Company		**21,078,097**	22,391,062	**14,680,739**	14,379,424

The financial statements set out on pages 17 to 62 were approved and authorised for issue by the Board of Directors on 26 April 2023 and were signed on its behalf by:

Mr Edward Vella
Chairman

Dr Sarah Cassar
Managing Director

St. Anthony Co. p.l.c.

Statement of Changes in Equity
For the year ended 31 December 2022

Group

	Share Capital	Reorganisation Reserve	Revaluation Reserve	Other reserve	Accumulated Losses	Total
	€	€	€	€	€	€
Balance as at 1 January 2021	1,200	(1,241,057)	-	14,788,958	(179,331)	13,369,770
Loss for the year	-	-	-	-	(1,400,207)	(1,400,207)
Revaluation of land and buildings net of deferred taxation	-	-	10,421,499	-	-	10,421,499
Issue of share capital	14,788,958	-	-	(14,788,958)	-	-
Reduction in share capital	(113,874)	-	-	-	113,874	-
Balance at 31 December 2021	14,676,284	(1,241,057)	10,421,499	-	(1,465,664)	22,391,062
Changes in equity for 2022						
Loss for the year	-	-	-	-	(1,358,997)	(1,358,997)
Revaluation of furniture	-	-	46,032	-	-	46,032
Balance at 31 December 2022	**14,676,284**	**(1,241,057)**	**10,467,531**	**-**	**(2,824,661)**	**21,078,097**

Company

	Share capital	Accumulated Losses/ Retained Earnings	Total
	€	€	€
Balance as at 1 January 2021	1,200	(194,589)	(193,389)
Other comprehensive loss for the year	-	(216,145)	(216,145)
Issue of share capital	14,788,958	-	14,788,958
Reduction in share capital	(113,874)	113,874	-
Balance as at 31 December 2021	14,676,284	(296,860)	14,379,424
Other comprehensive income for the year	-	301,315	301,315
Balance as at 31 December 2022	**14,676,284**	**4,455**	**14,680,739**

Statement of Cash Flows
For the year ended 31 December 2022

	Note	Group 2022	Group 2021	Company 2022	Company 2021
		€	€	€	€
Cash flows from operating activities					
(Loss)/Profit before tax		(1,769,658)	(1,206,637)	301,315	(216,145)
Adjustments for:					
Depreciation		953,839	411,610	-	-
Expected credit losses		12,021	8,112	8,893	-
Amortisation of bond expenses		32,277	-	32,277	-
Dividends received		-	-	(572,452)	-
Interest excluding amortisation		1,264,265	565,184	161,697	172,682
Operating profit/(loss) before working capital changes:		492,744	(221,731)	(68,270)	(43,463)
Movement in trade and other receivables		(221,850)	275,726	(362,003)	(80,990)
Movement in inventories		(24,912)	(36,128)	-	-
Movement in trade and other payables		(669,928)	2,790,131	(57,809)	80,206
Cash (used in)/generated from operations		(423,946)	2,807,998	(488,082)	(44,247)
Interest paid		(325,522)	-	-	-
Net cash inflow/(outflow) from operating activities		(749,468)	2,807,998	(488,082)	(44,247)
Cash flows from investing activities					
Payment for property, plant and equipment		(114,405)	(7,586,289)	-	-
Payment to acquire preference shares		-	-	(15,150,000)	-
Net cash outflow from investing activities		(114,405)	(7,586,289)	(15,150,000)	-
Cash flows from financing activities					
(Repayment)/proceeds from bank loan		(9,862,227)	2,032,969	-	-
Movement in related parties balances		(3,036,318)	3,215,582	1,035,194	44,247
Proceeds from bond loan		15,500,000	-	15,500,000	-
Net cash inflow from financing activities		2,601,455	5,248,551	16,535,194	44,247
Net movement in cash and cash equivalents					
Cash and cash equivalents		1,737,582	470,260	897,112	-
Cash and cash equivalents at beginning of year		496,833	29,714	1,200	1,200
Expected credit losses on bank balances		(9,038)	(3,141)	(6,235)	-
Cash and cash equivalents at end of year	13.4.1	2,225,377	496,833	892,077	1,200

1 REPORTING ENTITY AND OTHER INFORMATION

St. Anthony Co. p.l.c. (the Company) (formerly St. Anthony Co. Limited) is a public limited liability company incorporated in Malta. The registered office and the registration number of the Company are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in the Report of the Directors.

2 BASIS OF ACCOUNTING

2.1 Accounting Standards

The Company's and the Group's financial statements are prepared in accordance with IFRSs as adopted by the European Union. They were authorised for issue by the Company's board of directors on 26 April 2023.

The financial statements have been prepared on the historical cost basis, except for land and buildings, which are stated at their revalued amounts.

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 judgement in the process of applying the Company's and 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. Details of the significant judgements and estimates are included in Note 5.

Details of the significant accounting policies are included in Note 6.

2.2 Going Concern

As at 31 December 2022, the Group's current liabilities exceeded its current assets by €1,145,642 (2021: €6,374,486) whilst the Group's total assets exceeded its total liabilities by €21,078,097 (2021: €22,391,062).

As at 31 December 2022, the Company's current liabilities exceeded its current assets by €475,986 (2021: €727,835).

The Group's corporate and operational structure gives rise to a high level of interaction and reciprocal reliance between the various Group companies. For this reason, the Company's financial position assumes the continued support of the parent company and each of the individual asset owning and operating companies.

These financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operations for the foreseeable future and that its liabilities will continue to be settled as and when they fall due.

On the basis of the updated financial projections prepared by management, which show sustained improvement in the financial and operational performance of the Group, and improved debt servicing obligation terms, it would appear that the Group will be in a position to sustain its operations and debt servicing obligations for the reasonably foreseeable future.

2 BASIS OF ACCOUNTING

2.2 Going Concern

Management is currently working on a number of initiatives aimed at further improving and consolidating the Group's operational and financial position. In this regard management:

- have held positive initial discussions with its bankers to possibly realign the timing of its debt repayment schedule to better reflect the progressive incremental projected cash inflows arising from increased occupancy and rate;
- are assessing a number of incremental income streams from as yet un-utilised parts of the Group's investment assets;
- improving cost efficiencies without negatively impacting the quality of service;
- revising the intra-group lease arrangements to better reflect the actual build up in occupancy and utilization level;
- improving revenue yields.

Management is confident that the above initiatives will deliver further improvements to its projected results and will place the Group in an even stronger position to continue to operate in a sustainable manner for the foreseeable future. For this reason, the directors believe that the preparation of these financial statements, on a going concern basis, remains appropriate.

3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Euro, which is also the Group and Company's functional currency (being the currency of the primary economic environment in which the company operates).

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Standards and interpretations applied during the current year

In the current year, the Group and the Company has applied a number of amendments to IFRS Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective in the EU for an accounting period that begins on or after 1 January 2022. Their adoption has not any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 Reference to the Conceptual Framework

The group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the level has occurred by the acquisition date.

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use

The Group and the Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sale proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line items(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The Group and the Company has adopted the amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Group and the Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial services based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (effective on or after 1 January 2021; Early adoption is permitted).

The amendments address issues that might affect financial reporting when an existing interest rate benchmark is actually replaced. In respect of the modification of financial assets, financial liabilities and lease liabilities, the IASB introduced a practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current IFRS requirements. These amendments enable entities to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.
Neither the Company nor the Group have any financial assets, financial liabilities or lease liabilities with rates subject to the IBOR reform and accordingly this Amendment did not affect these financial statements.

4.1 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of these financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The Directors are of the opinion that the adoption of these Standards (where applicable) will not have a material impact on the financial statements.

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

4.1 Standards issued but not yet effective (continued)

(This list excludes Amendments / Revisions to IFRS 1 First-Time Adoption of IFRSs (including IFRS 14 Regulatory Deferral Accounts) and it also excludes IFRS / Amendments / Revisions that are effective before 1 January 2022):

Standard	Subject of Amendment	Effective Date
IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Income Taxes	Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

4.2 New and revised IFRS issued by the IASB but not yet adopted by the EU

The following amendments to the existing standards have not been endorsed for use in the EU yet and could not therefore be adopted by the Group: (The effective dates stated below are for IFRS as issued by IASB. EU is expected to approve the amendments with the same effective dates.)

Standard	Subject of Amendment	Effective Date
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date has been removed temporarily by the IASB
Amendments to IFRS 16 Leases	Lease liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements	Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements	Non-current Liabilities with Covenants	1 January 2024

4 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

4.2 New and revised IFRS issued by the IASB but not yet adopted by the EU (continued)

The directors do not expect that the adoption of the amendments to the existing standards listed above will have a material impact on the consolidated financial statements of the Group and the Company in future periods.

5 USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

5.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Estimation of current tax payable and current tax expense – note 10;
- Estimated useful life of property, plant and equipment – note 12.2;
- Recognition of deferred tax assets/(liabilities) – note 12.4 and 12.5;
- Estimated fair value of land and buildings – note 12.3

6 ACCOUNTING POLICIES

6.1 PRINCIPLES OF CONSOLIDATION

6.1.1 Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the holding company.

Subsidiaries are entities over which the parent company has control. The parent company controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Unless the Group applies a different accounting policy for combinations of entities or businesses under common control, the acquisition of subsidiaries is accounted for by applying the acquisition method. The consideration is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred, except for costs to issue debt or equity securities. The acquiree's identifiable assets and liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except as otherwise required by IFRS 3. A contingent liability assumed in a business combination is recognised at the acquisition date if there is a present obligation that arises from past events and its fair value can be measured reliably.Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

6 ACCOUNTING POLICIES (continued)

6.1 PRINCIPLES OF CONSOLIDATION (continued)

6.1.1 Subsidiaries (continued)

The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the parent company. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on an acquisition-by-acquisition basis. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required. After initial recognition, non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the holding company's owners' equity therein. Non-controlling interests in the profit or loss and other comprehensive income of consolidated subsidiaries are also disclosed separately. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Combinations of entities or businesses under common control

For combinations of entities or businesses under common control, the acquisition of subsidiaries is accounted for by applying predecessor accounting. Under predecessor accounting, the acquiree's assets and liabilities are recognised at their carrying amounts (as adjusted, where necessary, to align accounting policies), without any adjustments to reflect fair values. No new goodwill is recognised as a result of the combination and the difference between the consideration payable and the carrying amounts of assets and liabilities is recognised directly in equity within Reorganisation Reserves.

6.2 GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non- controlling interests in the acquiree and in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Goodwill is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

6 ACCOUNTING POLICIES (continued)

6.3 REVENUE

The Group recognises revenue from the following major sources:

- Provision of accommodation
- Provision of services

Revenue is measured based on the consideration specified in a contract with a customer. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when (or as) it satisfies a performance obligation by transferring control of a promised good or service to the customer.

6.3.1 Revenue Recognition

Revenue is generated from the two retirement homes that provide nursing and accommodation to their clients.

6.4 FOREIGN CURRENCY AMOUNTS

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement and on the re-translation of monetary items are recognised in profit or loss in the period in which they arise. Exchange differences arising on the translation of non- monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Foreign exchange gains and losses are included within operating profit, except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate.

6.5 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss.

6 ACCOUNTING POLICIES (continued)

6.5 BORROWING COSTS (continued)

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss.

To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

6.6 INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also 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 income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

6 ACCOUNTING POLICIES (continued)

6.6 INCOME TAX (continued)

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred 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.

6.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially measured at cost.

Subsequent to initial recognition, land and buildings are stated at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made for the entire class of land and buildings and with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

All other property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of any component accounted for as an asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in equity under the heading of revaluation reserve. To the extent that the increase reverses a decrease previously recognised in profit or loss for the same asset, the increase is first recognized in profit or loss to the extent of the decrease previously charged. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The depreciation methods and useful lives used by the Group are disclosed in note 12.2.

The depreciation method applied and the assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

6 ACCOUNTING POLICIES (continued)

6.7 PROPERTY, PLANT AND EQUIPMENT (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition are determined by comparing the net disposal proceeds, if any, with the carrying amount. These are included in profit or loss in the period of derecognition. When revalued assets are derecognised, it is the Group's policy to transfer any attributable revaluation remaining in the revaluation reserve in respect of those assets to retained earnings.

6.8 INTANGIBLE ASSETS

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria or the item is acquired in a business combination and cannot be recognised as an intangible asset, in which case it forms part of goodwill at the acquisition date.

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash inflows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

6.9 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

6 ACCOUNTING POLICIES (continued)

6.9 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

6.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using the weighted average cost basis. Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

6.11 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost less any accumulated impairment losses in the separate financial statements of the Company. Dividends from the investment are recognised in profit or loss.

Investments in subsidiaries are tested for impairment in accordance with the accounting policy for "Impairment of Tangible and Intangible Assets excluding Goodwill."

6.12 OTHER FINANCIAL ASSETS

Other financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured subsequently at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

6 ACCOUNTING POLICIES (continued)

6.12 OTHER FINANCIAL ASSETS

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The following financial assets are subsequently measured at amortised cost – trade receivables and cash balances. Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ('FVTOCI'):

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

The Company and the Group do not hold any debt instruments which are subsequently measured at FVTOCI.

By default, all other financial assets are subsequently measured at fair value through profit or loss ('FVTPL'). The Company and the Group do not hold any financial assets which are subsequently measured at FVTPL. Despite the foregoing, an entity may make the following irrevocable election / designation at initial recognition of a financial asset:

- an entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- an entity may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an 'accounting mismatch').

The Company and the Group do not hold any financial assets with such elections / designations.

Recognition and Derecognition

Financial assets are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the entity commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the transfer qualifies for derecognition.

Measurement

At initial recognition, a financial asset is initially measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at FVTPL are expensed in profit or loss.

6 ACCOUNTING POLICIES (continued)

6.12 OTHER FINANCIAL ASSETS (continued)

Measurement

Trade receivables which do not have a significant financing component are initially measured at their transaction price and are subsequently stated at their nominal value less any loss allowance for ECLs.

In respect of financial assets which are subsequently measured at amortised cost, appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the accounting policy on ECLs. Changes in the carrying amount as a result of foreign exchange gains or losses, impairment gains or losses and interest income are recognised in profit or loss. Interest income is recognised using the effective interest method.

6.13 ECL's

A loss allowance for ECLs is recognised on financial assets measured at amortised cost, contract assets and debt instruments measured at FVTOCI (if any). The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition.

For trade receivables and contract assets that do not contain a significant financing component (or for which the IFRS 15 practical expedient for contracts that are one year or less is applied), the simplified approach is applied and lifetime ECL is recognised.

Where a collective basis is applied, the ECLs on these financial assets are estimated using a provision matrix based on the historical credit loss experience based on the past due status of the debtors, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial instruments, the general approach is applied and lifetime ECL is recognised when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month ECL ('12m ECL'). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. An impairment gain or loss is recognised in profit or loss for all financial assets with a corresponding adjustment to their carrying, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the Fair value reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

6 ACCOUNTING POLICIES (continued)

6.13 ECL's (continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the risk of a default occurring on the financial instrument as at the reporting date is compared with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, both quantitative and qualitative information that is reasonable and supportable, (including historical experience and forward- looking information that is available without undue cost or effort and, where applicable, the financial position of the counterparties) is considered.

Irrespective of the outcome of the above assessment, the credit risk on a financial asset is presumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due, unless there is reasonable and supportable information, that is available without undue cost or effort, that demonstrates otherwise. Despite the above assessment, it is assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. Accordingly, for these financial assets, the loss allowance is measured at an amount equal to 12m ECL.

Definition of default

The following are considered as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors in full (without taking into account any collateral held).

Irrespective of the above analysis, default is considered to have occurred when a financial asset is more than 365 days past due. The 90 days past due presumption is rebutted since there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

6 ACCOUNTING POLICIES (continued)

6.13 ECL's (continued)

Credit-impaired financial assets (continued)

A financial asset is written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example when the counterparty has entered into bankruptcy or in the case of trade receivables, when the amounts are over 3 years passed due, whichever occurred sooner.

Measurement and recognition of ECLs

For financial assets, the credit loss is the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that are expected to be received, discounted at the original effective interest rate. ECLs represent the weighted average of credit losses with the respective risks of a default occurring as the weights.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information, where applicable. Where applicable, the financial position of the counterparties is also taken into consideration.

Collective basis

If evidence of a significant increase in credit risk at the individual instrument level is not yet available, the assessment of significant increases in credit risk is performed on a collective basis by considering information on, for example, a group or sub-group of financial instruments.

Where reasonable and supportable information that is available without undue cost or effort to measure lifetime ECL on an individual instrument basis is not available, lifetime ECL is measured on a collective basis. In such instances, the financial instruments are grouped on the basis of shared credit risk characteristics. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

6.14 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

6 ACCOUNTING POLICIES (continued)

6.14 FINANCIAL LIABILITIES (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 13.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

6 ACCOUNTING POLICIES (continued)

6.15 OFFSETTING

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

6.16 PROVISIONS

Provisions are recognised when an entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the entity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received.

6.17 SHARE CAPITAL

Ordinary shares issued by the Company 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.

Dividends to holders of equity instruments are recognised as liability in the period in which they are declared. Dividends to holders of equity instruments are recognised directly in equity.

6.18 INTEREST INCOME

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably.

6.19 DIVIDEND INCOME

Dividend income is recognised when the shareholder's right to receive payment is established. Dividend income is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably.

6.20 EMPLOYEE BENEFITS

The Group entities contribute towards the state pension in accordance with local legislation. The only obligation is to make the required contributions. Costs are expensed in the period in which they are incurred.

6.21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

6 ACCOUNTING POLICIES (continued)

6.21 CASH AND CASH EQUIVALENTS

Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position.

7 REVENUE

The Group derives its revenue as disclosed in note 6.3 and as per below:

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Income from accommodation	**5,529,396**	3,769,056	-	-
Income from services	**1,546,198**	1,011,875	-	-
Dividend income	-	-	**572,452**	-
Interest income	-	-	**670,470**	-
	7,075,594	4,780,931	**1,242,922**	-

8 EXPENSE ITEMS

8.1 Breakdown of expenses by nature

Cost of sales	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Food beverages and supplies	**472,319**	323,200	-	-
Depreciation	**953,839**	411,610	-	-
Salaries (Note 1)	**3,390,940**	2,583,095	-	-
Other expenses	**764,149**	437,869	-	-
Outsourced services	**240,931**	177,824	-	-
Repairs and maintenance	**173,079**	75,946	-	-
Utilities	**369,679**	257,057	-	-
	6,364,936	4,266,601	-	-

Administrative expenses	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Advertising and promotions	**97,955**	163,517	-	-
Audit and professional fees	**84,607**	110,738	**33,557**	32,763
Communication and service support	**64,382**	55,792	-	-
Other expenses	**115,234**	69,920	**22,335**	1,200
Rent and lease of equipment (inclusive of irrecoverable VAT)	**235,213**	227,945	-	-
Salaries and directors' fees (Note 1)	**548,557**	484,855	**21,000**	9,500
	1,145,948	1,112,767	**76,892**	43,463

8 EXPENSE ITEMS (continued)

8.1 Breakdown of expenses by nature (continued)

Note 1:

	Group 2022	2021	Company 2022	2021
Staff costs:	€	€	€	€
Salaries	**3,470,824**	2,674,630	**-**	-
Directors' fees	**251,557**	224,218	**21,000**	9,500
Social security costs	**217,116**	169,102	**-**	-
	3,939,497	3,067,950	**21,000**	9,500

9 OTHER INCOME AND EXPENSE ITEMS

9.1 Breakdown of expenses by nature (continued)

The average number of persons employed by the Group during the current period was as follows:

	Group 2022	2021	Company 2022	2021
Note 1 :	**Number**	Number	**Number**	Number
Operations	**183**	154	**-**	-
Administrative	**14**	14	**-**	-
	197	168	**-**	-

Note 2:

	Group 2022	2021	Company 2022	2021
	€	€	**€**	€
Payable to the auditors of the Company:				
Audit fees	**21,537**	21,079	**3,717**	3,540
	21,537	21,079	**3,717**	3,540

9.2 Finance costs

	Group 2022	2021	Company 2022	2021
	€	€	**€**	€
Bank charges	**37,825**	43,016	**271**	-
Bank loan interest	**325,522**	317,899	**-**	-
Bond interest	**670,470**	-	**670,470**	-
Interest on amount due to ultimate parent company	**268,274**	247,285	**161,697**	172,682
Amortisation of Bond Expenses	**32,277**	-	**32,277**	-
	1,334,368	608,200	**864,715**	172,682

10 INCOME TAX

10.1 Income tax recognised in profit or loss

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Current tax:				
Current tax on taxable income for the year	-	-	-	-
Deferred tax:				
Temporary differences arising on items of property, plant and equipment	**231,183**	414,415	-	-
Temporary differences on property	-	547,382	-	-
Temporary differences arising on tax losses and	**(76,816)**	-	-	-
unabsorbed capital allowances	**(565,028)**	(768,227)	-	-
Total income tax recognised in the current year	**(410,661)**	193,570	-	-

10.2 Reconciliation of income tax

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
(Loss)/ Profit before tax	**(1,769,658)**	(1,206,637)	**301,315**	(216,145)
Theoretical taxation expense at 35%	**(619,380)**	(422,323)	**(105,460)**	(75,651)
Tax effect of:				
Rental income	**(2,001)**	(76,731)	-	-
Other differences	**4,207**	552,852	**105,460**	-
Disallowable expenses	**206,513**	139,772	-	(76,651)
Income tax (credit)/charge	**(410,661)**	193,570	-	-

11 EARNINGS PER SHARE

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

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
(Loss)/ Profit for the year	**(1,358,997)**	(1,400,207)	**301,315**	(216,145)
Weighted number of ordinary shares	**14,676,284**	14,676,284	**14,676,284**	13,027,849
Basic earnings per share	**(0.09)**	(0.10)	**0.02**	(0.02)

12 NON-FINANCIAL ASSETS AND LIABILITIES

12.1 PROPERTY, PLANT & EQUIPMENT

Group	Freehold land and buildings €	Plant, machinery and equipment €	Furniture €	Total €
Cost/ revalued amount				
At 1 January 2021	40,547,916	3,392,446	2,131,563	46,071,925
Additions and reclassification	864,586	7,118,302	(396,600)	7,586,289
Revaluation	9,652,289	-	-	9,652,289
At 31 December 2021	51,064,791	10,510,748	1,734,963	63,310,503
At 1 January 2022	51,064,791	10,510,748	1,734,963	63,310,502
Additions	-	91,169	23,235	114,404
Revaluation	-	-	46,032	46,032
At 31 December 2022	**51,064,791**	**10,601,917**	**1,804,230**	**63,470,938**
Depreciation				
At 1 January 2021	1,869,220	19,886	11,359	1,900,465
Charge for the year	255,395	127,581	28,634	411,610
Reversal of revaluation	(1,905,699)	(13,176)	(2,954)	(1,921,829)
At 31 December 2021	218,916	134,291	37,039	390,246
At 1 January 2022	218,916	134,291	37,039	390,246
Charge for the year	225,915	644,000	83,924	953,839
At 31 December 2022	**444,831**	**778,291**	**120,963**	**1,344,085**
Carrying amounts				
Carrying amount at 31 December 2021	50,845,875	10,376,457	1,697,924	62,920,256
Carrying amount at 31 December 2022	**50,619,960**	**9,823,626**	**1,683,267**	**62,126,853**

12 NON-FINANCIAL ASSETS AND LIABILITIES

12.2 Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss. Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of the residual values, over the estimated useful lives, as follows:

	%
Buildings	1 - 2
Plant, machinery and other equipment	5 - 25
Furniture and fittings	5 - 10

No depreciation is charged on land.

12.3 Fair value measurement of the Group's land and buildings

The Group's land and building are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and any subsequent accumulated impairment losses.

The fair value measurement of the Group's land and buildings as at 31 December 2021 were performed by Architect and Civil Engineer Charles Buhagiar, an independent valuer not related to the Company. The fair value of the land and building was determined based on a mix of the market comparable approach that reflects the price per square meter achieved for properties with similar characteristics and location and by discounting the expected future cashflows, to be derived from the operations of these properties.

When calculating the value per square meter of the Sliema property one needs to bear in mind that more than one third of the Gross Floor Area pertains to parking and terraces which is not the case for the Balzan property. After applying lower rate to these areas, the rate per square meter of the Sliema property amounts to €1,384. Furthermore, the Balzan property has a successful history of operating as a Home for the Aged and therefore the future cashflows could be more reliably calculated. In the case of the Sliema operations, given that this is a new business operation and occupancy is expected to be increased gradually, the valuation has not been materially impacted by the future expected cashflows.

Group	**Fair Value Level 3 €**
2022	
Property:	
Casa Antonia, Pope Alexander V11 Junction, Balzan Malta	**20,170,242**
1, Triq Rodolfu, Sliema, Malta	**30,675,633**
	50,845,875
2021	
Property:	
Casa Antonia, Pope Alexander V11 Junction, Balzan Malta	20,170,242
1, Triq Rodolfu, Sliema, Malta	30,449,718
	50,619,960

12 NON-FINANCIAL ASSETS AND LIABILITIES

12.3 Fair Value measurement of the group land and buildings (continued)

The table below includes further information about the Group's Level 3 fair value measurements.

	Significant unobservable input €	**Narrative sensitivity €**
Casa Antonia, Pope Alexander VII Street, Balzan	Price per square metre of €2,241 (2021 - €2,241)	The higher the price per square metre, the higher the fair value
1, Triq Rodolfu, Sliema	Price per square metre of €1,384 (2021 - €1,384)	The higher the price per square metre, the higher the fair value

12.4 Deferred tax asset

	Group		**Company**	
	2022 €	2021 €	**2022 €**	2021 €
Opening balance:				
Other temporary differences	**437,652**	83,842	-	-
For the year:				
Other temporary differences	**410,662**	353,810	-	-
Closing balance:				
Other temporary difference	**848,314**	437,652	-	-

12.5 Deferred tax liability

	Group		**Company**	
	2022 €	2021 €	**2022 €**	2021 €
Acquired by the group				
Temporary difference on property, plant and equipment	**3,400,000**	1,700,000	-	-
Movement for the year				
Temporary difference on property, plant and equipment	-	1,700,000	-	-
Closing balance				
Temporary difference on property, Plant and equipment	**3,400,000**	3,400,000	-	-

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2022

12 NON-FINANCIAL ASSETS AND LIABILITIES (continued)

12.6 Inventories

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Foods, beverages, and supplies	**112,662**	87,750	**-**	-

13 OTHER ASSETS AND OTHER LIABILITIES

13.1 Trade and other receivables

Current assets	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Trade receivables	**833,899**	816,531	**-**	-
Other receivables	**15,760**	219,390	**387,393**	80,990
Prepayments	**39,398**	66,012	**3,919**	-
	889,057	1,101,933	**391,312**	80,990

13.1.1 Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

13 OTHER ASSETS AND OTHER LIABILITIES (continued)

13.2 Trade and other payables

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Non - Current liabilities				
Other payables	**282,924**	422,320	**-**	-
Current liabilities				
Trade payables	**1,443,219**	1,164,152	**9,674**	51,133
Other payables	**1,802,074**	937,616	**-**	1,900
Accruals	**943,003**	1,948,991	**685,592**	29,574
	4,188,296	4,050,759	**695,266**	82,607

Notes:

Trade payables are unsecured and are usually paid within 30 to 90 days of recognition.

A substantial amount of trade payables and accruals relate to capital projects which were funded by the bond proceeds raised in 2022.

13.3 Borrowings

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Unsecured				
Current liabilities				
Amounts due to ultimate owner (note c)	**82,755**	82,755	**-**	-
Amounts due to ultimate parent (note d)	**99,287**	3,927,488	**872,927**	711,229
Amounts due to subsidiary	**-**	-	**191,182**	16,189
	182,042	4,010,243	**1,064,109**	727,418
Secured				
Current liabilities				
Bank balance overdrawn (note b)	**6,041**	22,441	**-**	-
Total secured/unsecured current borrowings				
	188,083	4,032,684	**1,064,109**	727,418
Unsecured				
Non-current liabilities				
Amounts due to ultimate parent (note d)	**14,155,520**	13,095,363	**4,831,697**	4,831,697
	14,155,520	13,095,363	**4,831,697**	4,831,697

13 OTHER ASSETS AND OTHER LIABILITIES (continued)

13.3 Borrowings (continued)

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Secured				
Non-current liabilities				
Bank loans (note a)	**7,812,450**	17,674,677	**-**	-
4.55% Secured Bonds 2032	**15,100,534**	-	**15,100,534**	-
	22,912,984	17,674,677	**15,100,534**	-
Total secured/unsecured non-current borrowings	**37,167,790**	30,770,040	**19,932,231**	4,831,697
Total borrowings	**37,256,587**	34,802,724	**20,996,340**	5,559,115

Note:

a) Bank loans

The Group enjoys bank loan facilities with its bankers. These facilities are secured by general hypothecs over the Group's assets, by special hypothecs over properties of the Group, by pledges taken over various insurance policies and by personal guarantees of certain directors and shareholders. The annual interest rate on bank loan is 3.5%.

b) Bank overdraft

The Group enjoys bank overdraft facilities with its bankers of €1,818 (2021: €1,818). These facilities are secured by general hypothecs over the Group's assets, by special hypothecs over properties of the Group, by pledges taken over various insurance policies and by personal guarantees of the directors and shareholders. The annual interest rate on the bank overdraft is 5.15%.

c) Amounts due to Ultimate Owner

Amount due to Ultimate Owner amounting to €82,755 is unsecured, interest free and has no fixed date of repayment.

d) Amounts due to Ultimate Parent (Casa Antonia Limited)

This amount includes:

- An amount of €99,287 in respect to working capital facilities. This is unsecured, interest free and has no fixed date of repayment.
- An amount of €5,150,000 bearing interest of 3.5% per annum repayable by monthly installments of €40,129 from 23rd October 2020. During the year a one-year moratorium on capital repayments has been agreed covering 2023.

13 OTHER ASSETS AND OTHER LIABILITIES (continued)

13.3 Borrowings (continued)

d) Amounts due to Ultimate Parent (Casa Antonia Limited) (continued)

- An balance amount of €1,000,000. This loan is unsecured, interest free and repayable on demand after 31 December 2023.

- Unsecured loans amounting to €6,000,000 which bears interest of 2.5%, of which 2.4% is recovered through Government for the first two years. Interest on these loans is reported net of refund. These loans are repayable within 6 years.

- An unsecured loan amounting to €2,771,000 which bears an interest of 2.5% over and above the 3 month Euribor rate per annum, subject to a minimum Euribor floor rate of zero. The loan is to be repaid in monthly installments by 2034. During the year a one-year moratorium on capital repayments has been agreed covering 2023.

- An unsecured loan amounting to €506,474. This loan is interest free and to be repaid by 2028.

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Amounts falling after more than five years:				
4.55% Bond Loan 2032	**15,100,534**	-	**15,100,534**	-

On 10 January 2022, the Company successfully raised €15,500,000 via the issue of 4.55% Secured Bonds due to mature in 2032. These instruments started trading on the Malta Stock Exchange on 21st January 2022. These funds were used to restructure the Group debt and for general corporate funding purposes.

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
4.55% Bond 2032	**15,100,534**	-	**15,100,534**	-
Proceeds	**15,500,000**	-	**15,500,000**	-
Gross amount of bond issue cost	**431,743**	-	**431,743**	-
Amortisation of gross amount of bond issue costs:				
At 1 January 2022	-	-	-	-
Amortisation for the year	**32,277**	-	**32,277**	-
Accumulated amortisation at end of year	**32,277**	-	**32,277**	-
Unamortised bond issue costs	**399,466**	-	**399,466**	-
Amortised cost and closing carrying amount	**15,100,534**	-	**15,100,534**	-

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2022

13 OTHER ASSETS AND OTHER LIABILITIES (continued)

13.4 Cash and cash equivalents

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Current assets				
Cash at bank and in hand	**2,231,418**	519,274	**892,077**	1,200

13.4.1 Reconciliation to cash flow statement

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Cash at bank and in hand (note 14.4)	**2,231,418**	519,274	**892,077**	1,200
Bank balance overdrawn (note 14.3)	**(6,041)**	(22,441)	-	-
Balances per statement of cash flows	**2,225,377**	496,833	**892,077**	1,200

13.5 Investment in Financial Assets

Company	Non-Current		Current	
	2022	2021	**2022**	2021
	€	€	**€**	€
Investment in equity instrument designated as at FVTPL (note)	**20,261,895**	-	-	-
Total investments	**20,261,895**	-	-	-

Note:
The Company holds 2,844,497 cumulative preference shares in Goldvest Company Limited. The shares have a rate of return of 3.5%. The Company holds 15,150,000 redeemable cumulative preference shares in Goldvest Company Limited. The shares have a rate of return of 4.7%. These shares are redeemable in 2032.

14 EQUITY

14.1 Share Capital

	2022	2021
	€	€
Authorised		
2,499,999 Ordinary A Shares of €1 each	**2,499,999**	2,499,999
1 Ordinary B Share of €1 each	**1**	1
20,000,000 Ordinary C Shares of €1 each	**20,000,000**	20,000,000
7,500,000 Ordinary D Shares of €1 each	**7,500,000**	7,500,000
	30,000,000	30,000,000
<u>Called-up, issued and fully paid</u>		
1,199 Ordinary 'A' Shares of € 1 each	**1,199**	1,199
1 Ordinary 'B' Shares of €1 each	**1**	1
14,675,084 Ordinary 'C' Shares of €1 each	**14,675,084**	14,675,084
	14,676,284	14,676,284

Except for the 1 Ordinary B Share, all classes of Ordinary Shares have full voting rights, right for distribution of profits and right for capital upon dissolution of the Company. The 1 Ordinary B Share has the right for capital distribution upon dissolution of the Company.

14 EQUITY (continued)

14.2 Revaluation reserve

The Revaluation Reserve of €10,467,531 (2021: €10,421,499) is net of deferred tax.

14.3 Reorganisation reserve

The reorganisation reserve arose in 2020 as part of the group reorganisation and is made up of:

- the excess €616,017 of the consideration payable by St. George's Care Limited for the acquisition of the net assets; and
- the excess €625,040 of the consideration payable by St. Anthony Co. p.l.c. for the acquisition of Goldvest Company Limited.

15 FINANCIAL RISK MANAGEMENT

15.1 Financial risk management objectives

The Group's and the Company's activities potentially expose them to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance. The Board provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group and the Company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial year.

At 31 December 2021 and 2020, the Group and the Company were not exposed to price risk in relation to financial assets subsequently measured at FVTPL or at FVTOCI because they did not hold any of these financial assets.

Where applicable, any significant changes in the Group's or the Company's exposure to financial risks or the manner in which these risks are managed and measured are disclosed below.

Where possible, the Group aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

15.2 Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Group and the Company have no significant currency risk since substantially all assets and liabilities are denominated in Euro.

15 FINANCIAL RISK MANAGEMENT

15.2 Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Group and the Company are exposed to risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on their financial position, financial performance and cash flows. As at the reporting date, the Group and the Bank have cash at bank, as disclosed in Note 13.4 and the Group and the Company also have variable interest-bearing liabilities and fixed interest-bearing liabilities as disclosed in Note 13.3.

The Group and the Company are exposed to cash flow interest rate risk on financial instruments carrying a floating interest rate. The Group and the Company are not exposed to fair value interest rate risk since none of their financial instruments carrying a fixed rate are measured at fair value.

Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by adjusting its selling prices or by restructuring its financing structure.

For financial instruments held or issued, the Group and the Company have used a sensitivity analysis technique that measures the change in the cash flows of the company's financial instruments at the end of the reporting year/ period for hypothetical changes in the relevant market risk variables. The sensitivity due to changes in the relevant risk variables is set out below. The amounts generated from the sensitivity analysis are forward-looking estimates of market risk assuming certain market conditions. Actual results in the future may differ materially from those projected results due to the inherent uncertainty of global financial markets. The sensitivity analysis is for illustrative purposes only, as in practice market rates rarely change in isolation and are likely to be interdependent.

The estimated change in fair values and cash flows for changes in market interest rates are based on an instantaneous increase or decrease of 100 basis points at the end of the reporting period, with all other variables remaining constant.

The sensitivity of the relevant risk variables, on an after tax basis is as follows:

	Group		**Company**	
	Profit or Loss Sensitivity		**Profit or Loss Sensitivity**	
	2022	2021	**2022**	2021
	€	€	**€**	€
Market interest rates – cash flow	**+/- 175k**	+/- 175k	-	-

15.3 Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Financial assets which potentially expose the Group to credit risk include trade receivables and amounts held with financial institutions (notes 13.1 and 13.4).

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2022

15 FINANCIAL RISK MANAGEMENT (continued)

15.3 Credit risk (continued)

The maximum credit exposure to credit risk at the reporting date in respect of the financial assets was as follows:

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Trade and other receivables	**889,057**	1,101,933	**391,312**	80,990
Cash at bank	**2,231,418**	519,274	**892,077**	1,200
	3,120,475	1,621,207	**1,283,389**	82,190

Receivables and cash at bank are presented net of an allowance for doubtful debts using an ECL model.

The tables below detail, by credit risk rating grades, the gross carrying amount of financial assets.

Group	**12m ECL**	**Lifetime ECL (Not credit – Impaired)**	**Lifetime ECL (Credited – impaired but not POCI)**	**Total ECL (Credit – POCI)**
	€	**€**	**€**	**€**
Bank balances				
External rating grades				
BBB	BBB			
Gross carrying amount at 31 December 2022	**1,752,392**	-	-	-
Loss allowance at 31 December 2022	**(12,179)**	-	-	-
Net carrying amount at 31 December 2022	**1,740,213**	-	-	-
External rating grades				
BBB	BBB			
Gross carrying amount at 31 December 2021	506,823	-	-	-
Loss allowance at 31 December 2021	(3,141)	-	-	-
Net carrying amount at 31 December 2021	503,682	-	-	-

15 FINANCIAL RISK MANAGEMENT (continued)

15.3 Credit risk (continued)

Company

	12m ECL	Lifetime ECL (Not credit – Impaired)	Lifetime ECL (Credited – impaired but not POCI)	Total ECL (Credit – POCI)
	€	€	€	€
Bank balances				
External rating grades				
BBB	BBB			
Gross carrying amount at 31 December 2022	**897,112**	-	-	-
Loss allowance at 31 December 2022	**(6,235)**	-	-	-
Net carrying amount at 31 December 2022	**890,877**	-	-	-
External rating grades				
BBB	BBB			
Gross carrying amount at 31 December 2021	-	-	-	-
Loss allowance at 31 December 2021	-	-	-	-
Net carrying amount at 31 December 2021	-	-	-	-

Company

	12m ECL	Lifetime ECL (Not credit – Impaired)	Lifetime ECL (Credited – impaired but not POCI)	Total ECL (Credit – POCI)
	€	€	€	€
Related company loan	-	-	-	-
Gross carrying amount at 31 December 2022	-	**382,723**	-	-
Loss allowance at 31 December 2022	-	**(2,660)**	-	-
	-	**380,063**	-	-

15 FINANCIAL RISK MANAGEMENT (continued)

15.3 Credit risk (continued)

Group	12m ECL	Lifetime ECL (not credited – impaired)	Lifetime ECL (credited – impaired but not POCI)	Total ECL
	€	€	€	€
Trade Debtors tested individually				
Gross carrying amount at 31 December 2022	315,508	192,484	214,734	722,727
Loss allowance at 31 December 2022	(210)	(659)	(7,086)	(7,956)
Net carrying amount at 31 December 2022	**315,298**	**191,825**	**207,648**	**714,771**
Gross carrying amount at 31 December 2021	335,790	324,095	115,573	775,458
Loss allowance at 31 December 2021	(197)	(962)	(3,814)	(4,973)
Net carrying amount at 31 December 2021	335,593	323,133	111,759	770,485

Group	Not past due	Days past due - simplified approach < 30	31-60	61-90	91-120	Total
Expected credit loss rate	0.03%	0.07%	0.16%	0.70%	3.30%	
Estimated total gross carrying amount at default	23,391	292,117	126,778	65,706	214,734	722,726
Lifetime ECL at 31 December 2022	(6)	(205)	(203)	(457)	(7,084)	(7,955)
Net carrying amount at 31 December 2022	**23,385**	**291,912**	**126,575**	**65,249**	**207,650**	**714,771**
Expected credit loss rate	0.03%	0.07%	0.16%	0.70%	3.30%	
Estimated total gross carrying amount at default	83,665	252,125	241,236	82,859	115,573	775,458
Lifetime ECL at 31 December 2021	(21)	(176)	(386)	(576)	(3,814)	(4,973)
Net carrying amount at 31 December 2021	83,644	251,949	240,850	82,283	111,759	770,485

Credit losses - Group	**2022**	2021
	€	€
Impairment loss on trade receivables	**7,956**	4,973

15 FINANCIAL RISK MANAGEMENT (continued)

15.3 Credit risk (continued)

The following table shows the movement in lifetime ECLs that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

Group	**Lifetime ECL (not credit – impaired) Trade receivables**		**Lifetime ECL (credit-impaired but not POCI) Trade receivables**	
	no SFC (Collective)	**no SFC (Individual)**	**no SFC (Collective)**	**no SFC (Individual)**
	€	**€**	**€**	**€**
Opening balance at 1 January 2022	1,159	-	3,814	-
Resulting from new originations during the year	(290)	-	3,273	-
Closing balance at 31 December 2022	**869**	-	**7,087**	-
Opening balance at 1 January 2021	-	-	-	-
Resulting from new originations during the year	1,159	-	3,814	-
Closing balance at 31 December 2021	1,159	-	3,814	-

15.4 Liquidity risk

The Group and the Company are exposed to liquidity risk in relation to meeting future obligations associated with their financial liabilities, which comprise principally debt securities in issue, other borrowings and trade and other payables (notes 13.2 and 13.3).

Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Group's and the Company's obligations and ensuring that alternative funding is available when the loans are due for repayment.

The following tables analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed in the tables below are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2022

15 FINANCIAL RISK MANAGEMENT (continued)

15.4 Liquidity risk (continued)

Group	Carrying amounts	Contractual cash flows	On demand	Within one year	Between two and five years	After five years
	€	€	€	€	€	€
At 31 December 2022						
Trade and other payables	4,471,220	4,471,220	4,471,220	4,188,295	282,925	-
Bond loan	15,100,534	15,500,000	705,250	705,250	2,821,000	19,026,250
Bank loans	7,812,450	7,812,450	-	-	1,440,000	6,372,450
Bank overdraft	6,041	6,041	6,041	6,041	-	-
Amounts due to ultimate parent	14,254,810	14,254,807	1,368,893	1,368,893	6,572,581	6,313,333
Amounts due to ultimate owner	82,755	82,755	82,755	82,755	-	-
	41,727,807	**42,127,273**	**6,634,159**	**6,351,234**	**11,116,506**	**31,712,033**
At 31 December 2021						
Trade and other payables	4,473,079	4,473,079	4,473,079	4,050,759	422,320	-
Bank loans	17,674,677	17,674,677	-	-	3,786,611	13,888,066
Bank overdraft	22,441	22,441	22,441	22,441	-	-
Amounts due to ultimate parent	17,022,851	17,022,851	3,927,488	3,927,488	6,092,387	7,002,976
Amounts due to ultimate owner	82,755	82,755	82,755	82,755	-	-
	39,275,803	39,275,803	8,505,763	8,083,443	10,301,318	20,891,042

15 FINANCIAL RISK MANAGEMENT (continued)

15.4 Liquidity risk (continued)

Company	Carrying amounts	Contractual cash flows	On demand	Within One year	Between two and five years	After five years
At 31 December 2022	**€**	**€**	**€**	**€**	**€**	**€**
Bond loan	15,100,534	15,500,000	705,250	705,250	2,821,000	19,026,250
Amount due to ultimate parent	5,704,624	5,704,624	933,177	933,177	234,413	4,537,033
Amount due to Subsidiary	191,182	191,182	191,182	191,182	-	-
Trade and other Payables	695,266	695,266	695,266	695,266	-	-
	21,691,606	**22,091,072**	**2,524,875**	**2,524,875**	**3,055,413**	**23,563,283**
At 31 December 2021						
Amount due to ultimate parent	5,542,926	5,542,926	714,229	714,229	1,638,315	3,193,382
Amount due to Subsidiary	16,189	16,189	16,189	16,189	-	-
Trade and other Payables	82,607	82,607	82,607	82,607	-	-
	5,641,722	5,641,722	813,025	813,025	1,638,315	3,193,382

15.4.1 Fair values of financial assets and financial liabilities

At 31 December 2022 and 2021 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities.

15 FINANCIAL RISK MANAGEMENT (continued)

15.4.2 Liquidity risk (continued)

Group	Fair value measurement at end of thereporting period using:		
	Level 1	Level 2	Level 3
2022	€	€	€
Financial liabilities measured at amortised cost			
- Bond loan	-	15,100,534	-
- Bank loans	-	7,812,450	-
- Amounts due to related parties	-	14,337,562	-

Group	Fair value measurement at end of thereporting period Using:		
	Level 1	Level 2	Level 3
	€	€	€
2021			
Financial liabilities measured at amortised cost			
- Bank loans	-	17,674,677	-
- Amounts due to related parties	-	17,105,606	-

Company	Fair value measurement at end of thereporting period using:		
	Level 1	Level 2	Level 3
	€	€	€
2022			
Financial liabilities measured at amortised cost			
- Amounts due to related parties	-	6,183,553	-

Company	Fair value measurement at end of thereporting period using:		
	Level 1	Level 2	Level 3
2021	€	€	€
Financial liabilities measured at amortised cost			
- Amounts due to related parties	-	5,559,115	-

16 CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern, while maximizing the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debts (borrowings as detailed in notes 14.3 and 14.4 offset by cash and bank balances) and equity (comprising issued capital, reserves, retained earnings as detailed in note 15).

16.1 Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Debt (i)	**37,256,587**	34,802,724	**20,996,340**	5,559,115
Cash and bank balances	**2,231,418**	519,274	**892,077**	1,200
Net debt	**35,025,169**	34,283,450	**21,888,417**	5,560,315
Equity (ii)	**21,078,097**	22,391,062	**14,680,739**	14,379,424
Net debt to equity ratio	**1.66**	1.53	**1.49**	0.39

(i) Debt is defined as long-and short-term borrowings.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

17 INVESTMENT IN SUBSIDIARIES

The investment in group undertakings is as follows:	**Company** **€**
Cost	
At 1 January 2021	5,150,000
Additions	14,788,956
31 December 2021	19,938,956
Reclassified to investment in financial asset	(5,111,895)
31 December 2022	**14,827,061**

An intercompany debt by Goldvest Ltd. to St. Anthony Co p.l.c. was settled through the issue and allotment of 6,348,900 Ordinary C shares of a nominal value of €2.329373 each in favour of St. Anthony Co p.l.c.

17 INVESTMENT IN SUBSIDIARIES (continued)

17.1 Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting power held 2021 & 2022
Goldvest Company Limited	Property company	1, Hotel Imperial, Rudolph Street Sliema	100%
St. George's Care Limited	To operate homes for the elderly	Casa Antonia, Pope Alexander VII Junction, Balzan	100%

	Capital and reserves	
	2022	2021
	€	€
Goldvest Company Limited	**35,109,806**	20,009,021
St.George's Care Ltd	**821,677**	1,747,096

	Profit / (loss)	
	2022	2021
	€	€
Goldvest Company Limited	**523,240**	447,860
St.George's Care Ltd	**(925,418)**	2,664,508

18 RELATED PARTY TRANSACTIONS

St. Anthony Co. p.l.c. is the parent company of the undertakings in note 17.

The parent and ultimate parent company are Casa Antonia Limited and Edoardo Company Limited respectively, which are all incorporated in Malta. The ultimate controlling party is Mr Edward Vella.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation

18 RELATED PARTY TRANSACTIONS (continued)

18.1 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Directors' remuneration	**251,558**	224,218	**21,000**	9,500

18.2 Related party balances

The related party balances are included in Note 13.3 and the interest thereon is included in Note 9.2.

The terms and conditions in respect of the related party balances do not specify the nature of the consideration to be provided in settlement. No guarantees have been given or received.

18.3 Transactions with group companies

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Interest paid to parent	**268,274**	247,285	**161,697**	172,682

The Schedules and Appendices on the pages that follow do not form part of the financial statements

St. Anthony Co. p.l.c. - Consolidated Accounts

Statements of Profit or Loss – Schedule
For the year ended 31 December 2022

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Revenue	**7,075,594**	4,780,931	**1,242,922**	-
Cost of sales	**(6,364,936)**	(4,266,601)	**-**	-
Gross profit	**710,658**	514,330	**1,242,922**	-
Expenses				
Administrative expenses	**(1,145,948)**	(1,112,767)	**(76,892)**	(43,463)
Finance cost	**(1,334,368)**	(608,200)	**(864,715)**	(172,682)
(Loss)/ Profit before tax	**(1,769,658)**	(1,206,637)	**301,315**	(216,145)

Consolidated Statement of Profit or Loss – Expenses Schedule
For the year ended 31 December 2022

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Cost of sales				
Cleaning	**25,853**	20,085	-	-
Clergy	**7,314**	5,132	-	-
Crockery	**22,748**	5,886	-	-
Depreciation	**953,839**	411,610	-	-
Entertainment	**53,827**	25,670	-	-
Food, beverages and supplies	**472,319**	323,200	-	-
Gardening expenses	**30,149**	24,757	-	-
General expenses	**48,844**	15,505	-	-
Gratuities	**17,449**	13,737	-	-
Hire of antiques	-	6,988	-	-
Laundry	**95,943**	64,037	-	-
Motor vehicle expenses	**14,686**	12,016	-	-
Other direct costs	**423,093**	196,159	-	-
Refuse collection	**14,455**	15,505	-	-
Repairs and maintenance	**173,079**	75,946	-	-
Sanitaries	**140,180**	113,998	-	-
Salaries	**3,390,940**	2,583,095	-	-
Security Services	**93,070**	61,405	-	-
Uniforms	**17,469**	34,813	-	-
Water and electricity	**369,679**	257,057	-	-
	6,364,936	4,266,601	-	-

	Group		Company	
	2022	2021	**2022**	2021
Administrative expenses	**€**	€	**€**	€
Advertising and promotion	**97,955**	163,517	-	-
Audit fees	**21,537**	21,079	**3,717**	3,540
Communication expenses	**39,621**	37,128	-	-
Directors' fees and remuneration	**251,557**	224,218	**21,000**	9,500
Formation expenses	-	5,876	-	1,200
Professional fees	**57,740**	50,009	**29,840**	29,223
Insurance	**59,700**	14,466	**13,441**	-
Expected credit losses	**12,021**	8,112	**8,894**	-
Recruitment costs	**5,330**	39,650	-	-
Rent and lease of equipment (inclusive of irrecoverable VAT)	**235,213**	227,945	-	-
Service support	**24,761**	18,664	-	-
Stationery	**26,013**	23,966	-	-
Administration fees	**17,500**	17,500	-	-
Salaries	**297,000**	260,637	-	-
	1,145,948	1,112,767	**76,892**	43,463

Statement of Profit or Loss – Expenses Schedule (continued)
For the year ended 31 December 2022

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Finance cost				
Bank charges	**37,825**	43,016	**271**	-
Bank loan interest	**325,522**	317,899	**-**	-
Interest on bonds	**670,470**	-	**670,470**	-
Interest on amount due to ultimate parent company	**268,274**	247,285	**161,697**	172,682
Amortisation of Bond Interest Expenses	**32,277**	-	**32,277**	-
	1,334,368	608,200	**864,715**	172,682