

Company Registration No.: C26761

CRYSTAL FINANCE INVESTMENTS LIMITED

**Annual Report
and
Financial Statements**

31 December 2015

CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

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CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

GENERAL INFORMATION

Registration

Crystal Finance Investments Limited is registered in Malta as a limited liability company under the Companies Act, 1995. The company's registration number is C26761.

Directors

Conrad Mifsud (CEO)
Sylvan Mifsud (CEO)
Alfred Mifsud (resigned on 1 January 2015)
Eric Schembri (Non-executive chairman)
Claire Gauci Borda (resigned on 14 May 2015)
Simon Schembri
Joe Vella Bonnici (Non-executive) (appointed on 8 April 2015)
Mr Eric Schembri was appointed non-executive Chairman on 1 January 2015.

Company Secretary

Sharon Fenech

Registered Office

Allcare Building
University Roundabout
Msida, Malta

Bankers

APS Bank Limited
APS House, St Anne Square
Floriana, Malta

UBS SA
Piazzetta Della Posta
Lugano, 6900, Switzerland

UBS Switzerland AG
Postfach, CH-8098, Zurich

Bank of Valletta
58, Triq San Zakkarija
Valletta, VLT 1130, Malta

Auditors

RSM Malta
'Cobalt House', 2nd Floor
Notabile Road
Mriehel, BKR 3000, Malta

CRYSTAL FINANCE INVESTMENTS LIMITED

Annual Financial Statements for the year ended 31 December 2015

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 31 December 2015.

Principal activity

The principal activity, which is unchanged since last year, is the provision of investment services in terms of the Investment Services Act, 1994.

Results and dividends

The results for the year are set out in the statement of comprehensive income on page 7. During the year under review, net dividends declaration of €1,024,589 (2014: €400,000) was made.

Review of the business

The company made a profit before tax of €986,027 for the year ended 31 December 2015 (2014: €1,094,739). The company's financial position remains satisfactory and the directors expect the general level of operating activity to be sustained in the foreseeable future.

Directors

During the year ended 31 December 2015, the directors were as listed on page 2.

In accordance with the company's Memorandum and Articles of Association, the present directors remain in office.

Statement of directors' responsibilities

The Companies Act, 1995 requires the directors to prepare financial statements for each financial period which give a true and fair view of the financial position of the company as at the end of the financial year and of the profit or loss for that period.

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

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis; and
- prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

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DIRECTORS' REPORT - continued

Statement of directors' responsibilities - continued

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act, 1995. They 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.


Standard licence conditions

In accordance with paragraph 7.60 of the Standard Licence Conditions to the Rules for Investment services Providers issued by the Malta Financial Services Authority ("MFSA"), licence holders are required to disclose any regulatory breaches of Standard Licence Conditions that were subject to an administrative penalty or other regulatory sanction in their annual report. During the year under review, there were no breaches of Standard Licence Conditions or other regulatory sanctions imposed by the MFSA.

Auditors

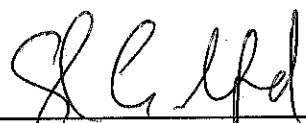
RSM Malta, Certified Public Accountants, have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

The directors' report was approved by the Board of Directors and was signed on its behalf by:



Conrad Mifsud
Director

01 March 2016



Sylvan Mifsud
Director

RSM Malta

Cobalt House, Level 2
Notabile Road,
Mriehel BKR 3000, Malta.

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F +356 2149 3318

www.rsm.com.mt

INDEPENDENT AUDITORS' REPORT

To the members of Crystal Finance Investments Limited

We have audited the accompanying financial statements of Crystal Finance Investments Limited, which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 7 - 24.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

RSM Malta

Cobalt House, Level 2
Notabile Road,
Mriehel BKR 3000, Malta.

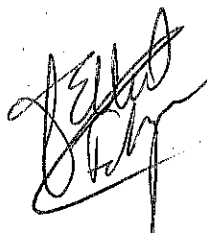
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INDEPENDENT AUDITORS' REPORT - continued*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Crystal Finance Investments Limited as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the Companies Act, 1995.



*This copy of the audit report has been signed by
Joseph Ellul Falzon (Partner)
for and on behalf of*

RSM Malta
Certified Public Accountants

01 March 2016

CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

STATEMENT OF COMPREHENSIVE INCOME

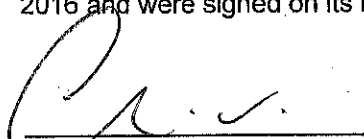
		2015	2014
		€	€
	Note		
Turnover	3	3,056,395	3,678,126
Administrative expenses		(2,070,283)	(2,622,673)
Operating profit	4	986,112	1,055,453
Interest expense	6	(155)	(186)
Interest income		70	42
Other income		-	39,430
Profit before tax		986,027	1,094,739
Taxation	7	(324,028)	(412,102)
Profit for the financial year		661,999	682,637
Total comprehensive income for the year		661,999	682,637


CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Note	2015 €	2014 €
ASSETS			
Non-current assets			
Property, plant and equipment	9	362,795	423,845
Deferred tax	17	127,363	-
		<u>490,158</u>	<u>423,845</u>
Current assets			
Trade and other receivables	10	180,873	666,511
Cash at bank and in hand	11	4,139,760	1,195,433
Other financial assets	12	4,446,583	1,840,978
Total current assets		<u>8,767,216</u>	<u>3,702,922</u>
TOTAL ASSETS		<u>9,257,374</u>	<u>4,126,767</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	750,000	750,000
Investor compensation scheme reserve	15	3,722	3,377
Other reserves	16	(250,971)	46,283
Retained earnings		860,933	926,269
TOTAL EQUITY		<u>1,363,684</u>	<u>1,725,929</u>
Provisions for liabilities and charges			
Deferred tax	17	-	35,346
Current liabilities			
Trade and other payables	18	7,456,630	1,349,063
Current tax payable		123,520	262,185
Other financial liabilities	12	313,540	754,244
Total current liabilities		<u>7,893,690</u>	<u>2,365,492</u>
TOTAL LIABILITIES		<u>7,893,690</u>	<u>2,400,838</u>
TOTAL EQUITY AND LIABILITIES		<u>9,257,374</u>	<u>4,126,767</u>

The financial statements on pages 7 to 24 have been authorised for issue by the Board of Directors on 01 March 2016 and were signed on its behalf by:


Conrad Mifsud
 Director


Sylvan Mifsud
 Director

CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

STATEMENT OF CHANGES IN EQUITY

	Share capital €	Other reserve €	Investor compensation scheme reserve €	Retained earnings €	Total equity €
Financial year ended 31 December 2014					
Balance at 01 January 2014	750,000	383,054	4,753	306,861	1,444,668
Total comprehensive income for the year:					
<i>Profit for the financial year</i>	-	-	-	682,637	682,637
Transfer between reserves	-	(336,771)	-	336,771	-
Decrease in investor compensation scheme reserve	-	-	(1,376)	-	(1,376)
Dividends paid (Note 8)	-	-	-	(400,000)	(400,000)
Balance at 31 December 2014	750,000	46,283	3,377	926,269	1,725,929
Financial year ended 31 December 2015					
Balance at 01 January 2015	750,000	46,283	3,377	926,269	1,725,929
Total comprehensive income for the year:					
<i>Profit for the financial year</i>	-	-	-	661,999	661,999
Increase in investor compensation	-	-	345	-	345
Transfer between reserves	-	(297,254)	-	297,254	-
Dividends declared (Note 8)	-	-	-	(1,024,589)	(1,024,589)
Balance at 31 December 2015	750,000	(250,971)	3,722	860,933	1,363,684

CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

STATEMENT OF CASH FLOWS

	Note	2015 €	2014 €
Cash from operating activities:			
Profit before tax		986,027	1,094,739
Adjustment for:			
Interest expense		155	186
Interest income		(70)	(42)
Depreciation charge		80,424	78,506
Profit from operations		1,066,536	1,173,389
Movement in investor compensation scheme		345	(1,376)
Decrease in trade and other receivables		445,735	739,430
Movement in financial instruments		(3,046,309)	(1,113,266)
Increase in trade and other payables		5,746,200	954,608
Cash from operating activities		4,212,507	1,752,785
Interest paid		(155)	(186)
Interest received		70	42
Payments of income taxes		(625,402)	(646,008)
Net cash flows from operating activities		3,587,020	1,106,633
Cash flows from investing activities:			
Payments to acquire property, plant and equipment		(49,857)	(69,988)
Proceeds from disposal of assets		30,483	1,200
Net cash flows used in investing activities		(19,374)	(68,788)
Cash flows from financing activities:			
Movement in amounts due to related parties		42,162	(22,027)
Movement in amounts due to shareholders		359,108	(96,251)
Dividends paid		(1,024,589)	(400,000)
Net cash flows used in financing activities		(623,319)	(518,278)
Net cash increase in cash and cash equivalents		2,944,327	519,567
Cash and cash equivalents at beginning of year		1,195,433	675,866
Cash and cash equivalents at end of year	11	4,139,760	1,195,433

CRYSTAL FINANCE INVESTMENTS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

1. NEW AND REVISED STANDARDS

During the year, Crystal Finance Investments Limited has adopted a number of new standards and interpretations, or amendments thereto, issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee, and endorsed by the European Union. The directors are of the opinion that the adoption of these standards, interpretations or amendments thereto, does not have material impact on these financial statements.

At the end of the reporting period, certain new standards, interpretations or amendments thereto, were in issue and endorsed by the European Union, but not yet effective for the current financial year. There have been no instances of early adoption of standards, interpretations or amendments ahead of their effective date. The directors anticipate that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Accounting convention and basis of preparation

These financial statements are prepared in accordance with the provisions of the Companies Act, 1995 enacted in Malta, which require adherence to International Financial Reporting Standards (IFRS) as adopted by the European Union. These financial statements are prepared under the historical cost convention, except for certain financial instruments which are stated at fair value.

These financial statements are presented in Euro (€) which is the company's functional currency.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The directors have considered the development, selection and disclosure of the company's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgments are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the company's directors, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their disclosure in terms of the requirements of IAS 1.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Commission income

Commission charges in providing investment services are recognised as revenue as the services are provided.

CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

Interest income and gain on maturity

Interest income is recognised as the interest and gain on maturity accrue, unless collectability is in doubt.

Investment management and performance fees

Revenue derived from investment management activities is recognised in the profit or loss upon the performance of the service related to that income.

Foreign currencies

Transactions underlying items in these financial statements are measured in the company's functional currency, which is the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies have been converted into Euro at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated into Euro at the rates of exchange ruling at the end of reporting period. All resulting differences are taken to profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Property, plant and equipment are initially measured at cost, which comprises their purchase prices, as well as other expenditures directly attributable to bringing the assets to the location and condition for their intended use. Subsequent expenditure relating to the assets is added to the carrying values of the assets when it is probable that future economic benefits associated with the asset, in excess of the originally assessed standards of performance, will flow back to the company. All other subsequent expenditure is recognised in profit or loss.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

	%
Furniture and fixtures	10 - 15
Motor vehicles	20
Office equipment	15
Computer software	25
Leasehold improvements	5 - 18
Computer hardware	25

The estimated useful life and depreciation methods are reviewed at the end of each reporting period to ensure that such estimated useful life and depreciation methods are consistent with the expected pattern of economic benefits from those assets.

CRYSTAL FINANCE INVESTMENTS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment - continued

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal or retirement, the cost and the related accumulated depreciation and impairment losses, if any, are removed from the accounts and the resulting gain or loss arising from the disposal or retirement is recognised in profit or loss.

Trade and other receivables

Trade receivables, including amounts owed by related parties, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Amounts owed by related parties are recognised and carried at cost.

Cash and cash equivalents

Cash in hand and at banks and short-term deposits which are held to maturity are carried at cost.

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks, net of outstanding bank overdrafts.

Financial assets and liabilities at fair value through profit and loss

The company's financial assets and liabilities at fair value through profit and loss are classified as held for trading since they are acquired or incurred principally for the purpose of selling or repurchasing them in the near term.

Upon initial recognition, such assets and liabilities are recognised at their fair value without deductions of any related transaction costs. Subsequently, they are re-measured at fair value without any deduction for transaction costs that may be incurred on sale or other disposal.

Gains or losses arising from changes in fair value are recognised in profit or loss.

CRYSTAL FINANCE INVESTMENTS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Impairment

The carrying amount of the company's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Trade and other payables

Liabilities for trade and other payables, including amounts owed to related party, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Tax

The tax charge in the profit or loss for the year normally comprises current and deferred tax.

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

Deferred income tax is provided using the balance sheet liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised and/or sufficient taxable temporary differences are available. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. TURNOVER

Turnover represents commission income and fees in respect of the company's activities in providing investment services.

CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS - continued

4. OPERATING PROFIT

The operating profit is stated after charging:

	2015	2014
	€	€
Staff costs (Note 5)	1,076,354	1,143,253
Auditors' remuneration	6,056	5,040
Depreciation charge (Note 9)	80,424	78,506
	<u>1,162,834</u>	<u>1,296,800</u>

5. STAFF COSTS

Staff costs incurred during the year were as follows:

	2015	2014
	€	€
Directors' remuneration	131,855	134,190
Salaries and wages	889,141	942,562
Social security contributions	55,358	66,501
	<u>1,076,354</u>	<u>1,143,253</u>

The average number of persons employed by the company during the year was 31 (2014: 38).

6. INTEREST EXPENSE

	2015	2014
	€	€
Hire purchase interest	155	186
	<u>155</u>	<u>186</u>

7. TAXATION

The tax charged to profit or loss comprised of the following:

	2015	2014
	€	€
Current tax charge	486,737	591,979
Deferred tax credit	(162,709)	(179,877)
	<u>324,028</u>	<u>412,102</u>

CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS - continued

7. TAXATION - continued

The tax on the company's profit before tax differs from the theoretical tax expense that would arise using the applicable tax rate in Malta of 35% (2014: 35%) as follows:

	2015	2014
	€	€
Profit before tax	986,027	1,094,739
Theoretical tax expense at 35%	345,109	383,159
Tax effects of:		
- Non-deductible expenses	14,707	-
- Differences between tax base and carrying amounts of property, plant and equipment	5,149	(29,955)
- Realised income which was previously deducted as unrealised accrued income	10,260	226,379
- Realised losses which were previously added back as unrealised accrued losses	-	(45,040)
- Non-taxable income	(8,750)	-
- Additional reduction on written off assets	(3,164)	-
- Unrealised accrued losses/income	(39,283)	(122,441)
	324,028	412,102

8. DIVIDENDS

		2015	2014
	%	€	€
Gross of income tax			
Ordinary shares dividend	100	1,576,291	615,385
Net of income tax			
Ordinary shares dividend	65	1,024,589	400,000

CRYSTAL FINANCE INVESTMENTS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued

9. PROPERTY, PLANT AND EQUIPMENT

Cost	Furniture and fixture €	Motor vehicle €	Office equipment €	Computer software €	Leasehold improvements €	Computer hardware €	Total €
Opening balance	121,139	34,915	73,949	180,710	368,583	83,154	862,450
Additions	1,626	6,527	523	16,187	1,088	23,906	49,857
Disposals	-	-	-	-	(38,822)	-	(38,822)
Balance at 31 December 2015	122,765	41,442	74,472	196,897	330,849	107,060	873,485
Depreciation							
Opening balance	(73,314)	(20,289)	(63,030)	(114,991)	(99,034)	(67,947)	(438,605)
Depreciation charge	(12,540)	(6,209)	(7,384)	(26,012)	(20,659)	(7,620)	(80,424)
Depreciation release upon disposal	-	-	-	-	8,339	-	8,339
Balance at 31 December 2015	(85,854)	(26,498)	(70,414)	(141,003)	(111,354)	(75,567)	(510,690)
Carrying amount							
At 31 December 2014	47,825	14,626	10,919	65,719	269,549	15,207	423,845
At 31 December 2015	36,911	14,944	4,058	55,894	219,495	31,493	362,795

CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS - continued

10. TRADE AND OTHER RECEIVABLES

	2015	2014
	€	€
Trade receivables	3,497	16,201
Amounts owed by related parties (ii)	4,889	-
Accrued income (i)	135,283	580,510
Prepayments	37,204	23,173
Amounts owed by shareholders (ii)	-	44,794
Other receivables	-	1,833
Total	180,873	666,511

(i) The balance of accrued income as at 31 December 2015 is net of accrued losses amounting to €386,110 (2014: accrued income of €71,204), which is not yet realised.

(ii) The amounts owed by related parties are unsecured, interest-free and repayable on demand.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the statement of cash flows reconcile to the amounts shown in the statement of financial position as follows:

	2015	2014
	€	€
Cash at bank and in hand	4,139,760	1,195,433

12. ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	€	€
Financial assets classified as held for trading		
Debt securities related to:		
Central governments or central banks	296,939	220,216
EEA financial services licensed entities	456,410	167,697
Corporate (non-EEA) financial services licensed entities	3,693,234	1,453,065
	4,446,583	1,840,978

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Annual Financial Statements for the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS - continued

12. ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - continued

	2015	2014
	€	€
Financial liabilities classified as held for trading:		
Debt securities related to:		
Central governments or central banks	44,731	146,060
EEA financial services licensed entities	33,659	44,587
Corporate (non-EEA) financial services licensed entities	235,150	563,597
	<u>313,540</u>	<u>754,244</u>

13. FAIR VALUE HIERARCHY

IFRS 7 requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

All of the company's financial assets and liabilities at fair value through profit or loss are classified within level 1.

14. SHARE CAPITAL

	2015	2014
	€	€
Authorised		
20,000,000 ordinary shares of €0.05 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid up		
15,000,000 ordinary shares of €0.05 each	<u>750,000</u>	<u>750,000</u>

15. INVESTOR COMPENSATION SCHEME RESERVE

This reserve is maintained in terms of the Investor Compensation Scheme Regulations, 2003. The company deposits these funds in a bank account maintained for this purpose and pledge them in favour of said scheme.

CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS - continued

16. OTHER RESERVE

This reserve is made of unrealised (losses)/gains, net of deferred tax.

17. DEFERRED TAX

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

	2015	2014
	€	€
At the beginning of year	(35,346)	(215,223)
Credited to profit and loss (Note 7.)	162,709	179,877
	<u>127,363</u>	<u>(35,346)</u>

Deferred income taxes are calculated on all temporary differences under the liability method using a principal rate of 35% (2014: 35%). The balance as at 31 December 2015 represents:

	2015	2014
	€	€
Tax effect of temporary differences arising from:		
- Property, plant and equipment due to accelerated tax amortisation	(7,775)	(10,425)
- Unrealised loss/(gains)	135,138	(24,921)
	<u>127,363</u>	<u>(35,346)</u>

18. TRADE AND OTHER PAYABLES

	2015	2014
	€	€
Trade payables	44,561	39,506
Amounts due to related parties (i)	55,740	8,687
Amounts due to shareholders (i)	504,162	189,848
Accruals	36,866	61,294
Other payables	6,815,301	1,049,728
	<u>7,456,630</u>	<u>1,349,063</u>

(i) The amounts due to shareholders and related parties are unsecured, interest free and repayable on demand.

CRYSTAL FINANCE INVESTMENTS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - continued

19. FINANCIAL INSTRUMENTS

At the year end, the company's main financial assets in the statement of financial position comprise of accrued income, cash at bank and in hand, prepayments and other financial assets at fair value through profit or loss. The company's off- balance sheet financial assets at year-end consisted of client' money bank balances amounting to €198,438 in the company's name.

At the year end, the company's main financial liabilities in the statement of financial position comprise of trade payables, accruals, amounts due to related parties and shareholders and other financial liabilities at fair value through profit or loss. At the year end, the company's off balance sheet financial liabilities consisted of amounts due to clients amounting to €198,438 as explained above.

Exposure to credit and liquidity risks arises in the normal course of the company's operation. The company is not significantly exposed to interest rate and foreign currency risks.

Timing of cash flows

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

Capital risk management

Crystal Finance Investments Limited manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The company's strategy remains unchanged from 2014.

The capital structure of the company consists of equity attributable to equity holders, comprising issued share capital, an investor compensation scheme reserve, other reserve and retained earnings as disclosed in Notes 14, 15 and 16 to these financial statements and in the statement of changes in equity, respectively.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets which potentially subject the company to concentrations of credit risk consist principally of certain trade and other receivables and cash at bank.

The credit risk relating to cash at bank is considered to be low in view of management's policy of placing it with quality financial institutions.

Carrying amounts for trade and other receivables are stated net of the necessary general provisions which would have been prudently made against bad and doubtful debts, had management believed that recoverability was doubtful.

Liquidity risk

Liquidity risk arises in the general funding of the company's activities and in the management of positions. It includes the risk that obligations cannot be met as and when they fall due. The company raises funds mainly from operations. Liquidity risk is managed by maintaining significant levels of liquid funds, and identifying and monitoring changes in funding required to meet business goals driven by management.

CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS - continued

19. FINANCIAL INSTRUMENTS - continued

Fair values

The carrying amounts of cash at bank, receivables and payables approximated their fair values.

20. OPERATING LEASES

Crystal Finance Investment Limited leases its premises under operating leases. Non-cancellable operating lease rentals are payable as follows:

	2015	2014
	€	€
Less than one year	32,520	31,544
Between one and five years	129,306	122,936
More than five years	32,285	84,912
	<u>194,111</u>	<u>239,392</u>

During the year ended 31 December 2015, €113,706 (2014: €98,704) was recognised as rental expense in the statement of comprehensive income.

21. RELATED PARTY TRANSACTIONS

The company has related party relationship with companies over which directors exercise significant influence. Transactions are carried out with related parties on a regular basis and in the ordinary course of the business. Amounts outstanding were shown in Note 10 and 18 to these financial statements.

22. REGULATORY DISCLOSURES

In accordance with the regulatory disclosure requirements of the Standard Licence Conditions to the Rules for Investment Services providers issued by the Malta Financial Services Authority (MFSA), Crystal Finance Investments Limited discloses information on its corporate governance, risk management, remuneration policies and internal capital adequacy assessment process. Any information not included in these financial statements is publicly available on the company's website.

The company is not considered to form part of Investment Services Consolidation Group, as defined in Appendix 3A to the Investment Services Rules issued by the MFSA.

Return on assets

The expected return on shareholder assets has decreased from 16.54% for the year ended 31 December 2014 to 10.54% for the year ended 31 December 2015.

CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS - continued

22. REGULATORY DISCLOSURES - continued

Risk Management and Internal Capital Adequacy Assessment

Crystal Finance Investments Limited carries out on an annual basis a Risk Management and Internal Capital Adequacy Assessment Process to ensure that it is sensitive to all risks it is exposed to. To this effect, the company deems itself as having exposure to a varying degree to the risks of Trading and Non-Trading Book Business. The Company manages the risks outlined above through its internal procedures and policies and specifically in the case of foreign exchange risk, operational risk, compliance risk and reputational risk a provision for additional capital to finance the risks involved is being made.

Own Fund Disclosure and Credit/Counterparty Risk Component

Own funds	€
Share capital	750,000
Other reserves	46,283
Retained earnings	926,269
Profit after tax	661,999
Dividends	<u>(1,024,589)</u>
Total own funds	1,359,962
Own fund requirement (see calculation below)	<u>(1,058,255)</u>
Surplus	<u>301,707</u>

Own funds requirements is calculated as follows:

	Own fund required €	Risk exposure €
Operational risk	663,714	8,296,419
Credit and counterparty risk	18,830	235,369
Market risk		
Exposures to Central Governments or Central Banks	22,238	277,980
Exposures to Related Institution	32,232	402,901
Exposures to Corporates	321,241	4,015,517
Total	<u>1,058,255</u>	<u>13,228,186</u>

Leverage ratio

	€
On-balance sheet items	4,446,583
Asset amounts deducted in determining Tier 1 capital	-
Total on-balance sheet exposures	<u>4,446,583</u>
Tier 1 capital	<u>1,363,684</u>

Leverage ratio 38%

There were no off-balance sheet exposures.

CRYSTAL FINANCE INVESTMENTS LIMITED
Annual Financial Statements for the year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS - continued

23. STATUTORY INFORMATION

Crystal Finance Investments Limited is a limited liability company and is incorporated in Malta.

Crystal Finance Investments Limited is a subsidiary of AM 1951 Limited, a company registered in Malta, with its registered address at 43, Triq Birbal, Balzan BZN 08, Malta. AM 1951 Limited owns 55% of voting capital of the company. The other 45% is owned by La Laguna Limited, a company registered in Malta.

The ultimate controlling party of Crystal Finance Investments Limited is Mr Alfred Mifsud; who resides in Malta.

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Supplementary Statements for the year ended 31 December 2015

ADMINISTRATIVE EXPENSES

	2015	2014
	€	€
Advertising	79,571	70,046
Auditors' remuneration	6,056	5,040
Bank charges	1,831	1,472
Cleaning	24,385	35,498
Consulting and professional fees	(10,857)	54,441
Depreciation charge	80,424	78,506
Directors' remuneration	131,855	134,190
Water and electricity	12,744	4,452
Insurance	4,988	2,415
Lease rentals on operating lease	113,706	98,704
(Profit)/loss on foreign exchange	(175)	284
Printing and stationery	51,279	56,384
Repairs and maintenance	60,294	25,028
Salaries, wages and employee benefits	944,499	1,009,063
Staff welfare	24,981	161,164
Subscriptions	26,608	23,148
Telecommunication expenses	18,850	35,887
Travel, transport and entertainment	26,033	33,309
Administration fee	65,661	38,454
Gifts and donations	40,134	-
Fines and penalties	1,887	-
Custody fees	248,873	283,120
General expenses	13,630	12,941
Allocation fees	73,247	59,127
Assets being written off	29,779	-
Terminal benefits	-	400,000
Total administrative expenses	2,070,283	2,622,673