

**SPINOLA DEVELOPMENT COMPANY
LIMITED**

**Annual Report and Consolidated Financial
Statements
31 December 2024**

SPINOLA DEVELOPMENT COMPANY LIMITED
Annual Report and Consolidated Financial Statements - 31 December 2024

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Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2024.

Principal activities

The principal activities of the Group are the development and the operation of the Portomaso Complex in St. Julians, Malta. This complex includes the Hilton (Malta) and its convention centre, the Portomaso Business Tower, residential apartments, a car park and commercial outlets.

Review of business

2024 was another successful year building upon the positive momentum following the pandemic recovery notwithstanding the prevailing macro-economic challenges brought about by the war in Ukraine and the hostilities in the Middle East, as well as domestic challenges such as the shortage in the labour supply which particularly impacts the hospitality business which constitutes the major segment of the Spinola Development Company Limited Group (the 'Group'). On a positive note, one needs to keep in mind the Maltese government's subsidy to keep energy prices stable and the gradual decrease in interest rates as inflationary pressures continued subsiding.

Tourist arrivals to Malta during 2024 remained on an upward trend reaching 3.56 million visitors, setting an all-time record, compared to the 2.98 million tourist arrivals during 2023. Tourist expenditure amounted to €3.29 billion against €2.67 billion in 2023 resulting in an increase of €616.61 million equivalent to 23.05%. All this is very positive for the hospitality industry as the increasing number of tourist arrivals has an obvious direct positive impact upon the Group's hospitality business, as well as an indirect impact in the form of a higher spending power within the local community, part of which translates into additional business being channelled into the Group's hotel and ancillary operations, thus encouraging the Group to retain its propensity towards constantly investing into retaining the Hilton hotel as one of the best hotels on the island.

Operating in this economic environment, Hilton's revenue for 2024 was almost at par with that of 2023 which was the highest ever achieved by the hotel, as occupancy remained on the higher side with a slight dip in room rate, whilst the revenue from ancillary operations which includes the marina, car-park and tower bar fell short from that of 2023, thus resulting in total segment revenue of €43.43 million against €44.11 million in 2023, making up 82.10% of the Group's total revenue. On the other hand, rental income from offices and commercial venues together with complex management operations stood at €9.47 million against €7.79 in 2023 registering an improvement of €1.68 million. Property development has been on a downward trend due to the limited stock available for sale which during 2024 consisted of just 2 apartments within Portomaso, with no property development revenue being recorded during 2024. At this stage, the Group's main property development project is the development of the upmarket residential complex at the location of the former Halland Hotel at Ibragg. Construction work progressed substantially during 2024 with M&E works commencing in late 2024 such that completion is estimated for the third quarter of 2026.

Cost of sales and administrative expenses amounted to €37.98 million against €36.50 million in 2023 equivalent to an increase of €1.48 million arising mostly from higher labour costs in view of the hospitality industry being a very labour intensive one together with the challenge of staff shortage, resulting in higher labour costs to recruit, train and retain suitably qualified staff to deliver the high level of service expected at one of the top hotel brands.

With other income remaining relatively unchanged (2024: €330,076 vs 2023: €328,740), operating profit stood at €15.26 million against €15.93 million in 2023, resulting in a decrease of €668,921 or 4.20%. Consequently, the profit margin declined from 30.57% in 2023 to 28.84% in 2024.

Directors' report - continued

Review of business - continued

Net finance costs stood at €1.70 million against €2.32 in the previous year, resulting in a decrease of €617,683 arising from a combination of lower finance costs due to the reduction in borrowings following the settlement of a €24.98 million loan borrowed from Tumas Investments p.l.c. so that the latter could redeem the €25.0 million bond upon its maturity in 2024, and higher finance income earned from investments in treasury bills as the treasury unit continues to contribute towards optimizing returns on funds available and actively managing the cost of borrowings.

To this effect, profit before tax stood at €13.55 million against €13.61 million in 2023, equivalent to a decrease of €51,238.

The tax expense for 2024 was slightly lower than that of the previous year (2024: €4.07 million vs 2023: €4.16 million), thus resulting in a profit after tax of €9.48 million against €9.44 million in 2023.

Moving on to the statement of financial position, the Group's total assets at the end of December 2024 stood at €235.43 million against €240.67 million at the end of 2023 representing a decrease of €5.24 million. Property, plant and equipment together with investment property remain the backbone of the Group's asset base, representing 68.31% of total assets.

During 2024 the Group invested €1.63 million in property, plant and equipment predominantly at the Hilton to upgrade the hotel's equipment and energy efficiency, as well as €2.71 million in its investment property representing mainly investment in equipment and furnishings of areas within the car-park which were eventually leased out, whilst total disposals amounted to €130,804. Depreciation on property, plant, equipment and investment property amounted to €5.57 million against €5.42 million in 2023 representing an increase of €152,754.

Non-current assets decreased by €1.93 million (2024: €162.77 million vs 2023: €164.70 million) resulting from a decrease of €1.32 million in the value of property, plant, equipment and investment property and a decrease of €602,999 in trade and other receivables (2024: €1.95 million vs 2023: €2.55 million) mainly due to an amount of €573,000 being reclassified into current receivables as this should be settled by the end of 2025.

Current assets also registered a decrease (2024: €72.66 million vs 2023: €75.98 million) with the main movements being an increase of €4.95 million in inventories (2024: €36.40 million vs 2023: €31.45 million) arising from an increase in property held for development and resale mainly related to the ex-Halland hotel development which is currently the Group's main residential real estate development upon which works have progressed substantially in 2024 with promise of sale agreements expected to ramp up in 2025, a decrease of €15.24 million in trade and other receivables (2024: €10.19 million vs 2023: €25.43 million) mainly due to the repayment of amounts owed by fellow subsidiaries, an increase of €10.45 million in financial assets at amortised cost (2024: €22.21 million vs 2023: €11.77 million) comprising of sovereign treasury bills which contributed to the higher finance income, and a decrease of €3.47 million in cash and cash equivalents (2024: €3.86 million vs 2023: €7.33 million).

Consequently, working capital increased by €20.22 million from €32.92 million at the end of 2023 to reach €53.14 million at the end of 2024, with the working capital ratio improving to 3.72 from 1.76 at the end of 2023. This was due to the reduction in current liabilities arising from the repayment of current borrowings from Tumas Investments p.l.c. so that the latter could redeem the €25.00 million bond upon maturity in 2024. The repayment of current borrowings did not materially affect current assets, and the reduction in current liabilities was mostly offset by increases in non-current liabilities and retained earnings. The Group's working capital is considered to be at a healthy level and adequate to support the Group's operations and its commitments to Tumas Investments p.l.c.

Directors' report - continued

Review of business - continued

With respect to Group's liabilities, total liabilities decreased by €12.51 million (2024: €81.25 million vs 2023: €93.76 million) with an increase of €11.03 million in non-current liabilities (2024: €61.73 million vs 2023: €50.71 million) against a decrease of €23.53 million in current liabilities (2024: €19.52 million vs 2023: €43.06 million) due to the repayment of current borrowings from Tumas Investments p.l.c. so that the latter could redeem the €25.00 million bond upon maturity in 2024 as explained earlier.

The Group's net deferred tax liabilities at the end of 2024 stood at €25.12 million against €25.76 at the end of 2023 representing a reduction of €643,792 resulting from changes in the temporary timing differences arising on the depreciation of non-current assets and the tax element on the revaluation of property.

Total borrowings at the end of 2024 amounted to €36.71 million against €49.93 million at the end of 2023, comprising of €11.75 million in bank borrowings (2023: €nil) and €24.95 million in borrowings from Tumas Investments p.l.c. deriving from the latter's bond issue maturing in 2027. Therefore, total borrowings decreased by €13.22 million with a significant reduction in current borrowings and an increase in non-current borrowings which include the €24.95 million loan payable to Tumas Investments p.l.c. for which the Group is building a portfolio together with unutilised credit lines so as to meet its commitment towards Tumas Investments p.l.c. of sovereign treasury bills amounting to €22.21 million in addition to unutilised credit lines. At the end of 2024 the Group's gearing ratio stood at 5% against 15% the previous year, highlighting the Group's robust financial position and the very low leverage risk.

Trade and other payables stood at €17.65 million representing an increase of €3.52 million against the €14.13 million at end 2023. This increase is mainly attributable to amounts owed to fellow subsidiaries which increased by €2.46 million (2024: €2.46 million vs 2023: €nil) whilst accruals and deferred income increased by €943,533 (2024: €6.47 million vs 2023: €5.53 million).

The above factors contributed to the Group's total equity reaching €154.17 million at the end of 2024 against €146.91 million at the end of 2023, representing an increase of €7.26 million or 4.94% brought about by an increase in retained earnings (2024: €55.11 million vs 2023: €47.02 million) driven by the Group's successful performance, and after accounting for €2.21 million in dividends, attesting to the robustness of Group's financial position.

Moving on to the cash flow statement, the Group's cash and cash equivalents at the end of 2024 amounted to €3.56 million against €7.33 million at the end of 2023 representing a decline of €3.77 million brought about by the following factors:

The net cash generated from operating activities amounted to €24.92 million against €6.66 million in 2023 representing an increase of €18.27 million brought about mainly by an increase of 21.86 million attributable to cash generated from operations whereby trade and other receivables registered a favourable movement of €15.31 million against an adverse movement of €5.73 million in 2023 resulting in a difference of €21.04 million, and an adverse movement of €4.33 million attributable to an increase in income tax payments (2024: €6.88 million vs 2023: €2.55 million) since the provisional tax instalments during 2023 charged by the Commissioner for Revenue according to tax regulations were not enough to cover the Group's 2023 final tax charge, so the difference was settled in 2024 in line with tax regulations.

Directors' report - continued

Review of business - continued

Cashflows from investing activities registered a net outflow of €14.18 million against outflows of €11.59 million in 2023 which translates into an adverse change of €2.60 million which is mainly the result of a €1.76 million increase in the purchase of property, plant, equipment and investment property, as well as a decrease of €2.15 million in the settlement of non-current receivables. Investment in sovereign treasury bills retained a steady momentum at €10.45 million against €11.77 million in 2023.

Cashflows from financing activities amounted to outflows of €14.51 million against outflows of €3.21 million in 2023 resulting in a variance of €11.30 million brought about mainly by the €24.98 million repayment of the loan to Tumas Investments p.l.c., which was partly set-off by €12.00 million proceeds from bank borrowings.

The above results portray a strong performance which is a testament to the Group's capabilities as a leading business player within the Maltese economy, especially in its core business of hospitality, notwithstanding the persisting international turmoil which requires us to constantly monitor what is happening both in the local and international scene. The Board of Directors is confident that the current operations in tandem with the upcoming projects will continue to solidify the Group's financial position and reputation.

Outlook for financial year 2025 and events after the financial reporting date

Our outlook for 2025 reflects a cautiously optimistic stance with budgets having been set at levels similar to the performance of 2024 in view of the global macro-economic environment prevailing during the last quarter of 2024, including the geo-political turmoil in the Middle East and the war in Ukraine which could detrimentally impact the Group's hospitality business. Having said that, the Hilton hotel registered a positive performance during the first quarter of 2025 whereby accommodation revenue was at par with that of 2024 whilst food & beverage revenue registered an improvement, leading to an overall increase in gross operating profit. The outlook for the summer months is also encouraging, with the Malta International Airport introducing additional connections to Denmark, Hungary and the United Kingdom, and indications that both occupancy and room rates will be very good. This is particularly positive news given the stronger competition within the St. Julian's area following the refurbishment of a major competitor and the opening of a new 5-star hotel in the last quarter of 2024. During 2025 the Group will continue with its investment plan at the Hilton hotel which includes the addition of a new outdoor catering facility in order to keep the Hilton hotel as one of the best hotels on the island.

The hospitality's ancillary operations of Spinola Development Company Limited which include the car park, the tower bar and the marina which was rented out mid-2024, are expected to yield similar results to 2024, whilst rentals of offices and commercial areas as well as complex management operations are expected to yield a somewhat better result compared to last year.

Regarding property development, the current main project is the development of the upmarket residential complex at the location of the former Halland Hotel at Ibragg.

Directors' report - continued

Review of business - continued

Outlook for financial year 2025 and events after the financial reporting date - continued

Notwithstanding the positive performance of the first quarter of 2025, we now need to contend with the recent macro-economic events triggered by the tariffs introduced by the US government and the counter measures adopted by the affected countries which are raising concerns relating to recession and inflation, as well as the ensuing response of the major central banks with respect to the management of monetary policy, thereby possibly impacting the Group's future performance particularly that of the hospitality business segment which is more susceptible to changes in disposable income.

To this effect the Board of Directors together with management remain steadfast in monitoring the unfolding state of affairs to navigate the challenges and manage the operations of the Spinola Development Company Limited Group in the best interest of all stakeholders.

Financial risk management

The Group's and Company's activities expose it to a variety of financial risks, including market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. Refer to Note 2 in these financial statements.

Results and dividends

The income statements are set out on page 15. During the year the directors declared a net dividend of €2,214,500 (2023: €3,214,500).

Directors

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

Raymond Fenech
Emmanuel Fenech
Raymond Sladden

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

Statement of directors' responsibilities for the financial statements

The directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the parent Company as at the end of each reporting period and of the profit or loss for that period.

Directors' report - continued

Statement of directors' responsibilities for the financial statements - continued

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 Group and the parent Company will continue in business as a going concern.

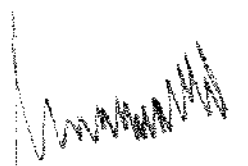
The directors are also responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the Group and the parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Spinola Development Company Limited for the year ended 31 December 2024 are included in the Annual Report 2024, which is published in hard-copy printed form and may be made available on the Tumas Group's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Group's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



Raymond Fenech
Director



Ray Sladden
Director

Registered office:
Tumas Group Corporate Office
Level 3
Portomaso Business Tower
Portomaso
St. Julians
Malta

28 April 2025



Independent auditor's report

To the Shareholders of Spinola Development Company Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and the Parent Company financial statements (the "financial statements") of Spinola Development Company Limited give a true and fair view of the Group and the Parent Company's financial position as at 31 December 2024, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

Spinola Development Company Limited's financial statements, set out on pages 13 to 62, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2024;
- the Consolidated and Parent Company income statements for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

Independence

We are independent of the Group and the Parent Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.



Independent auditor's report - continued

To the Shareholders of Spinola Development Company Limited

Other information

The directors are responsible for the other information. The other information comprises of *the Directors' report* (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs 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 Group's and the Parent 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 the Parent Company or to cease operations, or have 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.



Independent auditor's report - continued

To the Shareholders of Spinola Development Company Limited

- 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 the Parent 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 Group or the Parent 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, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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

The *Annual Report and Financial Statements 2024* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Independent auditor's report - continued

Area of the Annual Report and Financial Statements 2024 and the related Directors' responsibilities	Our responsibilities	Our reporting
<p>Directors' report (on pages 1 to 6)</p> <p>The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.</p>	<p>We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p> <p>We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements.</p> <p>In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.</p>	<p>In our opinion:</p> <ul style="list-style-type: none"> 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). <p>We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the <i>Other information</i> section.</p>



Independent auditor's report continued

Area of the Annual Report and Financial Statements 2024 and the related Directors' responsibilities	Our responsibilities	Our reporting
	<p>Other matters on which we are required to report by exception</p> <p>We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:</p> <ul style="list-style-type: none">• adequate accounting records have not been kept, or 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 not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit.	<p>We have nothing to report to you in respect of these responsibilities.</p>



Independent auditor's report - continued

To the Shareholders of Spinola Development Company Limited

Other matter – use of this report

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

A large, stylized handwritten signature in black ink, appearing to read 'M. Formosa', is written over the printed name and title.

Michael Formosa
Principal

For and on behalf of

PricewaterhouseCoopers

78, Mill Street

Zone 5, Central Business District

Qormi

Malta

28 April 2025

Statements of financial position

		As at 31 December			
		Group		Company	
Notes		2024 €	2023 €	2024 €	2023 €
ASSETS					
Non-current assets					
Property, plant and equipment	4	143,708,764	147,367,269	143,708,764	147,367,269
Investment property	5	17,112,818	14,777,863	17,112,818	14,777,863
Investments in subsidiaries	6	-	-	117,621	118,791
Trade and other receivables	7	1,947,380	2,550,379	28,296,122	18,714,539
Total non-current assets		162,768,962	164,695,511	189,235,325	180,978,462
Current assets					
Inventories	8	36,397,992	31,452,329	9,214,452	7,764,591
Trade and other receivables	7	10,191,080	25,429,212	5,733,982	23,570,004
Other financial assets at amortised cost	9	22,211,932	11,765,877	22,211,932	11,765,877
Cash and cash equivalents	10	3,857,967	7,327,931	3,127,335	6,210,706
Total current assets		72,658,971	75,975,349	40,287,701	49,311,178
Total assets		235,427,933	240,670,860	229,523,026	230,289,640

Statements of financial position - continued

	Notes	As at 31 December			
		Group		Company	
		2024 €	2023 €	2024 €	2023 €
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	13,652,805	13,652,805	13,652,805	13,652,805
Revaluation reserves	12	85,408,834	86,234,334	85,408,834	86,234,334
Retained earnings		55,111,381	47,021,484	48,439,156	40,324,648
Total equity		154,173,020	146,908,623	147,500,795	140,211,787
Non-current liabilities					
Borrowings	14	35,361,541	24,940,669	35,361,541	24,940,669
Trade and other payables	15	1,250,000	-	6,579,837	-
Deferred tax liabilities	16	25,121,137	25,764,929	24,001,841	24,779,335
Total non-current liabilities		61,732,678	50,705,598	65,943,219	49,720,004
Current liabilities					
Borrowings	14	1,346,816	24,986,438	1,346,816	24,986,438
Trade and other payables	15	16,397,333	14,128,682	13,592,241	11,964,962
Current taxation		1,778,086	3,941,519	1,139,955	3,406,449
Total current liabilities		19,522,235	43,056,639	16,079,012	40,357,849
Total liabilities		81,254,913	93,762,237	82,022,231	90,077,853
Total equity and liabilities		235,427,933	240,670,860	229,523,026	230,289,640

The notes on pages 19 to 62 are an integral part of these financial statements.

The financial statements on pages 13 to 62 were authorised for issue by the board of directors on 28 April 2025 and were signed on its behalf by:


Raymond Fenech
Director


Ray Sladden
Director

Income statements

	Notes	Year ended 31 December			
		Group		Company	
		2024 €	2023 €	2024 €	2023 €
Revenue	17	52,903,357	52,097,304	48,783,333	48,847,122
Cost of sales	18	(26,266,802)	(26,141,625)	(26,266,802)	(26,141,625)
Gross profit		26,636,555	25,955,679	22,516,531	22,705,497
Administrative expenses	18	(11,708,574)	(10,357,441)	(11,214,513)	(10,275,644)
Other income		330,076	328,740	330,076	328,740
Operating profit		15,258,057	15,926,978	11,632,094	12,758,593
Finance income	20	862,175	518,224	862,175	518,224
Finance costs	20	(2,566,396)	(2,840,128)	(2,566,396)	(2,840,128)
Investment income	21	-	-	2,700,000	1,900,000
Profit before tax		13,553,836	13,605,074	12,627,873	12,336,689
Tax expense	22	(4,074,939)	(4,161,330)	(3,106,197)	(3,331,026)
Profit for the year		9,478,897	9,443,744	9,521,676	9,005,663

The notes on pages 19 to 62 are an integral part of these financial statements.

Statements of changes in equity

Group	Notes	Share capital €	Revaluation reserves €	Retained earnings €	Total equity €
Balance at 1 January 2023		13,652,805	87,059,834	39,966,740	140,679,379
Comprehensive income					
Profit for the year		-	-	9,443,744	9,443,744
Other movements					
Reclassification from revaluation reserve to retained earnings, net of deferred tax	12,16	-	(825,500)	825,500	-
Total comprehensive income		-	(825,500)	10,269,244	9,443,744
Transactions with owners					
Dividends paid	23	-	-	(3,214,500)	(3,214,500)
Total transactions with owners		-	-	(3,214,500)	(3,214,500)
Balance at 31 December 2023		13,652,805	86,234,334	47,021,484	146,908,623
Balance at 1 January 2024		13,652,805	86,234,334	47,021,484	146,908,623
Comprehensive income					
Profit for the year		-	-	9,478,897	9,478,897
Other movements					
Reclassification from revaluation reserve to retained earnings, net of deferred tax	12,16	-	(825,500)	825,500	-
Total comprehensive income		-	(825,500)	10,304,397	9,478,897
Transactions with owners					
Dividends paid	23	-	-	(2,214,500)	(2,214,500)
Total transactions with owners		-	-	(2,214,500)	(2,214,500)
Balance at 31 December 2024		13,652,805	85,408,834	55,111,381	154,173,020

The notes on pages 19 to 62 are an integral part of these financial statements.

Statements of changes in equity - continued

Company	Notes	Share capital €	Revaluation reserves €	Retained earnings €	Total equity €
Balance at 1 January 2023		13,652,805	87,059,834	33,707,985	134,420,624
Comprehensive income					
Profit for the year		-	-	9,005,663	9,005,663
Other movements					
Reclassification from revaluation reserve to retained earnings, net of deferred tax	12,16	-	(825,500)	825,500	-
Total comprehensive income		-	(825,500)	9,831,163	9,005,663
Transactions with owners					
Dividends paid	23	-	-	(3,214,500)	(3,214,500)
Total transactions with owners		-	-	(3,214,500)	(3,214,500)
Balance at 31 December 2023		13,652,805	86,234,334	40,324,648	140,211,787
Balance at 1 January 2024		13,652,805	86,234,334	40,324,648	140,211,787
Comprehensive income					
Profit for the year		-	-	9,521,676	9,521,676
Other movements					
Reclassification from revaluation reserve to retained earnings, net of deferred tax	12,16	-	(825,500)	825,500	-
Impact of merger of subsidiary into Company	13	-	-	(18,168)	(18,168)
Total comprehensive income		-	(825,500)	10,329,008	9,503,508
Transactions with owners					
Dividends paid	23	-	-	(2,214,500)	(2,214,500)
Total transactions with owners		-	-	(2,214,500)	(2,214,500)
Balance at 31 December 2024		13,652,805	85,408,834	48,439,156	147,500,795

The notes on pages 19 to 62 are an integral part of these financial statements.

Statements of cash flows

		Year ended 31 December			
		Group		Company	
Notes		2024 €	2023 €	2024 €	2023 €
Cash flows from operating activities					
Cash generated from operations	24	33,685,710	11,826,961	36,681,919	13,348,660
Interest received		687,325	220,856	687,325	220,856
Interest paid		(2,566,396)	(2,840,128)	(2,566,396)	(2,840,128)
Net income tax paid		(6,882,164)	(2,548,545)	(6,150,391)	(1,879,620)
Net cash generated from operating activities		24,924,475	6,659,144	28,652,457	8,849,768
Cash flows from investing activities					
Purchase of property, plant and equipment and investment property		(4,340,575)	(2,578,435)	(4,340,575)	(2,578,435)
Movement in non-current receivables		602,999	2,756,290	(10,768,227)	(549,630)
Investment in financial assets		(10,446,055)	(11,765,877)	(10,446,055)	(11,765,877)
Dividend received		-	-	2,700,000	1,900,000
Net cash used in investing activities		(14,183,631)	(11,588,022)	(22,854,857)	(12,993,942)
Cash flows from financing activities					
Repayments of borrowings		(25,546,591)	-	(25,546,591)	-
Proceeds from bank borrowings		12,000,000	-	12,000,000	-
Dividends paid		(2,214,500)	(3,214,500)	(2,214,500)	(3,214,500)
Financing to group entities		1,250,000	-	6,579,837	-
Net cash used in financing activities		(14,511,091)	(3,214,500)	(9,181,254)	(3,214,500)
Net movement in cash and cash equivalents		(3,770,247)	(8,143,378)	(3,383,654)	(7,358,674)
Cash and cash equivalents at beginning of year		7,327,931	15,471,309	6,210,706	13,569,380
Cash and cash equivalents at end of year	10	3,557,684	7,327,931	2,827,052	6,210,706

The notes on pages 19 to 62 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of material accounting policy information

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

1.1 Basis of preparation

These consolidated financial statements include the financial statements of Spinola Development Company Limited and its subsidiaries. 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, 1995. They have been prepared under the historical cost convention, as modified by the fair valuation of the non-current asset category of property, plant and equipment except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies (Note 3 - Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2024

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

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements that are mandatory for the Group's accounting periods beginning after 1 January 2024. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 (issued on 9 April 2024) is yet to be endorsed for use in the EU however it is set to replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance. IFRS 18 will also require the disclosure of management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's and Company's financial statements.

The new standard will be applicable from its mandatory effective date of 1 January 2027, subject to endorsement for use in the EU, with retrospective application.

1. Summary of material accounting policy information - continued

1.2 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting. 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 period in which the diminution is identified. The results of the 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.

A listing of the subsidiaries is set out in Note 6 to the consolidated financial statements.

1. Summary of material accounting policy information - continued

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in these financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro which is the Group's and Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are presented in the income statements within 'administrative expenses'.

1.4 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings, are shown at fair value based on periodic valuations by qualified valuers, less subsequent depreciation for buildings. 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 period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. 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 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.

Office, hotel and ancillary operational mechanical and electrical equipment, furniture, fixtures and operational equipment are stated at historical cost less depreciation. Assets in course of construction are not depreciated.

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 period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity. All other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

1. Summary of material accounting policy information - continued

1.4 Property, plant and equipment - continued

Freehold land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

	%
Buildings	0 - 7
Mechanical and electrical equipment	5 - 25
Furniture, fixtures and operational equipment	7 - 25

Assets in the course of construction are not depreciated.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.7).

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are recognised in profit or loss. When a revalued asset is sold, the amount is included in the revaluation reserve relating to the asset and is transferred to retained earnings.

1.5 Investment property

Investment property, principally comprising floors in the Portomaso Business Tower and commercial outlets, are held for long-term rental yields and are not occupied by the Group.

The Group adopts the cost model under IAS 40, 'Investment property', whereby investment property is stated in the statement of financial position at historical cost less accumulated 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 investment property 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 expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

1. Summary of material accounting policy information - continued

1.5 Investment property - continued

Land is not depreciated as it is deemed to have an indefinite life. The capitalised costs of buildings is depreciated using the straight-line method over a maximum of one hundred years at most, in accordance with their useful lives. Useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The fair value of these properties is disclosed in the financial statements and is based on active market prices, taking into consideration the nature, location or condition of the specific asset. These valuations are revised annually by the directors. A property's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 1.7).

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its cost and accumulated amortisation at the date of the reclassification becomes its cost and accumulated depreciation for subsequent accounting purposes. When the Group decides to dispose of an investment property without development, the Group continues to treat the property as an investment property. Similarly, if the Group begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

If an item of property, plant and equipment becomes an investment property because its use has changed, its cost and accumulated depreciation at the date of reclassification becomes its cost and accumulated amortisation for subsequent accounting purposes.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting inventories is its carrying amount at the date of change in use.

1.6 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 period.

1. Summary of material accounting policy information - continued

1.7 Financial assets

(a) Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowance (Note 1.7.3).

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within cost of sales and administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

(b) 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 cash in hand and deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

(c) Other financial assets

Other financial assets represent monetary investments held to maturity.

1.7.1 Classification

The Group classifies its financial assets 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.

1. Summary of material accounting policy information - continued

1.7 Financial assets - continued

1.7.2 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 substantially all the risks and rewards of ownership.

At initial recognition, the Group 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) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

1.7.3 Impairment

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

Expected credit loss model

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

- debt securities that are determined to have 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. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and it considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

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

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.

1. Summary of material accounting policy information - continued

1.7 Financial assets - continued

1.7.3 Impairment - continued

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

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 period of 12 months before 31 December, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the customers to settle the receivable. 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.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value, and include transport and handling costs, determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

Property held for development and resale

When the main object of a property project is the development for resale purposes, the asset is classified in the financial statements as inventory. Any elements of the project which are identified for business operation or long-term investments properties are transferred at their carrying amount or fair value to property, plant and equipment or investment property when such identification is made and the cost thereof can be reliably segregated.

The development property is carried at the lower of cost and net realisable value. The purchase cost of acquiring the property represents the cash equivalent value of the contracted price. In case of land previously held as tangible non-current assets, the transfer value is the carrying value of the land as last revalued prior to its transfer to inventories.

Cost comprises the purchase cost of acquiring the property together with other costs incurred during its subsequent development by specifically identifying the cost of individual items including:

- The costs incurred on development works and construction works in progress, including demolition, site clearance, excavation, construction and acquisition costs, together with the expenses incidental to acquisition and costs of ancillary activities such as site security;
- The cost of various design and other studies conducted in connection with the project, together with all other expenses incurred in connection therewith;

1. Summary of material accounting policy information - continued

1.8 Inventories - continued

- Any borrowing costs, including imputed interests, attributable to the development phases of the property project;
- Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Property held for development and resale - continued

Gains and losses on disposal of property inventories are determined by reference to their carrying amount and are taken into account in determining gross profit. On disposal of a revalued asset, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

1.9 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities, other than derivative contracts, are classified as financial liabilities measured at amortised cost, i.e. not at fair value through profit or loss under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of 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.

(a) 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.

(b) Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the 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.

Issue costs incurred in connection with the issue of the secured bonds and loans from fellow subsidiaries include mainly arraignment, manager fees and professional fees.

1. Summary of material accounting policy information - continued

1.10 Current and deferred tax

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

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

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

Under this method the Group is required to make provision for deferred income taxes on the revaluation of certain property assets on the difference between the carrying values or financial reporting purposes and their tax base. Such deferred tax is charged or credited directly to the reserve.

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

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

1.11 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

1. Summary of material accounting policy information - continued

1.12 Revenue recognition

Revenues include 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. The Group's business includes property sales, property rentals and sales of services in the hospitality industry, carpark, marina, tower bar and complex management operations.

(a) Sale of goods and services

Revenues are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

IFRS 15 requires that at contract inception the goods or services promised in a contract with a customer are assessed and each promise to transfer to the customer the good or service is identified as a performance obligation. Promises in a contract can be explicit or implicit if the promises create a valid expectation to provide a good or service based on the customary business practices, published policies, or specific statements.

IFRS 15 provides more detailed guidance on how to account for contract modifications. Changes must be accounted for either as a retrospective change (creating either a catch up or deferral of previously recorded revenues), prospectively with a reallocation of revenues amongst identified performance obligations, or prospectively as separate contracts which will not require any reallocation.

Property sales

The Group develops and sells properties for commercial and residential purposes. Revenue is recognised when control over the property has been transferred to the client. The properties have generally no alternative use for the Group after legal title has passed to the customer due to contractual restrictions. An enforceable right to payment does not arise until legal title has passed to the customer. These transactions generally relate to property delivered in a finished state. The period for execution of these transaction generally exceeds 12 months but rarely goes beyond 24 months. The Group considers the conditions set in the property transfer contract which includes the transfer of the title of the property and all the related building and finishes as one performance obligation. This is because the goods or services provided by the Group are not separately identifiable from other promises in the contract. In effect, the customer expects and has contracted to receive the property in a finished state. Although the goods or services received by the customer from the Group are capable of being distinct (for e.g. the overall management of the project, site preparation, construction, plumbing, electrical services and other finishing), these are all be combined into one performance obligation.

1. Summary of material accounting policy information - continued

1.12 Revenue recognition - continued

(a) Sale of goods and services - continued

Property sales - continued

The Group recognises revenue from the point in time when the legal title has passed to the customer until all the contractual performance obligation are executed and delivered. Generally, the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The client controls the asset upon the transfer of property title. Therefore, as the finishing works are being performed by the Group, it is the customer who controls the assets being created from such works. In measuring revenue over time, management measures its progress towards complete satisfaction of that performance obligation, in order to determine the timing of revenue recognition. The purpose of measuring progress towards satisfaction of a performance obligation is to recognise revenue in a pattern that reflects the transfer of control of the promised good or service to the customer.

On the allocation of the total contract transaction price to identified portions of performance obligations, a portion of the total transaction price can be allocated to performance obligations portions that are unsatisfied or partially satisfied at the end of the reporting period. These are referred to as unfulfilled performance obligations and are the goods or services that the Group is obliged to provide to clients and customers during the remaining fixed term of the contract.

The revenue is measured at the transaction price agreed under the contract and the consideration is due when legal title has been transferred. In most cases, this give rise to contract liabilities in the form of advance deposits for portion of the performance obligations not yet executed by the Group at the date of the contract. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

The Group does not consider costs to fulfil contracts to be significant as costs in connection with property sales will generally fall within the scope of IAS 2 – Inventories, until disposal of the asset, at which stage the asset recognised from capitalising the costs to obtain or fulfil a contract is amortised on a systematic basis consistent with the pattern of the transfer of the goods or services to which the asset relates. Since the performance obligation will be satisfied over time, the Group release these costs using a method consistent with the method used to measure progress and recognise revenue. The assumptions underlying the period over which the costs are expensed are periodically reviewed and adjusted in line with observations. Termination of the contractual relationship with the customer results in the immediate expensing of the remaining deferred costs. Where the carrying amount of deferred costs exceeds the remaining consideration expected to be received for the transfer of the related goods and services, less expected costs relating directly to the transfer of these goods and services still to be incurred, the excess amount is similarly immediately expensed.

Sales of services in the hospitality activity

Revenue from services is generally recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue arising on hospitality activities are recognised when the service is performed and goods are supplied. Revenue is usually in cash, credit card or on credit. The recorded revenue includes credit card fees payable for the transaction.

1. Summary of material accounting policy information - continued

1.12 Revenue recognition - continued

(a) Sale of goods and services - continued

Sales of goods - retail

Sales of goods are recognised when the Group has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products. Retail sales are usually in cash or by credit card. The recorded revenue includes credit card fees payable for the transaction. Such fees are included in finance costs. Restaurant and bar sales are recognised upon performance of the service.

Sales of services

Sales of services including income from marina, car park and complex management are recognised in the accounting period in which the services are provided, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Financing

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(b) Property rentals and related income

Rents receivable, premia charged to tenants of immovable property are recognised in the period when the property is occupied. Premia are taken to the income statement over the period of the leases to which they relate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

1.13 Finance income and costs

Finance income and costs are recognised in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate. Finance costs includes the effect of amortising any difference between net proceeds and redemption value in respect of the Group's borrowings.

1. Summary of material accounting policy information - continued

1.14 Leases

Where the Group is a lessor

Assets leased out under operating leases are included in investment property in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned investment property. Rental income is recognised as it accrues, unless collectability is in doubt.

1.15 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment, investment property or property held for development and resale are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of the Group's interest-bearing borrowings.

1.16 Dividend distribution

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

2. Financial risk management

2.1 Financial risk factors

The activities of the Group, of which the Company forms part of, potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management, covering risk exposures for all subsidiaries focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The parent Company Board of Directors provides principles for overall Group risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. The Group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective Group's functional currency.

The Group is exposed to foreign exchange risk arising primarily from the Group's purchases, a part of which are denominated in the US dollar. Management does not consider foreign exchange risk attributable to recognised liabilities arising from purchase transactions to be significant since balances are settled within very short periods in accordance with the negotiated credit terms. Also foreign exchange risk attributable to future transactions is not deemed to be material since the Group manages the risk by reflecting, as far as is practicable, the impact of exchange rate movements registered with respect to purchases in the respective sales prices.

All the Group's loans and receivables, cash and cash equivalent and borrowings are denominated in euro.

In view of the above, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of reporting year is not deemed necessary.

(ii) Cash flow and fair value interest rate risk

The Group does not have significant interest-bearing assets, and its income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates, comprising bank borrowings (Note 14), expose the Group to cash flow interest rate risk. The Group's borrowings are subject to an interest rate that varies according to revisions made to the Bank's Base Rate. Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on. Borrowings issued at fixed rates, consisting primarily of loans from fellow subsidiary which are carried at amortised cost (Note 14) and therefore do not expose the Group to fair value interest rate risk.

Based on the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk

Credit risk principally arises from cash and cash equivalents comprising deposits with financial institutions, investment in debt securities, loans and advances to related parties, and credit exposures to clients and customers, including outstanding receivables and committed transactions. The Group's and the Company's principal exposures to credit risk as at the end of the reporting period are analysed as follows and is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The figures disclosed in the table below in respect of trade and other receivables exclude prepayments and advance payments on projects, on which no credit risk is deemed to arise.

The maximum exposure to credit risk at the end of the reporting period was:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Carrying amount				
Financial assets measured at amortised cost				
Trade and other receivables (Note 7)	6,395,410	24,727,321	30,762,173	40,742,774
Other financial assets at amortised cost (Note 9)	22,211,932	11,765,877	22,211,932	11,765,877
Cash and cash equivalents (Note 10)	3,857,967	7,327,931	3,127,335	6,210,706
	32,465,309	43,821,129	56,101,440	58,719,357

The maximum exposure to credit risk at the end of the reporting period in respect of the trade receivables by type of customer was:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Property development and management	2,438,948	2,281,492	1,147,858	659,785
Hospitality	1,063,719	805,188	1,063,719	805,188
	3,502,667	3,086,680	2,211,577	1,464,973

The Group and the Company holds collateral as security for the receivables within the property development and management related sector for an amount of €570,365 (2023: €573,000).

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Trade and other receivables

The Group assesses the credit quality of its trade customers, the majority of which are unrated, taking into account 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 goods and services are effected to customers with an appropriate credit history. Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Group's standard payment and service delivery terms and conditions are offered. The creditworthiness analysis for new customers includes a review through external sources when available. The Group monitors the performance of its trade and other receivables on a regular basis to identify incurred collection losses, which are inherent in the Group's debtors, taking into account historical experience in collection of accounts receivable.

In view of the nature of the Group's activities and the market in which it operates, a limited number of customers account for a certain percentage of the Group's trade and other receivables. Whilst no individual customer or Group of dependent customers is considered by management as a significant concentration of credit risk with respect to contractual debts, these exposures are monitored and reported more frequently and rigorously. These customers trade frequently with the respective Group undertakings and are deemed by management to have positive credit standing, usually taking cognisance of the performance history without defaults.

The Group manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from customers are within controlled parameters. The Group's trade and other receivables, which are not credit impaired financial assets, are principally debts in respect of transactions with customers for whom there is no recent history of default. Management does not expect any significant losses from non-performance by these customers.

Impairment of trade and other receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Impairment of trade and other receivables - continued

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group adjusts the historical loss rates based on expected changes in these factors. On that basis, the loss allowance for the Group and the Company as at 31 December 2024 amounted to €408,054 and €278,115 respectively (31 December 2023: €306,828 and €255,736 respectively). No further analysis of these loss allowances have been disclosed in these financial statements as the overall allowances are not deemed material in the context of the Group's financial position and performance.

The Group established an allowance for impairment that represented its estimate of expected credit losses in respect of trade and other receivables. The individually credit impaired trade receivables mainly relate to a number of independent customers which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations. Hence, provisions for impairment in respect of credit impaired balances with corporate trade customers relate to entities which are in adverse trading and operational circumstances. Reversals of provisions for impairment of credit impaired receivables arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The Group and the Company do not hold any significant collateral as security in respect of the credit impaired assets.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts written off are credited against the same line item.

Cash and cash equivalents

The Group principally banks with local and European financial institutions with high-quality standing or rating.

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

Other financial assets at amortised cost

The Group is not exposed to significant credit risk in respect of debt securities which comprise German, Dutch, French, Belgian and Maltese Government Securities listed on their respective Stock Exchange (Note 9) taking into account the level of such investments. Accordingly the expected credit loss is deemed to be insignificant.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Loans receivable from subsidiaries and amounts due from subsidiaries

The Group and the Company's receivables include loans receivable from subsidiaries and fellow subsidiaries (Notes 7 and 15). The Group monitors intra-Group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Group assesses the credit quality of these related parties taking into account financial position, performance and other factors. The Group takes cognisance of the related party relationship with these entities and management does not expect any significant losses from non-performance or default.

The Company considers the amount owed by the subsidiary as a Stage 1 exposure for IFRS 9 purposes (i.e. performing) in view of the factors highlighted above. The expected credit loss allowances on such exposure is based on the 12-month probability of default, capturing 12-month expected losses and hence are considered insignificant.

(c) 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 'interest-bearing borrowings' (Notes 15 and 14). 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 flow forecasts on the basis of expected cash flows over a 12-month period detailed by the Group segments to ensure that no additional financing facilities are expected to be required over the coming year.

Moreover, annual detailed cash flow projections are prepared to assess the matching of cash inflows and outflows arising from expected maturities of financial instruments. The Group manages its liquidity risk through this continuous assessment, coupled with the Group's committed borrowing facilities (that it can access) to meet liquidity needs as referred to previously.

The carrying amounts of the Group's assets and liabilities are analysed into relevant maturity Groupings based on the remaining period at the statement of financial position to the contractual maturity date in the respective notes to the financial statements.

The following table analyses the Group's and Company's financial liabilities into relevant maturity Groupings based on the remaining period at the statement of financial position to the contractual maturity date.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk - continued

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

Group	Carrying amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
31 December 2024					
Bank borrowings	11,753,692	13,671,648	1,707,065	5,627,128	6,337,455
Loan from fellow subsidiary	24,954,665	27,428,664	962,500	26,466,164	-
Trade and other payables	16,698,960	16,698,960	15,848,960	850,000	-
	53,407,317	57,799,272	18,518,525	32,943,392	6,337,455
31 December 2023					
Loans from fellow subsidiary	49,927,107	54,137,842	26,709,178	27,428,664	-
Trade and other payables	13,647,342	13,647,342	13,647,342	-	-
	63,574,449	67,785,184	40,356,520	27,428,664	-
Company					
31 December 2024					
Bank borrowings	11,753,692	13,671,648	1,707,065	5,627,128	6,337,455
Loans from fellow subsidiary	24,954,665	27,428,664	962,500	26,466,164	-
Trade and other payables	20,004,181	20,004,181	13,424,344	6,579,837	-
	56,712,538	61,104,493	16,093,909	38,673,129	6,337,455
31 December 2023					
Loans from fellow subsidiary	49,927,107	54,137,842	26,709,178	27,428,664	-
Trade and other payables	11,740,473	11,740,473	11,740,473	-	-
	61,667,580	65,878,315	38,449,651	27,428,664	-

2. Financial risk management - continued

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust its capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as structural borrowings divided by total capital.

Total capital is measured by reference to the amounts reflected in the consolidated financial statements where the property, plant and equipment are stated at revalued amounts that are regularly assessed and updated as necessary. Reported equity is adjusted for fair value surplus (net of deferred tax) over the notional carrying amount of investment property.

Furthermore, the Group has not taken account of potential fair value surpluses related to a number of undeveloped properties within its inventory portfolio. These properties comprise namely, the Halland land and the directum dominium related to the Portomaso land. The directors consider the potential increase over the recorded base cost from the respective revaluations as latent equity which will be realized when the respective property earning potential is crystalized.

Structural borrowings include all interest bearing borrowings stated net of any funds made available for the repayment of such liabilities. Borrowings include loans from a fellow subsidiary (Tumas Investments p.l.c.) whose unsecured bonds and bank borrowings are secured and guaranteed by the Company.

The gearing ratios at 31 December 2024 and 2023 were as follows:

	Group	
	2024	2023
	€	€
Total borrowings (Note 14)	36,708,357	49,927,107
Less: Cash and cash equivalents (Note 10)	(3,857,967)	(7,327,931)
Less: Other financial assets at amortised costs (Note 9)	(22,211,932)	(11,765,877)
Net borrowings	10,638,458	30,833,299
Reported equity	154,173,020	146,908,623
Adjustment for fair value on investment property	33,168,920	26,459,423
Total equity	187,341,940	173,368,046
Total capital	197,980,398	204,201,345
Gearing	5%	15%

2. Financial risk management - continued

2.3 Fair values of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses as a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Refer to Note 4 for details of such techniques.

Financial instruments not measured at fair value

The carrying amounts of cash at bank, trade receivables (net of impairment provisions), debt investments payables and short term borrowings are assumed to approximate their fair values in view of the nature of the instruments or their short term maturity.

The fair value of non-current 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. The fair value of the Group's bank borrowings (Note 14) as at the end of the reporting period is not materially different from the carrying amounts.

3. 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 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.

As referred to in Note 4 to the financial statements, the Group's and Company's land and buildings category of property, plant and equipment is fair valued on the basis of valuation techniques.

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4. Property, plant and equipment

Group and Company	Land and buildings €	Assets not yet commissioned €	Mechanical and electrical equipment €	Furniture, fixtures and operational equipment €	Total €
At 1 January 2023					
Cost or valuation	143,698,401	492,040	30,344,399	22,316,951	196,851,791
Accumulated depreciation	(6,956,365)	-	(24,297,657)	(14,892,447)	(46,146,469)
Net book amount	136,742,036	492,040	6,046,742	7,424,504	150,705,322
Year ended 31 December 2023					
Opening net book amount	136,742,036	492,040	6,046,742	7,424,504	150,705,322
Additions and other transfers	14,955	203,210	654,491	451,981	1,324,637
Disposals	(2,027)	-	-	(39,601)	(41,628)
Depreciation charge	(2,386,202)	-	(750,118)	(1,519,261)	(4,655,581)
Depreciation released on disposal	2,027	-	-	32,492	34,519
Closing net book amount	134,370,789	695,250	5,951,115	6,350,115	147,367,269
At 31 December 2023					
Cost or valuation	143,711,329	695,250	30,998,890	22,729,331	198,134,800
Accumulated depreciation	(9,340,540)	-	(25,047,775)	(16,379,216)	(50,767,531)
Net book amount	134,370,789	695,250	5,951,115	6,350,115	147,367,269
Year ended 31 December 2024					
Opening net book amount	134,370,789	695,250	5,951,115	6,350,115	147,367,269
Additions and other transfers	24,638	(312,256)	968,844	950,177	1,631,403
Disposals	-	-	(15,174)	(43,389)	(58,563)
Net transfers to investment property	(479,067)	-	(87,852)	(25,017)	(591,936)
Depreciation charge	(2,362,761)	-	(772,339)	(1,539,154)	(4,674,254)
Depreciation released on disposal	-	-	3,900	30,945	34,845
Closing net book amount	131,553,599	382,994	6,048,494	5,723,677	143,708,764
At 31 December 2024					
Cost or valuation	143,152,490	382,994	31,184,907	23,550,673	198,271,064
Accumulated depreciation	(11,598,891)	-	(25,136,413)	(17,826,996)	(54,562,300)
Net book amount	131,553,599	382,994	6,048,494	5,723,677	143,708,764

4. Property, plant and equipment - continued

Fair valuation of property

In previous financial years, the directors approved the revaluation of the Group's and Company's property, plant and equipment, which comprises the Hilton Hotel, the Portomaso car park and related ancillary operations, after assessing the valuations prepared by professionally qualified valuers. The valuation is based on the discounted cash flow methodology. The book value of the property has been adjusted to the revaluation and the resultant surplus, net of applicable deferred income taxes, has been credited to the revaluation reserve in other comprehensive income within shareholders' equity (Note 12). The Group's and the Company's investment property portfolio (Note 5) principally comprises the Portomaso Business Towers and commercial outlets which are leased out principally to third parties. Certain areas within this portfolio are also rented out to fellow subsidiaries within the Tumas Group.

The directors have also approved a valuation as at 31 December 2024 prepared internally by management to assess the fair value of the Group's and Company's property, plant and equipment, particularly the Hilton Hotel. This valuation is also based on the discounted cashflow methodology. The directors are of the opinion that the carrying amount of property, plant and equipment as at 31 December 2024, does not differ materially from that which would be determined using fair values that take account of the above considerations.

The Group and the Company are required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

All the recurring property fair value measurements at 31 December 2024 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Group's and the Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 31 December 2024.

A reconciliation from the opening balance to the closing balance of land and buildings for recurring fair value measurements categorised within Level 3 of the value hierarchy is reflected in the table above. Movements reflect additions, disposals, net transfers to investment property and depreciation for the year ended 31 December 2024.

Valuation processes

The Group and Company's property is valued by the Directors, generally taking cognisance of professional advice from independent professionally qualified valuers who hold a recognised relevant professional qualification and have the necessary experience in the location and segments of the property being valued. When external valuations are carried out in accordance with this process, the valuer reports directly to the Board of Directors and discussions on the valuation technique, the model utilised and its results, including an evaluation of the inputs to the valuation model, are held at Board level. A new valuation is typically commissioned to an external valuer, whenever, in the opinion of the Board of

4. Property, plant and equipment - continued

Valuation processes - continued

Directors, new circumstances arise which may suggest that a material change in value in the underlying property has occurred.

At the end of every reporting period, when an external valuation is not carried out, the Directors assess whether any significant changes in actual circumstances and developments have been experienced since the last external valuation. On an annual basis, management updates internally developed valuation models which are based on the discounted cash flow and comparable sales value approaches, for the purpose of ascertaining whether the carrying amount of the key components within the Group's property portfolio are significantly different from estimated fair values. An adjustment to the carrying amount of the property is only reflected if it has been determined that there has been significant change.

Valuation techniques

Given the specific nature of these assets, the valuations of the Level 3 property have been performed by reference to valuation models. These valuation models include:

- in the case of the Hilton Hotel, the Portomaso car park and related ancillary operations classified as property, plant and equipment, the property, plant and equipment's discounted projected cash flows; and
- in the case of the Portomaso Business Tower and commercial outlets leased out and classified as investment property, the capitalisation of the rental income based on a three-year average.

The future cash flows from operating the Hilton Hotel and related ancillary operations (including the Portomaso car park) have been derived from financial forecasts assessed in relation to past performance and the industry's general outlook. The significant inputs to this approach include:

Net cash inflows	based on the actual operating net cash inflows generated and projected forwards for a ten year period. These cash flows take into consideration periodic capital expenditure based on expected refurbishment costs that will be incurred over the period of projections.
Growth rate	based on management's estimated average growth in the hotel's operating cash flows; and
Discount rate	reflecting current market assessments of the uncertainty in the amount and timing of cash flows, and based on current market risk free rates, an equity market risk premium and other risk premiums attached to an investment in the property being valued including any element of projection risk inherent in the projected future cash flows;
Terminal value	based on the properties' net operating cash flows at the end of the ten year projection period, and capitalised at a capitalisation rate that reflects the properties' actual location, size and quality and taking into account market data at the valuation date.

4. Property, plant and equipment - continued

Valuation techniques - continued

Information about fair value measurements of property, plant and equipment using significant unobservable inputs (Level 3) include average post-tax net cash flows of €8.3 million (2023: post-tax net cash flows of €7.5 million) in the explicit period with an average growth rate of 2% (2023: 2%) in the residual value and a post-tax discount rate of 7.46% (2023: post-tax discount rate of 7.46%).

The significant unobservable inputs in the valuation of the Portomaso Business Tower and commercial outlets leased out include the average annual rental value of the properties, and a capitalisation rate that reflects the properties' actual location, size and quality and taking into account market data at the valuation date. The capitalisation rates ranges from 6% to 12% which reflects the risk inherent in the utilisation of the specific properties.

In respect of these valuations, the higher the post-tax operating cash inflows, growth rate, and terminal value, the higher the fair value. Conversely, the lower the discount rate, the estimated refurbishment costs, and capitalisation rate used in calculating the terminal value, the higher the fair value.

As at 31 December 2024, the carrying amount of land and buildings within property, plant and equipment amounts to €67,400,000 and €64,153,599. (2023: €67,400,000 and €66,970,789). The carrying amount of land and buildings would have been €863,468 and €16,142,599 respectively (2023: €863,468 and €18,959,789) had the assets been included in the financial statements at cost.

Depreciation charge of €4,674,254 (2023: €4,655,581) is included in the Group's and Company's income statements as follows: €4,631,203 (2023: €4,618,917) in cost of sales and €43,051 (2023: €36,664) in administrative expenses.

Borrowings are secured by the Group's property, plant and equipment (Note 14).

5. Investment property

	Group and Company	
	2024	2023
	€	€
Year ended 31 December		
Opening net book amount	14,777,863	14,288,759
Net transfers from property, plant and equipment	591,936	-
Additions	2,709,172	1,253,798
Disposals	(72,241)	(1,379)
Depreciation charge	(897,396)	(763,315)
Depreciation released on disposal	3,484	-
Closing net book amount	17,112,818	14,777,863
At 31 December		
Cost or valuation	28,318,500	24,244,993
Accumulated depreciation	(11,205,682)	(9,467,130)
Net book amount	17,112,818	14,777,863

As at 1 January 2023, the cost and accumulated depreciation of the Group's and Company's investment property amounted to €22,992,574 and €8,703,815 respectively. Depreciation charge of €897,396 (2023: €763,315) is included in cost of sales.

Borrowings are secured by the Group's investment property (Note 14).

The fair open market value of investment property as at 31 December 2024 is estimated by the directors at €53,967,174 (2023: €44,177,222) on the basis of the present value of contracted and anticipated income streams emanating from the Group's and Company's investment property portfolio.

Substantially the areas comprising the Group's and Company's investment property portfolio are presently leased out under operating leases agreements with third parties and related entities within the Tumas Group.

The following amounts have been recognised in the income statements:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Rental income	5,212,776	4,220,259	1,671,579	1,300,000
Direct operating and administrative expenses	(1,653,310)	(969,019)	(1,031,900)	(864,263)

6. Investments in subsidiaries

	Company 2024 €	2023 €
Cost and carrying amount		
At beginning of year	118,791	118,791
Impact of merger of subsidiary (Note 13)	(1,170)	-
	117,621	118,791

The subsidiaries at 31 December, whose results and financial position affected the figure of the Group are shown below:

	Registered Office	Class of shares held	Percentage of shares held (and voting rights) 2024 %	2023 %
Portomaso Leasing Company Limited	Tumas Group Corporate Office, Level 3, Portomaso Business Tower Portomaso St. Julians Malta	Ordinary shares	100	100
Halland Developments Company Limited	Tumas Group Corporate Office, Level 3, Portomaso Business Tower Portomaso St. Julians Malta	Ordinary shares	100	100
Premium Real Estate Investment Limited	Tumas Group Corporate Office, Level 3, Portomaso Business Tower Portomaso St. Julians Malta	Ordinary shares	-	99

7. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Non-current				
Trade receivables	-	573,000	-	573,000
Amounts owed by parent entities	952,288	952,288	952,288	952,288
Amounts owed by subsidiaries	-	-	26,348,742	16,164,160
Amounts owed by fellow subsidiaries	995,092	1,025,091	995,092	1,025,091
	1,947,380	2,550,379	28,296,122	18,714,539
Current				
Trade receivables – (net of credit loss allowances)	3,502,667	2,513,680	2,211,577	1,464,973
Amounts owed by parent	7,787	1,533,655	7,787	1,527,730
Amounts owed by subsidiary	-	-	-	1,624,649
Amounts owed by fellow subsidiaries	862,254	17,963,764	171,365	17,363,109
Amounts owed by related parties	10,403	117,455	10,403	-
Other receivables	64,919	48,388	64,919	47,774
Advance payments	3,578,269	1,563,677	2,047,863	318,703
Prepayments and accrued income	2,164,781	1,688,593	1,220,068	1,223,066
	10,191,080	25,429,212	5,733,982	23,570,004
Total trade and other receivables	12,138,460	27,979,591	34,030,104	42,284,543

Amounts owed by parents, subsidiaries, fellow subsidiaries and related parties are unsecured, and are repayable on demand except for those disclosed as non-current. These amounts bear interest at 1.8% (2023: 1.8%). Interest amounting to €459,297 (2023: €17,912) owed to subsidiaries and fellow subsidiaries was waived.

Receivables above are stated net of expected credit losses allowances.

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Trade receivables	408,054	306,828	278,115	255,736

Advanced payments on projects represent payments to contractors in respect of development works on new projects principally undertaken by the Group which have not yet been undertaken. It also includes an amount of €1,190,912 in relation to investment in Treasury Bills paid before year end but effective in the beginning of financial year 2025.

7. Trade and other receivables - continued

The increase in expected credit losses allowances for the year is disclosed in Note 18 and is included in the income statement as follows:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Administrative expenses	101,226	(181,695)	22,379	(45,735)
	101,226	(181,695)	22,379	(45,735)

8. Inventories

Property held for resale principally includes the development of the Halland apartments and other units which are still unsold in the Portomaso Complex.

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Property held for resale	35,544,450	30,616,200	8,360,910	6,928,462
Food and beverage	260,395	267,850	260,395	267,850
Consumables	593,147	568,279	593,147	568,279
	36,397,992	31,452,329	9,214,452	7,764,591

The Group is currently developing a major real estate project which is covered by an executable full development building permits. The said permits are subject to two appeals instituted by third party objectors before the Environment and Planning Review Tribunal. These appeals are still ongoing and are both at the stage of compilation of the evidence.

The Group has carried out its annual review of the carrying amount of its inventory portfolio and, after considering all developments which occurred during the year, has concluded that the realisable value is in excess of the carrying amount of inventory.

Payroll costs incurred during the year amounting to €447,776 and €178,579 have been capitalised within the Group's and Company's inventory.

Borrowings are secured by the Group's property held for resale (Note 14).

9. Other financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	Group and Company	
	2024	2023
	€	€
Year ended 31 December		
Cost and carrying amount	22,211,932	11,765,877

The Group's financial instruments which are measured at amortised cost, consist of Treasury bills issued by the German, Dutch, French, Belgian and Maltese Governments and are considered to be current in nature.

10. Cash and cash equivalents

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

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Cash at bank and in hand	3,857,967	7,327,931	3,127,335	6,210,706
Bank overdrafts (Note 14)	(300,283)	-	(300,283)	-
	3,557,684	7,327,931	2,827,052	6,210,706

11. Share capital

	Group and Company	
	2024	2023
	€	€
Authorised, Issued and fully paid		
1,164,687 ordinary "A" shares of €1 each	1,164,687	1,164,687
6,988,119 ordinary "B" shares of €1 each	6,988,119	6,988,119
5,499,999 redeemable 6% preference shares of €1 each	5,499,999	5,499,999
	13,652,805	13,652,805

Each ordinary share carry the right to one vote at any general meeting of the Company. Redeemable preference shares shall not carry any voting rights.

12. Revaluation reserves

	Group and Company	
	2024	2023
	€	€
Surplus arising on revaluation of land within:		
Property, plant and equipment	84,217,649	85,043,149
Investment property	1,191,185	1,191,185
At 31 December	85,408,834	86,234,334
Property, plant and equipment		
At 1 January		
Gross	111,697,747	112,967,747
Transfer to retained earnings (before taxation)	(1,270,000)	(1,270,000)
	110,427,747	111,697,747
Deferred taxation (Note 16)	(26,210,098)	(26,654,598)
At 31 December	84,217,649	85,043,149
Investment property		
At 1 January		
Gross	1,339,584	1,339,584
Deferred taxation (Note 16)	(148,399)	(148,399)
At 31 December	1,191,185	1,191,185

The revaluation reserves are non-distributable.

13. Merger by acquisition

On 15 March 2024, the directors approved the terms of merger of Premium Real Estates Investments Limited, where the latter entity has merged into the Company. For accounting purposes all assets and liabilities as at 1 January 2024, were merged and amalgamated into the Company in accordance with section 344 and 358 of the Maltese Company Act, 1995.

The assets and liabilities arising from this transaction are as follows:

	2024
	€
Inventories	1,164,270
Trade and other receivables	5,966
Trade and other payables	(1,187,234)
Total net assets acquired	(16,998)
Elimination of investment in subsidiary (Note 6)	(1,170)
Net effect of reserves of merger	(18,168)

14. Borrowings

	Group and Company	
	2024	2023
	€	€
Year ended 31 December		
Opening carrying amount	49,927,107	49,891,283
Additional bank loan	12,000,000	-
Additional bank overdraft	300,283	-
Repayment of bank loan	(546,591)	-
Repayment of loan from fellow subsidiary	(24,986,438)	-
Amortisation of issue cost	13,996	35,824
	36,708,357	49,927,107
Non-current		
Bank loans	10,406,876	-
Loan from fellow subsidiary	24,954,665	24,940,669
	35,361,541	24,940,669
Current		
Bank loans	1,046,533	-
Loan from fellow subsidiary	-	24,986,438
Bank overdrafts	300,283	-
	1,346,816	24,986,438
Total borrowings	36,708,357	49,927,107

The bank loan and overdrafts are secured by:

- (a) general and special hypothecs over the Group's assets;
- (b) general hypothecs and guarantees provided by fellow subsidiaries;
- (c) pledges on the Group's insurance policies;
- (d) letters of undertaking.

The Group's and Company's banking facilities as at 31 December 2024 amounted to €21,212,558 and €21,112,558 respectively (2023: €2,445,589 and €2,345,589).

Loans from fellow subsidiary are disclosed at the value of the proceeds less the net book amount of the issue costs, as follows:

	Group and Company	
	2024	2023
	€	€
Face value of loans from fellow subsidiary	25,000,000	50,000,000
Gross amount of issue costs	(143,515)	(318,430)
Amortisation up to end of year	98,180	245,537
Unamortised issue costs	(45,335)	(72,893)
Amortised cost and closing carrying amount	24,954,665	49,927,107

14. Borrowings - continued

By virtue of an offering memorandum dated 7 July 2014, the Group issued 5% bonds maturing in 2024 for an amount of €25,000,000 through Tumas Investments plc. The bonds are guaranteed by the Company, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bond has been redeemed on 10 July 2024, through funds generated by, and available to the Company at the time and also by virtue of an additional banking facility of €12,000,000.

By virtue of an offering memorandum dated 29 May 2017, the Group issued 3.75% bonds maturing in 2027 for an amount of €25,000,000 through Tumas Investments plc. The bonds are guaranteed by the Company, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum.

Proceeds for these bonds have been advanced to the Company through loans from fellow subsidiary.

The interest rate exposure of borrowings was as follows:

	Group and Company	
	2024	2023
	€	€
Total borrowings:		
At fixed rates	24,954,665	49,927,107
At floating rates	11,753,692	-
	36,708,357	49,927,107

Weighted average effective interest rates at the end of the reporting period date:

	Group and Company	
	2024	2023
Bank overdrafts	3.2%	-
Bank loans	3.2%	-
Loans from fellow subsidiaries	3.9%	4.5%

	Group and Company	
	2024	2023
	€	€
Maturity of total borrowings at 31 December:		
Within one year	1,346,816	24,986,438
Between one year and two years	1,080,857	-
Between two and five years	28,413,849	24,940,669
Over five years	5,866,835	-
	36,708,357	49,927,107

15. Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Non-current				
Advance deposits	400,000	-	-	-
Amounts owed to fellow subsidiary	850,000	-	850,000	-
Amounts owed to subsidiary	-	-	5,729,837	-
	1,250,000	-	6,579,837	-
Current				
Trade payables	2,972,588	3,617,172	2,923,880	2,876,973
Payments received on account	548,373	464,090	167,897	207,239
Capital and other payables	3,683,299	3,649,557	3,683,299	3,649,557
Amounts owed to fellow subsidiaries	1,605,328	-	1,559,936	-
Amounts owed to subsidiaries	-	-	152,676	-
Amounts owed to related parties	264,835	247,832	264,835	247,832
Indirect and other taxation	851,263	621,917	659,088	511,281
Accruals and deferred income	6,471,647	5,528,114	4,180,630	4,472,080
	16,397,333	14,128,682	13,592,241	11,964,962
Total trade and other payables	17,647,333	14,128,682	20,172,078	11,964,962

Amounts owed to subsidiaries, fellow subsidiaries and related parties are unsecured, interest free and are repayable on demand, except those disclosed as non-current. These bear interest at 1.8% (2023: Nil). Interest amounting to €96,011 (2023: €Nil) owed to subsidiaries was waived during 2024.

16. Deferred taxation

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
At beginning of year	25,764,929	26,437,601	24,779,335	25,603,069
Deferred tax on transfer of depreciation through asset use	(444,500)	(444,500)	(444,500)	(444,500)
Deferred tax on temporary differences arising on depreciation of non-current assets	(325,162)	(396,005)	(325,162)	(396,005)
Deferred tax on temporary differences arising on expected credit losses	(35,429)	64,357	(7,832)	16,771
Deferred tax on temporary differences arising on rental income	161,299	103,476	-	-
At 31 December	25,121,137	25,764,929	24,001,841	24,779,335

The balance at 31 December represents temporary differences on:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Revaluation of property, plant and equipment (Note 12)	26,210,098	26,654,598	26,210,098	26,654,598
Revaluation of investment property (Note 12)	148,399	148,399	148,399	148,399
Revaluation of property held for resale	900,000	900,000	-	-
Depreciation of non-current assets	(2,259,337)	(1,934,175)	(2,259,337)	(1,934,175)
Rental income	264,775	103,476	-	-
Expected credit losses	(142,798)	(107,369)	(97,319)	(89,487)
	25,121,137	25,764,929	24,001,841	24,779,335

Deferred taxes are calculated on all temporary differences under the liability method and are 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 by the end of the reporting period. The principal tax rate used is 35% (2023: 35%), with the exception of deferred taxation on the fair valuation of non-depreciable property which as from 2015 is computed on the basis applicable to disposals of immovable property, that is, tax effect of 10% of the transfer value.

17. Revenue

The Group's operations consist of the ownership of prime tourism and leisure properties, which include the operation of a hotel, the development of residential, rental and commercial property for trading and renting purposes and the provision of ancillary services to this industry. All these operations are conducted locally.

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Hospitality and ancillary services	43,431,328	44,112,263	43,431,328	44,112,263
Property development	-	197,690	-	197,690
Rental operations	5,739,594	4,517,163	1,671,579	1,300,000
Complex management operations	3,732,435	3,270,188	3,680,426	3,237,169
	52,903,357	52,097,304	48,783,333	48,847,122

18. Expenses by nature

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Employee benefit expense (Note 19)	13,000,263	11,413,977	13,000,263	11,413,977
Depreciation on:				
- Property, plant and equipment (Note 4)	4,674,254	4,655,581	4,674,254	4,655,581
- Investment property (Note 5)	897,396	763,315	897,396	763,315
Property development costs	(255,254)	(89,192)	(255,254)	(89,192)
Operating supplies and related expenses	2,910,944	2,721,520	2,910,944	2,721,520
Water, electricity and fuel costs	1,738,566	1,809,041	1,738,566	1,809,041
Operators charges	2,624,037	2,743,822	2,624,037	2,743,822
Increase/(decrease) in expected credit losses (Note 7)	101,226	(181,695)	22,379	(45,735)
Management fees	280,149	700,000	280,149	700,000
Commissions payable	11,596	2,085	11,596	2,085
Other expenses	11,992,199	11,960,612	11,576,985	11,742,855
Total cost of sales, administrative expenses	37,975,376	36,499,066	37,481,315	36,417,269

18. Expenses by nature - continued

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2024 and 2023 relate to the following:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Annual statutory audit	77,245	64,490	65,245	58,170
Other assurance services	11,088	11,088	11,088	11,088
Tax advisory services	3,590	2,970	950	900
Other non-assurance services	-	2,150	-	2,150
	91,923	80,698	77,283	72,308

19. Employee benefit expense

	Group and Company	
	2024	2023
	€	€
Wages and salaries	12,487,397	11,525,102
Social security costs	970,464	865,767
	13,457,861	12,390,869
Recharged to fellow subsidiaries	(1,453,509)	(976,892)
Recharged from fellow subsidiaries	995,911	-
	13,000,263	11,413,977

The average number of persons employed by the Group and Company during the year were:

	Group and Company	
	2024	2023
Direct	298	291
Indirect	112	112
Administration	76	68
	486	471

20. Finance income and costs

	Group and Company	
	2024	2023
	€	€
Interest income from:		
- bank deposits	32,030	46,341
- fellow subsidiary	99,400	364,832
- parent undertakings	13,361	29,510
- investment in treasury bills	685,685	50,005
- other	31,699	27,536
	862,175	518,224
<hr/>		
	Group and Company	
	2024	2023
	€	€
Interest and related expense on:		
- bank loans and overdrafts	334,748	28,904
- loan to parent	15,089	3,563
- loans from fellow subsidiaries	1,709,178	2,237,500
- amortisation of issue transaction costs	27,558	35,824
- other finance charges	479,823	534,337
	2,566,396	2,840,128

21. Investment income

	Company	
	2024	2023
	€	€
Dividend received from subsidiary	2,700,000	1,900,000

22. Tax expense

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Current tax expense:				
on taxable profit subject to tax at 35%	4,105,067	4,390,316	3,753,745	4,129,481
on taxable profit subject to tax at 15%	613,664	425,186	129,946	6,779
on taxable income subject to tax at 10%	-	18,500	-	18,500
Deferred tax (Note 16)	(643,792)	(672,672)	(777,494)	(823,734)
Tax expense	4,074,939	4,161,330	3,106,197	3,331,026

The tax on the Group's and Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Profit before tax	13,553,836	13,605,074	12,627,873	12,336,689
Tax on profit at 35%	4,743,843	4,761,776	4,419,756	4,317,841
Tax effect of:				
- maintenance allowance claimed in respect of rental income	(172,227)	(152,919)	(91,000)	(91,000)
- expenses not deductible for tax purposes	314,619	260,596	261,179	241,925
- under / (over) provision in prior years	79,023	(82,966)	79,023	(92,334)
- application of different tax rates on property disposal	-	64,094	-	64,094
- income taxed at source	(129,588)	-	(129,588)	-
- income taxed at different rates	(43,673)	-	(43,673)	-
- application of different tax treatment to dividend received	-	-	(945,000)	(665,000)
- application of different tax rates to rental income	(272,558)	(244,751)	-	-
Temporary differences attributed to property, plant and equipment	(444,500)	(444,500)	(444,500)	(444,500)
Tax expense	4,074,939	4,161,330	3,106,197	3,331,026

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23. Dividends

	Group and Company	
	2024	2023
	€	€
Dividends on ordinary shares:		
<i>Distribution from Final Tax account</i>		
Gross and net dividend on ordinary shares	2,000,000	3,000,000
Dividends per share	€0.25	€0.37
Dividend on preference shares:		
<i>Distribution from Final Tax account</i>		
Gross and net dividend on redeemable 6% preference shares	214,500	214,500
Total net dividends	2,214,500	3,214,500

24. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Operating profit	15,258,057	15,926,978	11,632,094	12,758,593
<i>Adjustments for:</i>				
Depreciation on:				
- Property, plant and equipment (Note 4)	4,674,254	4,655,581	4,674,254	4,655,581
- Investment property (Note 5)	897,396	763,315	897,396	763,315
Net gain on disposal of investment property and property, plant and equipment	92,475	8,488	92,475	8,488
Amortisation of issue costs	27,558	35,824	27,558	35,824
Movement in expected credit losses (Note 7)	101,226	(181,695)	22,379	(45,735)
<i>Changes in working capital:</i>				
Inventories	(4,945,663)	(5,803,281)	(285,591)	(170,668)
Trade and other receivables	15,311,756	(5,727,097)	17,994,665	(5,963,618)
Trade and other payables	2,268,651	2,148,848	1,626,689	1,306,880
Cash generated from operations	33,685,710	11,826,961	36,681,919	13,348,660

Net debt reconciliation

All the movements in the Group's and Company's net debt related only to cash flow movements and disclosed as part of the financing activities in the statement of cash flows on page 18.

25. Commitments

Capital commitments

At 31 December the Group had capital commitments not provided for in these financial statements as follows:

Group	Contracted	Authorised not contracted	Contracted	Authorised not contracted
	2024	2024	2023	2023
	€	€	€	€
Inventory (property development)	1,320,555	18,728,129	5,880,581	24,301,802
Non-current assets	1,407,847	3,465,855	922,220	972,862
	2,728,402	22,193,984	6,802,801	25,274,664

At 31 December the Company had capital commitments not provided for in these financial statements as follows:

Company	Contracted	Authorised not contracted	Contracted	Authorised not contracted
	2024	2024	2023	2023
	€	€	€	€
Inventory (property development)	-	-	26,090	236,821
Non-current assets	1,407,847	3,465,855	922,220	972,862
	1,407,847	3,465,855	948,310	1,209,683

Operating lease commitments - where the Group and the Company are lessors

The future minimum lease payments receivable under non-cancellable property operating leases are as follows:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Not later than 1 year	3,237,738	2,148,463	636,992	1,300,000
Later than 1 year and not later than 5 years	9,826,286	5,114,974	2,547,968	-
Later than 5 years	6,616,172	3,724,012	2,813,381	-
	19,680,196	10,987,449	5,998,341	1,300,000

The Company's leases relate to an operating lease with a subsidiary. Refer to Note 5. During 2024, the Company entered into an agreement with a third party to lease out the Marina Operations.

26. Contingencies

At the end of the reporting period, the Group and parent Company's major contingent liabilities were:

- (a) Guarantees of €20,257,060 (2023: €9,347,401) issued on behalf of other fellow subsidiaries' bank facilities. The guarantees are supported by general and special hypothecs over the Company's assets.
- (b) Guarantees amounting to €135,779 (2023: €123,419) in favour of third parties.
- (c) Guarantee amounting to €6,010 (2023: €6,010) in favour of third parties.

27. Related party transactions

The Company forms part of the Tumas Group of Companies. All companies forming part of the Tumas Group are related parties since these companies are all ultimately owned by Tumas Group Company Limited 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 fully owned by members of the Fenech family, who are therefore considered to be related parties.

Related parties also include international Hilton hotels and related affiliates in view of the management agreement in place. Trading transactions with these related parties are entered into on a regular basis as a result of normal trading transactions, and mainly relate to corporate costs, management fees and operators' charges.

The following transactions were carried out with related parties:

	Group		Company	
	2024	2023	2024	2023
	€	€	€	€
Income from services				
Rents receivable from subsidiaries	-	-	1,300,000	1,300,000
Rents receivable from fellow subsidiary	1,616,397	1,487,841	-	-
Rents receivable from other related parties	336,226	-	-	-
Maintenance fees receivable from subsidiary	-	-	948,426	895,978
Interest receivable from related parties	112,761	394,342	112,761	394,342
Payroll recharges	1,453,509	-	1,453,509	-
Expenditure for goods and services				
Net interest and similar charges payable to related parties	1,724,267	2,241,063	1,724,267	2,241,063
Management fees charged by fellow subsidiaries	280,149	700,000	280,149	700,000
Operators' charges and other fees payable to other related parties	2,624,037	2,743,822	2,624,037	2,743,822
Payroll recharges	995,911	976,892	995,911	976,892

Year end balances and borrowings arising from related party transactions are disclosed in Notes 7, 14 and 15 to the financial statements.

Dividends paid to the shareholders are disclosed in Note 23.

28. Statutory information

Spinola Development Company Limited is a limited liability Company and is incorporated in Malta.

The immediate parent Company of Spinola Development Company Limited is Spinola Investments Limited, a Company registered in Malta, with its registered address at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julians, Malta. Spinola Investments Limited is exempt from the preparation of consolidated accounts by virtue of section 174(1)(a) of the Companies Act, 1995.

The ultimate parent Company of Spinola Development Company Limited is Tumas Group Company Limited, a Company registered in Malta, with its registered address at Tumas Group Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julians, Malta.

Raymond Fenech, a director on all Tumas companies and part shareholder of the Tumas Group, has acted as the executive chairman of the board of Tumas Group Company Limited and as Chief Executive Officer of the Tumas Group. All decisions taken by the board of the ultimate parent were executed by the chairman in his role as chief executive officer of the Group.

29. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.