

MIDDLETOWN PROPERTIES LIMITED

Reg. No.: C 75568

Report and Financial Statements

For the period ended 31st December 2016

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Directors' report**For the period ended 31st December 2016**

The directors present their report, together with the audited financial statements of Middletown Properties Limited, for the period ended 31st December 2016.

Directors

The directors of the company during the period were:

Mr. Kevin Deguara
Mr. Jean Carl Farrugia.

Principal activity

The company's principal activity is that of purchasing, taking on lease, exchange or otherwise acquire under any title, including temporary or perpetual emphyteusis and sub-emphyteusis and to sell, give on lease, exchange or otherwise dispose of under any title, and to charge or hypothecate, in whole or in part, or otherwise turn to the advantage of the company, and to develop, any moveable or immovable property, rights, privileges and interests which the company may consider necessary or convenient for its purposes for such consideration and under such terms and conditions as the company may think fit. However the company did not trade in the period under review.

Date of incorporation

The company was incorporated on the 10th May 2016. Accordingly these financial statements disclose the results of the company from date of incorporation to 31st December 2016

Review of business development and financial position

The results for the period under review are disclosed on page 8, while the financial position of the company as at 31st December 2016 is disclosed on page 9.

Events after the end of the reporting period

No significant events, having an effect on the financial results and position of the company, have taken place after the end of the reporting period.

Future developments

No changes are envisaged in company's operations during the forthcoming period.

Dividend

The directors do not recommend the payment of a dividend.

Reserves

Retained earnings amounting to €110,310 are being carried forward to the next financial year.

Auditor

The auditor, Mr. Charles Scerri, has intimated his willingness to continue in office. A resolution proposing his re-appointment will be put before the members at the next annual general meeting.

Directors' report

For the period ended 31st December 2016 (Cont'd)

Financial reporting framework

The directors have resolved to prepare the Company's financial statements for the year ending 31st December 2016 in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME").

Approved by the directors on 31st October 2017 and signed by:

Mr. Kevin Deguara
Director

Mr. Jean Carl Farrugia
Director

Registered address:
Il- Piazzetta A, Suite 52, Level 5,
Tower Road,
Sliema
SLM 1607

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The 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 them to ensure that the financial statements comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. 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.

Signed on 31st October 2017 by:

Mr. Kevin Deguara
Director

Mr. Jean Carl Farrugia
Director

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Middletown Properties Limited

Report on the Audit of the Financial Statements.

Opinion

I have audited the financial statements of Middletown Properties Limited set out on pages 8 to 13, which comprise the balance sheet as at 31st December 2016, the income statement, and notes to the financial statement, including a summary of the significant accounting policies.

In my opinion, the financial statements give a true and fair view of the balance sheet of the company as at 31st December, 2016 and of its financial performance for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME"), and have been properly prepared to comply with the Companies Act (Cap. 386).

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described below in the *Auditor's Responsibilities for the Audit of the financial statements* section of my report. I am independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in accordance with the Accountancy Profession Act (Cap. 281) in Malta, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Middletown Properties Limited (cont'd)

Responsibilities of the directors and those charged with governance for the audit of the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibility for the audit of the financial statements

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

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Middletown Properties Limited (cont'd)

Auditor's responsibility for the audit of the financial statements (Cont'd)

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

I communicate with 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 I identify during my audit.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have been properly prepared in accordance with the Companies Act (Chap. 386) enacted in Malta, which permits compliance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME"), for qualifying entities as prescribed in those regulations.

Charles Scerri

Certified Public Accountant and Registered Auditor

The Penthouse, Carolina Court, Giuseppe Cali Street, Ta' Xbiex, XBX1425.

Date: 31st October 2017

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Income Statement

For the period ended 31st December 2016

	Note	Period ended 31 st December 2016 €
Administrative expenses		(240)
Other income	3	110,550
Profit for the period	4	110,310
		=====

Balance Sheet
As at 31st December 2016

	Note	2016 €
Assets		
Non-current assets		
Financial assets	6	110,970

Non-current assets		110,970

Current assets		
Amounts due from related company	10	1,180

Total current assets		1,180

Total assets		112,150
		=====
Equity		
Share capital	9	1,200
Retained earnings		110,310

Total equity		111,510

Liabilities		
Amount due to directors	8	420

Total non-current liabilities		420

Trade and other payables	7	220

Total current liabilities		220

Total liabilities		640

Total equity and liabilities		112,150
		=====

The financial statements on pages 8 to 13 were approved by the directors on 31st October 2017 and signed by:

Mr. Kevin Deguara
Director

Mr. Jean Carl Farrugia
Director

**Notes to the financial statements
For the period ended 31st December 2016****1 Basis of preparation****1.1 Basis of measurement and statement of compliance**

The financial statements of Middletown Properties Limited (“the Company”) have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (“GAPSME”). The financial statements are prepared on the historical cost.

1.2 Functional and presentation currency

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

2 Significant accounting policies**2.1 Investment in associate**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies.

An investment in an associate is initially measured at cost. After initial recognition, the investment in associate is measured using the cost method.

Under the cost method, the investment is measured at cost less accumulated impairment losses. Distributions received from the associate are recognised as investment income in profit or loss when the Company’s right to receive the dividend is established.

2.2 Impairment

The Company’s assets are tested for impairment.

The carrying amounts of the Company’s assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amounts estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

**Notes to the financial statements
For the period ended 31st December 2016****2 Significant accounting policies (Cont'd)****2.2 Impairment (Cont'd)**

The carrying amounts of Company's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation increase unless an impairment loss on the same asset was previously recognised in profit or loss.

2.3 Financial assets, financial liabilities and equity*i. Trade and other payables*

Trade and other payables are stated at their nominal value unless the effect of discounting is material, in which case trade and other payables are measured at amortised cost using the effective interest method.

ii. Share capital issued by the Company

Ordinary shares issued by the Company are classified as equity. Dividends to ordinary shareholders are debited directly to equity and are recognised as liabilities in the period in which they are declared.

2.4 Cash and cash equivalents

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

Notes to the financial statements
For the period ended 31st December 2016

2 Significant accounting policies (Cont'd)

2.5 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity.

Current tax is based on the taxable profit for the year, as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company recognises a deferred tax liability in respect of all taxable temporary differences and a deferred tax asset in respect of all deductible temporary differences except to the extent that such deferred tax liability arises from the initial recognition of goodwill or the deferred tax asset/liability arises from the initial recognition of an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (loss). Recognition of a deferred tax asset is however limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The Company re-assesses any unrecognised deferred tax asset at each balance sheet date to determine whether future taxable profit has become probable that allows the deferred tax asset to be recovered.

3 Other income

Other income consists of income arising from a bonus share issue.

4 Profit for the period

The profit for the period is stated after charging the following:

	Period ending 2016 €
Audit fee	100 =====

5 Taxation

No provision of the Malta income tax has been provided for in these financial statements, since the company did not trade during the year under review.

Notes to the financial statements
For the period ended 31st December 2016

6 Financial asset

	holding %	2016 cost €
SR Investments Limited 110,850 Ordinary 'C' Shares of €1 each, 100% paid up	1	110,850
Shoreline Residence Limited 120 Ordinary 'C' Shares of €1 each, 100% paid up	10	120
		----- 110,970 =====

7 Trade and other payables

	2016 €
Accruals	220
	=====

8 Amount due to directors

Amount due to directors is unsecured, interest free and has no fixed date of repayment.

9 Share capital

	2016 €
Authorised 1,200 ordinary shares of €1 each	1,200
	=====
Issued and fully paid up 1,200 ordinary shares of €1 each	1,200
	=====

10 Amounts due from related company

Amounts due from related company are unsecured and interest free.

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

Statement of changes in equity

For the period ended 31st December 2016

	Called up issued share capital €	Retained earnings €	Total €
Injection of capital	1,200	-	1,200
Profit for the period	-	110,310	110,310
At 31st December 2016	1,200	110,310	111,510

Cash flow statement**For the period ended 31st December 2016**

	Note	Period ending 31 st Dec 2016 €
Cash flow used in operating activities		
Profit for the period		110,310
Movements in working capital:		
Trade and other payables		220

Net cash inflow from operating activities		110,530

Cash flow used in investing activities		
Payment to acquire financial asset		(110,970)

Net cash outflow used in investing activities		(110,970)

Cash flow used in financing activities		
Proceeds from the issue of share capital		1,200
Amount due to directors		420
Amounts due from related company		(1,180)

Net cash inflow from in financing activities		440

Movement in cash and cash equivalents		-
Cash and cash equivalents at the beginning of the period		-

Cash and cash equivalents at the end of the period		-
		=====

Detailed income statement
For the period ended 31st December 2016

	Note	Period ended 31 st Dec 2016 €
Administrative expenses		
Audit fee		100
Bank charges		20
Professional fees		120

		(240)

Other income		
Extraordinary income	3	110,550

Profit for the period		110,310
		=====