Shoreline Mall Ltd

C 84005

Report and financial statements

30 April 2019

Contents

Shoreline Mall Ltd
Directors, officer and other information

Directors:	Benjamin Muscat Ryan Edward Otto Kevin Deguara Jean Carl Farrugia Roderick Psaila Charles Scerri Robert Ancilleri
Secretary:	Jean Carl Farrugia
Registered office:	Suite 407, Level 4, Block SCM 01, Smart City Malta, Ricasoli, Kalkara, SCM 1001, Malta
Country of incorporation:	Malta
Company registration number:	C 84005
Auditor:	Deloitte Audit Limited Deloitte Place Mriehel Bypass Mriehel Malta
Bankers:	Bank of Valletta p.l.c. The Strand Triq Ix-Xatt Gzira GZR 1022 Malta

Shoreline Mall Ltd
Statement of directors' responsibilities

The directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements in accordance with generally accepted accounting principles and practice which give a true and fair view of the state of affairs of the company at the end of each financial period and of the profit or loss of the company for the period then ended.

In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Maltese Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Shoreline Mall Ltd

Statement of profit or loss and other comprehensive income

Period ended 30 April 2019

	2019 (71 weeks) EUR
Administrative expenses	(7,402)
Loss and other comprehensive loss for the period	(7,402)

Shoreline Mall Ltd

Statement of financial position

30 April 2019

	Notes	2019 EUR
ASSETS AND LIABILITIES		
Non-current assets		
Investment property under construction	6	**1,964,917**
Current assets		
Other receivables	7	**58,541**
Cash and cash equivalents	12	**148**
		58,689
Total assets		**2,023,606**
Current liabilities		
Other payables	8	**7,000**
Amounts due to related parties	9	**776,496**
Total liabilities		**783,496**
Net assets		**1,240,110**
EQUITY		
Share capital	10	**1,200**
Shareholders' contributions	11	**1,246,312**
Accumulated losses		**(7,402)**
Total equity		**1,240,110**

These financial statements were approved by the board of directors, authorised for issue on 27 August 2019 and signed on its behalf by:

Kevin Deguara
Director

Ryan Edward Otto
Chief Executive Officer

Shoreline Mall Ltd
Statement of changes in equity
Period ended 30 April 2019

	Share capital EUR	Shareholders' contributions EUR	Accumulated losses EUR	Total EUR
Issue of share capital (on incorporation)	1,200	-	-	1,200
Proceeds from shareholders	-	1,246,312	-	1,246,312
Loss/other comprehensive loss for the period	-	-	(7,402)	(7,402)
Balance at 30 April 2019	**1,200**	**1,246,312**	**(7,402)**	**1,240,110**

Shoreline Mall Ltd
Statement of cash flows
Period ended 30 April 2019

	2019 (71 weeks) EUR
Cash flows from operating activities	
Loss before tax	(7,402)
Adjustments for:	
Operating loss before working capital changes	(7,402)
Working capital movements	
Movement in other receivables	(58,541)
Movement in other payables	7,000
Net cash flows used in operating activities	(58,943)
Cash flows from investing activities	
Movement in investment property under construction	(1,964,917)
Cash flows from financing activities	
Proceeds from issue of share capital	1,200
Financing from parent and related parties	2,022,808
Net cash inflow from financing activities	2,024,008
Net movement in cash and cash equivalents	148
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	148

1. Company information and basis of preparation

Shoreline Mall Ltd is a limited liability company incorporated in Malta with registration number C 84005. The registered address of the company is Suite 407, Level 4, Block SCM 01, Smart City Malta, Ricasoli, Kalkara, Malta. The company's principal activity is to develop and manage the Shoreline Mall, which is part of the development being undertaken by the Shoreline Holdings group of companies in Smart City Malta (the Shoreline site).

The financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards as adopted by the EU. The significant accounting policies adopted are set out below.

The company has not yet started operations and as a result registered a loss for the period of *EUR7,402*. The company was incorporated on 15 December 2017. Subsequently, these financial statements have been prepared for the seventy-one week period ending 30 April 2019. The losses incurred by the company and the short-term cash flow requirements have been financed by the immediate parent company and related parties, and such balances due to the immediate parent and related parties are expected to continue to form part of the company's financing structure.

At the end of the reporting period, the company's current liabilities exceeded current assets by *EUR724,807*. This is mainly attributable to amounts owed to related parties reflecting the short-term funding and contractual arrangements. These amounts are expected to be settled in full in the forthcoming financial year as a result of the new financing arrangements and strategies (as disclosed in further detail under note 15), that have been put in place after the end of the reporting period. The company and the group's projected equity levels are also currently being assessed in the context of the future Shoreline project phases, focusing on the relationship between the amount of borrowings and shareholders' equity.

Notwithstanding these conditions, the directors have prepared the financial statements on the going concern basis as the immediate parent company and the ultimate shareholders have given their commitment to provide continued financial support to enable the company to meet its obligations as, and when they fall due.

Functional and presentation currency

The financial statements are presented in euro, which is the company's functional currency.

2. Significant accounting policies

Investment property under construction

Properties in the course of construction for future use as investment property are classified as investment property. Existing investment property that is being redeveloped for continued future use as investment property continues to be classified as investment property.

2. Significant accounting policies (continued)

Investment property under construction (continued)

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

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss in the period of derecognition.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(i) Other receivables

Other receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

2. Significant accounting policies (continued)

Financial instruments (continued)

(ii) Other borrowings

Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial. Any difference between the proceeds, net of transaction costs, and the settlement or redemption of other borrowings is recognised in profit or loss over the term of the borrowings, unless the interest on such borrowings is capitalised in accordance with the company's accounting policy on borrowing costs.

(iii) Other payables

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

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Impairment

All assets are tested for impairment. At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

In the case of assets tested for impairment, the recoverable amount is the higher of fair value (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less costs of disposal and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

2. Significant accounting policies (continued)

Impairment (continued)

Impairment losses are recognised immediately in profit or loss.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

In the case of assets tested for impairment, the recoverable amount is the higher of fair value (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less costs of disposal and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment reversals are recognised immediately in profit or loss.

In the case of other assets tested for impairment, an impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

2. **Significant accounting policies (continued)**

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. Lease classification is made at the inception of the lease, which is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

Assets held under finance leases are recognised in the statement of financial position as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments and include initial direct costs. Capitalised leased assets are tested for impairment in accordance with the company's accounting policy on impairment and are depreciated in accordance with the company's accounting policy on investment property over the shorter of the lease term and their useful life, unless there is reasonable certainty that the company will obtain ownership by the end of the lease term, in which case the assets are depreciated over the period of their useful life. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's accounting policy on borrowing costs.

Rentals payable under operating leases, less the aggregate benefit of incentives received from the lessor, are recognised as an expense in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the year. The taxable result for the year differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other years. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

2. Significant accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated 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 that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

4. International Financial Reporting Standards in issue but not yet effective

International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following International Financial Reporting Standards were in issue but not yet effective:

4. International Financial Reporting Standards in issue but not yet effective (continued)

IFRS 9 - Financial instruments

The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard supersedes all previous versions of IFRS 9.

IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single, forward-looking 'expected loss' impairment model that will require more timely recognition of expected credit losses.

The standard is effective for annual periods beginning on or after 1 January 2018, with earlier application being permitted.

Based on an analysis of the company's financial assets and financial liabilities as at 30 April 2019 on the basis of the facts and circumstances that exist at that date, the directors of the company have assessed the impact of IFRS 9 to the company's financial statements as follows:

(i) Classification and measurement – the other receivables will continue to be measured on the same basis as is currently adopted under IAS 39;

(ii) Impairment – the company expects to apply the simplified approach to recognise lifetime expected credit losses for its receivables as required or permitted by IFRS 9. The directors have assessed that there hasn't been a significant increase in the credit risk of the company's other receivables from initial recognition to 30 April 2019. Accordingly, the directors expect to recognise lifetime and 12-month expected credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The directors anticipate that the adoption of IFRS 9 and other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective, will have no material impact on the financial statements of the company in the period of initial application.

5. Loss before tax

The analysis of the amounts that are payable to the auditors and that are required to be disclosed is as follows:

	2019 (71 weeks) EUR
Total remuneration payable to the company's auditors for the audit of the company's financial statements	7,000

6. Investment property under construction

	2019 EUR
Additions during the period transferred from immediate parent and other related undertakings	1,964,917
As at 30 April 2019	**1,964,917**

a. This consists of planning and studies, architectural and project management cost relating to the development of commercial and residential units on a parcel of land transferred to Shoreline Residence Limited (a fellow subsidiary of the company) under title of sub-emphyteusis from SmartCity (Malta) Limited (hereunder referred to as SCML). Excavation work is under process and construction is expected to be completed within a period of 5 years and nine months from the date of agreement entered into between SCML and Shoreline Residence Ltd. Shoreline Contracting Limited (another fellow subsidiary) is managing all the construction arrangements relating to the construction of the said commercial and residential units.

b. The fair value of the investment property approximates its cost due to initial phase of construction.

7. Other receivables

	2019 EUR
Other receivables	57,341
Sundry debtors	1,200
	58,541

8. Other payables

	2019 EUR
Accruals	7,000

9. Amounts due to related parties

	2019 EUR
Amount due to related parties	776,496
Amounts due for settlement within 12 months	776,496

The amounts due to related parties are unsecured, interest-free, payable on demand, denominated in EUR and have no fixed date for repayment.

10. Share capital

	Authorised EUR	2019 Issued and called up EUR
1200 ordinary shares of EUR1	1,200	1,200

11. Shareholders' contributions

These amounts represent a capital contribution from the immediate parent and are unsecured, interest-free and are repayable exclusively at the option of the company.

12. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amount in the statement of financial position:

	2019 EUR
Cash at bank	148

13. Related party disclosures

As from 8 May 2018, the parent and ultimate parent companies of Shoreline Mall Ltd are Shoreline Holdings Limited and Jade Property Investments Ltd respectively, which are both incorporated in Malta.

The directors consider the ultimate controlling party to be Ryan Edward Otto who owns 68.13% of the issued share capital of the immediate parent company.

None of the company's parent, intermediate parent(s) or ultimate parent company produces consolidated accounts incorporating the financial statements of the company for public use.

Transaction with related parties

During the current period, fellow subsidiaries and related parties have transferred to Shoreline Mall Ltd, the costs incurred in connection with the development of the Mall (note 6). The total cost of acquiring such assets amounted to *EUR1,964,917*.

Related party balances

The terms and conditions of the amounts due to related parties at period-end are disclosed in note 9. The terms and conditions in respect of the related party balances do not specify the nature of the consideration to be provided in settlement. No guarantees have been given or received. The terms and conditions of the amounts recognised in other equity are disclosed in note 11.

14. Capital commitments

	2019 EUR
Investment property – authorised but not contracted for	**57,000,000**

This represents the total estimated capital expenditure, construction, development and other directly attributable costs to complete the Shoreline Mall Project.

15. Financial risk management

The exposures to risk and the way risks arise, together with the company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where applicable, any significant changes in the company's exposure to financial risks or the manner in which the company manages and measures these risks are disclosed below.

15. Financial risk management (continued)

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

Credit risk

Financial assets which potentially subject the company to concentrations of credit risk consist principally of other receivables and cash at bank.

Other receivables are presented net of an allowance for doubtful debts. The other receivable mainly represent indirect taxation recoverable from local authorities and therefore the credit risk is limited accordingly.

Cash at bank is placed with reliable financial institutions.

Liquidity risk

The company is exposed to liquidity risk in relation to meeting future obligations associated with their financial liabilities, which comprise principally of other payables and amounts due to related parties as disclosed in notes 8 and 9.

The company monitors and manages its risk to a shortage of funds by monitoring the availability of raising funds to meet commitments associated with the development of the Shoreline site. The company enjoys the support of its immediate parent and the ultimate shareholders and the company's related party balances' are expected to continue to form part of the company's effective financing structures. The company is therefore confident that it will be in a position to continue to meet its commitments as and when they fall due.

Liquidity is largely managed at group level whereby funds are transferred within the group as the need arises. As at the end of the reporting period the company's current liabilities exceeded current assets by *EUR724,807*. During the current financial year, the Shoreline Group commenced the process of reviewing its financing arrangements to ensure that it is in a position to meet its short-term operational and cash flow commitments. As disclosed in note 16, subsequent to the end of the reporting period, the company's directors initiated the process to obtain approval from the Listing Authority to issue a secured bond on the primary regulated market in Malta.

Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of debt, which includes the other borrowings disclosed in note 9, cash and cash equivalents as disclosed in note 12 and items presented within equity in the Statement of financial position.

15. Financial risk management (continued)

Capital risk management (continued)

The company's directors manage the company's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the company balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

16. Events after the end of the reporting period

On 26 June 2019, the authorised and issued share capital of the company was increased to *EUR1,247,512*. The *EUR1,246,312* increase in issued and called up share capital was effected via the capitalisation of the shareholders' contributions.

Subsequent to the end of the reporting period, the directors of the company initiated the process of conversion into a public limited company, with a new Memorandum and Articles of Association. Applications have been made to the Listing Authority in Malta for the issuance of a secured bond, to be issued / offered, and admitted to listing on the primary regulated market.

Deloitte.

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Company Ref No: C51312
VAT Reg No: MT2013 6121
Exemption number: EXO2155

Independent auditor's report

to the members of
Shoreline Mall Ltd

Opinion
We have audited the financial statements of Shoreline Mall Ltd (the Company), set out on pages 3 to 18, which comprise the statement of financial position as at 30 April 2019, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows, for the period then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 April 2019, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive (Maltese Code) that are relevant to our audit of the financial statements in Malta, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon
The directors are responsible for the other information. The other information comprises the company information on page 1 and the statement of directors' responsibilities on page 2, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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
As explained more fully in the statement of directors' responsibilities on page 2, 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 Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Deloitte.

Independent auditor's report (continued)

to the members of
Shoreline Mall Ltd

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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

We communicate with 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.

Deloitte.

Independent auditor's report (continued)

to the members of
Shoreline Mall Ltd

Reports on Other Legal and Regulatory Requirements

Under the Companies Act (Cap. 386), we have responsibilities to report to you if in our opinion:

- Proper accounting records have not been kept;
- Proper 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; or
- We have been unable to obtain all the information and explanations, which to the best of our knowledge and belief, are necessary for the purpose of our audit.

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

Emanuel Farrugia as Principal
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Central Business District, Birkirkara, Malta

27 August 2019