Calamatta Cuschieri Investment Management Limited

C 53094

Annual Report and Financial Statements

31 December 2018

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Contents

Calamatta Cuschieri Investment Management Limited

Company information

Directors:	Alan Cuschieri Michael Galea Nicholas Calamatta Charles Borg
Secretary:	Sharon Fenech
Registered office.	Ewropa Business Centre Dun Karm Street Birkirkar, Malta
Country of incorporation·	Malta
Company registration number	C 53094
Auditor	Deloitte Audit Limited Deloitte Place Mriehel Bypass Mriehel Malta
Bankers·	Bank of Valletta p.l.c. 58, Zachary Street Valletta Malta
Legal advisors:	GANADO Advocates 171, Old Bakery Street Valletta Malta

Calamatta Cuschieri Investment Management Limited

Directors' report

Year ended 31 December 2018

The directors present their report and the audited financial statements of Calamatta Cuschieri Investment Management Limited (the "Company") for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is the provision of investment services as a Category II license holder, issued by the Malta Financial Services Authority ("MFSA") in terms of the Investment Services Act (Cap. 370).

Performance review

During the year under review, the Company reported a profit before tax of *EUR373,740* (2017 – *EUR241,454*) on revenue generated of *EUR1,530,464* (2017 – *EUR1,459,227*). The Company's revenue remained on the same level as the previous year, following a positive year in assets under management whereby the Company becoming less reliant on management fees over the years. The increase in profitability was partly registered from an 3% reduction in overall administrative expenses.

Assets under management have remained consistent from last year, closing to EUR143 million, however management is confident that with new business on the horizon, the Company will be able to further strengthen its client base thereby increasing investment management revenue.

At the end of the reporting period shareholders' funds amounted to *EUR890,219* (2017 – *EUR647,259*), an increase of 38% over the previous year.

Regulatory Capital

The Company continues to maintain regulatory capital surplus above the minimum requirements and in line with the overall business objectives and risk appetite.

Financial

The Company measures the achievement of its objectives through the use of the following other key performance indicators:

The Company's current ratio ("current assets divided by current liabilities") at the end of 2018 stood at 468%, an increase of 55% over the same period last year. The Company uses this indicator as a measure of liquidity.

The Company measures its performance based on EBITDA and adjusted EBITDA. EBITDA is defined as the Company profit before depreciation, finance income and taxation. During the year under review, the Company's EBITDA increased by 54%, from *EUR243,821* to *EUR374,879*, mainly driven by the increase in revenue.

Result and dividends
The result for the year ended 31 December 2018 is shown in the statement of profit or loss and other comprehensive income on page four. The total comprehensive profit for the year after taxation was *EUR 242,960* (2017 – *EUR156,966*).

No interim dividend were declared and paid during the year (2017 – *EUR180,000*). The directors do not propose the payment of a final dividend to be paid to the ordinary shareholders (2017 – *Nil*).

Financial risk management
Note 21 to the financial statements provides details in connection with the Company's use of financial instruments, its financial risk management objectives and policies and the financial risks to which it is exposed.

Statement of regulatory breaches
As required by the Investment Services Rules we report that there were no breaches of the Standard Licence Conditions or other regulatory requirements during the reporting year. Moreover, we report that there were no breaches or regulatory sanctions under the Pension Rules for Service Providers of the Retirement Pensions Act, 2011 ("the Act").

Directors
The directors who served during the period were:

Alan Cuschieri
Michael Galea
Nicholas Calamatta
Charles Borg (appointed on 8 November 2018)

In accordance with the Company's articles of association all the directors are to remain in office.

Auditors
A resolution to reappoint Deloitte Audit Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on its behalf on 30 April 2019 by:

Nicholas Calamatta	***Michael Galea***
Director	***Director***

The directors are required by the 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 year and of the profit or loss for the year then ended.

In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgments 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 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.

Calamatta Cuschieri Investment Management Limited

Statement of profit or loss and other comprehensive income
Year ended 31 December 2018

	Notes	**2018** **EUR**	2017 EUR
Revenue	*6*	**1,530,464**	1,459,227
Direct costs	*7*	**(531,805)**	(571,581)
Administrative expenses		**(627,732)**	(644,854)
Operating profit		**370,927**	242,792
Investment income	*8*	**137**	100
Other operating (expense)/income		**2,676**	(1,438)
Profit before tax	*9*	**373,740**	241,454
Income tax expense	*12*	**(130,780)**	(84,488)
Profit for the year		**242,960**	156,966
Total comprehensive income for the year		**242,960**	156,966

Calamatta Cuschieri Investment Management Limited

Statement of financial position
31 December 2018

	Notes	2018 EUR	2017 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**979**	2,255
Current assets			
Trade and other receivables	*15*	**770,704**	685,275
Cash and cash equivalents	*18*	**348,635**	276,957
Income tax receivable		**11,495**	-
		1,130,834	962,232
Total assets		**1,131,813**	964,487
LIABILITIES			
Current liabilities			
Trade and other payables	*16*	**241,594**	307,408
Income tax payable		-	9,820
Total liabilities		**241,594**	317,228
Net assets		**890,219**	647,259
EQUITY			
Share capital	*17*	**125,000**	125,000
Retained earnings		**765,219**	522,259
Total equity		**890,219**	647,259

These financial statements were approved by the board of directors, authorised for issue on 30 April 2019 and signed on its behalf by:

Nicholas Calamatta
Director

Michael Galea
Director

Calamatta Cuschieri Investment Management Limited

Statement of changes in equity
Year ended 31 December 2018

	Share capital EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2017	125,000	676,981	801,981
Profit for the year/total comprehensive income for the year	-	156,966	156,966
Dividends (note 13)	-	(311,688)	(311,688)
Balance at 1 January 2018	125,000	522,259	647,259
Profit for the year/total comprehensive income for the year	-	242,960	242,960
Balance at 31 December 2018	**125,000**	**765,219**	**890,218**

Calamatta Cuschieri Investment Management Limited

Statement of cash flows
Year ended 31 December 2018

	2018 EUR	2017 EUR
Operating activities		
Profit before tax	**373,740**	241,454
Adjustments for:		
Depreciation	**1,276**	2,467
Interest receivable	**(137)**	(100)
Operating profit before changes in operating assets and operating liabilities	**374,879**	243,821
Movement in trade and other receivables	**(85,429)**	(161,859)
Movement in trade and other payables	**(196,574)**	58,130
Interest received	**137**	100
Cash flows from operations	**93,013**	140,192
Income taxes paid	**(21,335)**	(67,322)
Net cash flows from operating activities	**71,678**	72,870
Financing activities		
Dividends paid	**-**	(311,688)
Net cash flows used in financing activities	**-**	(311,688)
Net increase/(decrease) in cash and cash equivalents	**71,678**	(238,818)
Cash and cash equivalents at the beginning of the year	**276,957**	515,775
Cash and cash equivalents at the end of the year (note 18)	**348,635**	276,957

1. Company information

Calamatta Cuschieri Investment Management Limited (the "Company") was incorporated on 10 June 2011 in Malta, under the Companies Act, 1995, as a limited liability Company, with the registration number C 53094 The registered office of the Company is located at Ewropa Business Centre, Dun Karm Street, Birkirkara, Malta.

The Company is part of the Calamatta Group of Companies, with the parent Company being Calamatta Group Plc (the "parent Company").

The principal activity of the Company is the provision of investment services as a Category II license holder, issued by the Malta Financial Services Authority ("MFSA") in terms of the Investment Services Act (Cap. 370).

2. Basis of preparation

The financial statements have been prepared on the historical cost basis and in accordance with the provisions of the Companies Act (Cap. 386) (the "Act") enacted in Malta, which requires adherence to International Financial Reporting Standards (IFRSs) as adopted by the EU and their interpretations adopted by the International Accounting Standards Board (IASB).

The significant accounting policies adopted are set out below.

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 year.

4. Significant accounting policies

Equipment

Equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of equipment is recognised as an expense when incurred

Items of equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

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

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

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, on the following bases:

Computer hardware - 25% per annum

The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Financial instruments – prior year

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) Trade receivables

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

4. Significant accounting policies (continued)

Financial instruments – prior year (continued)

(ii) Trade and other payables

Trade and other payables are classified with current liabilities and are stated at their nominal value.

(iii) Shares issued by the Company

Ordinary shares issued by the Company are classified as equity instruments.

Financial instruments – current year

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 assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI and FVTPL.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

4. Significant accounting policies (continued)

Financial instruments – current year (continued)

After initial recognition, these are measured at amortised cost using the effective interest method. Expected credit losses are recognised for trade and other receivables. In the event of a significant increase in credit risk, an allowance (or provision) is required for expected credit losses resulting from all possible default events over the expected life of the financial instrument.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.
Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires. As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Group's financial liabilities were not impacted by the adoption of IFRS 9.

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) Trade receivables

Trade receivables are classified with current assets and are stated at their nominal value. The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

(ii) Trade and other payables

Trade and other payables are classified with current liabilities and are stated at their nominal value.

(iii) Shares issued by the Company

Ordinary shares issued by the Company are classified as equity instruments.

4. Significant accounting policies (continued)

Impairment – prior year

All assets are tested for impairment and at the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is an 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.

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 less costs to sell (which is the amount obtainable from sale in an arm's length transaction between knowledgeable, willing parties, less the 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 losses are recognised immediately in the statement of profit or loss and other comprehensive income.

In the case of 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.

Impairment reversals are recognised immediately in the statement of profit or loss and other comprehensive income.

Impairment – current year

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model' This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements include trade receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses,

4. Significant accounting policies (continued)

Impairment – current year (continued)

including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.
IFRS 9 requires an assessment of the extent of increase in credit risk of a financial instrument since initial recognition. In this regard, IFRS 9 introduces a rebuttable presumption that credit risk is deemed to have significantly increased if an amount is 30 days past due. If a financial instrument has low credit risk (equivalent to investment grade quality), then an entity may assume no significant increases in credit risk have occurred. Assessment for such credit risk, is performed by considering the change in the risk of default occurring over the remaining life of the financial instrument. As a result, the definition of default is important. IFRS 9 does not specifically define default, but requires it to be applied on a consistent basis with internal credit risk management practice for the relevant instruments and requires consideration of qualitative factors where appropriate. In addition, IFRS 9 also introduces a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging criterion is more appropriate.

Revenue recognition – prior year

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of indirect taxes and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

i. Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding.

ii. Provision of services

Revenue from the provision of services is recognised in the year in which the services are rendered.

4. Significant accounting policies (continued)

Revenue recognition – current year

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax and discounts, where applicable.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by effecting the promised services to its customers

The following specific recognition criteria must also be met before revenue is recognised:

i Interest income

Interest income on bank balances is accrued on a time basis, by reference to the principal outstanding.

ii. Provision of services

Revenue from the provision of services is recognised in the year in which the services are rendered in line with the above 5-step process as per IFRS 15

Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued. Retained earnings includes all current and prior period retained profits.

Dividends to holders of equity instruments are recognised as liabilities in the year in which they are declared. Dividends to holders of equity instruments are debited directly to equity.

4. Significant accounting policies (continued)

Taxation (continued)

Current tax is recognised in the statement of profit or loss and other comprehensive income, 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 the statement of profit or loss and other comprehensive income because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using 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.

Currency translation

The financial statements of the Company are presented in its functional currency, the Euro, being the currency of the primary economic environment in which the Company operates. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses are included within other operating expenses/income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Employee benefits

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

5. **Initial application of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective**

Initial application of International Financial Reporting Standards

The following amendments to the existing standards issued by the International Accounting Standards Board is effective for the current year:

- The July 2014 amendments to 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.

  IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements.

  IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

  This standard become effective 1 January 2018.

  When adopting IFRS 9, the Company has applied transitional relief and opted not to restate prior periods. There were no differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment during the year.

  The adoption of IFRS 9 has impacted the following area:
  - The impairment of financial assets applying the expected credit loss model. For contract assets arising from IFRS 15 and trade receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

  On the date of initial application, 1 January 2018, the financial instruments of the Company were classified as follows.

5. Initial application of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective (continued)

Adoption of revised International Financial Reporting Standards

	Measurement category		*Carrying amount*		
	Original IAS 39 category	**New IFRS 9 category**	**Closing balance 31/01/17**	**Adoption of IFRS 9**	**Opening balance 01/01/18**
			EUR	**EUR**	**EUR**
Trade and other receivables	Loans and receivables	Amortised cost	685,275	-	685,275
Cash and cash equivalents	Loans and receivables	Amortised cost	276,957	-	276,957
Other financial liabilities	Loans and receivables	Amortised cost	307,408	-	307,408

In view of the above, Statement of financial position balances remained the same as at 1 January 2018 as there was no impact arising from the adoption of IFRS9.

- The May 2015 amendments to IFRS 15 is the result of a convergence project between the IASB and the FASB. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions being leases, financial instruments and insurance contracts. This amendment is effective for periods beginning on or after 1 January 2018

  The application of these amendments has not resulted in any significant impact on these financial statements

5. Initial application of International Financial Reporting Standards and International Financial Reporting Standards in issue but not yet effective (continued)

International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of these financial statements the following standards, revisions and interpretations were in issue but not yet effective:

- IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.

  IFRS 16 is effective from periods beginning on or after 1 January 2019. Early adoption is permitted; however, the Company have decided not to early adopt.

  The Directors believe that the introduction of such IFRS will not result in any significant impact on these financial statements.

6. Revenue

Revenue represents the amount receivable for services rendered during the year as follows:

	2018 **EUR**	2017 EUR
Management fees	**1,305,523**	1,321,063
Discretionary Portfolio Management fees	**100,529**	-
Performance fees	**-**	791
Commission income from related party	**32,662**	28,838
Directors' fees	**30,500**	27,000
Investment committee fees	**28,250**	24,761
Market research	**25,000**	50,000
Other fees	**8,000**	6,774
	1,530,464	1,459,227

In addition to the entitlement to management and advisory fees from the funds under management, the Company is also entitled to receive performance fees The amount of performance fees due, if any, is determined and crystallised on the financial year-end of the funds, which may not coincide with the year-end of the Company.

7. Direct costs

	2018 **EUR**	2017 EUR
Investment management fees payable	**531,805**	571,581

8. Investment income

	2018 **EUR**	2017 EUR
Interest income on bank deposits	**137**	100

9. Profit before tax

	2018 **EUR**	2017 EUR
This is stated after charging:		
Auditor's remuneration	**7,000**	3,000
Depreciation	**1,276**	2,467
Exchange gains/(losses)	**2,676**	(1,438)

10. Key management personnel compensation

	2018 **EUR**	2017 EUR
Directors' compensation:		
Short-term benefits.		
Management remuneration	**40,272**	43,219

11. Staff costs and employee information

	2019 **EUR**	2017 EUR
Staff costs:		
Recharged by group undertaking	**459,166**	460,169

11. Staff costs and employee information (continued)

Remuneration disclosure

Calamatta Cuschieri Investment Management (the "Company") is licensed by the Malta Financial Services Authority to act as a UCITS Management Company (amongst others) pursuant to the transposition of Directive 2009/65/EC (as amended). Directive 2014/91/EU of European Parliament on the coordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities ("UCITS") as regards depositary functions, remuneration policies and sanctions came into force in March 2016 hereinafter referred to as "UCITS V" or the "Directive".

ESMA Guidelines on sound remuneration policies under the UCITS Directive requires that the management Company considers the additional disclosures, in accordance with the principle of proportionality and at least on an annual basis, certain information regarding its remuneration policy and practices for 'identified staff'.

The Board of Directors has adopted and implements a remuneration policy which is available at: https://www cc.com.mt/wp-content/uploads/2012/10/CCIM-Remuneration-Policy.pdf

Following due consideration of the Company's size, internal organisation as well as the nature, scope and complexity of its activities, the Board of Directors have determined that the Company is not required to appoint a remuneration committee on the basis of the principle of proportionality. The Board of Directors will review the appropriateness of the remuneration policy annually and will ensure that it is in accordance with the applicable laws and regulations.

The Company's remuneration regime is designed, structured and implemented on the basis of an annual operating plan that is contingent to the Company's long term strategic objectives to achieve strong investment performance and to be instrumental to clients' success The Company's remuneration policy does not provide for pension benefits nor any deferral or equity measure in line with the proportionality principle.

The Company's Board of Directors has determined that 'identified staff' constitute of investment committee members, directors, investment manager, compliance officer and money laundering reporting officer totalling 10 'identified staff'. All identified staff are involved in the activities related to Calamatta Cuschieri Funds SICAV plc and receive fixed and variable remuneration as follows:

11. Staff costs and employee information (continued)

Remuneration disclosure (continued)

Staff Remuneration FY 2018	**Number of beneficiaries**	**Fixed Remuneration EUR**	**Variable Remuneration EUR**
Senior management	3	**44,014**	-
Risk Takers	5	**297,981**	7,271
Control functions	1	**20,163**	-
Other identified staff	1	**10,011**	-
	10	**372,169**	7,271

Staff Remuneration FY 2017	Number of beneficiaries	Fixed Remuneration EUR	Variable Remuneration EUR
Senior management	3	43,970	-
Risk Takers	5	309,643	8,799
Control functions	1	41,476	865
Other identified staff	-	-	-
	9	395,089	9,664

The quantitative information disclosed above pertains to the full financial year ended 31 December 2018 and 31 December 2017 respectively, and pertains to the total aggregate remuneration paid by the UCITS Management Company to identified staff. There have been no material changes to the remuneration policy in the year under review

12. Income tax expense

	2018 EUR	2017 EUR
Current tax expense	**130,780**	84,488

Tax applying the statutory domestic income tax rate and the income tax expense for the year are reconciled as follows:

12 Income tax expense (continued)

	2018 EUR	2017 EUR
Profit before income tax	**373,740**	241,454
Tax at the applicable rate of 35%	**130,809**	84,509
Tax effect of:		
Income taxed at 15%	**(29)**	(21)
Income tax expense for the year	**130,780**	84,488

13 Dividends

No interim dividend (2017 - *EUR180,000*) was declared and paid during the year. The directors do not propose the payment of a final dividend to be paid to the ordinary shareholders (2017 – *NIL*). Furthermore, during FY 2017 the Company had settled *EUR131,688* in dividend pertaining to FY 2016.

14 Equipment

	Computer hardware EUR
Cost	
As at 01.01.2017	9,868
Additions	-
As at 01.01.2018	9,868
Additions	-
As at 31.12.2018	9,868
Accumulated depreciation	
As at 01.01.2017	5,146
Provision for the year	2,467
As at 01.01.2018	7,613
Provision for the year	1,276
As at 31.12.2018	8,889
Carrying amount	
As at 31.12.2017	2,255
As at 31.12.2018	**979**

15 Trade and other receivables

	2018 EUR	2017 EUR
Amounts owed by related party	**384,156**	327,294
Accrued income	**385,617**	355,063
Other receivables	**931**	2,917
	770,704	685,275

All amounts are short-term The net carrying value of trade receivables is considered a reasonable approximation of fair value. Receivable from related parties are unsecured, interest free and have no fixed date for repayment. The effect of any discounting is not significant. All of the Company's receivables in the comparative periods have been reviewed for indicators of impairment. Further details are also provided in note 19 to these financial statements.

16. Trade and other payables

	2018 EUR	2017 EUR
Trade payables	**88,899**	106,196
Amounts owed to related party	**130,760**	179,069
Accruals	**20,883**	22,143
Other payables	**1,052**	-
	241,594	307,408

The carrying values of trade payables are considered to be a reasonable approximation of fair value. Amounts owed to related parties are unsecured, interest free and have no fixed date for repayment. The effect of any discounting is not significant. Further details are also provided in note 19 to these financial statements.

17. Share capital

	2018 Authorised EUR	2017 Issued and called up EUR
Ordinary shares of EUR1 each, of which have been issued and called up	**150,000**	**125,000**

18. 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:

	2018 EUR	2017 EUR
Cash at bank	**348,635**	276,957

Cash at bank earns interest at floating rates based on bank deposit rates

19. Related party disclosures

The immediate and ultimate controlling party of Calamatta Cuschieri Investment Management Limited is Calamatta Cuschieri Group plc, a Company registered in Malta, with its registered address at Ewropa Business Centre, Dun Karm Street, Birkirkara.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

During the course of the year, the Company entered into transactions with related parties as follows:

		Sales to related party %/EUR	Purchases from related party EUR	Amounts owed by related party EUR	Amounts owed to related party EUR
Calamatta Cuschieri SICAV PLC	**2018**	***64%*** **- 978,024**	-	-	-
	2017	*59%* - 866,155	-	-	-
Calamatta Cuschieri Group PLC	**2018**	***0.4%*** **- 5,537**	-	**325,000**	-
	2017	*1%* - 7,705	-	325,000	-
Calamatta Cuschieri Investment Serv. Ltd	**2018**	***11%*** **- 170,218**	**431,636**	**59,156**	-
	2017	*11%* - 164,084	380,564	-	179,069
FinanceStack Limited	**2018**	-	**41,300**	-	**130,760**
	2017	-	41,300	-	-
Brand and Pepper Limited	**2018**	-	-	-	-
	2017	-	6,230	-	-
Crystal Finance Investments Ltd	**2018**	***0.1%*** **- 1,272**	-	-	-
	2017	*2%* - 29,587	-	2,294	-

19. Related party disclosures (continued)

During the current year, the Company claimed *EUR130,760* (2017: *NIL*) in group tax losses from group undertakings.

The amounts owed by/to related parties at year-end are disclosed in notes 15 and 16. 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. These amounts were unsecured and interest-free

The parent Company prepares consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. A copy of the report and accounts will be delivered to the registrar of companies.

20. Fair values of financial assets and financial liabilities

At 31 December 2018 and 2017, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value are not materially different from their carrying amounts.

21. 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.

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.

21. Financial risk management (continued)

Credit risk

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

Credit risk with respect to receivables is limited as balances are due from related parties and regulated entities. The Company's policy is to deal only with credit worthy counterparties. The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses with respect to trade receivables, the Company uses the probability of default and loss given default through assessing them on a collective basis as they possess shared credit risk characteristics. Management uses historical analysis, external indicators and forward looking information in determining any expected credit loss. Historical analysis are based on the payment profile for sales over the past 36 months before 31 December 2018 and 1 January respectively in which period there were no defaults. The overall economic situation of the Maltese economy which has been affirmed at 'A+' through a reputable external credit rating agency (Fitch) is a positive external indicator in our assessment. Further to this, in applying the Risk Free rate for discounting on Financial Instruments, based on the 10 Year Malta Government Stock Yield, no loss allowance has been recognized as this would be wholly insignificant to the Company.

The Company's cash and cash equivalents are held with a local financial institution with high quality rating (rated "BBB" by the international rating agency Fitch), considered by management as "investment grade". The Company applied the low credit risk simplification allowed by IFRS 9, through which such balances are classified within 'stage 1' without the requirement to carry out an assessment of whether there has been a significant increase in credit risk. The Directors have however determined that the high quality of the financial institution is such that the adoption of IFRS 9 did not have a material impact on the net carrying amount of these financial assets.

Liquidity risk

The Company monitors and manages its risk to a shortage of funds by matching the maturity of both its financial assets and financial liabilities. The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables (see Note 15) significantly exceed the current cash outflow requirements.

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 Company also ensures that it complies with the capital requirements set by the MFSA.

21. Financial risk management (continued)

Capital risk management (continued)

The capital structure of the Company consists of cash and cash equivalents as disclosed in note 18 and items presented within equity in the statement of financial position. The Company's own funds are made up of tier one capital of *EUR890,219* (2017 – *EUR647,259*) which is mainly composed of paid up ordinary share capital and revenue reserves

The Company's directors manage the Company's capital structure and make adjustments to it, in the light of changes in economic conditions or relevant legislation. The capital structure is reviewed on an on-going basis.

The Company is subject to capital requirements imposed by the Malta Financial Services Authority which stipulates minimum capital requirements in accordance with the category licence held by the Company. Management regularly monitors the Company's capital in order to ensure that this is never below the minimum threshold requirements. During the year under review, the Company has complied with these capital requirements

Foreign currency sensitivity

Most of the Company's transactions are carried out in EUR. Exposures to currency exchange rates arise from the Company's invoicing of USD denominated Funds. To mitigate the Company's exposure to foreign currency risk, such instances are kept to a minimum. USD exposures are kept at minimal levels whereby once amounts due by business clients have been settled, these are immediately converted to Euro.

22. Comparative figures

Comparative figure have been re-classified to comply with the current year's presentation of the financial statements, including the presentation of 'management fees' and 'other fees' amounting to EUR 1,321,063 and EUR 6,774 respectively. These are further disclosed in note 6 to the financial statements.

23. Events after the reporting period

There are no events after the reporting period up until the date of authorisation of these financial statements, which require adjustment of or disclosure in these financial statements.

Deloitte.

Deloitte Audit Limited
Deloitte Place
Mriehel Bypass
Mriehel BKR 3000
Malta

Tel +356 2343 2000, 2134 5000
Fax +356 2133 2606
info@deloitte.com.mt
www.deloitte.com/mt

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

Independent auditor's report

to the members of
Calamatta Cuschieri Investment Management Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Calamatta Cuschieri Investment Management Limited (the Company), set out on pages 5 to 28, which comprise the statement of financial position as at 31 December 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year 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 31 December 2018 and of its financial performance and its cash flows for the year 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, the directors' report on pages 2 to 3, the statement of directors' responsibilities on page 4, but does not include the financial statements and our auditor's report thereon.

Except for our opinion on the directors' report in accordance with the Companies Act (Cap. 386), 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.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386).

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Independent auditor's report (continued)
to the members of
Calamatta Cuschieri Investment Management Limited

Information Other than the Financial Statements and the Auditor's Report Thereon (continued)
In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap. 386) in relation to the Directors' Report on pages 2 to 3, in our opinion, based on the work undertaken in the course of the audit:

- 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 applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities of the Directors for the Financial Statements
As explained more fully in the statement of director's responsibilities on page 4, 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.

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.

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Independent auditor's report (continued)

to the members of

Calamatta Cuschieri Investment Management Limited

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

Report 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.

Sarah Curmi as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Mriehel, Malta

30 April 2019