

International Fender Providers Ltd
Report & Financial Statements
31 December 2023

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General information

Registration

International Fender Providers Ltd is registered in Malta as a private exempt limited liability company under the Companies Act, Cap. 386 with registration number C 69877.

Directors

Christopher Frendo
Nicholas Frendo

Registered office

10, Timber Wharf
Marsa MRS 1443
Malta

Auditor

Grant Thornton
Fort Business Centre
Triq l-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

Statement of directors' responsibilities

The Companies Act, Cap 386 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap 386. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Income statement

	Notes	2023 €	2022 €
Revenue		3,427,825	3,036,734
Cost of sales		(3,093,058)	(2,548,102)
Gross profit		334,767	488,632
Administrative expenses		(175,536)	(277,148)
Other income	5	20,276	18,447
Operating profit		179,507	229,931
Finance costs	6	(160,383)	(130,197)
Profit before tax	7	19,124	99,734
Tax expense	9	(6,852)	(35,147)
Profit for the year		12,272	64,587

Statement of financial position

	Notes	2023 €	2022 €
Assets			
Non-current			
Property, plant and equipment	10	1,218,686	922,414
Long-term receivables	11	3,150,000	3,158,675
		4,368,686	4,081,089
Current			
Trade and other receivables	11	595,971	552,803
Cash and cash equivalents	12	231,246	98,712
Current tax asset		51,017	28,017
		878,234	679,532
Total assets		5,246,920	4,760,621

Statement of financial position - continued

	Notes	2023 €	2022 €
Equity			
Share capital	13	16,000	16,000
Retained earnings		1,200,650	1,188,378
Total equity		1,216,650	1,204,378
Liabilities			
Non-current			
Borrowings	14	696,045	860,314
Deferred tax liability	15	18,051	11,199
		714,096	871,513
Current			
Borrowings	14	1,968,563	1,962,701
Trade and other payables	16	1,347,611	722,029
		3,316,174	2,684,730
Total liabilities		4,030,270	3,556,243
Total equity and liabilities		5,246,920	4,760,621

The financial statements on pages 4 to 25 were approved, authorised for issue and signed by the directors on 29 April 2024.


Christopher Frendo
 Director


Nicholas Frendo
 Director

Statement of changes in equity

	Share capital €	Retained earnings €	Total equity €
At 1 January 2022	16,000	1,123,791	1,139,791
Profit for the year	-	64,587	64,587
At 31 December 2022	16,000	1,188,378	1,204,378
At 1 January 2023	16,000	1,188,378	1,204,378
Profit for the year	-	12,272	12,272
At 31 December 2023	16,000	1,200,650	1,216,650

Statement of cash flows

	Notes	2023 €	2022 €
Operating activities			
Profit before tax		19,124	99,734
Adjustments for:			
Unrealised (gain) loss on foreign exchange differences		(56,859)	63,572
Depreciation expense on property, plant and equipment	10	184,696	108,481
Interest expense	6	160,383	130,197
		307,344	401,984
Changes in working capital:			
Trade and other receivables		(55,788)	(203,214)
Trade and other payables		643,237	(947,753)
		894,793	(748,983)
Interest paid		(110,385)	(91,729)
Tax paid		(23,000)	(53,945)
Net cash generated from (used in) operating activities		761,408	(894,657)
Investing activities			
Payment to acquire property, plant and equipment	10	(480,968)	(553,600)
Repayments of amounts due from related parties		8,675	86,985
Net cash used in investing activities		(472,293)	(466,615)
Financing activities			
Net advances from related party		(50,971)	433,841
Repayments of bank loan		(126,601)	(119,016)
Interest paid for bank loans		(26,998)	(34,583)
Net cash (used in) generated from financing activities		(204,570)	280,242
Cash and cash equivalents before the effects of foreign exchange differences		84,545	(1,081,030)
Effects of foreign exchange differences		51,824	(17,368)
Net change in cash and cash equivalents		136,369	(1,098,398)
Cash and cash equivalents, beginning of year		(1,711,663)	(613,265)
Cash and cash equivalents, end of year	12	(1,575,294)	(1,711,663)

Notes to the financial statements

1 Nature of operations

International Fender Providers Ltd (the 'company') was registered on 2 April 2015.

The company is engaged in the provision of ship-to-ship fendering and bunkering services and hiring of fendering equipment.

2 General information and statement of compliance with International Financial Reporting Standards (IFRSs)

The company, a private exempt limited liability company, is incorporated and domiciled in Malta. The address of the company's registered office, which is also its principal place of business is, 10 Timber Wharf, Marsa MRS 1443, Malta.

The company is wholly owned by Endo Ventures Ltd (the 'parent company'), a company incorporated and domiciled in Malta, which is of the same registered address and principal place of business. Endo Ventures Ltd draws up the consolidated financial statements of the group of which the company forms part.

The financial statements of the company have been prepared in accordance with IFRS as adopted by the European Union, and in accordance with the Companies Act, Cap 386.

The financial statements are presented in euro (€), which is also the functional currency of the company.

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2023

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the company's financial results or position.

Other Standards and amendments that are effective for the first time in 2023 and could be applicable to the company are:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to International Accounting Standards (IAS) 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

These amendments do not have a significant impact on these financial statements and therefore no disclosures have been made.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC.) None of these Standards or amendments to existing Standards have been adopted early by the company and no Interpretations have been issued that are applicable and need to be taken into consideration by the company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the company's financial statements.

4 Material accounting policies

An entity should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

Management has concluded that the disclosure of the company's material accounting policies below are appropriate.

4.1 Overall considerations

The material accounting policies that have been used in the preparation of these financial statements are summarised below.

The accounting policies are consistent with those applied in previous years.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement basis are more fully described below.

The financial statements are presented in accordance with IAS 1 'Presentation of Financial Statements' (Revised 2007). The company did not have any items classified as 'other comprehensive income' and consequently management have elected to present only an income statement.

4.2 Revenue

Revenue is derived from the provision of ship-to-ship fendering and bunkering services and hiring of fendering equipment.

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.

The company enters into transactions involving services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone prices. The transaction price for a contract excludes any amounts collected on behalf of third parties, Value Added Tax (VAT) and trade discounts.

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

4.3 Operating expenses

Operating expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

4.4 Employee benefits

Contributions towards the state pension in accordance with local legislation are recognised in the income statement when they are due.

4.5 Borrowing costs

Borrowing costs primarily comprise interest on the company's borrowings. Borrowing costs are expensed in the period in which they are incurred and reported within 'finance costs'.

4.6 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the income statement.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date).

4.7 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. They are subsequently stated at cost less accumulated depreciation and impairment losses.

Property, plant and 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 the income statement in the period of derecognition.

Depreciation is provided at rates intended to write off the cost of the assets over their expected useful lives. The annual rates used are as follows:

Motor vehicle	10% Straight Line
Other equipment	25 - 50% Straight Line
Fenders	10% Straight Line
Hoses	12.5% - 25% Straight Line
Hardware	25% Straight Line

4.8 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

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

The company does not have any financial assets categorised as FVTPL and FVOCI in the periods presented.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the income statement are presented within 'finance costs' or 'finance income'.

Subsequent measurement of financial assets

Financial assets at amortised cost

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; and
- 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.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents and trade and most receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The company considers a broad range of information when assessing credit risk and measuring expected credit losses, 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.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the income statement are included within 'finance costs' or 'finance income'.

4.9 Impairment of non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in prior periods are assessed at each reporting date 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.

4.10 Income taxes

Tax expense recognised in the income statement comprises the sum of deferred tax and current tax not recognised directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in income statement except where they relate to items that are recognised directly in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.11 Equity

Share capital represents the nominal value of shares that have been issued.

Retained earnings include the current and prior year results as disclosed in the income statement less dividend distributions.

Dividend distributions payable to equity shareholders are included with short-term financial liabilities when the dividends are approved in the general meeting prior to the end of the reporting period.

All transactions with owners are recorded separately within equity.

4.12 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise cash at bank net of bank overdraft.

In the statement of financial position, bank overdraft is shown within borrowings in current liabilities.

4.13 Provisions and contingent liabilities

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the company and they can be measured reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, such as product warranties, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term obligations are discounted to their present values, where the time value of money is material.

Any reimbursements that the company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.14 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Except as disclosed below, in the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

Significant management judgement

Below is a significant management judgement in applying the accounting policies of the company that has an effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the possibility of the company's future taxable income against which the deferred tax assets can be utilised. Refer to note 16 for the composition of the company's deferred tax assets.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to physical wear and tear, technical, technological, or commercial obsolescence.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

5 Other income

Other income consists of the following:

	2023	2022
	€	€
Write-off of trade creditor balance	15,000	14,335
Other income	5,276	4,112
	<u>20,276</u>	<u>18,447</u>

6 Finance costs

The following amounts have been included in the income statement for the reporting periods presented:

	2023	2022
	€	€
Interest expense on bank overdraft	110,385	91,729
Interest expense on bank loan	26,998	34,583
Interest expense on related party loans	23,000	3,885
Total finance costs	160,383	130,197

7 Profit before tax

	2023	2022
	€	€
Profit before tax is stated after charging (crediting):		
Directors' remuneration	104,037	103,737
Depreciation expense on property, plant and equipment	184,696	108,481
Unrealised (gain) loss on foreign exchange differences	(56,859)	63,572
Auditor's remuneration	3,200	3,100

8 Staff costs

	2023	2022
	€	€
Wages and salaries	572,896	471,762
Social security costs	149,646	122,445
Wages recharged	(192,534)	(186,974)
	530,008	407,233

The average number of persons employed by the company during the year was 8 (2022: 7).

9 Tax expense

The relationship between the expected tax expense based on the effective tax rate of the company at 35% (2022: 35%) and the actual tax expense recognised in the income statement can be reconciled as follows:

	2023	2022
	€	€
Profit before tax	19,124	99,734
Tax rate	35%	35%
Expected tax expense	(6,693)	(34,907)
Adjustments for the tax effects of:		
Non-deductible expenses	(159)	(240)
Actual tax expense, net	(6,852)	(35,147)
Comprising:		
Current tax expense	-	(22,805)
Deferred tax expense	(6,852)	(12,342)
	(6,852)	(35,147)

Please refer to note 15 for information on the entity's deferred tax liability.

10 Property, plant and equipment

	Motor vehicles €	Other equipment €	Fenders €	Hoses €	Hardware €	Total €
Cost						
At 1 January 2022	60,525	136,454	1,375,078	766,304	1,705	2,340,066
Additions	-	62,119	371,125	117,817	2,539	553,600
At 31 December 2022	60,525	198,573	1,746,203	884,121	4,244	2,893,666
At 1 January 2023	60,525	198,573	1,746,203	884,121	4,244	2,893,666
Additions	36,085	92,788	251,740	99,890	465	480,968
At 31 December 2023	96,610	291,361	1,997,943	984,011	4,709	3,374,634
Depreciation						
At 1 January 2022	60,525	99,235	1,034,807	666,838	1,366	1,862,771
Charge for the year	-	27,474	56,715	23,488	804	108,481
At 31 December 2022	60,525	126,709	1,091,522	690,326	2,170	1,971,252
At 1 January 2023	60,525	126,709	1,091,522	690,326	2,170	1,971,252
Charge for the year	7,217	51,086	77,763	47,710	920	184,696
At 31 December 2023	67,742	177,795	1,169,285	738,036	3,090	2,155,948
Net book value						
At 31 December 2022	-	71,864	654,681	193,795	2,074	922,414
At 31 December 2023	28,868	113,566	828,658	245,975	1,619	1,218,686

11 Trade and other receivables

	2023 €	2022 €
Trade receivables	430,254	414,206
Provision for doubtful debts	(2,208)	(2,208)
	428,046	411,998
Amounts owed by related parties	3,289,543	3,269,787
Financial assets at amortised cost	3,717,589	3,681,785
VAT receivable	16,367	23,897
Prepayments	12,015	5,796
Total trade and other receivables	3,745,971	3,711,478
Comprising:		
Long-term receivables		
Amounts owed by related parties	3,150,000	3,158,675
	3,150,000	3,158,675
Trade and other receivables - current	595,971	552,803

Amounts owed by related parties include: (i) an amount of € 139,543 (2022: € 111,112) which are unsecured, interest free and are repayable within one year; and (ii) an amount of € 3,150,000 (2022: € 3,158,675) which are unsecured, interest free and have no fixed date of repayment.

The carrying values of financial assets at amortised cost are considered a reasonable approximation of fair value.

12 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and statement of cash flows include the following components:

	Note	2023 €	2022 €
Cash in bank		231,246	98,712
Cash and cash equivalents in the statement of financial position		231,246	98,712
Bank overdraft	14	(1,806,540)	(1,810,375)
Cash and cash equivalents in the statement of cash flows		(1,575,294)	(1,711,663)

The company did not have any restrictions on its cash at bank at year end.

The carrying values of cash at bank are considered a reasonable approximation of fair value.

13 Share capital

The share capital of International Fender Providers Ltd consists only of ordinary shares with a par value of € 1. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of International Fender Providers Ltd.

	2023 €	2022 €
Shares authorised, issued and fully paid up		
16,000 ordinary shares at € 1 each	16,000	16,000

14 Borrowings

	Note	2023 €	2022 €
Bank overdraft	12	1,806,540	1,810,375
Bank loan		448,313	574,914
Loans with a related party		409,755	437,726
Total borrowings		2,644,608	2,823,015
Comprising:			
Due within one year			
Bank overdraft	12	1,806,540	1,810,375
Bank loan		133,654	125,652
Loans with a related party		28,369	26,674
		1,968,563	1,962,701
Due within two and five years			
Bank loan		314,659	449,262
Loans with a related party		132,585	124,832
		447,244	574,094
Due after five years:			
Loans with a related party		248,801	286,220
		248,801	286,220
Borrowings - non-current		696,045	860,314

Bank overdraft

The company has a bank overdraft facility of € 2,230,152 (2022: € 2,230,152), equivalent to USD 2,500,000. This facility is secured by a general hypothec over the company's assets, and by guarantees given by a related company. It bears interest at 8.4% (2022: 7.30 %) per annum.

Bank loan

The company has a loan facility of € 1,000,000 (2022: € 1,000,000). The loan is secured by a general hypothec over the company's assets, by a special hypothec over property in Sliema, and by the guarantees given by a related company. It bears interest at 5.15% (2022: 5.15 %) per annum. The loan is to be repaid in eight (8) years through monthly instalments of € 12,800, inclusive of interest.

Loans with a related party

On 7 November 2022, the company entered into a loan agreement with its related party for a loan amounting to € 442,685. It bears an interest of 5.25% (2022: 6.20%) per annum, and is repayable in monthly instalments, together with any accrued interest, by 31 July 2034.

15 Deferred tax liability

Deferred taxes for the comparative periods can be summarised as follows:

	1 January 2023	Recognised in income statement	31 December 2023
Non-current assets			
Property, plant and equipment	(17,145)	(40,035)	(57,180)
Unutilised capital allowance		53,084	53,084
Current assets			
Trade receivables	773	-	773
Unrealised foreign exchange differences	5,173	(19,901)	(14,728)
Total	<u>(11,199)</u>	<u>(6,852)</u>	<u>(18,051)</u>

Refer to note 9 for information on the company's tax expense.

Deferred taxes arising from temporary differences can be summarised as follows:

	1 January 2022	Recognised in income statement	31 December 2022
		€	€
Non-current assets			
Property, plant and equipment	17,447	(34,592)	(17,145)
Current assets			
Trade receivables	773	-	773
Unrealised foreign exchange differences	(17,077)	22,250	5,173
Total	<u>1,143</u>	<u>(12,342)</u>	<u>(11,199)</u>

16 Trade and other payables

	2023 €	2022 €
Trade payables	556,073	411,926
Amounts owed to related parties	474,397	105,007
Accruals	134,347	68,529
Financial liabilities measured at amortised cost	1,164,817	585,462
Indirect taxes	182,794	121,567
Other payables	-	15,000
Total trade and other payables	1,347,611	722,029

Amounts owed to related parties are unsecured, interest free and are repayable within one year.

The carrying values of financial liabilities measured at amortised cost are considered a reasonable approximation of fair value.

17 Contingent liabilities

The company serves as a guarantor of Endo Finance p.l.c.'s debt securities in issue of € 13,500,000 4.5% bonds of € 50,000 nominal value each, redeemable at par in 2029.

18 Related party transactions

The company's related parties include its parent company, fellow subsidiaries, companies under common control, shareholders, directors and key management personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Transactions with related companies are generally effected on a cost plus basis. Outstanding balances are usually settled in cash. Amounts owed by/to related parties are shown separately in notes 11 and 16. Loans with related party is also shown separately in note 14.

Details of transactions between the company and its related companies are disclosed below. Directors' remuneration is disclosed in note 7.

18.1 Transactions with group companies

	2023 €	2022 €
Expenses recharged to - net	63,427	-
Other income	-	2,684
Interest expense on related party loan	23,000	3,885
Purchases from	975,119	105,007

18.2 Transactions with other related parties

	2023 €	2022 €
Expenses recharged (to) from – net	(2,488)	6,359
Purchases from	20,446	603,051
Revenue from conveyance	5,275	-
Director's fees recharged from	104,037	103,737

19 Risk management objectives and policies

The company is exposed to credit risk, liquidity risk and market risk through its use of financial instruments, which result from both its operating and investing activities. The company's risk management is coordinated by the directors and focuses on actively securing the company's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the company is exposed are described below. See also note 19.5 for a summary of the company's financial assets and liabilities by category.

19.1 Credit risk

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	Notes	2023	2022
		€	€
Classes of financial assets - carrying amounts			
Financial assets at amortised cost:			
- Trade receivables	11	428,046	411,998
- Amounts owed by related parties	11	3,289,543	3,269,787
- Cash and cash equivalents	12	231,246	98,712
		<u>3,948,835</u>	<u>3,780,497</u>

The company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The company's policy is to deal only with creditworthy counterparties.

The carrying amount of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk. None of the company's financial assets is secured by collateral or other credit enhancements.

Trade receivables

To determine the expected credit losses of trade receivables, the company prepared a provision matrix based on the company's historically observed default rates over the expected life of the trade receivables adjusted for forward-looking estimates. Thereafter, at each reporting date, the default of rates and any changes in the forward-looking estimates analysis should be updated.

The company has also taken into consideration the financial position of, and risk exposure to, large customers in order to determine whether the company's credit risk has increased as a result of the pandemic. There are no particular indicators that suggest that the assessment of the expected credit risk model adopted by the company materially varies from expectations of collectability and previous patterns of payments from such customers.

On the above basis the expected credit loss for trade receivables as at 31 December 2023 and 2022 was determined as follows:

31 December 2023	Current	1 - 30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Expected credit loss rate (%)	-	0.5%	1.4%	1.9%	6.4%	
Gross carrying amount (€)	-	425,254	-	5,000	-	430,254
Lifetime expected credit loss	-	2,113	-	95	-	2,208
31 December 2022	Current	1 - 30 days	31 - 60 days	61 - 90 days	More than 90 days	Total
Expected credit loss rate (%)	-	0.5%	1.4%	1.9%	6.4%	
Gross carrying amount (€)	-	414,206	-	-	-	414,206
Lifetime expected credit loss	-	2,208	-	-	-	2,208

All trade receivables that have shown objective evidence of impairment have been provided for in full.

No adjustment for expected credit losses has been made in these financial statements since the amounts are not material.

Amounts owed by related parties

To determine the expected credit losses of amounts owed by related parties, the company used a credit risk assessment model by taking into consideration the probability of default for each counterparty in which the company has a financial exposure and the loss given default i.e., the maximum loss in the event that the counterparty fails to settle the obligation.

The model is based on the 'Capital, Assets, Management, Earnings and Liquidity' Model (C-A-M-E-L) approach, whereby reasoned weights are allocated to each of the variables as measured by information extracted from financial reports, as well as relevant non-financial information.

Each component of the C-A-M-E-L model is assigned a percentage weight and score. The assigned percentage weight and score are multiplied to obtain the weighted score for each component. The weighted scores are then added up to obtain the credit risk assessment score. As practical as possible, each component of the C-A-M-E-L assessment was compared and benchmarked with peer companies within Europe.

The credit risk assessment is adjusted to include forward-looking macroeconomic indicators. Macroeconomic factors affect the current and future performance of the company. The most influential factors are Gross Domestic Product (GDP) growth, unemployment rate (positively correlated) and inflation (negatively correlated).

Following the results of the credit risk assessment adjusted for the macroeconomic factors, this score is then assigned a probability of default estimated based on exchange listed firms in various economies over a period of 30 years.

The resulting expected credit loss was not material. Therefore, no adjustment has been made in these financial statements.

Other financial assets at amortised cost

Other financial assets at amortised cost include cash and cash equivalents.

The company banks with a local institution. At 31 December 2023, cash at bank amounting to € 231,246 (2022: € 98,712) are held with local counterparties with credit ratings of A+ to BBB- and are callable on demand. Management considers the probability of default to be close to zero as the counterparty has a strong capacity to meet its contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be insignificant to the company.

While the company continues to closely monitor all of its financial assets at more frequent interval as a result of such events, based on the above assessments, management considers that there is no need to provide for expected credit losses in these financial statements.

19.2 Liquidity risk

The company's exposure to liquidity risks arises from its obligations to meet financial liabilities, which comprise borrowings and trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the entity's obligations when they become due.

The company monitors its cash flow requirements on a daily basis and ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The following are the contractual maturities of financial liabilities measured at amortised cost including estimated future interest payments:

	Carrying amount €	Contractual cash flows €	Within 1 year €	Within 2 to 5 years €	More than 5 years €
At 31 December 2023					
Bank overdraft	1,806,540	1,806,540	1,806,540	-	-
Bank loan	448,313	486,800	153,600	333,200	-
Loans with a related party	409,755	558,452	52,776	211,104	294,572
Trade payables	556,073	556,073	556,073	-	-
Amounts owed to related parties	474,397	474,397	474,397	-	-
Accruals	134,347	134,347	134,347	-	-
	3,829,425	4,016,609	3,177,733	544,304	294,572
At 31 December 2022					
Bank overdraft	1,810,375	1,810,375	1,810,375	-	-
Bank loan	574,914	643,626	153,600	490,026	-
Loans with a related party	437,726	614,638	53,064	212,256	349,318
Trade payables	411,926	411,926	411,926	-	-
Amounts owed to related parties	105,007	105,007	105,007	-	-
Accruals	68,529	68,529	68,529	-	-
	3,408,477	3,654,101	2,602,501	702,282	349,318

19.3 Foreign currency risk

Most of the company's transactions are carried out in Euros. Exposure to currency exchange rates arise from the company's purchases from foreign suppliers, sales to foreign customers and bank overdraft, which are denominated in US dollars (USD).

Foreign currency denominated financial assets and liabilities, translated into Euro at the closing rate, are as follows:

	USD	
	2023	2022
	€	€
Financial assets	310,428	81,674
Financial liabilities	(1,870,020)	(1,798,430)
Short-term exposure	(1,559,592)	(1,716,756)

On the basis of the average market volatility in exchange rates in the previous 12 months, if the Euro had strengthened or weakened against the USD by 11% (2022: 3%) then this would have had the following impact on the net result for the year.

	2023	2022
	€	€
Net result for the year	+/- 46,788	+/- 188,843

Exposure to foreign exchange rates varies during the year depending on the volume of transactions in foreign currencies. Nonetheless, the analysis above is considered to be representative of the company's exposure to currency risk.

19.4 Interest rate risk

The company's exposure to interest rate risk is limited to the variable interest rates on borrowings. Based on observations of current market conditions, the directors consider an upward or downward movement in interest of 1% to be reasonably possible. The potential impact of such a movement on the net result for the year is € 5,242 (2022: € 6,531).

19.5 Summary of financial assets and liabilities by category

The carrying amounts of the company's financial assets and liabilities as recognised at the reporting dates under review may also be categorised as follows. See note 4.8 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2023	2022
		€	€
Non-current assets			
Financial assets at amortised cost:			
- Amounts owed by related parties	12	3,150,000	3,158,675
		3,150,000	3,158,675
Current assets			
Financial assets at amortised cost:			
- Trade receivables	12	428,046	411,998
- Amounts owed by related parties	12	139,543	111,112
- Cash and cash equivalents	13	231,246	98,712
		798,835	621,822

Non-current liabilities

Financial liabilities measured at amortised cost:

- Borrowings	15	696,045	860,314
		696,045	860,314

Current liabilities

Financial liabilities measured at amortised cost:

- Borrowings	15	1,968,563	1,962,701
- Trade payables	17	556,073	411,926
- Amounts owed to related parties	17	474,397	105,007
- Accruals	17	134,347	68,529
		3,133,380	2,548,163

21 Capital management policies and procedures

The company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing services commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt.

The company monitors the level of debt, which includes trade and other payables less cash and cash equivalents, against total capital on an ongoing basis.

22 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation.



Independent auditor's report

To the (shareholder) of International Fender Providers Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of International Fender Providers Ltd (the 'company') set out on pages 4 to 25 which comprise the statement of financial position as at 31 December 2023, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material 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 2023, 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 European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

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 ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, 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 relating 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.

The directors are responsible for overseeing the company's financial reporting process.

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 the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

We also have responsibilities under the Companies Act, Cap 386 to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Sharon Causon.



Sharon Causon (Partner) for and on behalf of

GRANT THORNTON
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29 April 2024