



19-25, Conservatory Street, Floriana, Malta  
Company Registration Number C89431  
(the "Company")

### **Company Announcement**

The following is a company announcement issued by FES Finance p.l.c. (C 89431), hereinafter the "Company" of FES Finance p.l.c., 19-23, Conservatory Street, Floriana, Malta, pursuant to the Rule 4.11.13 of the Prospects MTF Rules.

Reference is made to the company announcement issued by the Company on the 17 November 2025 which stated that the Board of Directors of the Company and Guarantor was scheduled to meet on 19 November 2025:

1. to consider and, if deemed appropriate, approve the Company's and Guarantor's audited financial statements for the financial year ended 31 December 2024; and
2. to consider the declaration of a final dividend to be recommended to the Company's and Guarantor's annual general meeting;

The Board of Directors of the Company and Guarantor approved the Annual Report and Financial Statements for the financial year ended 31 December 2024 and resolved that these be submitted for the approval of the shareholders at the Annual General Meeting.

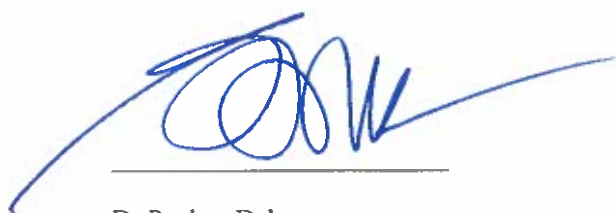
The Board of Directors of the Company and Guarantor has also authorised the publication of the Annual Report and Financial Statements for the financial year ended 31 December 2024 which is available for viewing on the Company's website at <https://fes.com.mt/>

The Company announces that its annual general meeting, together with that of the Guarantor were also held on 19 November 2025, at which:

- 1) The financial statements of the Company and the Guarantor for the year ended 31 December 2024 were approved;
- 2) The Statutory Directors' Report on the Financial Statement of the Company and the Guarantor for the year ended 31 December 2024 were approved;
- 3) The Auditors' Report on the Financial Statements of the Company and the Guarantor for the year ended 31 December 2024 was approved;
- 4) Horwath Malta were re-appointed as the Company's and Guarantor's auditors until the conclusion of the next general meeting;
- 5) The current directors of the Company and the Guarantor were re-appointed up to the next Annual General Meeting in accordance with the Company's Articles of Association.

The Board of Directors note that in the consolidated financial statements of FES Group (which consists of FES Projects Ltd and its subsidiaries FES Operations Ltd, FES Finance p.l.c and Contractors Only Limited) for the year ended 31 December 2024, the Group has registered a total comprehensive loss of €330k. The Group's results represent a material variance of circa €121k from the 2024 projections that were published in the Financial Sustainability Forecasts issued on 29 May 2024 by way of company announcement FES69, given that the projections had forecasted a total comprehensive loss of €209k.

The difference between the 2024 results and the projections is mainly attributable to a substantial increase of €66k in administrative expenses as well as an increase of €6k in depreciation and €49k in other income accompanied by a decrease of €97k in income tax credit for the year.



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Dr Reuben Debono

Company Secretary

19 November 2025

**FES FINANCE P.L.C.**

*Annual Report  
and  
Financial Statements  
31 December 2024*

Company Registration Number C 89431

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The directors present the annual report together with the audited financial statements of FES Finance p.l.c. ('the Company') for the year ended 31 December 2024.

### **Principal Activities**

The Company's principal activity is to carry on the business of a finance company, principally by advancing capital raised to its parent company, FES Projects Ltd ('the parent' / 'the guarantor'), when and as required.

### **Performance Review**

During the year, the Company generated finance income amounting to €288,516 (2023: €293,516) from loan advanced to parent company and interest recharged to parent. Interest expense on bonds amounted to €250,000 (2023: €250,000) and on third party loan amounted to €26,500 (2023: €31,500). The Company's profit before taxation amounted to €8,909 (2023: €4,210). After accounting for taxation, the profit for the year amounted to €5,791 (2023: €2,736).

The Company's asset base as at 31 December 2024 amounted to €6,780,006 (2023: €6,487,141). The key assets consist of loan receivable from the parent amounting to €6,011,055 (2023: €5,686,029).

The Company's main liabilities consist of €5,000,000 5% Secured Bonds 2029 and €1,000,000 2.65% third party loan.

The guarantor company currently holds real estate assets valued at €6.8 million on its books. Valuations obtained in 2025 on the guarantor's real estate portfolio showed a total market value of €9.2 million.

In accordance with the Company Admission Document, the Company was required to transfer €0.5 million into a sinking fund by 31 December 2024. The Company did not set up the sinking fund given that the Group is focusing on the development of the Gzira Property. The Group is continuing to conduct equity investment into the Group and is raising further finance as per the unanimous decision of the bondholders meeting dated 20 November 2019 and this for the development of the extended Gzira property.

### **Dividends and Reserves**

The accumulated income of the Company at the end of the year amounted to €15,497 (2023: €9,706). The directors do not recommend the distribution of a dividend and propose to transfer the profit for the year to reserves.

### **Financial Risk Management**

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. These are further analysed in Note 21 to these financial statements.

### **Events after Reporting Date**

The directors assessed subsequent events from 1 January 2025 through 19 November 2025, the date these financial statements were approved. Through such assessment, the directors have determined that there were no particular important events affecting the Company which occurred subsequent to the reporting date.

### **Future Developments**

The directors intend to continue to operate in line with the current business plan.

### **Directors**

Dr. Ruben Debono (Executive and Chairman)  
Mr. Christopher Vella (Executive)  
Mr. Gabriele Bottacci (Non-Executive)  
Mr. Alex Tanti (Non-Executive) (resigned 30 April 2025)

The Board meets on a regular basis to discuss performance, position and other matters. The Company's Articles of Association do not require any director to retire.

### **Statement of Directors' Responsibilities**

The Maltese Companies Act, (Cap 386) requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to: -

- ensure that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable in the circumstances;
- adopt the going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and to enable the directors to ensure that the financial statements have been properly prepared in accordance with the Maltese Companies Act, (Cap 386). The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

The auditors, Horwath Malta, have expressed their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the annual general meeting.

### **Additional disclosures**

#### **Going Concern**

After making enquiries and taking into consideration future plans, as explained in Note 2, the directors have a reasonable expectation that the Company has adequate resources to continue in operating existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing financial statements.

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**Additional disclosures (continued)**

**Principal risks and uncertainties associated with the Company**

The Company's main objective is that of a finance company for the FES Group consisting of FES Projects Ltd (parent company), FES Operations Limited (fellow subsidiary) and Contractors Only Limited (fellow subsidiary). The Company is dependant on the receipt of income from the parent and fellow subsidiary in relation to proceeds which it has advanced in the form of a loan.

Furthermore, the parent company owns the Euro Guest House boutique hotel and adjoining properties. In line with permit PA/09429/19, approval from the Building and Construction Authority has been obtained for development and excavation works. The Euro Guest House and adjoining properties will be developed, into a larger-scale project comprising a 4 Star+ Hotel – a hotel integrated with extended stay.

The Company's ultimate shareholders have confirmed their commitment to continue providing financial support to the Company and the FES Group to meet development works and liabilities as and when required. Therefore, the directors are of the view that the amount receivable from the parent by the Company is recoverable. Also, the directors believe that it remains appropriate to prepare these financial statements on a going concern basis.

**Share Capital Structure**

The Company's authorised and issued share capital is €50,000 divided into 50,000 Ordinary Shares of €1 each.

The share capital consists of 49,998 Ordinary 'A' Shares and 2 Ordinary 'B' Shares. Ordinary 'A' grant one voting right for every share held and are participating shares entitled to receive dividend distribution. Ordinary 'B' shares have no voting rights except for the purpose of participating in the appointment or election of directors. Ordinary 'B' shares are not entitled to receive any dividend distributions.

**Holdings in excess of 5% of Share Capital**

On the basis of information available to the Company, as at 31 December 2024, FES Projects Ltd held 49,998 shares in the Company which is equivalent to 99.996% of its total issued share capital.

There are no arrangements in place as at 31 December 2024, the operation of which may at a subsequent date result in a change in control of the Company.

**Appointment and removal of directors**

Appointment of directors shall be made at the Annual General Meeting of the Company. The directors shall hold office for a period of one year and are eligible for re-election. An election of the directors shall take place every year at the Annual General Meeting of the Company. Any vacancy among the directors may be filled by the co-option of another person to fill such vacancy. Such co-option shall be made by the board of directors. Any vacancy among the directors filled as aforesaid, shall be valid until the conclusion of the next Annual General Meeting, wherein such person shall be eligible for re-election.

Mr. Alex Tanti, who served as an Independent, Non-Executive Director, resigned 30 April 2025. His position has not been filled since his resignation, however discussions are underway with a potential director.

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**Additional disclosures (continued)**

**Powers of the Directors**

The management and administration of the Company is vested in the Board of Directors. The powers of Board members are contained in Articles 12.17, 12.18, 12.19 and 12.20 of the Company's Articles of Association. There are no provisions in the Company's Memorandum and Articles of Association regulating the retirement or non-retirement of directors over an age limit.

**Directors' Interests**

As at 31 December 2024, non-Executive directors have no beneficial interest in the share capital of the Company. The Executive directors have a direct and an indirect beneficial interest in the share capital of the Company through their shares in FES Projects Ltd. The Executive directors are also the ultimate beneficial owners of the Group.

**Contracts with Board Members and Employees**

The Company does not have service contracts with any of its Board Members. All directors may be removed from their posts of director by ordinary resolution of the shareholders in a general meeting.

**Material Contracts**

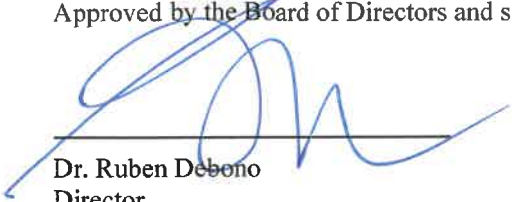
The Company entered into a loan agreement with its parent FES Projects Ltd for the transfer of funds received from the Bond issue. Details of such contract is set out in Note 11 to the financial statements.

**Statement by the Directors on the Financial Statements and Other Information included in the Annual Report**

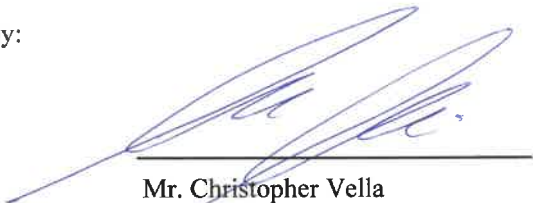
In pursuant to Prospects MTF Rules the directors declare that to the best of their knowledge:

- the financial statements give a true and fair view of the financial position and financial performance of the Company and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the Maltese Companies Act (Cap. 386); and
- this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

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



Dr. Ruben Debono  
Director



Mr. Christopher Vella  
Director

**Registered Address:**

19 - 23,  
Conservatory Street,  
Floriana

19 November 2025

**The Code adopted by the Company**

FES Finance p.l.c. (the ‘Company’) adheres to the Prospects MTF Rules in their entirety and the stipulations of the said rules in relation to dealing restrictions.

The Company also adheres to The Code of Principles of Good Corporate Governance annexed to the Capital Markets Rules (the ‘Code’). The Company is required by the Prospects MTF Rules to include, in the Annual Report, a Directors’ Statement of Compliance which deals with the extent to which the Company has adopted the Code and the effective measures that the Company has taken to ensure compliance with the Code, accompanied by a report of the auditor.

**Compliance with the Code**

The Board of Directors (the ‘Board’) of the Company believe in the adoption of the Code and has endorsed them except where the size and/or particular circumstances of the Company are deemed by the Board not to warrant the implementation of specific recommendation. The Company has issued Bonds to the public and has no employees, accordingly some of the provisions are not applicable whilst others are applicable to a limited extent.

**The Board**

The Board sets the strategy and direction of the Company and retains direct responsibility for appraising and monitoring the Company’s financial statements and annual report. The activities of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the Company so as to protect the interests of Bondholders, amongst other stakeholders. The Board is also responsible for making relevant public announcements and for the Company’s compliance with its continuing obligations in terms of the Prospects MTF Rules.

**Chairperson and Chief Executive Officer**

Due to the size structure of the Company and the nature of its operations, the Company does not employ a Chief Executive Officer (CEO). This function is undertaken by the Executive Directors.

The day to day running of the business is vested with the Executive Directors of the Company.

The Chairman is responsible to lead the Board and set its agenda.

**Board Composition**

The Board is presently composed of two executive directors and one non-executive independent director as follows:

Mr. Christopher Vella – Executive Director  
Dr. Ruben Debono – Executive Director and Chairman  
Mr. Gabriele Bottacci – Independent, Non-Executive Director

All directors shall hold office from the general meeting at which they are elected until the next annual general meeting. All retiring directors are eligible for re-election.

### **Internal Control**

The Board is responsible for the internal control system of the Company and for reviewing its effectiveness. The internal control system is designed to achieve business objectives and to manage the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses and fraud.

Systems and procedures are in place to control, monitor, report and assess risks and their financial implications. Management accounts, budgets and strategic plans are prepared on a regular basis and are presented to the Board to monitor the performance of the Company on an on-going basis.

### **Attendance at Board Meetings**

Directors meet regularly to review the financial performance of the Company and the system of internal control processes. Board members are notified of meetings by the Company Secretary with the issue of an agenda, which is circulated in advance of the meeting. All directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities at the Company's expense.

The Board met formally 4 times during the year under review.

### **Committees**

The Board does not consider it necessary to appoint a committee to carry out performance evaluation of its role, as the Board's performance is always under the scrutiny of the shareholders of the Company.

The Board considers that the size and operation of the Company does not warrant the setting up of nomination and remuneration committees. Appointments to the Board are determined by the shareholders of the Company in accordance with the Memorandum and Articles of Association. The Company considers that the members of the Board possess level of skill, knowledge and experiences expected in terms of the Code.

### **Audit Committee**

The terms of reference of the Audit Committee consists of supporting the Board in their responsibilities in dealing with issues of risks, control and governance and associated assurance.

The Board set formal rules of engagement and terms of reference of the Audit Committee that establish its composition, role and function, the parameter of its remit and the basis for the processes that it is required to comply with. The Audit Committee is a sub-committee of the respective board and is directly responsible and accountable to the respective board. The Board reserves the right to change the Committee's terms of reference from time to time.

The Audit Committee has the role to deal with and advise the Board on;

- the monitoring over the financial reporting processes, financial policies, internal control structures and audit of annual financial statements
- the monitoring of the performance of the entity borrowing funds from the Company
- maintaining communication on such matters between the board, management and independent auditors
- facilitating the independence of the external audit process and addressing issues arising from the audit process and;
- preserving the company's assets by understanding the company's risk environment and determining how to deal with such risks.

### **Audit Committee (continued)**

The Audit Committee also has the role and function of considering and evaluating the arm's length nature of proposed transactions to be entered into by the Company and a related party.

### **The Members of the Audit Committee**

The Audit Committee is composed of:

Mr. Alex Tanti (Chairman of the Audit Committee) (resigned 30 April 2025)  
Mr. Christopher Vella  
Mr. Gabriele Bottacci (Chairman of the Audit Committee as from 2 May 2025)

The Audit Committee is chaired by Mr. Gabriele Bottacci, whilst Mr. Christopher Vella acts as a member. In compliance with the Prospects MTF Rules, Mr. Gabriele Bottacci is the independent, non-executive director, who is competent in accounting and/or auditing matters. The Company believes that the members of the Audit Committee have the necessary experiences, independence and standing to hold office as members thereof. The Company is currently pursuing the appointment of a new Audit Committee member.

As stipulated in the terms of reference of the Audit Committee, the Chairman shall have a casting vote in the case of deadlock.

The Directors believe that the current set-up is sufficient to enable the Company to fulfil the objective of the Prospects MTF Rules' terms of reference in this regard.

The Audit Committee met 4 times during the year under review.

### **Remuneration Statement**

Pursuant to the Company's Articles of Association, the maximum aggregate emoluments that may be paid to directors are approved by the shareholder in a general meeting. Remuneration of directors totalled €12,000 during the year under review.

The remuneration of directors is a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits.

None of the directors is employed or has a service contract with the Company.

### **Relations with bondholders and the market**

The Company publishes annual financial statements, and when required, company announcements. The Board feels these provide the market with adequate information about its activities.

### **Conflict of interests**

The directors are aware of their responsibility to always act in the interest of the Company and its shareholders as a whole, irrespective of who appointed them to the Board. In accordance with the Company's Articles of Association, the directors shall be obliged to disclose their interest in a contract, arrangement or proposal with the Company in accordance with article 145 of the Act and a director shall not vote at a meeting of Directors in respect of any contract, arrangement or proposal in which he has a material interest, whether direct or indirect. Furthermore, the Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company.

During the financial year under review, no private interests or duties unrelated to the Company were disclosed by the directors which were or could have been likely to place any of them in conflict with any interests in, or duties towards, the Company. Mr. Christopher Vella and Dr. Reuben Debono have a direct and an indirect beneficial interest in the share capital of the Company, and as such is susceptible to conflicts arising between the potentially diverging interests of the shareholders and the Company.

Lastly, the Company has also adopted a document entitled 'Code of Dealing for Directors & Selected Officers and Employees' addressed to all directors and selected officers of the Company. The aim behind this Code is to ensure compliance with the dealing rules applicable to such persons. The Company reminds all directors and senior officers of their obligation to conform to the Code of Dealing on a regular basis.

### **Corporate Social Responsibility**

The directors are committed to high standards of ethical conduct and to contribute to the development of the well-being of the local community and society at large.

Signed on behalf of the Board of Directors on 19 November 2025 by:



Mr. Gabriele Bottacci  
Director and Chairman of the  
Audit Committee

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of FES Finance p.l.c.

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**Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of FES Finance p.l.c. (the Company), set out on pages 15 to 35, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company, as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been properly 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 Auditor's 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 financial statements for the current period. 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.

*Recoverability of loans advanced to parent company*

Loan receivable include funds advanced to parent company, who is also the guarantor of the bonds issued by the Company. This loan amounted to €6,011,055 as at 31 December 2024, and carries an agreed rate of interest of 5.35% per annum. As at reporting year, the loan receivable from the parent company represents 88% of the total assets of the Company.

## Key Audit Matters (continued)

### *Recoverability of loans advanced to parent company (continued)*

Loan advances to parent company were advanced from the net proceeds of the bond issued by the Company, through a back-to-back agreement. The funds advanced by the Company are aligned with the bond obligations. The loan receivable is unsecured in legal form but it is economically supported by the parent's guarantee and by security property pledged as security for the bondholders. The inter-company loan was funded through the Company's €5 million 5% secured bond issue and originally repayable between 2024 and 2028. During the year, the parent company deferred the first scheduled repayment of €500,000 following a revised loan agreement, with repayments now expected to resume in 2027.

The recoverability assessment of the loan receivable considers the financial position and performance of the parent as well as its cash flow projections.

Management assessed the recoverability of the loan under IFRS 9 – Financial Instruments and concluded that no impairment (expected credit loss) is required. This assessment involves significant judgment and estimation, particularly regarding:

- the financial position, cash-flow forecasts, and redevelopment plans of the parent's property;
- the impact of the deferral of repayments on the credit risk stage classification under IFRS 9;
- the extent to which the shareholders' financial support can be considered in measuring expected credit losses; and
- the valuation of the property owned by the parent that secures the bond issue at group level but not the loan itself.

Due to the significance of the balance of the loan receivable from the parent, and the dependency of the Company on the performance, recoverability of such loans to meet its ongoing obligations and the degree of management judgement required, we have considered the recoverability of the loan receivable as key audit matter.

### *How the scope of our audit responded to the risk*

Our audit procedures included, among others:

- Obtaining and reviewing the original and amended inter-company loan agreements and evaluating whether the payment deferral constituted a modification of credit risk under IFRS 9;
- Assessing management's credit-risk classification and recalculating expected credit losses using alternative probability-of-default and loss-given-default assumptions;
- Evaluating the financial position of the parent, including cash-flow forecasts for the redevelopment project, as well as the value of the secured property held by the parent company, who is also the guarantor of the bonds issued by the Company.
- Reviewing independent property valuation reports and assessing whether the market value provides adequate coverage at group level;
- Inspecting the shareholders' formal letter of financial support and assessing the shareholders' financial capacity to provide the funding; and
- Assessing the relevance and adequacy of the related disclosures in Notes 5 and 11 to the financial statements.

**Key Audit Matters (continued)***Recoverability of loans advanced to parent company (continued)**Findings*

Based on the procedures performed, we concur with management's assessment that the loan is recoverable and expected credit losses would be immaterial to the Company.

**Other Information**

The directors are responsible for the other information. The other information comprises the Directors' Report. Our opinion on the financial statements does not cover this information and we do not express any form of assurance conclusion thereon. 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.

With respect to the Directors' Report, we also considered whether the Directors' Report 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

**Responsibilities of the Directors and Those Charge with Governance for the Financial Statements**

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 directors' report. We have nothing to report in this regard.

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

As part of an audit in accordance with ISAs, we exercise professional 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 directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of financial statements of the current period and are therefore the key audit matters. 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 the Statement of Compliance with the Principles of Good Corporate Governance*

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

The Prospects MTF Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

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 Report.

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 8 has been properly prepared in accordance with the requirements of the Prospects MTF Rules issued by the Malta Stock Exchange.

### *Other matters on which we are required to report by exception*

Under Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

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

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

**Auditor tenure**

We were appointed as the statutory auditor by the General Meeting of the Shareholders of the Company on 28 April 2023. The total uninterrupted engagement period as statutory auditor, including previous reappointments amounts to 6 years.



*John Abela (Partner) for and on behalf of*

**Horwath Malta**  
Member Crowe Global

La Provvida  
Karm Zerafa Street  
Birkirkara BKR1713  
Malta

19 November 2025

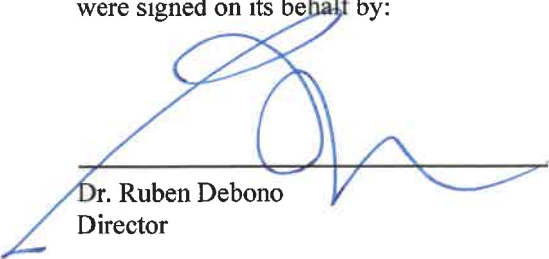
|                                                | Notes | 2024<br>€           | 2023<br>€           |
|------------------------------------------------|-------|---------------------|---------------------|
| Finance income                                 | 6     | 288,516             | 293,516             |
| Finance costs                                  | 7     | <u>(286,750)</u>    | <u>(291,750)</u>    |
| <b>Net interest income</b>                     |       | <b>1,766</b>        | <b>1,766</b>        |
| Administrative expenses                        |       | (57,857)            | (62,556)            |
| Other income                                   | 8     | <u>65,000</u>       | <u>65,000</u>       |
| <b>Profit before income tax</b>                | 9     | <b>8,909</b>        | <b>4,210</b>        |
| Income taxation                                | 10    | <u>(3,118)</u>      | <u>(1,474)</u>      |
| <b>PROFIT FOR THE YEAR</b>                     |       | <b><u>5,791</u></b> | <b><u>2,736</u></b> |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> |       | <b><u>5,791</u></b> | <b><u>2,736</u></b> |
| Earnings per share (cents)                     | 20    | <u>0.116c</u>       | <u>0.055c</u>       |

*The accounting policies and explanatory notes on pages 19 to 35 form an integral part of these financial statements.*

|                                     | Notes | 2024<br>€               | 2023<br>€               |
|-------------------------------------|-------|-------------------------|-------------------------|
| <b>ASSETS</b>                       |       |                         |                         |
| <b>Non-Current Assets</b>           |       |                         |                         |
| Loan receivable                     | 11    | <u>5,749,039</u>        | <u>5,424,017</u>        |
| <b>Current Assets</b>               |       |                         |                         |
| Trade and other receivables         | 12    | <u>1,030,914</u>        | <u>1,059,496</u>        |
| Cash and cash equivalents           | 18    | <u>53</u>               | <u>3,628</u>            |
|                                     |       | <u>1,030,967</u>        | <u>1,063,124</u>        |
| <b>Total Assets</b>                 |       | <u><b>6,780,006</b></u> | <u><b>6,487,141</b></u> |
| <b>EQUITY AND LIABILITIES</b>       |       |                         |                         |
| <b>Capital and Reserves</b>         |       |                         |                         |
| Called up issued share capital      | 13    | <u>50,000</u>           | <u>50,000</u>           |
| Retained earnings                   | 14    | <u>15,497</u>           | <u>9,706</u>            |
| Other equity                        | 15    | <u>260,000</u>          | <u>10,000</u>           |
|                                     |       | <u>325,497</u>          | <u>69,706</u>           |
| <b>Non-Current Liabilities</b>      |       |                         |                         |
| Interest-bearing borrowings         | 16    | <u>5,956,865</u>        | <u>5,946,615</u>        |
| <b>Current Liabilities</b>          |       |                         |                         |
| Trade and other payables            | 17    | <u>491,924</u>          | <u>468,218</u>          |
| Current tax liability               |       | <u>5,720</u>            | <u>2,602</u>            |
|                                     |       | <u>497,644</u>          | <u>470,820</u>          |
| <b>Total Equity and Liabilities</b> |       | <u><b>6,780,006</b></u> | <u><b>6,487,141</b></u> |

*The accounting policies and explanatory notes on pages 19 to 35 form an integral part of these financial statements.*

The financial statements on pages 15 to 35 were approved by the Board of Directors on 19 November 2025 and were signed on its behalf by:



Dr. Ruben Debono  
Director



Mr. Christopher Vella  
Director

|                                                | Share Capital<br>€   | Retained<br>Earnings<br>€ | Other Equity<br>€     | Total<br>€            |
|------------------------------------------------|----------------------|---------------------------|-----------------------|-----------------------|
| <b>Balance as at 1 January 2023</b>            | <u>50,000</u>        | <u>6,970</u>              | <u>-</u>              | <u>56,970</u>         |
| <b>Net contributions by shareholders</b>       | <u>-</u>             | <u>-</u>                  | <u>10,000</u>         | <u>10,000</u>         |
| <b>Total comprehensive income for the year</b> |                      |                           |                       |                       |
| Profit for the year                            | <u>-</u>             | <u>2,736</u>              | <u>-</u>              | <u>2,736</u>          |
| Total comprehensive income for the year        | <u>-</u>             | <u>2,736</u>              | <u>-</u>              | <u>2,736</u>          |
| <b>Balance as at 31 December 2023</b>          | <u><b>50,000</b></u> | <u><b>9,706</b></u>       | <u><b>10,000</b></u>  | <u><b>69,706</b></u>  |
| <b>Balance as at 1 January 2024</b>            | <u>50,000</u>        | <u>9,706</u>              | <u>10,000</u>         | <u>69,706</u>         |
| <b>Net contributions by shareholders</b>       | <u>-</u>             | <u>-</u>                  | <u>250,000</u>        | <u>250,000</u>        |
| <b>Total comprehensive income for the year</b> |                      |                           |                       |                       |
| Profit for the year                            | <u>-</u>             | <u>5,791</u>              | <u>-</u>              | <u>5,791</u>          |
| Total comprehensive income for the year        | <u>-</u>             | <u>5,791</u>              | <u>-</u>              | <u>5,791</u>          |
| <b>Balance as at 31 December 2024</b>          | <u><b>50,000</b></u> | <u><b>15,497</b></u>      | <u><b>260,000</b></u> | <u><b>325,497</b></u> |

*The accounting policies and explanatory notes on pages 19 to 35 form an integral part of these financial statements.*

|                                                     | <b>Note</b> | <b>2024</b><br><b>€</b> | <b>2023</b><br><b>€</b> |
|-----------------------------------------------------|-------------|-------------------------|-------------------------|
| <b>Operating Activities</b>                         |             |                         |                         |
| Profit for the year before taxation                 |             | <b>8,909</b>            | 4,210                   |
| <i>Adjustment for:</i>                              |             |                         |                         |
| Amortisation of bond issue costs                    |             | <b>10,250</b>           | 10,250                  |
| Finance income                                      |             | <b>(288,516)</b>        | (293,516)               |
| Finance costs                                       |             | <b>276,500</b>          | 281,500                 |
| Other income                                        |             | <b>(65,000)</b>         | (65,000)                |
|                                                     |             | <b>(57,857)</b>         | (62,556)                |
| <i>Working capital changes:</i>                     |             |                         |                         |
| Movement in trade and other receivables             |             | <b>5,097</b>            | 18,518                  |
| Movement in trade and other payables                |             | <b>23,705</b>           | 53,737                  |
| Cash (used in) / generated from operations          |             | <b>(29,055)</b>         | 9,699                   |
| Interest received                                   |             | <b>250,000</b>          | 250,000                 |
| Interest paid                                       |             | <b>(276,500)</b>        | (281,500)               |
| <b>Net Cash used in Operating Activities</b>        |             | <b>(55,555)</b>         | (21,801)                |
| <b>Financing Activities</b>                         |             |                         |                         |
| Advances from shareholder                           |             | <b>250,000</b>          | 10,000                  |
| Advances (to) / from fellow subsidiaries            |             | <b>(11,437)</b>         | 245,544                 |
| Advances from / (to) related company                |             | <b>34,923</b>           | (800)                   |
| Net advances to parent company                      |             | <b>(221,506)</b>        | (229,385)               |
| <b>Net Cash generated from Financing Activities</b> |             | <b>51,980</b>           | 25,360                  |
| <b>Movement in Cash and Cash Equivalents</b>        |             | <b>(3,575)</b>          | 3,559                   |
| Cash and cash equivalents at beginning of year      |             | <b>3,628</b>            | 69                      |
| <b>Cash and Cash Equivalents at end of year</b>     | <b>18</b>   | <b>53</b>               | <b>3,628</b>            |

*The accounting policies and explanatory notes on pages 19 to 35 form an integral part of these financial statements.*

## **1. General Information**

FES Finance p.l.c. (the “Company”) is a public limited liability company domiciled and incorporated in Malta.

## **2. Basis of Preparation**

### ***Statement of compliance***

The financial statements have been prepared in accordance with the provisions of the Maltese Companies Act, (Cap 386) enacted in Malta, which require adherence to International Financial Reporting Standards as adopted by the EU (EU IFRSs).

### ***Basis of measurement***

The financial statements are prepared on the historical cost basis.

### ***Functional and presentation currency***

The financial statements are presented in Euro, which is the Company’s functional currency.

### ***Going concern***

The Company’s principal activity is to act as a finance company. The Company in itself does not have substantial assets and is a special purpose vehicle set up to raise finance for the business of the FES Group. The parent company, FES Projects Ltd was set up as the holding company of the Group, and is principally engaged in investing in, acquiring, holding and/or managing any land, building or other property for the purpose of deriving income therefrom.

Furthermore, the parent company owns the Euro Guest House boutique hotel and adjoining properties. In line with permit PA/09429/19, approval from the Building and Construction Authority has been obtained for development and excavation works. The Euro Guest House and adjoining properties will be developed, into a larger-scale project comprising a 4 Star+ Hotel – a hotel integrated with extended stay.

The Company’s ultimate shareholders have confirmed their continued commitment to provide financial assistance to both the Company and the FES Group, as necessary, to meet ongoing development costs and liabilities as they fall due. The directors have also taken into account the FES Group’s progress in securing additional financing and the development potential of the new project.

After reviewing the FES Group’s funding position, future plans and having made the necessary enquiries, the directors are satisfied that the Company and the FES Group have adequate resources to continue operating for the foreseeable future. Therefore, the directors are of the view that the amount receivable from the parent by the Company is recoverable. Accordingly, the directors have adopted the going concern basis of accounting in preparing these financial statements.

## **2. Basis of Preparation (continued)**

### *Use of estimates and judgements*

The preparation of financial statements in conformity with EU IFRSs, requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies (refer to Note 5 – Critical accounting estimates and judgements).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## **3. Changes in Accounting Policies and Disclosures**

### *New standards adopted as at 1 January 2024*

Some accounting pronouncements which have become effective from 1 January 2024 are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments do not have a significant impact on these financial statements and therefore no disclosures have been made.

*Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the company*

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC include:

- Lack of Exchangeability (Amendments to IAS 21)

*Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the company (continued)*

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability Disclosures'

None of these Standards or amendments to existing Standards have been adopted early by the company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

With the exception of IFRS 18, these amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. The company will assess the impact on disclosures from the initial adoption of IFRS 18. IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027. The company is not expected to early adopt this new standard.

#### **4. Material Accounting Policies**

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

##### ***Finance income and finance costs***

Finance income and finance costs are recognised in profit or loss for all interest-bearing instruments on a time-proportionate basis using the effective interest method. Finance costs include the effect of amortising any difference between net proceeds and redemption value in respect of the Company's borrowings. Finance income and costs are recognised as they accrue, unless collectability is in doubt.

##### ***Income taxation***

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### ***Earnings per share***

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

##### ***Financial instruments***

###### ***Recognition and measurement***

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provision of the instrument.

#### **4. Material Accounting Policies (continued)**

##### ***Financial instruments (continued)***

##### ***Recognition and measurement (continued)***

A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

##### ***Classification and subsequent measurement***

##### ***i. Financial assets***

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) (debt investment), FVOCI (equity instrument) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

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

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

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

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduce an accounting mismatch that would otherwise arise.

#### **4. Material Accounting Policies (continued)**

##### ***Financial instruments (continued)***

##### ***Classification and subsequent measurement (continued)***

##### ***i. Financial assets (continued)***

##### ***Business model assessment***

The Company makes an assessment of the objective of the business model in which a financial asset is held because this best reflects the way the business is managed, and information is provided to management. The information considered includes;

- history of the Company's bad debts
- liquidity position of inter-companies

##### ***Assessment whether contractual cashflows are SPPI***

For the purpose of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

##### ***Subsequent measurement***

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised through profit and loss. Any gain or loss on derecognition is recognised in profit or loss.

##### ***ii. Financial liabilities***

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### **4. Material Accounting Policies (continued)**

##### ***Financial instruments (continued)***

###### ***Derecognition***

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfer the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

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

###### ***Offsetting***

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

###### ***Impairment***

The Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables the Company applies the simplified approach to measuring expected credit losses as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition. In measuring the expected credit losses on trade receivables, the expected loss rate, the payment profile of sales over a period of time before reporting date and the historical credit losses experience within this period are considered. The historical loss rates are adjusted to reflect current and forward-looking information to trade receivables and the environment in which they operate.

For related party balances, the Company assesses the credit quality of the related companies by taking into account the financial position, performance and other factors. In measuring expected credit losses on these balances, management takes into account, when available, the agreements in place and adherence to the applicable agreements.

#### **4. Material Accounting Policies (continued)**

##### *Cash and cash equivalents*

Cash comprises demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

##### *Share capital*

##### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

##### *Dividend distribution*

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### **5. Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, except as discussed below and in the remaining notes to the financial statements, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

##### *Recoverability of inter-company loan to parent company*

At 31 December 2024, the Company had an inter-company loan receivable of €6,011,055 due from its parent, FES Projects Ltd. The loan is legally unsecured and a loan facility amounting to €4,897,500 bears interest at 5.35% per annum and is repayable in full by not later than 31 December 2028. Any other balances receivable from parent company are unsecured, interest free and have no fixed date of repayment but are not envisaged to be paid within the next twelve months. During the year, FES Projects Ltd deferred the first scheduled repayment of €500,000 under a revised loan agreement, with repayments now expected to resume in 2027.

Management assessed the recoverability of this balance in accordance with IFRS 9 – Financial Instruments, which requires recognition of expected credit losses (ECL) based on credit risk at each reporting date. The assessment involved significant judgment in determining:

- whether the deferral of repayments represents a significant increase in credit risk (Stage 2 classification);
- the probability of default of FES Projects Ltd, given its current liquidity constraints and redevelopment plans;
- the loss given default (LGD), taking into account that the loan is unsecured in form, but that the parents' property and guarantee support the underlying bond issue that funded the loan; and
- the impact of the shareholders' financial support on the Company's and parent's overall exposure.

## **5. Critical Accounting Estimates and Judgements (continued)**

### *Recoverability of inter-company loan to parent company (continued)*

Based on current information, management concluded that the loan remains fully recoverable. Although there has been an increase in credit risk, the LGD is decreased to zero, resulting in an immaterial expected credit loss. This assessment is supported by the strength of the parent company's underlying asset base, the guarantee indirectly provided through back-to-back agreements, and the shareholders' support.

Management continues to monitor this position closely, and any changes in the credit risk of the parent or the group's financial position will be reflected in future reporting periods.

## **6. Finance Income**

|                                                               | 2024<br>€      | 2023<br>€      |
|---------------------------------------------------------------|----------------|----------------|
| Interest receivable on long term loan due from parent company | 262,016        | 262,016        |
| Interest recharged to parent company                          | 26,500         | -              |
| Interest receivable on amounts due from fellow subsidiary     | -              | 31,500         |
|                                                               | <u>288,516</u> | <u>293,516</u> |

## **7. Finance Costs**

|                                                | 2024<br>€      | 2023<br>€      |
|------------------------------------------------|----------------|----------------|
| Interest payable on bond                       | 250,000        | 250,000        |
| Interest payable on long term third party loan | 26,500         | 31,500         |
| Amortisation of bond issue costs               | 10,250         | 10,250         |
|                                                | <u>286,750</u> | <u>291,750</u> |

## **8. Other Income**

|                | 2024<br>€     | 2023<br>€     |
|----------------|---------------|---------------|
| Management fee | <u>65,000</u> | <u>65,000</u> |

## **9. Profit before Income Tax**

This is stated after charging the following:

|                                  | 2024<br>€     | 2023<br>€     |
|----------------------------------|---------------|---------------|
| Directors' remuneration          | 12,000        | 18,000        |
| Amortisation of bond issue costs | <u>10,250</u> | <u>10,250</u> |

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

|                             | 2024<br>€  | 2023<br>€  |
|-----------------------------|------------|------------|
| Annual statutory audit fees | 3,126      | 2,977      |
| Other non-audit services    | <u>300</u> | <u>300</u> |

## **10. Income Taxation**

|                     | 2024<br>€    | 2023<br>€    |
|---------------------|--------------|--------------|
| Current tax expense | <u>3,118</u> | <u>1,474</u> |
|                     | <u>3,118</u> | <u>1,474</u> |

The tax charge and the result of accounting profit multiplied by the statutory income tax rate are reconciled as follows:

|                                             | 2024<br>€    | 2023<br>€    |
|---------------------------------------------|--------------|--------------|
| Profit before taxation                      | <u>8,909</u> | <u>4,210</u> |
| Tax at the applicable statutory rate of 35% | <u>3,118</u> | <u>1,474</u> |

## **11. Loan Receivable**

|                                     | 2024             | 2023             |
|-------------------------------------|------------------|------------------|
|                                     | €                | €                |
| <b>Non- current</b>                 |                  |                  |
| Loan receivable from parent company | <u>5,749,039</u> | <u>5,424,017</u> |

Loan receivable relates to the transfer of funds to parent company, generated by the Company from the issue of bonds.

To this respect a loan facility amounting to €4,897,500 is made available to the parent company, which is unsecured, carries interest at 5.35% per annum and is repayable in full by not later than 31 December 2028. Any other balances receivable from parent company are unsecured, interest free and have no fixed date of repayment but are not envisaged to be paid within the next twelve months.

The Company's exposure to credit risk relating to loan receivable is disclosed in Note 21.

Maturity of loan receivable:

|                      | 2024             | 2023             |
|----------------------|------------------|------------------|
|                      | €                | €                |
| Within 2 and 5 years | 4,897,500        | 4,897,500        |
| Over 5 years         | <u>851,539</u>   | <u>526,517</u>   |
|                      | <u>5,749,039</u> | <u>5,424,017</u> |

## **12. Trade and Other Receivables**

|                                      | 2024             | 2023             |
|--------------------------------------|------------------|------------------|
|                                      | €                | €                |
| Amounts due from fellow subsidiaries | 650,052          | 638,615          |
| Amounts due from related company     | 67,477           | 102,400          |
| Accrued income                       | 262,016          | 262,016          |
| Prepaid expenses                     | 45,461           | 45,134           |
| Indirect tax refundable              | <u>5,908</u>     | <u>11,331</u>    |
|                                      | <u>1,030,914</u> | <u>1,059,496</u> |

A loan facility amounting to €1,000,000 is made available to a fellow subsidiary, which is unsecured, carries interest at 2.65% (2023: 2.65%) per annum and does not have a fixed date for repayment. During the reporting period, the interest has been recharged to the parent company, as the fellow subsidiary did not undertake any trading activities. Any other balances receivable from the fellow subsidiary are unsecured, interest free and repayable on demand.

Amounts due from other fellow subsidiary and related company are unsecured, interest free and repayable on demand.

As at 31 December 2024 and 31 December 2023, the amounts due from fellow subsidiaries and related company were fully performing and hence do not contain impaired assets.

### 13. Share Capital

|                                             | 2024          | 2023          |
|---------------------------------------------|---------------|---------------|
|                                             | €             | €             |
| <b>Authorised, Issued and Fully Paid Up</b> |               |               |
| 49,998 Ordinary 'A' shares of €1 each       | 49,998        | 49,998        |
| 2 Ordinary 'B' share of €1 each             | 2             | 2             |
|                                             | <u>50,000</u> | <u>50,000</u> |

### 14. Retained Earnings

This represents accumulated profits. During the year under review, no dividends were paid out of retained earnings.

### 15. Other Equity

This amount represents a loan from ultimate shareholders of the Company. It is unsecured, interest-free and repayable exclusively at the option of the Company and for this reason it is classified within equity.

### 16. Interest-bearing Borrowings

|                                          | 2024             | 2023             |
|------------------------------------------|------------------|------------------|
|                                          | €                | €                |
| <b>Non-current</b>                       |                  |                  |
| 5,000,000 5% Secured Bonds 2029 (Note i) | 4,956,865        | 4,946,615        |
| Loan from third-party (Note ii)          | <u>1,000,000</u> | <u>1,000,000</u> |
|                                          | <u>5,956,865</u> | <u>5,946,615</u> |

## 16. Interest-bearing Borrowings (continued)

### 5,000,000 5% Secured Bonds 2029

|                                                          | 2024<br>€               | 2023<br>€               |
|----------------------------------------------------------|-------------------------|-------------------------|
| Bonds outstanding (face value)                           | <u>5,000,000</u>        | <u>5,000,000</u>        |
| Gross amount of bond issue costs                         | (102,500)               | (102,500)               |
| <b>Amortisation of gross amount of bond issue costs:</b> |                         |                         |
| Amortised bond issue costs brought forward               | 49,115                  | 38,865                  |
| Amortisation charge for the year                         | <u>10,250</u>           | <u>10,250</u>           |
| Unamortised bond issue costs                             | <u>(43,135)</u>         | <u>(53,385)</u>         |
| Amortised cost and closing carrying amount               | <u><u>4,956,865</u></u> | <u><u>4,946,615</u></u> |

#### *Interest*

Interest on the 5% Secured Bonds 2029 is payable annually in arrears, on 18 March of each year.

### (i) 5,000,000 5% Secured Bonds 2029 (continued)

#### *Security*

The bonds constitute the general, direct, and unconditional obligations of the Company, guaranteed by FES Projects Ltd, and shall at all times rank *pari passu*, without any priority or preference among themselves.

The secured bonds shall rank with priority or preference with respect to the Security Property, save for such exceptions as may be provided by application law. The payment of the principal under the bonds and one year interest thereon is secured by a first special hypothec over the Security Property which FES Projects Ltd has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders. Also, the secured bonds are guaranteed, in respect of both the interest and the principal amount due by FES Projects Ltd.

### (ii) Loan from third party

The loan from third party is unsecured, carries an interest rate of 2.65% (2023: 3.15%) per annum and does not have a fixed date for repayment but it is not envisaged to be paid within the next twelve months.

## **17. Trade and Other Payables**

|                  | <b>2024</b>           | <b>2023</b>           |
|------------------|-----------------------|-----------------------|
|                  | <b>€</b>              | <b>€</b>              |
| Trade payables   | <b>140,200</b>        | 136,667               |
| Accrued expenses | <b>347,963</b>        | 331,551               |
| Other payables   | <b>3,761</b>          | -                     |
|                  | <b><u>491,924</u></b> | <b><u>468,218</u></b> |

## **18. Cash and Cash Equivalents**

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

|                                          | <b>2024</b>      | <b>2023</b>         |
|------------------------------------------|------------------|---------------------|
|                                          | <b>€</b>         | <b>€</b>            |
| Cash at bank                             | <b>1</b>         | 3,576               |
| Funds held on escrow by the Escrow Agent | <b>52</b>        | 52                  |
|                                          | <b><u>53</u></b> | <b><u>3,628</u></b> |

All proceeds from the bond issue are held by the Escrow Agent and released in accordance with the Escrow Agreement.

## **19. Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company forms part of the FES Group. All companies forming part of the FES Group are related parties since these companies are ultimately owned by FES Projects Ltd which is considered by the directors to be the ultimate controlling party. The FES Group comprises FES Projects Ltd as the parent company and three subsidiaries, FES Finance p.l.c., Contractors Only Limited and FES Operations Limited.

Trading transactions between these companies include items which are normally encountered in a group context. The Group is ultimately owned by Mr. Christopher Vella and Dr. Ruben Debono, who are therefore considered to be related parties. The main related party with whom the transactions are entered is FES Projects Ltd, the guarantor of the borrowings (Note 11).

The Company is a subsidiary of FES Projects Ltd who is the parent company. The registered address of the parent company is 19 – 25, Conservatory Street, Floriana.

|                                                                   | <b>2024</b>      | <b>2023</b>   |
|-------------------------------------------------------------------|------------------|---------------|
|                                                                   | <b>€</b>         | <b>€</b>      |
| <b>Income</b>                                                     |                  |               |
| Finance income from parent company                                | <b>262,016</b>   | 262,016       |
| Interest recharged to parent                                      | <b>26,500</b>    | -             |
| Finance income from fellow subsidiary                             | -                | 31,500        |
| Management fee charged to fellow subsidiary                       | <b>65,000</b>    | <b>65,000</b> |
| <b>Loans and Advances</b>                                         |                  |               |
| Advances from shareholder                                         | <b>(250,000)</b> | (10,000)      |
| Net advances to parent company                                    | <b>221,506</b>   | 229,385       |
| Advances to / (from) fellow subsidiaries                          | <b>11,437</b>    | (245,544)     |
| Advances (from) / to related company owned by common shareholders | <b>(34,923)</b>  | <b>800</b>    |

A loan facility amounting to €4,897,500 is made available to the parent company, which is unsecured, carries interest at 5.35% per annum and is repayable in full by not later than 31 December 2028. Any other balances receivable from parent company are unsecured, interest free and have no fixed date of repayment but are not envisaged to be paid within the next twelve months.

A loan facility amounting to €1,000,000 is made available to a fellow subsidiary, which is unsecured, carries interest at 2.65% (2023: 2.65%) per annum and does not have a fixed date for repayment. During the reporting period, the interest has been recharged to the parent company, as the fellow subsidiary did not undertake any trading activities. Any other balances receivable from the fellow subsidiary are unsecured, interest free and repayable on demand.

Amounts due from other fellow subsidiary and related company are unsecured, interest free and repayable on demand.

## **19. Related Party Transactions (continued)**

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in Note 9 to the financial statements.

Year end balances arising from related party transactions are disclosed in Notes 11, 12, 16 and 17 to the financial statements.

## **20. Earnings per Share**

Earnings per share is based on the profit after taxation attributable to the ordinary shareholders of the company divided by the weighted average number of ordinary shares in issue during the year.

|                                                               | 2024<br>€     | 2023<br>€     |
|---------------------------------------------------------------|---------------|---------------|
| Net profit attributable to owners of the company              | <u>5,791</u>  | <u>2,736</u>  |
| Weighted average number of ordinary shares in issue (Note 13) | <u>50,000</u> | <u>50,000</u> |
| Earnings per share (cents)                                    | <u>0.116c</u> | <u>0.055c</u> |

## **21. Financial Risk Management**

At the year end, the Company's main financial assets comprised loan receivable from parent company and cash held at bank. At the year end the Company's main financial liabilities consisted of borrowings and trade and other payables.

The Company constitutes a financing special purpose vehicle whose bonds are matched by equivalent amounts due from, and guaranteed by, FES Projects Ltd (parent company).

The Company's principal risk exposures relate to credit risk and liquidity risk. The Company is not exposed to currency risk and the directors consider interest rate risk exposure to be minimal due to matching of interest costs on borrowings with finance income from its loans and receivables.

### ***Timing of Cash Flows***

The presentation of the above-mentioned financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

## **21. Financial Risk Management (continued)**

### ***Credit Risk***

Financial assets which potentially subject the Company to concentrations of credit risk consist principally of loan receivable from parent company and cash at bank (Notes 11 and 18). The carrying amount of financial assets represents the maximum credit exposure.

The Company's cash at bank is placed with high quality financial institutions. The Company's receivables consist mainly of loan receivable from parent and accordingly credit risk in this respect is limited.

The Company manages its credit risk for the loan receivable by:

- Advancing funds only to its parent company under a formal inter-company loan agreement;
- Monitoring the financial position and liquidity of the parent on an ongoing basis;
- Implementing a back-to-back agreement whereby the funds advanced by the Company are aligned with the bond obligations, ensuring that repayment obligations under the inter-company loan correspond to the cash inflows needed to service the bondholders; and
- Reviewing property valuations and parent's forecasts to ensure adequate asset coverage.

The Company does not hold any collateral directly over its loan receivable. However, the parent company has pledged property in favour of the Company's bondholders, which indirectly mitigates the overall credit exposure within the group. In addition, to the pledged property the Company has further assets that further ensures the full repayment of its creditor and this through a back-to-back agreement exists between the Company and its parent, whereby the funds advanced by the Company are aligned with the bond obligations. This arrangement ensures that, in the event of default on the inter-company loan, the recoverability of funds is supported through the group structure and the guarantees provided to the bondholders, although no direct legal collateral exists in favour of the Company.

At 31 December 2024, the Company's maximum exposure to credit risk is represented by the carrying amounts of these financial assets as presented in the statement of financial position.

### ***IFRS 9 Expected Credit Loss (ECL) Measurement***

In accordance with IFRS 9, the Company applies the expected credit loss model to measure impairment of its financial assets carried at amortised cost.

For the inter-company loan to parent company:

- Management has assessed whether there has been a significant increase in credit risk since initial recognition.
- Although repayments originally due in 2024 were deferred to 2027 under an amended loan agreement, the parent company remains solvent and continues to accrue interest.
- The ultimate shareholders have provided written confirmation of financial support to ensure the repayment of all obligations and conducted further investment in the Group.

Based on these factors, the loan has been classified as Stage 1 under IFRS 9, and a 12-month ECL has been measured. The resulting ECL was immaterial at the reporting date, due to the strong financial position of the parent and the estimated market value of the underlying property exceeding the total exposure.

## **21. Financial Risk Management (continued)**

### ***Credit Risk (continued)***

#### ***Concentration of Credit Risk***

The Company's credit exposure is concentrated in a single counterparty — its parent, FES Projects Ltd. Consequently, the Company's financial performance depends on the financial stability of its parent and the support of the ultimate shareholders. Management monitors this exposure on an ongoing basis and believes that credit risk remains limited due to:

- The financial strength of the parent company;
- The value of the secured property underpinning the group's external financing; and
- The shareholder's continued commitment to fund operations and meet obligations.

#### ***Liquidity Risk***

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (refer to Notes 16 and 17). The Company is exposed to liquidity risk arising from its ability to satisfy liability commitments depending on cash inflow receivable in turn from FES Projects Ltd.

Management monitors liquidity risk by means of cash flows forecasts on the basis of expected cash flows over a twelve-month period of the Company and the Parent. Any additional financing facilities expected to be required over the coming year are discussed with financial institutions and the shareholder, to ensure that all necessary cash injections occur on a timely manner. This process is performed through a rigorous assessment of detailed cash flow projections of the parent company where matching of cash inflows and outflows arising from expected maturities of financial instruments are assessed on an annual basis.

The carrying amounts of the Company's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity dates in the respective notes to the financial statements.

#### ***Capital Management***

The Company's bonds are guaranteed by FES Projects Ltd (parent company). Related finance costs are also guaranteed by the parent company. The capital management of the Company therefore consists of a process of regularly monitoring the financial position of the guarantor.

#### ***Fair Values of Financial Instruments***

At 31 December 2024 and 31 December 2023, the carrying amounts of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contracted cash flows at the current market interest rate that is available to the Company for similar financial instruments.

As at end of the reporting period, the fair values of financial assets and liabilities, approximated the carrying amounts shown in the statement of financial position.

## **22. Comparative Information**

Comparative figures have been reclassified to conform with the current year's presentation of financial statements.

**FES FINANCE P.L.C.**  
Schedule to the Financial Statements  
For the year ended 31 December 2024

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**SCHEDULE**

1. Administrative Expenses

**FES FINANCE P.L.C.**  
Administration Expenses  
For the year ended 31 December 2024

**Schedule 1**

|                         | <b>2024</b>          | <b>2023</b>   |
|-------------------------|----------------------|---------------|
|                         | <b>€</b>             | <b>€</b>      |
| Audit fee               | <b>3,126</b>         | 2,977         |
| Directors' remuneration | <b>12,000</b>        | 18,000        |
| Professional fees       | <b>36,816</b>        | 41,051        |
| Other expenses          | <u><b>5,915</b></u>  | <u>528</u>    |
|                         | <u><b>57,857</b></u> | <u>62,556</u> |

**FES PROJECTS LTD**

*Annual Report  
and  
Consolidated Financial Statements  
31 December 2024*

Company Registration Number C 83872

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| 8.       | Consolidated Statement of Financial Position   |
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| 12 - 39. | Notes to the Consolidated Financial Statements |

The directors present the annual report together with the audited financial statements of FES Projects Ltd (the Company) and the Group, which comprises the parent FES Projects Ltd and its subsidiaries FES Finance p.l.c., FES Operations Limited and Contractors Only Limited (hereinafter referred to as the Group), for the year ended 31 December 2024.

### **Principal Activities**

The main activity of the Company is that of investing in, acquiring or leasing, holding and managing properties, as well as acting as a holding company.

The principal activity of the subsidiary company, FES Finance p.l.c., is to carry on the business of a finance company, principally by raising finance through the issue of bonds. Contractors Only Limited principal activity is to carry out turnkey services on social housing to both public and private sectors, however it did not undertake any operating activities during 2024. FES Operations Limited did not trade during the year under review.

### **Performance Review**

The Euro Guest House ceased operations in 2021 to facilitate redevelopment works and change in the property's intended use. The site is being redeveloped into a large-scale hospitality project, namely a 4 Star+ Hotel - a hotel integrated with extended stay. The development permit (PA/09429/19) was granted in November 2022, and the project subsequently received approval from the Building and Construction Authority for development and excavation works to commence.

During the financial year, the Group did not undertake any trading operations. Administrative expenses amounted to €236,171 (2023: €248,386) and comprised primarily professional fees, depreciation, and directors' remuneration. Finance costs related principally to interest payable on the bond and on a long-term third-party loan.

The Group reported a loss before tax of €344,843 (2023: €307,545) and a loss after tax of €329,849 (2023: €311,679).

The Company did not carry out any trading activities during the year under review. It reported a loss before tax of €289,386 (2023: €249,641), and after accounting for taxation, a loss for the year of €271,274 (2023: €252,302).

### **Position Review**

The Group's and the Company's asset base amounted to €9,907,639 and €8,587,582 as at 31 December 2024, respectively. The key assets consist of the Euro Guest House boutique hotel situated in Gzira with a book value of €6,332,869 as at reporting date. The Group and the Company owns also other immovable properties in Senglea and Zebbug.

The Group's main liabilities consist of €5,000,000 5% Secured Bonds 2029 and €1,000,000 2.65% third party loan. The Company's main liability represents a loan payable to a subsidiary, which was advanced from the net proceeds of the bond issue undertaken by that subsidiary.

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### **Dividends and Reserves**

The Board of Directors does not propose the payment of dividend. Accumulated losses carried forward at the reporting date amounted to €946,666 (2023: €616,817) for the Group and €1,028,499 (2023: €757,225) for the Company.

### **Financial Risk Management**

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. These are further analysed in Note 25 in these financial statements.

### **Events after Reporting Date**

The directors assessed subsequent events from 1 January 2025 through 19 November 2025, the date these financial statements are approved. Through such assessment, the directors have determined that events subsequent to the reporting date occurred as reported in Note 26 to these financial statements.

### **Future Developments**

The directors remain committed to the development of the Gzira 4 Star+ Hotel project. The Group continues to progress with the financing initiatives and strategic plans to ensure that sufficient resources are available to complete the development and commence operations. The directors are confident that these efforts will enable the Group to achieve its long-term strategic objectives once the project becomes operational.

### **Going concern**

After making enquiries and taking into consideration future plans, as disclosed in Note 2, the directors have a reasonable expectation that the Group and the Company has adequate resources to continue in operating existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing financial statements.

### **Directors**

Mr. Christopher Vella  
Dr. Reuben Debono

### **Statement of Directors' Responsibilities**

The Maltese Companies Act, (Cap 386) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the profit or loss of the Group and the Company for that year.

In preparing the financial statements, the directors are responsible for:-

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company and its undertakings together will continue in business as a going concern;

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**Statement of Directors' Responsibilities (continued)**

The directors are responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). The directors are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

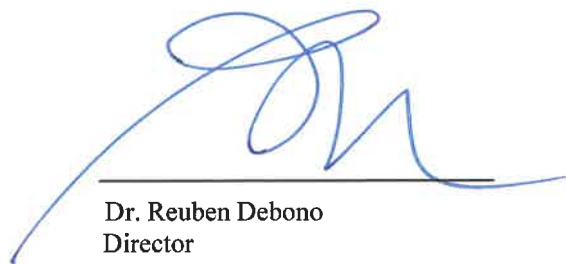
**Auditors**

The auditors, Horwath Malta, have expressed their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the annual general meeting.

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



Mr. Christopher Vella  
Director



Dr. Reuben Debono  
Director

**Registered Address:**  
19 – 25  
Conservatory Street  
Floriana  
Malta

19 November 2025

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholders of FES Projects Ltd**

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### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of FES Projects Ltd (the "Company") and the consolidated financial statements of the Company and its subsidiaries (together, "the Group"), set out on pages 7 to 39, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company, as at 31 December 2024, and of the Group's and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been properly 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and 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.

#### **Other Information**

The directors are responsible for the other information. The other information comprises the Directors' Report. Our opinion on the financial statements does not cover this information and we do not express any form of assurance conclusion thereon. 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.

### **Other Information (continued)**

With respect to the Directors' Report, we also considered whether the Directors' Report 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

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

### **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 Group's and 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 Group or Company or to cease operations, or has no realistic alternative but to do so.

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

As part of an audit in accordance with ISAs, we exercise professional 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 Group's and Company's internal control.

### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Companies or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### **Report on Other Legal and Regulatory Requirements**

Under Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

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

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

*John Abela (Partner) for and on behalf of*

**Horwath Malta**  
Member Crowe Global

La Provvida  
Karm Zerafa Street  
Birkirkara BKR1713  
Malta

19 November 2025

|                                                  | Notes | The Group        |                  | The Company      |                  |
|--------------------------------------------------|-------|------------------|------------------|------------------|------------------|
|                                                  |       | 2024<br>€        | 2023<br>€        | 2024<br>€        | 2023<br>€        |
| Revenue                                          | 6     | -                | 655,145          | -                | 33,552           |
| Cost of sales and services                       |       | <u>-</u>         | <u>(557,677)</u> | <u>-</u>         | <u>(30,011)</u>  |
| <b>Gross profit</b>                              |       | -                | 97,468           | -                | 3,541            |
| Administrative expenses                          |       | (236,171)        | (248,386)        | (184,675)        | (126,299)        |
| Other income                                     | 7     | 48,673           | -                | 48,673           | -                |
| Finance costs                                    | 8     | <u>(157,345)</u> | <u>(156,627)</u> | <u>(153,384)</u> | <u>(126,883)</u> |
| <b>Loss before Income Tax</b>                    | 9     | (344,843)        | (307,545)        | (289,386)        | (249,641)        |
| Income taxation                                  | 10    | <u>14,994</u>    | <u>(4,134)</u>   | <u>18,112</u>    | <u>(2,661)</u>   |
| <b>LOSS FOR THE YEAR</b>                         |       | <u>(329,849)</u> | <u>(311,679)</u> | <u>(271,274)</u> | <u>(252,302)</u> |
| <b>TOTAL COMPREHENSIVE LOSS<br/>FOR THE YEAR</b> |       | <u>(329,849)</u> | <u>(311,679)</u> | <u>(271,274)</u> | <u>(252,302)</u> |

*The accounting policies and explanatory notes on pages 12 to 39 form an integral part of these financial statements.*

|                                |       | The Group |            | The Company |           |
|--------------------------------|-------|-----------|------------|-------------|-----------|
|                                | Notes | 2024<br>€ | 2023<br>€  | 2024<br>€   | 2023<br>€ |
| ASSETS                         |       |           |            |             |           |
| Non-Current Assets             |       |           |            |             |           |
| Property, plant and equipment  | 11    | 6,761,301 | 6,716,055  | 6,750,410   | 6,698,517 |
| Investment in subsidiaries     | 12    | -         | -          | 51,438      | 51,438    |
| Deferred tax asset             | 19    | 423,362   | 405,250    | 59,067      | 40,955    |
|                                |       | 7,184,663 | 7,121,305  | 6,860,915   | 6,790,910 |
| Current Assets                 |       |           |            |             |           |
| Trade and other receivables    | 13    | 2,717,961 | 3,289,693  | 1,721,705   | 2,153,727 |
| Contract assets                | 14    | -         | -          | -           | -         |
| Cash and cash equivalents      | 21    | 5,015     | 4,810      | 4,962       | 1,555     |
|                                |       | 2,722,976 | 3,294,503  | 1,726,667   | 2,155,282 |
| Total Assets                   |       | 9,907,639 | 10,415,808 | 8,587,582   | 8,946,192 |
| EQUITY AND LIABILITIES         |       |           |            |             |           |
| Capital and Reserves           |       |           |            |             |           |
| Called up issued share capital | 15    | 1,818,004 | 1,818,004  | 1,818,004   | 1,818,004 |
| Accumulated losses             | 16    | (946,666) | (616,817)  | (1,028,499) | (757,225) |
| Other equity                   | 17    | 1,580,938 | 1,045,828  | 837,792     | 833,418   |
|                                |       | 2,452,276 | 2,247,015  | 1,627,297   | 1,894,197 |
| Non-Current Liabilities        |       |           |            |             |           |
| Borrowings                     | 18    | 5,956,865 | 5,946,615  | 5,749,059   | 5,424,036 |
| Deferred tax liability         | 19    | 304,000   | 304,000    | 304,000     | 304,000   |
|                                |       | 6,260,865 | 6,250,615  | 6,053,059   | 5,728,036 |
| Current Liabilities            |       |           |            |             |           |
| Borrowings                     | 18    | 404       | 600,317    | -           | -         |
| Trade and other payables       | 20    | 1,129,879 | 1,256,764  | 907,226     | 1,323,959 |
| Current tax liability          |       | 64,215    | 61,097     | -           | -         |
|                                |       | 1,194,498 | 1,918,178  | 907,226     | 1,323,959 |
| Total Equity and Liabilities   |       | 9,907,639 | 10,415,808 | 8,587,582   | 8,946,192 |

The accounting policies and explanatory notes on pages 12 to 39 form an integral part of these financial statements.

The financial statements on pages 7 to 39 were approved by the Board of Directors on 19 November 2025 and were signed on its behalf by:

Mr. Christopher Vella  
Director

Dr. Ruben Debono  
Director

**The Group**

|                                              | Share<br>Capital<br>€ | Accumulated<br>losses<br>€ | Other equity<br>€ | Total<br>€       |
|----------------------------------------------|-----------------------|----------------------------|-------------------|------------------|
| <b>Balances as at 1 January 2023</b>         | <u>1,818,004</u>      | <u>(305,138)</u>           | <u>665,416</u>    | <u>2,178,282</u> |
| <b>Net contributions by shareholders</b>     | <u>-</u>              | <u>-</u>                   | <u>380,412</u>    | <u>380,412</u>   |
| <b>Total comprehensive loss for the year</b> |                       |                            |                   |                  |
| Loss for the year                            | <u>-</u>              | <u>(311,679)</u>           | <u>-</u>          | <u>(311,679)</u> |
| <b>Total comprehensive loss for the year</b> | <u>-</u>              | <u>(311,679)</u>           | <u>-</u>          | <u>(311,679)</u> |
| <b>Balances as at 31 December 2023</b>       | <u>1,818,004</u>      | <u>(616,817)</u>           | <u>1,045,828</u>  | <u>2,247,015</u> |
| <b>Balances as at 1 January 2024</b>         | <u>1,818,004</u>      | <u>(616,817)</u>           | <u>1,045,828</u>  | <u>2,247,015</u> |
| <b>Net contributions by shareholders</b>     | <u>-</u>              | <u>-</u>                   | <u>535,110</u>    | <u>535,110</u>   |
| <b>Total comprehensive loss for the year</b> |                       |                            |                   |                  |
| Loss for the year                            | <u>-</u>              | <u>(329,849)</u>           | <u>-</u>          | <u>(329,849)</u> |
| <b>Total comprehensive loss for the year</b> | <u>-</u>              | <u>(329,849)</u>           | <u>-</u>          | <u>(329,849)</u> |
| <b>Balances as at 31 December 2024</b>       | <u>1,818,004</u>      | <u>(946,666)</u>           | <u>1,580,938</u>  | <u>2,452,276</u> |

*The accounting policies and explanatory notes on pages 12 to 39 form an integral part of these financial statements.*

**The Company**

|                                              | Share<br>Capital<br>€   | Accumulated<br>losses<br>€ | Other equity<br>€     | Total<br>€              |
|----------------------------------------------|-------------------------|----------------------------|-----------------------|-------------------------|
| <b>Balances as at 1 January 2023</b>         | <u>1,818,004</u>        | <u>(504,923)</u>           | <u>661,808</u>        | <u>1,974,889</u>        |
| <b>Net contributions by shareholders</b>     | <u>-</u>                | <u>-</u>                   | <u>171,610</u>        | <u>171,610</u>          |
| <b>Total comprehensive loss for the year</b> |                         |                            |                       |                         |
| Loss for the year                            | <u>-</u>                | <u>(252,302)</u>           | <u>-</u>              | <u>(252,302)</u>        |
| <b>Total comprehensive loss for the year</b> | <u>-</u>                | <u>(252,302)</u>           | <u>-</u>              | <u>(252,302)</u>        |
| <b>Balances as at 31 December 2023</b>       | <u><b>1,818,004</b></u> | <u><b>(757,225)</b></u>    | <u><b>833,418</b></u> | <u><b>1,894,197</b></u> |
| <b>Balances as at 1 January 2024</b>         | <u>1,818,004</u>        | <u>(757,225)</u>           | <u>833,418</u>        | <u>1,894,197</u>        |
| <b>Net contributions by shareholders</b>     | <u>-</u>                | <u>-</u>                   | <u>4,374</u>          | <u>4,374</u>            |
| <b>Total comprehensive loss for the year</b> |                         |                            |                       |                         |
| Loss for the year                            | <u>-</u>                | <u>(271,274)</u>           | <u>-</u>              | <u>(271,274)</u>        |
| <b>Total comprehensive loss for the year</b> | <u>-</u>                | <u>(271,274)</u>           | <u>-</u>              | <u>(271,274)</u>        |
| <b>Balances as at 31 December 2024</b>       | <u><b>1,818,004</b></u> | <u><b>(1,028,499)</b></u>  | <u><b>837,792</b></u> | <u><b>1,627,297</b></u> |

*The accounting policies and explanatory notes on pages 12 to 39 form an integral part of these financial statements.*

|                                                                 | Note | The Group        |                 | The Company      |                  |
|-----------------------------------------------------------------|------|------------------|-----------------|------------------|------------------|
|                                                                 |      | 2024<br>€        | 2023<br>€       | 2024<br>€        | 2023<br>€        |
| <b>Operating Activities</b>                                     |      |                  |                 |                  |                  |
| Loss for the year before taxation                               |      | (344,843)        | (307,545)       | (289,386)        | (249,641)        |
| <i>Adjustment for:</i>                                          |      |                  |                 |                  |                  |
| Depreciation expense                                            |      | 89,886           | 104,796         | 83,240           | 98,150           |
| Amortisation of bond issue costs                                |      | 10,250           | 10,250          | -                | -                |
| Management fee                                                  |      | -                | -               | 65,000           | -                |
| Finance costs                                                   |      | 32,227           | 146,377         | 153,383          | 126,883          |
| Finance income                                                  |      | 114,868          | -               | -                | -                |
|                                                                 |      | (97,612)         | (46,122)        | 12,237           | (24,608)         |
| <i>Working capital changes:</i>                                 |      |                  |                 |                  |                  |
| Movement in inventory                                           |      | -                | 29,661          | -                | 29,661           |
| Movement in trade and other receivables                         |      | 107,311          | (1,215,029)     | 2,492            | (123,372)        |
| Movement in contract asset                                      |      | -                | 1,962,692       | -                | -                |
| Movement in trade and other payables                            |      | (136,497)        | (376,252)       | (35,628)         | (55,464)         |
| Cash (used in) / generated from operations                      |      | (126,798)        | 354,950         | (20,899)         | (173,783)        |
| Interest paid                                                   |      | (282,227)        | (281,510)       | (250,000)        | -                |
| <b>Net Cash (used in) / generated from Operating Activities</b> |      | <b>(409,025)</b> | <b>73,440</b>   | <b>(270,899)</b> | <b>(173,783)</b> |
| <b>Investing Activities</b>                                     |      |                  |                 |                  |                  |
| Acquisition of property, plant and equipment                    |      | -                | (1,077)         | -                | (1,077)          |
| <b>Net Cash used in Investing Activities</b>                    |      | <b>-</b>         | <b>(1,077)</b>  | <b>-</b>         | <b>(1,077)</b>   |
| <b>Financing Activities</b>                                     |      |                  |                 |                  |                  |
| Repayments of bank loans                                        |      | (600,316)        | (187,683)       | -                | -                |
| Net advances by subsidiaries                                    |      | -                | -               | 429,559          | 148,636          |
| Net advances by shareholders                                    |      | 535,110          | 380,412         | 4,375            | 171,610          |
| Net advances by / (to) related company                          |      | 474,033          | (261,731)       | (159,628)        | (143,831)        |
| <b>Net Cash generated from / (used in) Financing Activities</b> |      | <b>408,827</b>   | <b>(69,002)</b> | <b>274,306</b>   | <b>176,415</b>   |
| <b>Movement in Cash and Cash Equivalents</b>                    |      | <b>(198)</b>     | <b>3,361</b>    | <b>3,407</b>     | <b>1,555</b>     |
| Cash and cash equivalents at beginning of year                  |      | 4,810            | 1,449           | 1,555            | -                |
| <b>Cash and Cash Equivalents at End of Year</b>                 | 21   | <b>4,612</b>     | <b>4,810</b>    | <b>4,962</b>     | <b>1,555</b>     |

The accounting policies and explanatory notes on pages 12 to 39 form an integral part of these financial statements.

**1. General Information**

FES Projects Ltd (the “Company”) is a limited liability company domiciled and incorporated in Malta.

**2. Basis of Preparation*****Statement of compliance***

These consolidated financial statements include the financial statements of FES Projects Ltd and its subsidiaries, FES Finance p.l.c., FES Operations Limited and Contractors Only Limited.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386).

International Financial Reporting Standard 10, *Consolidated Financial Statements*, requires a parent company to prepare consolidated financial statements in which it consolidates its investment in subsidiaries.

***Basis of measurement***

The consolidated financial statements are prepared on the historical cost basis, except for land which is carried under the revaluation model.

***Functional and presentation currency***

The consolidated financial statements are presented in Euro, which is the Company’s functional currency.

***Going concern***

FES Projects Ltd was set up as the holding company of the Group, and is principally engaged in investing in, acquiring, holding and/or managing any land, building or other property for the purpose of deriving income therefrom. Furthermore, the Group and the Company owns the Euro Guest House boutique hotel and adjoining properties. In line with permit PA/09429/19, approval from the Building and Construction Authority has been obtained for development and excavation works. The Euro Guest House and adjoining properties will be developed, into a larger-scale project comprising a 4 Star+ Hotel – a hotel integrated with extended stay.

The Company’s ultimate shareholders have confirmed their continued commitment to provide financial assistance to both the Company and the FES Group, as necessary, to meet ongoing development costs and liabilities as they fall due. The directors have also taken into account the FES Group’s progress in securing additional financing and the development potential of the new project.

After reviewing the Group’s funding position, future plans and having made the necessary enquiries, the directors are satisfied that the Group and the Company have adequate resources to continue operating for the foreseeable future. Accordingly, the directors have adopted the going concern basis of accounting in preparing these financial statements.

## 2. Basis of Preparation (continued)

### *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRSs, as adopted by the EU, requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies (refer to Note 5 – Critical accounting estimates and judgements).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

## 3. Changes in Accounting Policies and Disclosures

### *New standards adopted as at 1 January 2024*

Some accounting pronouncements which have become effective from 1 January 2024 are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments do not have a significant impact on these financial statements and therefore no disclosures have been made.

*Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the company*

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC include:

- Lack of Exchangeability (Amendments to IAS 21)

*Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the company (continued)*

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability Disclosures'

None of these Standards or amendments to existing Standards have been adopted early by the company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

With the exception of IFRS 18, these amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. The company will assess the impact on disclosures from the initial adoption of IFRS 18. IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027. The company is not expected to early adopt this new standard.

#### 4. Material Accounting Policies (continued)

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

##### *Revenue recognition*

Revenue includes all revenues from the ordinary business activities of the Group. Ordinary activities do not only refer to the core business but also to other recurring sales of goods or rendering of services. Revenues are recorded net of value added tax.

##### *Revenue from contracts with customers and hospitality services*

The Group's revenue from contracts with customers primarily consists of turnkey services to both the public and private sector. Revenue from contracts is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects in exchange for those arrangements, because it typically controls the services before transferring them to the customer. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Group, and these can be measured reliably.

The Group's revenue recognition is straight-forward, hence no significant accounting judgement, estimates and assumptions (i.e., in terms of estimating variable considerations and stand-alone selling price) are involved.

Revenue is recognised as follows:

##### *(i) Rendering of real estate services*

The Group recognises revenue from real estate services over time because the Group's performance creates or enhances an asset that the customer controls as the asset is enhanced or created. In some cases, the customer simultaneously receives and consumes the benefits provided to them as the Group performs. The Group uses an output method in measuring progress of the services since there is a direct relationship between the Group's efforts (based on the results achieved) and the transfer of services to the customer.

##### *(ii) Revenue from hospitality services*

Revenue from hospitality services includes revenue from accommodation, food and beverage services and other ancillary services. Most of the services are provided to customers during their stays in the hotel and depending on the type of booking. Some services would generally be amalgamated into one 'contract' (for example, bed and breakfast).

Each of the services rendered is assessed to be a distinct performance obligation, and if applicable, the Group allocates the transaction price to each of the services rendered to the customer on a relative basis, based on their stand-alone selling price. Revenue from such operations is recognised over time since the customer benefits as the Group is performing; the majority of revenue relates to accommodation (i.e. the amount allocated to such performance obligation is recognised over the customer's stay at the boutique hotel).

**4. Material Accounting Policies (continued)*****Revenue recognition (continued)******Revenue from contracts with customers and hospitality services (continued)******(iii) Property related income***

Rentals receivable charge to tenants of immovable property are recognised in the period when the property is occupied. The Group's policy for recognition of revenue from operating leases is described in accounting policy on 'Leases' below.

***(iv) Retail sales***

Revenue from sale of construction materials is recognised at a point in time when control of asset is transferred to the customer, generally on delivery of products at the customer's location.

***Borrowing costs***

Borrowing costs include the costs incurred in obtaining external financing. 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 capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

***Leases******The Company as lessor***

Rental income from operating leases is recognised on a straight - line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added on the carrying amount of the leased asset and recognised on a straight-line basis of the lease term.

***Income taxation***

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

**4. Material Accounting Policies (continued)*****Income taxation (continued)***

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

***Property, plant and equipment***

All property, plant and equipment is initially recorded at historical cost. Land is shown at fair value based on periodic valuations by external independent valuers. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting year. All other property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete, and is suspended if the development of the asset is suspended.

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

Increases in the carrying amount arising on revaluation of land are credited to other comprehensive income and shown as a revaluation reserve in the shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Assets in course of construction are not depreciated.

**4. Material Accounting Policies (continued)*****Property, plant and equipment (continued)***

The rates of depreciation used are the following:

|                                     |                 |
|-------------------------------------|-----------------|
| • Buildings                         | - 2% per annum  |
| • Computer and electronic equipment | - 20% per annum |
| • Furniture and fittings            | - 20% per annum |
| • Software                          | - 20% per annum |
| • Electrical and plumbing           | - 10% per annum |
| • Other assets                      | - 10% per annum |
| • Motor vehicle                     | - 20% per annum |
| • Air-conditioning                  | - 20% per annum |

Land is not being depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

***Investment in subsidiaries***

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

In the Company's financial statements, investments in subsidiaries are accounted for by the cost method of accounting, that is at cost less impairment. Cost includes directly attributable costs of the investments. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the year in which the diminution is identified. The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

***Impairment of non-financial assets***

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

#### **4. Material Accounting Policies (continued)**

##### *Financial assets*

##### *Classification*

The Group classifies its financial assets (other than investment in subsidiaries) as financial assets measured at amortised costs. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group classifies its financial assets at amortised cost only if both the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest

##### *Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

##### *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group 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 Group has transferred all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Interest income on debt instruments measured at amortised cost from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition of these instruments is recognised directly in profit or loss and presented in other gains / (losses). Impairment losses are presented as a separate line item in profit or loss.

##### *Impairment*

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

#### 4. Material Accounting Policies (continued)

##### *Financial assets (continued)*

##### *Impairment (continued)*

##### *i. Expected credit loss model*

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

- Debt securities that are determined to have a low credit risk at the reporting date, and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter year if the expected life of the instrument is less than 12 months). The maximum year considered when estimating ECLs is the maximum contractual year over which the company is exposed to credit risk. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

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

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

##### *ii. Simplified approach model*

For trade receivables, the Group applies the simplified approach required by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the payment profiles of sales over a year of 12 months before 31 December 2024 or 1 January 2024, respectively, and the corresponding historical credit losses experienced within this year. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the customers to settle the receivable. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

For related party balances, the Group assesses the credit quality of the related companies by taking into account the financial position, performance and other factors. In measuring expected credit losses on these balances, management has taken into account the agreement in place and adherence to the agreement.

**4. Material Accounting Policies (continued)*****Financial liabilities***

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provision of the instrument. The Group's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

***Contract balances******Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional and excluding any amounts presented as receivable.

***Trade receivables***

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

The asset is assessed for impairment in accordance with IFRS 9 and, when relevant, the impairment is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9.

***Contract liabilities***

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods and services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

***Contract costs******Cost to obtain a contract***

The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortisation period of the asset that would have been recognised is one year or less.

**4. Material Accounting Policies (continued)*****Contract costs (continued)******Costs to fulfil a contract***

The costs incurred in fulfilling a contract with a customer that are not within the scope of another standard are recognised as an asset only if (a) the costs relate directly to a contract or an anticipated contract that the Group can specifically identify, (b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and (c) the costs are expected to be recovered.

***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in first out method and comprises expenditure incurred in acquiring the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

***Trade and other payables***

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

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

***Borrowings***

Borrowings are recognised initially at the fair value of proceeds, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

***Offsetting***

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

***Cash and cash equivalents***

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents include deposits held at call with banks.

**4. Material Accounting Policies (continued)***Share capital**Ordinary shares*

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

*Dividend distribution*

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

**5. Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these consolidated financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

**6. Revenue**

The table below shows the disaggregation of revenue of the Group and the Company by major sources for the year ended 31 December 2024 and 31 December 2023.

|                                  | <b>The Group</b> |                | <b>The Company</b> |               |
|----------------------------------|------------------|----------------|--------------------|---------------|
|                                  | <b>2024</b>      | <b>2023</b>    | <b>2024</b>        | <b>2023</b>   |
|                                  | €                | €              | €                  | €             |
| <i>Types of goods or service</i> |                  |                |                    |               |
| Real estate services             | -                | 647,303        | -                  | -             |
| Sale of construction material    | -                | 4,301          | -                  | 30,011        |
| Miscellaneous income             | -                | 3,541          | -                  | 3,541         |
|                                  | <u>-</u>         | <u>655,145</u> | <u>-</u>           | <u>33,552</u> |

## **6. Revenue (continued)**

|                                      | <b>The Group</b> |             | <b>The Company</b> |             |
|--------------------------------------|------------------|-------------|--------------------|-------------|
|                                      | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b> |
|                                      | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>    |
| <i>Timing of revenue recognition</i> |                  |             |                    |             |
| Goods transferred at a point in time | -                | 4,301       | -                  | 30,011      |
| Services transferred over time       | -                | 650,844     | -                  | 3,541       |
|                                      | -                | 655,145     | -                  | 33,552      |

### *Performance obligations*

Information about the Group's performance obligation is summarised below:

#### *i. Real estate services*

The performance obligation is satisfied over time and payment is generally due upon completion of projects and acceptance of the customer.

#### *ii. Retail sales*

The performance obligation is satisfied upon delivery of construction material and payment is generally due immediately upon issue of invoice. The transaction price, which is equal to the billing price indicated in the sales invoices issued, is therefore allocated to only one performance obligation.

## **7. Other income**

|                              | <b>The Group</b> |             | <b>The Company</b> |             |
|------------------------------|------------------|-------------|--------------------|-------------|
|                              | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b> |
|                              | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>    |
| Supplier balance written-off | 48,673           | -           | 48,673             | -           |

**8. Finance Costs**

|                                                | <b>The Group</b> |             | <b>The Company</b> |             |
|------------------------------------------------|------------------|-------------|--------------------|-------------|
|                                                | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b> |
|                                                | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>    |
| Interest payable on bond                       | <b>250,000</b>   | 250,000     | -                  | -           |
| Interest payable on long term third party loan | <b>26,500</b>    | 31,500      | -                  | -           |
| Amortisation of bond issue costs               | <b>10,250</b>    | 10,250      | -                  | -           |
| Capitalisation of interest                     | <b>(135,132)</b> | (135,132)   | -                  | -           |
| Interest on bank                               | <b>5,727</b>     | 9           | -                  | -           |
| Interest on loan from subsidiary               | -                | -           | <b>153,384</b>     | 126,883     |
|                                                | <b>157,345</b>   | 156,627     | <b>153,384</b>     | 126,883     |

**9. Loss before Income Tax**

This is stated after charging the following:

|                                               | <b>The Group</b> |             | <b>The Company</b> |             |
|-----------------------------------------------|------------------|-------------|--------------------|-------------|
|                                               | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b> |
|                                               | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>    |
| Directors' remuneration                       | <b>12,000</b>    | 18,000      | -                  | -           |
| Depreciation on property, plant and equipment | <b>89,886</b>    | 104,796     | <b>83,240</b>      | 98,150      |
| Audit fees                                    | <b>9,633</b>     | 13,713      | <b>3,704</b>       | 3,528       |
| Amortisation of bond issue costs              | <b>10,250</b>    | 10,250      | -                  | -           |

***Auditor's fee***

Fees charged by the auditor for services rendered during the financial year ended 31 December 2024 relate to the following:

|                            | <b>The Group</b> |             | <b>The Company</b> |             |
|----------------------------|------------------|-------------|--------------------|-------------|
|                            | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b> |
|                            | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>    |
| Annual statutory audit fee | <b>9,633</b>     | 13,713      | <b>3,704</b>       | 3,528       |
| Other non-audit services   | <b>4,291</b>     | 5,720       | <b>2,780</b>       | 2,665       |

**9. Loss before Income Tax**

Staff costs incurred by the Group amounted to €25,618 (2023: €76,729) and the average number of employees employed by the Group was 1 (2023:3).

The Company does not employ employees.

**10. Income Taxation**

*Amounts recognised in profit or loss*

|                                                             | <b>The Group</b> |             | <b>The Company</b> |             |
|-------------------------------------------------------------|------------------|-------------|--------------------|-------------|
|                                                             | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b> |
|                                                             | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>    |
| Current tax expense                                         | <b>3,118</b>     | -           | -                  | -           |
| Tax credit on group losses surrendered to a group companies | -                | -           | -                  | (1,473)     |
| Deferred tax (credit) / charge                              | <b>(18,112)</b>  | 4,134       | <b>(18,112)</b>    | 4,134       |
|                                                             | <b>(14,994)</b>  | 4,134       | <b>(18,112)</b>    | 2,661       |

The tax credit and the result of accounting loss multiplied by the statutory income tax rate are reconciled as follows:

|                                                      | <b>The Group</b> |                  | <b>The Company</b> |                  |
|------------------------------------------------------|------------------|------------------|--------------------|------------------|
|                                                      | <b>2024</b>      | <b>2023</b>      | <b>2024</b>        | <b>2023</b>      |
|                                                      | <b>€</b>         | <b>€</b>         | <b>€</b>           | <b>€</b>         |
| Loss before taxation                                 | <b>(344,843)</b> | <b>(307,545)</b> | <b>(289,386)</b>   | <b>(249,641)</b> |
| Tax at the applicable statutory rate of 35%          | <b>(120,695)</b> | (107,641)        | <b>(101,285)</b>   | (87,374)         |
| <i>Tax effect of:</i>                                |                  |                  |                    |                  |
| Depreciation not included part of capital allowances | <b>11,024</b>    | 12,983           | <b>11,024</b>      | 12,983           |
| Unrecognised deferred tax                            | <b>(18,209)</b>  | 97,479           | <b>(17,036)</b>    | 77,052           |
| Disallowable expenses                                | <b>112,886</b>   | 1,313            | <b>89,185</b>      | -                |
| Tax (credit) / charge                                | <b>(14,994)</b>  | 4,134            | <b>(18,112)</b>    | 2,661            |

The potential tax saving arising from unabsorbed tax losses and unabsorbed capital allowances carried forward for set-off against future taxable income of the Group and FES Projects Ltd amounting to €111,627 and €94,700 (2023: €132,162 and €111,736) respectively are not recognised in these financial statements.

**11. Property, Plant and Equipment****The Group****At 1 January 2023**

|                          |                  |                  |               |              |              |              |            |               |                |                |                  |
|--------------------------|------------------|------------------|---------------|--------------|--------------|--------------|------------|---------------|----------------|----------------|------------------|
| Cost / Revalued amount   | 3,800,000        | 1,965,168        | 132,177       | 6,656        | 24,137       | 10,840       | 710        | 33,230        | 288,326        | 747,166        | 7,008,409        |
| Accumulated depreciation | -                | (112,215)        | (89,161)      | (4,034)      | (16,786)     | (2,329)      | (284)      | (9,045)       | (100,915)      | -              | (334,769)        |
| <b>Net book amount</b>   | <b>3,800,000</b> | <b>1,852,953</b> | <b>43,016</b> | <b>2,622</b> | <b>7,351</b> | <b>8,511</b> | <b>426</b> | <b>24,185</b> | <b>187,411</b> | <b>747,166</b> | <b>6,673,640</b> |

**Year ended 31 December 2023**

|                                |                  |                  |               |              |              |              |            |               |                |                |                  |
|--------------------------------|------------------|------------------|---------------|--------------|--------------|--------------|------------|---------------|----------------|----------------|------------------|
| Opening net book amount        | 3,800,000        | 1,852,953        | 43,016        | 2,622        | 7,351        | 8,511        | 426        | 24,185        | 187,411        | 747,166        | 6,673,640        |
| Additions                      | -                | 11,000           | -             | -            | -            | -            | -          | -             | -              | 136,211        | 147,211          |
| Depreciation charge            | -                | (35,497)         | (26,435)      | (1,331)      | (4,827)      | (1,085)      | (142)      | (6,646)       | (28,833)       | -              | (104,796)        |
| <b>Closing net book amount</b> | <b>3,800,000</b> | <b>1,828,456</b> | <b>16,581</b> | <b>1,291</b> | <b>2,524</b> | <b>7,426</b> | <b>284</b> | <b>17,539</b> | <b>158,578</b> | <b>883,377</b> | <b>6,716,055</b> |

**At 31 December 2023**

|                          |                  |                  |               |              |              |              |            |               |                |                |                  |
|--------------------------|------------------|------------------|---------------|--------------|--------------|--------------|------------|---------------|----------------|----------------|------------------|
| Cost / Revalued amount   | 3,800,000        | 1,976,168        | 132,177       | 6,656        | 24,137       | 10,840       | 710        | 33,230        | 288,326        | 883,377        | 7,155,620        |
| Accumulated depreciation | -                | (147,712)        | (115,596)     | (5,365)      | (21,613)     | (3,414)      | (426)      | (15,691)      | (129,748)      | -              | (439,565)        |
| <b>Net book amount</b>   | <b>3,800,000</b> | <b>1,828,456</b> | <b>16,581</b> | <b>1,291</b> | <b>2,524</b> | <b>7,426</b> | <b>284</b> | <b>17,539</b> | <b>158,578</b> | <b>883,377</b> | <b>6,716,055</b> |

**Year ended 31 December 2024**

|                                |                  |                  |              |            |          |              |            |               |                |                  |                  |
|--------------------------------|------------------|------------------|--------------|------------|----------|--------------|------------|---------------|----------------|------------------|------------------|
| Opening net book amount        | 3,800,000        | 1,828,456        | 16,581       | 1,291      | 2,524    | 7,426        | 284        | 17,539        | 158,578        | 883,377          | 6,716,055        |
| Additions                      | -                | -                | -            | -          | -        | -            | -          | -             | -              | 135,132          | 135,132          |
| Depreciation charge            | -                | (35,497)         | (14,029)     | (1,133)    | (2,524)  | (1,084)      | (142)      | (6,646)       | (28,831)       | -                | (89,886)         |
| <b>Closing net book amount</b> | <b>3,800,000</b> | <b>1,792,959</b> | <b>2,552</b> | <b>158</b> | <b>-</b> | <b>6,342</b> | <b>142</b> | <b>10,893</b> | <b>129,747</b> | <b>1,018,509</b> | <b>6,761,301</b> |

**At 31 December 2024**

|                          |                  |                  |              |            |          |              |            |               |                |                  |                  |
|--------------------------|------------------|------------------|--------------|------------|----------|--------------|------------|---------------|----------------|------------------|------------------|
| Cost / Revalued amount   | 3,800,000        | 1,976,168        | 132,177      | 6,656      | 24,137   | 10,840       | 710        | 33,230        | 288,326        | 1,018,509        | 7,290,752        |
| Accumulated depreciation | -                | (183,209)        | (129,625)    | (6,498)    | (24,137) | (4,498)      | (568)      | (22,337)      | (158,579)      | -                | (529,451)        |
| <b>Net book amount</b>   | <b>3,800,000</b> | <b>1,792,959</b> | <b>2,552</b> | <b>158</b> | <b>-</b> | <b>6,342</b> | <b>142</b> | <b>10,893</b> | <b>129,747</b> | <b>1,018,509</b> | <b>6,761,301</b> |

## 11. Property, Plant and Equipment (continued)

## The Company

|                                    | Land<br>€        | Buildings<br>€   | Furniture &<br>Fittings<br>€ | Computer &<br>Electronic<br>Equipment<br>€ | Software<br>€ | Electrical<br>and plumbing<br>€ | Air-<br>conditioning<br>€ | Other Assets<br>€ | Assets under<br>construction<br>€ | Total<br>€       |
|------------------------------------|------------------|------------------|------------------------------|--------------------------------------------|---------------|---------------------------------|---------------------------|-------------------|-----------------------------------|------------------|
| <b>At 1 January 2023</b>           |                  |                  |                              |                                            |               |                                 |                           |                   |                                   |                  |
| Cost / Revalued amount             | 3,800,000        | 1,965,168        | 132,177                      | 6,656                                      | 24,137        | 10,840                          | 710                       | 288,326           | 747,166                           | 6,975,180        |
| Accumulated depreciation           | -                | (112,215)        | (89,161)                     | (4,034)                                    | (16,786)      | (2,329)                         | (284)                     | (100,915)         | -                                 | (325,724)        |
| <b>Net book amount</b>             | <b>3,800,000</b> | <b>1,852,953</b> | <b>43,016</b>                | <b>2,622</b>                               | <b>7,351</b>  | <b>8,511</b>                    | <b>426</b>                | <b>187,411</b>    | <b>747,166</b>                    | <b>6,649,456</b> |
| <b>Year ended 31 December 2023</b> |                  |                  |                              |                                            |               |                                 |                           |                   |                                   |                  |
| Opening net book amount            | 3,800,000        | 1,852,953        | 43,016                       | 2,622                                      | 7,351         | 8,511                           | 426                       | 187,411           | 747,166                           | 6,649,456        |
| Additions                          | -                | 11,000           | -                            | -                                          | -             | -                               | -                         | -                 | 136,211                           | 147,211          |
| Depreciation charge                | -                | (35,497)         | (26,435)                     | (1,331)                                    | (4,827)       | (1,085)                         | (142)                     | (28,833)          | -                                 | (98,150)         |
| <b>Closing net book amount</b>     | <b>3,800,000</b> | <b>1,828,456</b> | <b>16,581</b>                | <b>1,291</b>                               | <b>2,524</b>  | <b>7,426</b>                    | <b>284</b>                | <b>158,578</b>    | <b>883,377</b>                    | <b>6,698,517</b> |
| <b>At 31 December 2023</b>         |                  |                  |                              |                                            |               |                                 |                           |                   |                                   |                  |
| Cost / Revalued amount             | 3,800,000        | 1,976,168        | 132,177                      | 6,656                                      | 24,137        | 10,840                          | 710                       | 288,326           | 883,377                           | 7,122,391        |
| Accumulated depreciation           | -                | (147,712)        | (115,596)                    | (5,365)                                    | (21,613)      | (3,414)                         | (426)                     | (129,748)         | -                                 | (423,874)        |
| <b>Net book amount</b>             | <b>3,800,000</b> | <b>1,828,456</b> | <b>16,581</b>                | <b>1,291</b>                               | <b>2,524</b>  | <b>7,426</b>                    | <b>284</b>                | <b>158,578</b>    | <b>883,377</b>                    | <b>6,698,517</b> |
| <b>Year ended 31 December 2024</b> |                  |                  |                              |                                            |               |                                 |                           |                   |                                   |                  |
| Opening net book amount            | 3,800,000        | 1,828,456        | 16,581                       | 1,291                                      | 2,524         | 7,426                           | 284                       | 158,578           | 883,377                           | 6,698,517        |
| Additions                          | -                | -                | -                            | -                                          | -             | -                               | -                         | -                 | 135,133                           | 135,133          |
| Depreciation charge                | -                | (35,497)         | (14,029)                     | (1,133)                                    | (2,524)       | (1,084)                         | (142)                     | (28,831)          | -                                 | (83,240)         |
| <b>Closing net book amount</b>     | <b>3,800,000</b> | <b>1,792,959</b> | <b>2,552</b>                 | <b>158</b>                                 | <b>-</b>      | <b>6,342</b>                    | <b>142</b>                | <b>129,747</b>    | <b>1,018,510</b>                  | <b>6,750,410</b> |
| <b>At 31 December 2024</b>         |                  |                  |                              |                                            |               |                                 |                           |                   |                                   |                  |
| Cost / Revalued amount             | 3,800,000        | 1,976,168        | 132,177                      | 6,656                                      | 24,137        | 10,840                          | 710                       | 288,326           | 1,018,510                         | 7,257,524        |
| Accumulated depreciation           | -                | (183,209)        | (129,625)                    | (6,498)                                    | (24,137)      | (4,498)                         | (568)                     | (158,579)         | -                                 | (507,114)        |
| <b>Net book amount</b>             | <b>3,800,000</b> | <b>1,792,959</b> | <b>2,552</b>                 | <b>158</b>                                 | <b>-</b>      | <b>6,342</b>                    | <b>142</b>                | <b>129,747</b>    | <b>1,018,510</b>                  | <b>6,750,410</b> |

## **11. Property, Plant and Equipment (continued)**

As at 31 December 2024 and 31 December 2023, property having a value of €5.25 million has a first special hypothec registered against it in favour of a Security Trustee for the benefit of a subsidiary's (FES Finance p.l.c.) bondholders.

As at 31 December 2023 property having value of €788,000 had a first general hypothec and a special hypothec registered against for the benefit of a subsidiary's (Contractors Only Limited) creditor. During 2024, the subsidiary repaid the creditor in full.

Land was valued by an independent valuer on 25 January 2019, on an open market existing use basis.

The movement in the deferred tax liability arising on the revaluation has been computed on the basis of a tax rate of 8% on the land's sales value, which is equal to its fair value at the reporting date.

The carrying amount of land that would have been included in the financial statements had these assets been carried at cost is €2,249,246 (2023: €2,249,246).

## **12. Investment in Subsidiaries**

The carrying amount of the investment in subsidiaries at reporting date was as follows:

|                                     | <b>The Group</b> |             | <b>The Company</b> |               |
|-------------------------------------|------------------|-------------|--------------------|---------------|
|                                     | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b>   |
|                                     | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>      |
| <b>Year ended 31 December</b>       |                  |             |                    |               |
| Opening and closing net book amount | -                | -           | <b>51,438</b>      | <b>51,438</b> |
| <b>At 31 December</b>               |                  |             |                    |               |
| Cost and carrying net book amount   | -                | -           | <b>51,438</b>      | <b>51,438</b> |

**12. Investment in Subsidiaries (continued)**

The subsidiaries as at 31 December 2024 are shown below:

|                          | Registered Office                                 | Class of shares held | Principal activity | Percentage of shares held |         |
|--------------------------|---------------------------------------------------|----------------------|--------------------|---------------------------|---------|
|                          |                                                   |                      |                    | 2024                      | 2023    |
| FES Finance p.l.c.       | 19 -23<br>Conservatory Street<br>Floriana, Malta  | Ordinary shares      | Finance company    | 99.996%                   | 99.996% |
| FES Operations Limited   | 19 – 23<br>Conservatory Street<br>Floriana, Malta | Ordinary shares      | Non-trading        | 100%                      | 100%    |
| Contractors Only Limited | 19 – 25<br>Conservatory Street<br>Floriana, Malta | Ordinary shares      | Non-trading        | 100%                      | 100%    |

**13. Trade and Other Receivables**

|                                       | The Group        |                  | The Company      |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | 2024             | 2023             | 2024             | 2023             |
|                                       | €                | €                | €                | €                |
| Trade receivables                     | 532              | 532              | 532              | 532              |
| Amounts owed by subsidiary            | -                | -                | 401,109          | 401,079          |
| Amounts owed by related company       | 110,058          | 584,091          | 155,479          | 585,039          |
| Advance deposits and prepaid expenses | 1,205,989        | 1,203,966        | 1,160,528        | 1,158,825        |
| Accrued income                        | 1,400,986        | 1,500,710        | -                | -                |
| Indirect tax recoverable              | -                | -                | 4,057            | 8,252            |
| Other receivables                     | 396              | 394              | -                | -                |
|                                       | <u>2,717,961</u> | <u>3,289,693</u> | <u>1,721,705</u> | <u>2,153,727</u> |

Amounts owed by subsidiary and related company are unsecured, interest free and are repayable on demand. As at 31 December 2024 and 31 December 2023, these amounts were fully performing and hence do not contain impaired assets.

The Group's exposure to credit risk and impairment losses in relation to trade and other receivables is reported in Note 25 to the consolidated financial statements.

**14. Contract Assets**

|                          | <b>The Group</b> |             | <b>The Company</b> |             |
|--------------------------|------------------|-------------|--------------------|-------------|
|                          | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b> |
|                          | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>    |
| At beginning of year     | -                | 1,962,692   | -                  | -           |
| Movement during the year | -                | (1,962,692) | -                  | -           |
| As at 31 December        | -                | -           | -                  | -           |

Payment for goods and services rendered is not due from customer until the services are completed and therefore a contract asset is recognised over the period in which the services are performed to represent the Group's right to consideration for services performed to date.

*Contract assets arise from real estate services*

As at 31 December 2023, all turnkey projects were completed by the subsidiary providing these services.

**15. Share Capital**

|                                      | <b>The Group and the Company</b> |                  |
|--------------------------------------|----------------------------------|------------------|
|                                      | <b>2024</b>                      | <b>2023</b>      |
|                                      | <b>€</b>                         | <b>€</b>         |
| <b>Authorised</b>                    |                                  |                  |
| 1,818,004 ordinary shares of €1 each | <u>1,818,004</u>                 | <u>1,818,004</u> |
| <b>Issued and Fully Paid Up</b>      |                                  |                  |
| 1,818,004 ordinary shares of €1 each | <u>1,818,004</u>                 | <u>1,818,004</u> |

**16. Accumulated Losses**

This represents accumulated losses. During the year under review, no dividends were declared nor paid out.

**17. Other Equity**

This amount represents a loan from ultimate shareholders of the Group. It is unsecured, interest-free and repayable exclusively at the option of the Group and for this reason it is classified within equity.

**18. Borrowings**

|                                   | <b>The Group</b> |             | <b>The Company</b> |             |
|-----------------------------------|------------------|-------------|--------------------|-------------|
|                                   | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b> |
|                                   | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>    |
| <b>Non-current</b>                |                  |             |                    |             |
| 5,000,000 5% Secured Bonds        |                  |             |                    |             |
| 2029 (Note i)                     | <b>4,956,865</b> | 4,946,615   | -                  | -           |
| Loan from third party (Note ii)   | <b>1,000,000</b> | 1,000,000   | -                  | -           |
| Loan due to subsidiary (Note iii) | -                | -           | <b>5,749,059</b>   | 5,424,036   |
|                                   | <b>5,956,865</b> | 5,946,615   | <b>5,749,059</b>   | 5,424,036   |
| <b>Current</b>                    |                  |             |                    |             |
| Bank loan (Note iv)               | -                | 600,317     | -                  | -           |

**(i) 5,000,000 5% Secured Bonds 2029**

|                                                          | <b>The Group</b> |             | <b>The Company</b> |             |
|----------------------------------------------------------|------------------|-------------|--------------------|-------------|
|                                                          | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b> |
|                                                          | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>    |
| Bonds outstanding (face value)                           | <b>5,000,000</b> | 5,000,000   | -                  | -           |
| Gross amount of bond issue costs                         | <b>(102,500)</b> | (102,500)   | -                  | -           |
| <b>Amortisation of gross amount of bond issue costs:</b> |                  |             |                    |             |
| Amortised bond issue costs brought forward               | <b>49,115</b>    | 38,865      | -                  | -           |
| Amortisation charge for the year                         | <b>10,250</b>    | 10,250      | -                  | -           |
| Unamortised bond issue costs                             | <b>(43,135)</b>  | (53,385)    | -                  | -           |
| Amortised cost and closing carrying amount               | <b>4,956,865</b> | 4,946,615   | -                  | -           |

## **18. Borrowings (continued)**

### **(i) 5,000,000 5% Secured Bonds 2029 (continued)**

#### *Interest*

Interest on the 5% Secured Bonds 2029 is payable annually in arrears, on 18 March of each year.

#### *Security*

The bonds constitute the general, direct, and unconditional obligations of the Group, and shall at all times rank *pari passu*, without any priority or preference among themselves.

The secured bonds shall rank with priority or preference with respect to the Security Property, save for such exceptions as may be provided by application law. The payment of the principal under the bonds and one year interest thereon is secured by a first special hypothec over the Security Property which FES Projects Ltd has agreed to constitute in favour of the Security Trustee for the benefit of Bondholders. Also, the secured bonds are guaranteed, in respect of both the interest and the principal amount due by FES Projects Ltd.

### **(ii) Loan from third party**

The loan from third party is unsecured, carries an interest rate of 2.65% (2023: 2.65%) per annum and does not have a fixed date for repayment but it is not envisaged to be paid within the next twelve months.

### **(iii) Loan to subsidiary**

A loan facility amounting to €4,897,500 is made available to the Company (FES Projects Ltd) by its subsidiary FES Finance p.l.c. This loan is unsecured, carries interest at 5.35% (2023: 5.35%) per annum and is repayable in full by not later than 31 December 2028. Any other balances payable to subsidiary are unsecured, interest free and have no fixed date of repayment but are not envisaged to be paid within the next twelve months.

### **(iv) Bank loan**

As at 31 December 2023 the bank loan was secured by a first general hypothec over a subsidiary's assets, and through general and special hypothecary guarantees given by the Group. During 2024, the Group repaid in full the bank loan.

The effective interest rate at 31 December 2024 is nil (2023: 6.17% p.a.).

**19. Deferred Tax**

The movement in the deferred tax for the year is analysed as follows:

|                                                  | <b>The Group</b> |             | <b>The Company</b> |               |
|--------------------------------------------------|------------------|-------------|--------------------|---------------|
|                                                  | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b>   |
|                                                  | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>      |
| <b>Deferred tax liability</b>                    |                  |             |                    |               |
| At beginning of year                             | <b>304,000</b>   | 304,000     | <b>304,000</b>     | 304,000       |
| Charged to profit or loss (Note 10)              | <b>-</b>         | -           | <b>-</b>           | -             |
| At end of year                                   | <b>304,000</b>   | 304,000     | <b>304,000</b>     | 304,000       |
| <b>Deferred tax asset</b>                        |                  |             |                    |               |
| At beginning of year                             | <b>405,250</b>   | 409,384     | <b>40,955</b>      | 45,089        |
| Credited / (charged) to profit or loss (Note 10) | <b>18,112</b>    | (4,134)     | <b>18,112</b>      | (4,134)       |
| At end of year                                   | <b>423,362</b>   | 405,250     | <b>59,067</b>      | <b>40,955</b> |

Deferred taxation is composed of deferred tax liability and deferred tax asset which is to be recovered and settled after more than twelve months. The deferred taxation at 31 December represents:

|                                                                                         | <b>The Group</b> |             | <b>The Company</b> |               |
|-----------------------------------------------------------------------------------------|------------------|-------------|--------------------|---------------|
|                                                                                         | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b>   |
|                                                                                         | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>      |
| <b>Deferred tax liability</b>                                                           |                  |             |                    |               |
| <i>Temporary differences on:</i>                                                        |                  |             |                    |               |
| Revaluation of land                                                                     | <b>304,000</b>   | 304,000     | <b>304,000</b>     | 304,000       |
| <b>Deferred tax asset</b>                                                               |                  |             |                    |               |
| <i>Temporary differences on:</i>                                                        |                  |             |                    |               |
| Differences between carrying amount of property, plant and equipment and their tax base | <b>59,067</b>    | 40,955      | <b>59,067</b>      | 40,955        |
| Unabsorbed capital allowances                                                           | <b>229,634</b>   | 229,634     | -                  | -             |
| Unabsorbed tax losses                                                                   | <b>134,661</b>   | 134,661     | -                  | -             |
| At end of year                                                                          | <b>423,362</b>   | 405,250     | <b>59,067</b>      | <b>40,955</b> |

Deferred taxation is calculated on all temporary differences using the principal tax rate of 35%, except for revaluation of land which is calculated using 8% final withholding tax rate.

**20. Trade and Other Payables**

|                           | <b>The Group</b>        |                  | <b>The Company</b>    |                  |
|---------------------------|-------------------------|------------------|-----------------------|------------------|
|                           | <b>2024</b>             | <b>2023</b>      | <b>2024</b>           | <b>2023</b>      |
|                           | <b>€</b>                | <b>€</b>         | <b>€</b>              | <b>€</b>         |
| Trade payables            | <b>345,898</b>          | 499,713          | <b>11,187</b>         | 57,076           |
| Amounts due to subsidiary | -                       | -                | <b>617,489</b>        | 998,595          |
| Accrued expenses          | <b>551,047</b>          | 551,929          | <b>275,889</b>        | 268,288          |
| Other payables            | <b>11,000</b>           | -                | <b>2,661</b>          | -                |
| Indirect tax payable      | <b>221,934</b>          | 205,122          | -                     | -                |
|                           | <b><u>1,129,879</u></b> | <u>1,256,764</u> | <b><u>907,226</u></b> | <u>1,323,959</u> |

Amounts owed to subsidiaries are unsecured, interest free and repayable on demand.

**21. Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

|                | <b>The Group</b>    |              | <b>The Company</b>  |              |
|----------------|---------------------|--------------|---------------------|--------------|
|                | <b>2024</b>         | <b>2023</b>  | <b>2024</b>         | <b>2023</b>  |
|                | <b>€</b>            | <b>€</b>     | <b>€</b>            | <b>€</b>     |
| Cash at bank   | <b>5,015</b>        | 4,810        | <b>4,962</b>        | 1,555        |
| Bank overdraft | <b>(404)</b>        | -            | -                   | -            |
|                | <b><u>4,611</u></b> | <u>4,810</u> | <b><u>4,962</u></b> | <u>1,555</u> |

**22. Related Party Transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

FES Projects Ltd is the parent company of the entities listed in Note 12 (together referred to as the Group). All companies forming part of the Group are related parties since these companies are ultimately owned by FES Projects Ltd which is considered by the directors to be the ultimate controlling party.

Trading transactions between these companies include items which are normally encountered in a group context. The Group is ultimately owned by Mr. Christopher Vella and Dr. Reuben Debono.

**22. Related Party Transactions (continued)**

|                                                                    | The Group |           | The Company |           |
|--------------------------------------------------------------------|-----------|-----------|-------------|-----------|
|                                                                    | 2024      | 2023      | 2024        | 2023      |
|                                                                    | €         | €         | €           | €         |
| <b>Income</b>                                                      |           |           |             |           |
| Sales to subsidiary                                                | -         | -         | -           | 26,328    |
| <b>Expenditure</b>                                                 |           |           |             |           |
| Interest charged by subsidiary                                     | -         | -         | 153,384     | 126,883   |
| Recharges to subsidiary                                            | -         | -         | -           | 13,559    |
| Recharges by related company owned by common shareholder           | -         | 36,910    | -           | -         |
| <b>Capital Expenditure</b>                                         |           |           |             |           |
| Interest charged by subsidiary                                     | -         | -         | 135,132     | 135,132   |
| <b>Loans and Advances</b>                                          |           |           |             |           |
| Net advances by shareholders                                       | 535,110   | 380,412   | 4,375       | 171,610   |
| Net advances (to) / by subsidiaries                                | -         | -         | (159,629)   | 148,636   |
| Net advances by / (to) related company owned by common shareholder | 474,031   | (261,731) | 429,560     | (143,831) |

Year end balances arising from related party transactions are disclosed in Notes 13, 17, 18 and 20 to the consolidated financial statements.

**23. Provisions**

- (a) On 2 May 2023, a supplier instituted legal proceedings against the Group, claiming an amount of €31,645 in respect of utility supply. The amount claimed corresponds to balances already recognised within trade payables (Note 20) as at 31 December 2024. Accordingly, no additional provision has been recorded in relation to this matter, as the obligation is already reflected in the financial statements. As at 31 December 2024 the case is still ongoing with the final judgement expected to be given in the early months of the year 2026.
- (b) On 27 June 2023, a supplier instituted legal proceedings against the Group, claiming an amount of €22,447 in respect of construction materials supplied. The amount claimed corresponds to balances already recognised within trade payables (Note 20) as at 31 December 2024. Accordingly, no additional provision has been recorded in relation to this matter, as the obligation is already reflected in the financial statements.

Subsequent to the reporting date, the Group reached an out-of-court settlement with the supplier whereby the Group agreed to pay €21,000 in full and final settlement of all claims. The amount was paid in early 2025, and the supplier formally withdrew the proceedings on 15 April 2025.

- (c) On 30 January 2024, a supplier initiated legal proceedings against the Group for payment of services rendered amounting to €74,567. Based on management's assessment, €37,000 is acknowledged as payable for accepted works performed. This amount is already included within accrued expenses (Note 20) as at 31 December 2024, and therefore no further provision has been recognised.

The remaining €37,567, which relates to disputed works not yet certified, has not been recognised, as management considers the Group has no present obligation for this portion. This amount is disclosed as a contingent liability, as the ultimate outcome will depend on the ongoing legal proceedings.

- (d) On 25 June 2024, a supplier filed legal proceedings against the Group, claiming €20,776 in respect of aluminium works supplied. The amount claimed corresponds to balances already recognised within trade payables (Note 20) as at 31 December 2024. Accordingly, no additional provision has been recorded, as the obligation is already reflected in the financial statements. The case remains pending as at the date of approval of these financial statements.
- (e) On 8 August 2024, the Group received a judicial letter from a supplier claiming €27,547 in respect of the outstanding balance for works and services provided, including costs and interest up to the date of payment. The principal amount of €25,547 relating to invoiced works and services is already recognised within trade payables (Note 20) as at 31 December 2024. No additional provision has been recognised in relation to this matter, as the obligation is already reflected in the financial statements.

The additional amounts claimed for interest and costs, which are estimated to €2,000, are considered possible but not probable at the reporting date. These are disclosed as a contingent liability as the ultimate outcome of the matter will depend on the resolution of the claim.

- (f) On 13 September 2024, the Group received a judicial letter from the Commissioner of Revenue claiming €61,104 in respect of the outstanding balance for income tax, inclusive of additional taxes and interest for one of the subsidiaries. No additional provision has been recognised in relation to this matter, as the obligation is already reflected in the financial statement

## **24. Contingent Liabilities**

- (a) The Group has given a first special hypothec on its property in Gzira for the amount of €5,250,000 and a pledge over the Insurance Policy in favour of the Security Trustee.

At 31 December 2024 and 31 December 2023, the Group held the following guarantees and suretyships in favour of the Security Trustee:

- Guarantee in relation to the issue of €5,000,000 5% Secured Bonds 2029.
- Suretyship in relation to the loan granted amounting to €5,000,000.

- (b) On 16 May 2024, a supplier instituted legal proceedings against the Group. By means of a judgment dated 10 July 2024, the Court ordered the Group to pay the supplier an amount of €11,387 together with interest and related legal costs.

Subsequent to the reporting date, in 2025, the supplier issued a judicial letter submitting a taxed bill of costs relating to the court proceedings. In response, the Group sent a judicial letter contesting the enforcement of the judgment on the basis that it had not been duly informed of the proceedings. Furthermore, on 1 April 2025, the Group filed an application requesting the Court to suspend the enforcement of the judgment dated 10 July 2024. On 16 June 2025, the Court accepted the Group's request and ordered the suspension of the enforcement. The Group has also requested the Court to revoke the judgment in its entirety and to order a retrial of the case. These proceedings remain ongoing as at the date of approval of these financial statements.

No provision has been recognised in the financial statements as at 31 December 2024 in respect of this matter, since, in the opinion of the Directors, the supplier's claim is not considered to give rise to a present obligation of the Group. Accordingly, this matter has been disclosed as a contingent liability.

- (c) Other contingent liabilities are as described in Notes 23 (c) and 23 (e).
- (d) As at 31 December 2024, the Group had garnishee orders served against it by trade creditors amounting to €104,910.

## **25. Financial Risk Management**

At the year end, the Group's main financial assets comprised, trade and other receivables and cash and cash equivalents.

At the year end, the Group's main financial liabilities consisted of borrowings and trade and other payables.

The Group's principal risk exposures related to credit risk and liquidity risk. The Group is not exposed to currency risk and the directors consider interest rate risk exposure to be nil during the year under review, as the bank loan was fully repaid in 2024. As at 31 December 2023, the directors considered interest rate exposure to be minimal due to fixed rates stipulated on interest-bearing liabilities. The directors consider interest rate risk exposure to be minimal due to fixed interest rate stipulated on interest bearing liabilities. Note 18 incorporates interest rates and maturity information with respect to the Group's main interest-bearing liabilities.

**25. Financial Risk Management (continued)*****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 subject the Group to concentrations of credit risk consist principally of trade and other receivables and cash at bank.

Receivables and loans are presented net of an allowance for doubtful receivables. In terms of IFRS 9, the Group applies an ECL model as an allowance for doubtful receivables. The Group assesses the credit quality of its customers, the majority of which are unrated, taking into account the financial position, past experience and other factors. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. It has policies in place to ensure that sales of services are effected with customers with an appropriate credit history.

The Group banks only with local financial institution with high quality rating. Management considers the probability of default to be close to zero as the counterparty has a strong capacity to meet its contractual obligations in the near term.

The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, where applicable, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral held.

Management considers the credit quality of these financial assets at the end of the reporting year as being acceptable.

While receivables and cash and cash equivalents are subject to impairment requirements of IFRS 9, the identified impairment loss is insignificant.

***Liquidity risk***

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations.

Management monitors liquidity risk by means of cash flows forecasts on the basis of expected cash flows over a twelve-month period of the Group. Any additional financing facilities expected to be required over the coming year are discussed with financial institutions and the shareholder, to ensure that all necessary cash injections occur on a timely manner. This process is performed through a rigorous assessment of detailed cash flow projections of the Group where matching of cash inflows and outflows arising from expected maturities of financial instruments are assessed on an annual basis.

The carrying amounts of the Group's assets and liabilities are analysed into relevant maturity dates in the respective notes to the consolidated financial statements.

**25. Financial Risk Management (continued)*****Timing of Cash Flows***

The presentation of the above-mentioned financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

***Capital Management***

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2024.

***Fair Value of Financial Instruments***

At 31 December 2024 and 31 December 2023 the carrying amounts of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. As at end of the reporting year, the fair values of financial assets and liabilities, approximate the carrying amounts shown in the statement of financial position.

**26. Events after Reporting Date**

On 28 February 2025, the Group was served with an executive garnishee order by a trade creditor amounting to €3,843. This event occurred after the reporting date and therefore represents a non-adjusting event under IAS 10. The order relates to the enforcement of a trade payable balance. The claim was withdrawn as it had no foundation.

There were no other adjustment or significant non-adjustment events that have occurred between the end of the reporting year and the date of authorisation of these financial statements.

**FES PROJECTS LTD**

Schedules to the Consolidated Financial Statements  
For the year ended 31 December 2024

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**SCHEDULE**

1. Cost of Sales and Services
2. Administrative Expenses

**FES PROJECTS LTD**  
Cost of Sales and Services  
For the year ended 31 December 2024

**Schedule 1**

|                                     | <b>The Group</b> |             | <b>The Company</b> |             |
|-------------------------------------|------------------|-------------|--------------------|-------------|
|                                     | <b>2024</b>      | <b>2023</b> | <b>2024</b>        | <b>2023</b> |
|                                     | <b>€</b>         | <b>€</b>    | <b>€</b>           | <b>€</b>    |
| <b><i>Construction material</i></b> |                  |             |                    |             |
| Opening inventory                   | -                | 29,661      | -                  | 29,661      |
| Purchases                           | -                | 350         | -                  | 350         |
| Closing inventory                   | -                | -           | -                  | -           |
|                                     | -                | 30,011      | -                  | 30,011      |
| <b><i>Direct overheads</i></b>      |                  |             |                    |             |
| Cost of turnkey services            | -                | 527,666     | -                  | -           |
| Utilities                           | -                | -           | -                  | -           |
|                                     | -                | 527,666     | -                  | -           |
| Cost of sales and services          | -                | 557,677     | -                  | 30,011      |

**FES PROJECTS LTD**  
Administration Expenses  
For the year ended 31 December 2024

**Schedule 2**

|                         | <b>The Group</b> |                | <b>The Company</b> |                |
|-------------------------|------------------|----------------|--------------------|----------------|
|                         | <b>2024</b>      | <b>2023</b>    | <b>2024</b>        | <b>2023</b>    |
|                         | <b>€</b>         | <b>€</b>       | <b>€</b>           | <b>€</b>       |
| Audit fee               | <b>9,633</b>     | 13,713         | <b>3,704</b>       | 3,528          |
| Professional fess       | <b>74,874</b>    | 102,918        | <b>27,433</b>      | 19,722         |
| Depreciation            | <b>89,886</b>    | 104,796        | <b>83,240</b>      | 98,150         |
| Management fee          | -                | -              | <b>65,000</b>      | -              |
| Bank charges            | <b>854</b>       | 1,831          | <b>839</b>         | 994            |
| Directors' remuneration | <b>12,000</b>    | 18,000         | -                  | -              |
| Wages and salaries      | <b>25,618</b>    | -              | -                  | -              |
| Water and electricity   | <b>5,660</b>     | -              | -                  | -              |
| Entertainment costs     |                  | 1,675          | -                  | 1,675          |
| Office supplies         |                  | 200            | -                  | 200            |
| Subscriptions           | <b>645</b>       | 2,030          | <b>520</b>         | 2,030          |
| Other expenses          | <b>17,001</b>    | 3,223          | <b>3,939</b>       | -              |
|                         | <b>236,171</b>   | <b>248,386</b> | <b>184,675</b>     | <b>126,299</b> |