FSM HOLDINGS LIMITED

DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2022

Company Registration No: C46654

Contents

Accounts

The directors present the annual report and audited consolidated financial statements for the year ended 31 December 2022.

Principal activity

The principal activity of the company is that of a holding company.

Results

The group registered a profit for the year after tax of €659,461 (2021: €180,543) and the company registered a profit for the year of €648,994 (2021: €141,396). The results for the year are shown in the consolidated statement of comprehensive income on page 3.

Dividends

An interim dividend of €300,000 (2021: Nil) has been paid during the year.

Directors

The directors of the company are:

Centric Holdings S.A.
Kenneth Micallef

Under the provisions of the company's Memorandum and Articles of Association, the present directors continue in office.

Auditors

BDO Malta have expressed their willingness to continue in office. A resolution will be submitted to the Annual General Meeting to re-appoint BDO Malta as auditors to the company.

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

Kenneth Micallef
Director

o.b.o. Centric Holdings S.A.
as director of FSM Holdings Limited

'Lara Buildings' Level 1
Guzeppi Calleja Street,
Iklin IKL 1262
Malta

27 April 2023

The Directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of each financial period and of its profit or loss for that period. In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act 1995. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Notes	€	€	€	€
Turnover	4	3,411,636	1,813,245	-	-
Other income		212,043	60,402	210,332	49,384
Expenditure	5	(2,730,925)	(1,633,104)	(17,066)	(14,987)
Operating profit		892,754	240,543	193,266	34,397
Investment income	7	-	-	701,116	164,614
Profit before taxation		892,754	240,543	894,382	199,011
Taxation charge	8	(233,293)	(60,000)	(245,388)	(57,615)
Profit for the year - total comprehensive income		659,461	180,543	648,994	141,396

The accounting notes on pages 9 to 23 form part of the financial statements.

Audit report pages 24 to 26.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Notes	€	€	€	€
ASSETS					
Non-current assets					
Property, plant and equipment	10	202,181	219,170	-	-
Financial assets	11	-	-	640,057	640,049
Current taxation		-	-	923	923
		202,181	219,170	640,980	640,972
Current assets					
Trade and other receivables	12	568,108	467,147	1,285,383	936,397
Cash and cash equivalents	17	1,751,831	1,263,102	718	718
Total current assets		2,319,939	1,730,249	1,286,101	937,115
Total assets		2,522,120	1,949,419	1,927,081	1,578,087

The equity and liabilities section is continued on page 5.

The notes on pages 9 to 23 form part of the financial statements.

Audit report pages 24 to 26.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 DECEMBER 2022
(continued)

		Group		Company	
		2022	2021	2022	2021
	Notes	€	€	€	€
EQUITY AND LIABILITIES					
Capital and reserves					
Called up issued share capital	13	109,889	109,889	109,889	109,889
Share premium	14	585,443	585,443	585,443	585,443
Other reserves		121	121		-
Retained earnings		1,270,804	911,343	1,220,626	871,632
		1,966,257	1,606,796	1,915,958	1,566,964
Current liabilities					
Trade and other payables	15	214,462	210,974	11,123	11,123
Deferred taxation	16	6,532	23,715	-	-
Taxation		334,869	107,934	-	-
		555,863	342,623	11,123	11,123
Total equity and liabilities		2,522,120	1,949,419	1,927,081	1,578,087

The financial statements were approved by the Board of Directors on 27 April 2023 and signed on its behalf by:

Kenneth Micallef
Director

o.b.o. Centric Holdings S.A.
as director of FSM Holdings Limited

The accounting notes on pages 9 to 23 form part of the financial statements.

Audit report pages 24 to 26.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 DECEMBER 2022

	Share Capital	Share premium	Other reserves	Retained earnings	Total
	€	€	€	€	€
Group					
At 1 January 2021	109,889	585,443	121	730,800	1,426,253
Comprehensive income					
Profit for the year	-	-	-	180,543	180,543
At 31 December 2021	109,889	585,443	121	911,343	1,606,796
Comprehensive income					
Profit for the year	-	-	-	659,461	659,461
Transaction with owners					
Dividend paid	-	-	-	(300,000)	(300,000)
At 31 December 2022	109,889	585,443	121	1,270,804	1,966,257
Company					
At 1 January 2021	109,889	585,443	-	730,236	1,425,568
Comprehensive income					
Profit for the year	-	-	-	141,396	141,396
At 31 December 2021	109,889	585,443	-	871,632	1,566,964
Comprehensive income					
Increase in share capital	-	-	-	-	-
Profit for the year	-	-	-	648,994	648,994
Transaction with owners					
Dividend paid	-	-	-	(300,000)	(300,000)
At 31 December 2022	109,889	585,443	-	1,220,626	1,915,958

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
		€	€	€	€
Cash flows from operating activities					
Operating profit		892,754	240,543	193,266	34,397
Adjustment for:					
Depreciation		71,574	104,482	-	-
Tax paid at source		-	-	(245,388)	(57,615)
Other non-cash items		1,561	-	-	-
Provision for impairment on investment		-	-	(8)	-
Operating profit before working capital changes		965,889	345,025	(52,130)	(23,218)
Movement in working capital					
Trade and other receivables		(100,961)	(55,327)	(348,986)	(136,770)
Trade and other payables		3,488	(98,527)	-	(4,627)
Cash generated from/(used in) operating activities		868,416	191,171	(401,116)	(164,615)
Dividend paid		(300,000)	-	(300,000)	-
Taxation paid		(23,541)	(132,259)	-	-
Net cash generated from/(used in) operating activities		544,875	58,912	(701,116)	(164,615)
Cash flow from investing activities					
Dividend received from group undertakings		-	-	701,116	164,614
Insurance claim of plant, property and equipment		8,696	-	-	-
Purchases of plant, property and equipment		(64,842)	(57,064)	-	-
Net cash generated from/(used in) investing activities		(56,146)	(57,064)	701,116	164,614
Net increase/(decrease) in cash and cash equivalents		488,729	1,848	-	(1)
Cash and cash equivalents at beginning of year		1,263,102	1,261,254	718	719
Cash and cash equivalents at end of year	17	1,751,831	1,263,102	718	718

1. Basis of preparation of financial statements

The financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union, under the historical cost convention.

The reporting currency used for the preparation of the financial statements is the Euro (€), which is the currency in which the company's share capital is denominated.

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

2. Accounting policies

2.1 Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2022

The following new standards, amendments and interpretations are effective for the first time in these financial statements, but none have had a material effect on the company:

	Issued on	Effective from
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	14/05/2020	01/01/2022
Amendments to IFRS 16: COVID-19-Related Rent Concessions beyond 30/06/2021	31/03/2021	01/04/2021

The applications of these new standards and amendments have had no impact on the disclosures or amounts recognized in the company's financial statements.

b) New standards, interpretations and amendments as adopted by EU but not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the company's future financial statements:

	Issued on	Effective from
Amendments to IAS 1: Disclosure of Accounting Policies	12/02/2021	01/01/2023
Amendments to IAS 8: Definition of Accounting Estimates	12/02/2021	01/01/2023
Amendments to IAS 12: Assets and Liabilities arising from a Single Transaction	07/05/2021	01/01/2023
IFRS 17 Insurance Contracts, including amendments	18/05/2017	01/01/2023
Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 - Comparative Information	09/12/2021	01/01/2023

2. Accounting policies (continued)

2.1 Changes in accounting policies (continued)

c) New standards, interpretations and amendments issued by IASB but not yet adopted by EU

	Issued on	Effective from
Amendments to IAS 1: Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants	23/01/2020	01/01/2024
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	22/09/2022	01/01/2024

The company has not early adopted all these revisions to the requirements of IFRSs and the company's management is of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

d) New standards, interpretations and amendments issued by IASB but not adopted by EU

- IFRS 14 Regulatory Deferral Accounts (issued on 30/01/2014, effective from the year beginning 01/01/2016) - European Commission has decided not to endorse the standard
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between Investor and its Associate or Joint Venture (issued on 11/09/2014, effective from the year beginning 01/01/2016) - postponed indefinitely by European Commission

2.2 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services and is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

Step 1: Identify the contract with the customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contracts
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised from concessionaires and marketing services. Revenue from concessionaires and marketing services is recognised in the accounting period in which services are rendered, based on the fact that the amount of revenue can be measured reliably and the company receives consideration.

Revenue is recognised at a point in time as the revenue is calculated at the end of each business day.

2. Accounting policies (continued)

2.3 Foreign currencies

The financial statements of the company are presented in its functional currency, the Euro (€), being the currency of the primary economic environment in which the company operates.

2.4 Taxation

The charge for current tax is based on the taxable income for the year. The taxable result for the year differs from the result as reported in the statement of comprehensive income because it excludes items which are not assessable or disallowed and it further excludes items that are taxable and deductible in other years. It is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefits is probable. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

2.5 Share capital and dividends

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

Dividend distribution to the company's shareholders is recognised as liability in the company's financial statements in the year in which the dividends are approved by the company's shareholders.

2.6 Property, plant and equipment

Tangible assets are stated at historical cost less depreciation. Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful life as follows:

	%
Computer hardware	25
Electronic software and equipment	12.50
Furniture and fittings	12.50

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

On disposal of a tangible asset, the difference between the net disposal proceeds and the carrying amount of the asset, is charged or credited to the profit and loss account.

2. Accounting policies (continued)

2.7 Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

2.8 Financial liabilities

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings - Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method unless the cost of discounting is immaterial.

2. Accounting policies (continued)

2.9 Deferred taxation

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefit is probable.

2.10 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

2.11 Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk) credit risk and liquidity risk. The financial risks relate to the following financial instruments: debtors, cash and cash equivalents and trade and other creditors. The accounting policies with respect to these financial instruments are described above.

Risk management is carried out by the director under policies approved at the AGM. The director identifies and evaluates financials risks in close co-operation with the company's operating units. The director provides principles for overall risk management.

The reports on the risk management are produced periodically to the key management personnel of the company.

(a) Market risk

(i) Price risk

The Company has no significant exposure to the market risk with respect to its operating income.

(ii) Cash flow and fair value interest rate risk

The company's cash flow and fair value interest rate risk is periodically monitored by the directors. The cash flow and fair value risk policy is approved by the directors.

Receivables and trade and other payables are interest free and have settlement dates within one year.

A sensitivity analysis is normally based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated - for example, change in exchange rates and change in market values.

In the case of the company, it provides for the worst scenario by making full provisions for all investments held and hence profits or losses cannot be subjected to a sensitivity analysis that could shed any light on the effect of potential changes in market price.

2. Accounting policies (continued)

2.11 Financial risk management (continued)

(iii) Foreign exchange risk

Foreign exchange risk arises because the company has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the company is operating. Foreign exchange risk also arises when the company enters into transactions denominated in a currency other than their functional currency.

Certain assets of the company comprise amounts denominated in foreign currencies. Similarly, the company has financial liabilities denominated in foreign currency. In general, the company seeks to maintain the financial assets and financial liabilities in each of the foreign currencies at a reasonably comparable level, thereby providing a natural hedge against foreign exchange risk.

(b) Credit risk

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

- Cash and cash equivalents;
- Receivables.

The company seeks to manage this risk by placing cash with quality financial institutions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash flow for operations. The company manages its' risk to shortage of funds by monitoring forecast and actual cash flows.

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

All of the company's current financial liabilities at 31 December 2021 are due within 3 months from year-end since they are trade and other payables.

2. Accounting policies (continued)

2.12 Capital management

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

2.13 Fair value estimation

Cash and cash equivalents, debtors and trade and other creditors mainly have short times to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

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

4. Turnover

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Analysed as follows:				
Concessionaires	1,596,451	456,071	-	-
Marketing services	1,815,185	1,357,174	-	-
	3,411,636	1,813,245	-	-

Total turnover for financial year 2022 stands at significantly higher levels with respect to financial year 2021. Improved market conditions and gradual lifting of the restrictions attributed to the COVID-19 pandemic, led to substantially increased volumes of business for both companies of the group.

5. Expenditure

Sales and promotion expenses

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Depreciation for the year	71,575	104,482	-	-
Revenue share - Equipment providers	366,012	276,614	-	-
Marketing services	-	300	-	-
Other sales and promotion	871,945	231,648	-	-
Revenue Share - Equipement providers	366,012	276,614	-	-
Licenses of equipment	215,642	161,751	-	-
Technical support	5,583	2,116	-	-
Wages and salaries	501,654	231,742	-	-
	2,398,423	1,285,267	-	-

Administrative expenses

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Audit fee	23,634	22,108	3,658	3,776
Consultancy fees	205,825	242,770	755	755
Exchange difference	(9,940)	(24,767)	-	-
Directors fees	8,608	6,540	808	1,770
Other administrative expenses	104,375	101,186	11,845	8,686
	332,502	347,837	17,066	14,987
	2,730,925	1,633,104	17,066	14,987

6. Staff cost and employees information

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Wages and salaries	501,654	231,742	-	-

During the year under review, the group employed on average 37 employees (2021: 36 employees). Employees are only paid for the duration of the cruise.

7. Investment income

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Dividend from group undertakings	-	-	701,108	164,614
Impairment provision on investment	-	-	8	-
	-	-	701,116	164,614

8. Taxation

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Current tax expense	250,477	87,266	245,388	57,615
Deferred tax expense	(17,184)	(27,266)	-	-
	233,293	60,000	245,388	57,615

8. Taxation (continued)

The tax on the profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Profit before tax	892,754	240,543	894,382	199,011
Tax on profit at applicable rates	317,344	84,190	313,034	69,654
Tax effect of:				
Expenses / (credit) not deductible for tax purpose	6,344	16,622	5,970	5,245
Income not subject to tax	(73,616)	(17,284)	(73,616)	(17,284)
Temporary difference not provided for	(16,779)	(23,528)	-	-
Tax charge	233,293	60,000	245,388	57,615

9. Dividends per share

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Dividends paid on ordinary shares	300,000.00	-	300,000	-
Dividends per share	2.73	-	2.73	-

10. Property, plant and equipment Group

	Computer hardware	Equipment software	Furniture and fittings	Machinery and equipment	Total
	€	€	€	€	€
Cost					
At 1 January 2021	4,930	36,600	66,050	715,792	823,372
Additions	-	-	-	57,065	57,065
At 31 December 2021	4,930	36,600	66,050	772,857	880,437
Depreciation					
At 1 January 2021	4,284	27,324	31,510	493,666	556,784
Charge for year	324	4,904	8,205	91,050	104,483
At 31 December 2021	4,608	32,228	39,715	584,716	661,267
Cost					
At 1 January 2022	4,930	36,600	66,050	772,857	880,437
Additions	-	4,488	31,350	29,004	64,842
Disposal	-	(1,313)	-	(76,713)	(78,026)
At 31 December 2022	4,930	39,775	97,400	725,148	867,253
Depreciation					
At 1 January 2022	4,608	32,228	39,715	584,716	661,267
Charge for year	322	2,300	10,914	58,038	71,574
Released on disposal	-	(656)	-	(67,113)	(67,769)
At 31 December 2022	4,930	33,872	50,629	575,641	665,072
Net book value					
At 31 December 2022	-	5,903	46,771	149,507	202,181
At 31 December 2021	322	4,372	26,335	188,141	219,170

11. Financial assets

	Company	
	Shares in group undertakings	
	2022	2021
	€	€
Cost		
At 1 January	640,049	640,049
Addition		
Provision for impairment losses	8	-
At 31 December	640,057	640,049

The group undertakings as at 31 December 2022 are shown below:

Group undertakings

Name and registered office	Class of shares	% holding
Playseas Limited (C44977) Lara Buildings' Level 1 Guzeppi Calleja Street Iklin IKL 1262, Malta	Ordinary shares	100%
Playseas Cruises (C63357) Lara Buildings' Level 1 Guzeppi Calleja Street Iklin IKL 1262, Malta	Ordinary shares	100%

Indirect subsidiaries included in these consolidated financial statements are disclosed in Note 20.

12. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Trade receivables	162,796	233,849	-	-
Amount due from related parties	-	210	1,023,513	782,587
Other receivables	268,804	159,674	259,716	151,656
Prepayments and accrued income	132,145	59,751	2,154	2,154
VAT recoverable	4,363	13,663	-	-
	568,108	467,147	1,285,383	936,397

The amounts owed by related parties are unsecured, interest-free and have no fixed date of repayment.
The company has applied ECL policy to the trade receivables amount. The Company has established a credit policy of Net 15 and no historical default loss rates exist. Due to characteristics of its business, there is limited exposure to credit risk and each client is examined separately for recognizing any doubtful allowance.

13. Share capital

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Authorised:				
109,887 'A' ordinary shares of €1 each	109,887	109,887	109,887	109,887
2 'B' ordinary share of €1 each	2	2	2	2
	109,889	109,889	109,889	109,889
Issued and fully paid up:				
109,887 'A' ordinary shares of €1 each	109,887	109,887	109,887	109,887
2 'B' ordinary share of €1 each	2	2	2	2
	109,889	109,889	109,889	109,889

The holders of ordinary "A" shares shall have the right (i) to receive notice of and to attend all General Meetings of the Company and (ii) to vote on all Ordinary and Extraordinary Resolutions of the Company. The holders of ordinary "B" shares shall have the right to receive notice of and to attend all General Meetings of the Company but shall not have the right to vote on any resolutions.

The holders of ordinary "A" shares shall have the right to receive dividends and to participate in the profits of the Company. The holders of ordinary "B" shares shall not have the right to receive any dividend or to participate in the profits of the Company.

14. Share premium

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
At beginning and at end of year	585,443	585,443	585,443	585,443

15. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Due within one year				
Trade payables	115,471	92,148	4,635	4,635
Accruals	98,487	116,293	6,488	6,488
Directors fees	495	218	-	-
Amounts owed to related parties	-	-	-	-
Other payables	9	2,315	-	-
	214,462	210,974	11,123	11,123

The amounts due to related parties are unsecured, interest-free and have no fixed date of repayment.

16. Deferred taxation

	Group		Company	
	2021	2021	2022	2021
	€	€	€	€
At beginning of year	23,715	50,982	-	-
Debited to income statement	(17,183)	(27,267)	-	-
At end of year	6,532	23,715	-	-

17. Deferred taxation (continued)

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 35% (2021: 35%). The year end deferred tax balance is made up as follows:

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Impairment provision	22,383	(12,857)		
Net book value on tangible assets	(17,087)	35,217	-	-
Unrealised exchange differences	1,236	1,355	-	-
	6,532	23,715	-	-

17. Cash and cash equivalents

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise the following:

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Cash at bank and on vessels	1,751,831	1,263,102	718	718
	1,751,831	1,263,102	718	718

18. Related party transactions

Transactions entered into with other group undertakings, and with companies with common beneficial shareholders, are considered to be related party transactions. Balances with related parties at year end consisted of the following:

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Due from related parties (Note 12)	-	210	1,023,513	782,587
Due to related parties (Note 15)	-	-	-	-
Directors fees (Note 15)	495	218	-	-

19. Statutory information

FSM Holdings Limited is a limited liability company and is incorporated in Malta.

The parent and ultimate parent company of FSM Holdings Limited is Centric Holdings S.A., a listed company registered in Greece, with its registered address at 20 Makrigianni St., 183 44, Athens, Greece. Copies of consolidated financial statements can be obtained from its registered office.

In the opinion of the directors, there is no ultimate controlling party of the group.

20. Consolidated entities

These financial statements contain the consolidated results of the following companies:

FSM Holdings Limited (C 46654)
'Lara Buildings' Level 1
Guzeppi Calleja Street,
Iklin IKL 1262 Malta

Playseas Limited (C 44977)
'Lara Buildings' Level 1
Guzeppi Calleja Street,
Iklin IKL 1262 Malta

Playseas Cruises Limited (C 63357)
'Lara Buildings' Level 1
Guzeppi Calleja Street,
Iklin IKL 1262 Malta

Playseas Single Member Private Company - 100% subsidiary of Playseas Limited
Leoforos Irakiou number 385,
Municipality of N. Iraklio, Greece

21. Subsequent events

There were no subsequent events that directly affected the company or its ability to continue as going concern.

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Msida MSD 1824
Malta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FSM Holdings Limited

Report on the Audit of the Financial Statements

We have audited the consolidated and stand-alone financial statements of FSM Holdings Limited (the «Company») with its subsidiaries (the «Group») set out on pages 3 to 23, which comprise the consolidated and stand-alone statements of financial position as at 31 December 2022, the consolidated and stand-alone statements of comprehensive income, the consolidated and stand-alone statements of changes in equity, and the consolidated and stand-alone statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act, 1995 (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act, 1995 (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act, 1995 (Cap.386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of FSM Holdings Limited

Responsibilities of the Directors

As explained more fully in the Statements of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with EU IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone 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 consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone 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 and the Group'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 consolidated and stand-alone 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 and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of FSM Holdings Limited

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

We communicate with the directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act, 1995 (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- The information given in the directors' report is not consistent with the financial statements.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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

This report has been signed for and on behalf of BDO MALTA by Sam Spiridonov (Partner)

BDO Malta
Certified Public Accountants
Registered Audit Firm

Triq It Torri
Msida MSD 1824
Malta

27 April 2023

DETAILED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Schedule	€	€	€	€
Turnover					
Marketing services		1,815,185	1,357,174	-	-
Concessionaires		1,596,451	456,071	-	-
Other income		212,043	60,402	224,582	49,384
		3,623,679	1,873,647	224,582	49,384
Expenditure					
Sales and promotion	I	(2,398,423)	(1,285,267)	-	-
Administrative	II	(332,502)	(347,837)	(17,066)	(14,987)
Operating profit		892,754	240,543	207,516	34,397
Investment income	III	-	-	701,116	164,614
Interest receivable	IV	-	-	-	-
Profit before taxation		892,754	240,543	908,632	199,011

I Sales and promotion expenses

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Advertising	103,544	90,000	-	-
Computer consumables	1,010	543	-	-
Creative services	2,298	2,058	-	-
Depreciation for the year	71,575	104,482	-	-
Fire accident expenses	4,000	-	-	-
Gain on disposal of tangible assets	(8,696)	-	-	-
Insurance	57,015	26,323	-	-
Revenue Share - Equipement providers	366,012	276,614	-	-
Licenses of equipment	215,642	161,751	-	-
Marketing services	-	300	-	-
Onboard expenses	53,024	-	-	-
General expenses	574	-	-	-
Repairs and maintenance	5,391	1,051	-	-
Staff recruitment	6,000	4,066	-	-
Revenue Share - Ship owners	763,962	233,988	-	-
Technical support	5,583	2,116	-	-
Transport cost	31,064	5,436	-	-
Travel and accomodation	100,603	40,190	-	-
Staff expenses	3,630	-	-	-
Wages and salaries	501,654	231,742	-	-
Re-charged wages and salaries	69,436	72,844	-	-
Operational expenses	45,102	31,763	-	-
	2,398,423	1,285,267	-	-

II Administrative expenses

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Accountancy fee	31,612	22,870	4,248	4,602
Audit fee	23,634	22,108	3,658	3,776
Bank charges	3,421	4,463	-	-
Consultancy fees	205,825	242,770	755	755
Gifts	1,070	2,574	-	-
Realised exchange difference	(2,182)	(18,074)	-	-
Unrealised exchange difference	(7,758)	(6,691)	-	-
Director's fees	8,608	6,540	808	1,770
General expenses	1,360	23,514	-	-
Internet expenses	-	67	-	-
Interest paid	201	53	-	-
IT expenses	163	212	-	-
Legal and professional fees	28,168	27,283	5,770	2,044
Other administrative expenses	16,997	33	-	-
Postage and courier	265	138	47	-
Printing and stationery	416	613	118	118
Registration fee	2,862	1,800	600	600
Rent	1,962	3,932	1,062	1,322
Storage costs	11,129	10,482	-	-
Table Peripherals	4,749	3,150	-	-
	332,502	347,837	17,066	14,987

III Investment income

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Dividend from group undertakings	-	-	701,108	164,614
Impairment provision on investment	-	-	8	-
	-	-	701,116	164,614

IV Interest receivable

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Bank interest receivable	-	-	-	-