

IMPRESA LIMITED
AND ITS SUBSIDIARY COMPANIES

Annual Report and Consolidated
Financial Statements
31 December 2015

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Annual Report and Consolidated Financial Statements - 31 December 2015

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Directors' report

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

Principal activities

The group's principal activities, as exercised by the holding company and its subsidiaries, and which are substantially unchanged since last year, are mainly the manufacture of electrical fittings, electronic packaging products and other injection moulded products for third parties.

Review of business

In recent years the group has undergone a substantial re-organisation process to meet its financial challenges. As at 31 December 2015, current liabilities exceeded current assets by €838,000 (2014: €421,000).

In 2014 and 2015 the group invested around €1.9 million in new product lines with the objective of increasing profitability and improving its balance sheet. In 2015, the group continued with the optimisation of its investment program as well as with implementing a number of measures to improve operational cost efficiency. Further improvement is expected to result in 2016 and 2017 through growth in turnover and therefore through higher utilisation of the capital investment made and through further operational cost efficiency measures such as consolidation of all operations centrally.

Whilst in 2014 the EBITDA was €849,000, the amount relating to the group's core business was in fact €670,000. By comparison, the EBITDA in 2015 was €835,000 solely emanating from the group's core business. It is therefore estimated that the benefits from the investment and operational cost measures has improved the company's core business performance by around €165,000 over the previous year. The EBITDA from the group's core business is expected to exceed €1 million in 2016.

In terms of balance sheet management, an agreement has been reached with respect to the payment of overdue amounts of indirect taxation and social security whilst a repayment programme has also been agreed upon with one of the group's principal service providers. These overdue amounts are repayable over a period of 6 years.

Although the taxation repayment schedule has been delayed due to the cash flow restrictions in the group, the directors express their confidence that the measures implemented over the last 2 years will result in a positive group turnaround. Additionally to address this, the group is in the process of negotiating additional banking facilities, together with re-negotiating part of its existing banking facilities.

Given the initiatives undertaken that have resulted in improved results, and given that projected results for 2016 and 2017 will continue to improve further, the directors are confident that these negotiations will be successful and will accelerate the group's plans in achieving its objectives.

Accordingly, the directors continue to adopt the going concern assumption in the preparation of these financial statements.

Directors' report - continued

Results and dividends

The consolidated statements of comprehensive income are set out on page 6. The directors do not recommend the payment of a dividend (2014: Nil).

Directors

The directors of the company who held office during the year were:

Mr Anton Borg

Mr Joseph Borg

The company's Articles of Association do not require any directors to retire.

Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the group and the parent company as at the end of each reporting period and of the 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 EU;
- 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 group and the parent company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining 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, and that comply with the Maltese Companies Act, 1995. They are also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



Mr Anton Borg
Director

Registered office
BLB 018, Bulebel Industrial Estate
Zejtun, ZTN 3000
Malta



Mr Joseph Borg
Director

31 October 2016



Independent auditor's report

To the Shareholders of Impresa Limited and its subsidiary companies

Report on the Financial Statements for the year ended 31 December 2015

We have audited the consolidated and stand-alone parent company financial statements of Impresa Limited and its subsidiary companies (together the "financial statements") on pages 5 to 32, which comprise the consolidated and parent company statements of financial position as at 31 December 2015, and the consolidated and parent company statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

As explained more comprehensively in the Statement of directors' responsibilities for the financial statements on page 2, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the financial position of the group and parent company as at 31 December 2015, and of their financial performance and their cash flows for the year then ended in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Maltese Companies Act, 1995.



Independent auditor's report - continued

To the Shareholders of Impresa Limited and its subsidiary companies

Report on Other Legal and Regulatory Requirements for the year ended 31 December 2015

We also have responsibilities under the Maltese Companies Act, 1995 to report to you if, in our opinion:

- The information given in the directors' report is not consistent with the financial statements.
- 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.
- We have not received all the information and explanations we require for our audit.
- 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.

PricewaterhouseCoopers

78, Mill Street
Qormi
Malta

A handwritten signature in blue ink, appearing to read 'David Valenzia', is written over the printed name and title.

David Valenzia
Partner

31 October 2016

Statements of financial position

		As at 31 December			
	Notes	Group 2015 €	2014 €	Company 2015 €	2014 €
ASSETS					
Non-current assets					
Property, plant and equipment	4	2,482,148	2,625,139	-	-
Intangible assets	5	2,997,500	2,997,500	-	-
Investment in subsidiaries	6	2,329	2,329	3,000,000	3,000,000
Available-for-sale financial assets	7	8,977	7,200	-	-
Total non-current assets		5,490,954	5,632,168	3,000,000	3,000,000
Current assets					
Inventories	8	1,401,007	1,390,827	-	-
Trade and other receivables	9	877,074	1,184,064	-	-
Cash and cash equivalents	10	83,272	58,075	8	42
Total current assets		2,361,353	2,632,966	8	42
Total assets		7,852,307	8,265,134	3,000,008	3,000,042
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	500,000	500,000	500,000	500,000
Reserves	12	65,449	64,216	-	-
Retained earnings		1,568,359	1,193,212	2,899	2,731
Total equity		2,133,808	1,757,428	502,899	502,731
Non-current liabilities					
Borrowings	13	1,339,837	1,595,203	-	-
Trade and other payables	14	1,179,001	1,858,483	99,083	591,324
Total non-current liabilities		2,518,838	3,453,686	99,083	591,324
Current liabilities					
Borrowings	13	605,166	629,612	-	-
Trade and other payables	14	2,580,165	2,410,250	2,398,026	1,905,987
Current taxation		14,330	14,158	-	-
Total current liabilities		3,199,661	3,054,020	2,398,026	1,905,987
Total liabilities		5,718,499	6,507,706	2,497,109	2,497,311
Total equity and liabilities		7,852,307	8,265,134	3,000,008	3,000,042

The notes on pages 10 to 32 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 5 to 32 were authorised for issue by the board on 31 October 2016 and were signed on its behalf by:

Mr Anton Borg
Director

Mr Joseph Borg
Director

Statements of comprehensive income

		Year ended 31 December				
		Group		Company		
Notes		2015	2014	2015	2014	
		€	€	€	€	
	Revenue	15	4,794,285	5,270,211	-	-
	Cost of sales	16	(3,679,463)	(4,308,051)	-	-
			1,114,822	962,160	-	-
	Gross profit					
	Administrative expenses	16	(596,151)	(514,227)	(5,832)	(3,548)
	Other operating income		60,759	194,462	-	-
			579,430	642,395	(5,832)	(3,548)
	Operating profit/(loss)					
	Investment income	19	-	-	6,000	6,000
	Finance costs	20	(203,821)	(194,777)	-	-
			375,609	447,618	168	2,452
	Profit before tax					
	Tax charge		(462)	-	-	-
			375,147	447,618	168	2,452
	Profit for the year - total comprehensive income					

The notes on pages 10 to 32 are an integral part of these consolidated financial statements.

Statements of changes in equity

Group

	Note	Share capital €	Reserves €	Retained earnings €	Total €
Balance at 1 January 2014		3,500	63,123	745,594	812,217
Transactions with owners					
Issue of share capital		496,500	-	-	496,500
Profit for the year – total comprehensive income		-	-	447,618	447,618
Net currency translation difference for the year	12	-	1,093	-	1,093
Balance at 31 December 2014		500,000	64,216	1,193,212	1,757,428
Balance at 1 January 2015		500,000	64,216	1,193,212	1,757,428
Profit for the year – total comprehensive income		-	-	375,147	375,147
Net currency translation difference for the year	12	-	1,233	-	1,233
Balance at 31 December 2015		500,000	65,449	1,568,359	2,133,808

Statements of changes in equity - continued

Company

Company	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2014		3,500	279	3,779
Transaction with owners				
Issue of share capital	11	496,500	-	496,500
Profit for the year - total comprehensive income		-	2,452	2,452
Balance at 31 December 2014		500,000	2,731	502,731
Balance at 1 January 2015		500,000	2,731	502,731
Profit for the year - total comprehensive income		-	168	168
Balance at 31 December 2015		500,000	2,899	502,899

The notes on pages 10 to 32 are an integral part of these consolidated financial statements.

Statements of cash flows

		Year ended 31 December			
		Group		Company	
Notes	2015	2014	2015	2014	
	€	€	€	€	
Cash flows from operating activities					
Cash generated from/(used in) operations	22	1,116,486	675,323	(1,659)	(1,718)
Investment income		-	-	6,000	6,000
Income tax paid		(290)			
Interest payable and similar charges	20	(203,821)	(194,777)	-	-
Net cash generated from operating activities		912,375	480,546	4,341	4,282
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(113,348)	(1,778,883)	-	-
Proceeds on sale of property, plant and equipment		-	43,220	-	-
Purchase of available-for-sale financial assets	7	(1,777)	-	-	-
Movement in net amount due to subsidiaries		-	-	487,866	469,191
Net cash (used in)/ generated from investing activities		(115,125)	(1,735,663)	487,866	469,191
Cash flows from financing activities					
Movement in bank and other loans		(154,862)	1,535,076	-	-
Issuance of share capital	11	-	496,500	-	496,500
Movement in advances from shareholders		(492,241)	(970,132)	(492,241)	(970,132)
Net cash generated from/(used in) financing activities		(647,103)	1,061,444	(492,241)	(473,632)
Movement in cash and cash equivalents		150,147	(193,673)	(34)	(159)
Cash and cash equivalents at beginning of year		(384,013)	(190,340)	42	201
Cash and cash equivalents at end of year	10	(233,866)	(384,013)	8	42

The notes on pages 10 to 32 are an integral part of these consolidated financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995. They have been prepared under the historical cost convention as modified by the fair valuation of available-for-sale financial assets as disclosed in the accounting policies below.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the group's accounting policies (see Note 3 – Critical accounting estimates and judgements).

In recent years the group has undergone a substantial re-organisation process to meet its financial challenges. As at 31 December 2015, current liabilities exceeded current assets by €838,000 (2014: €421,000).

In 2014 and 2015 the group invested around €1.9 million in new product lines with the objective of increasing profitability and improving its balance sheet. In 2015, the group continued with the optimisation of its investment program as well as with implementing a number of measures to improve operational cost efficiency. Further improvement is expected to result in 2016 and 2017 through growth in turnover and therefore through higher utilisation of the capital investment made and through further operational cost efficiency measures such as consolidation of all operations centrally.

Whilst in 2014 the EBITDA was €849,000, the amount relating to the group's core business was in fact €670,000. By comparison, the EBITDA in 2015 was €835,000 solely emanating from the group's core business. It is therefore estimated that the benefits from the investment and operational cost measures has improved the company's core business performance by around €165,000 over the previous year. The EBITDA from the group's core business is expected to exceed €1 million in 2016.

In terms of balance sheet management, an agreement has been reached with respect to the payment of overdue amounts of indirect taxation and social security whilst a repayment programme has also been agreed upon with one of the group's principal service providers. These overdue amounts are repayable over a period of 6 years.

Although the taxation repayment schedule has been delayed due to the cash flow restrictions in the group, the directors express their confidence that the measures implemented over the last 2 years will result in a positive group turnaround. Additionally to address this, the group is in the process of negotiating additional banking facilities, together with re-negotiating part of its existing banking facilities.

Given the initiatives undertaken that have resulted in improved results, and given that projected results for 2016 and 2017 will continue to improve further, the directors are confident that these negotiations will be successful and will accelerate the group's plans in achieving its objectives.

Accordingly, the directors continue to adopt the going concern assumption in the preparation of these financial statements.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

Standards, interpretations and amendments to published standards effective in 2015

In 2015, the group adopted new standards, amendments and interpretations to existing standards that are mandatory for the group's accounting period beginning on 1 January 2015. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the group's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the group's accounting periods beginning after 1 January 2015. The group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the group's directors are of the opinion that, there are no requirements that will have a possible significant impact on the group's financial statements in the period of initial application.

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in these financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'operating profit'.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

1. Summary of significant accounting policies - continued

1.2 Foreign currency translation - continued

(c) Group companies - continued

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.3 Consolidation

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

A listing of the group's principal subsidiaries is set out in Note 6.

1.4 Property, plant and equipment

Property, plant and equipment, comprising property, plant and equipment, other fixtures and fittings and motor vehicles, are initially recorded at cost and are subsequently stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

1. Summary of significant accounting policies - continued

1.4 Property, plant and equipment - continued

Depreciation is calculated on the straight line method to allocate the cost of each asset to their residual values over their estimated useful life as follows:

	%
Improvements to buildings	5
Solar systems and panels	4
Plant, machinery and equipment	7.5 - 20
Other fixtures, fittings, tools and equipment	10 - 20
Motor vehicles	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 1.5).

1.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.6 Investment in subsidiaries

In the company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost includes directly attributable costs of the investment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1. Summary of significant accounting policies - continued

1.7 Financial assets

1.7.1 Classification

The group and parent company classify their financial assets, (other than investments in subsidiaries) in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 1.9 and 1.10).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale assets. They are included in non-current assets unless the asset matures or management intends to dispose of it within twelve months from the end of the reporting period.

1.7.2 Recognition and measurement

The group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the group. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss within 'investment income'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss within 'investment income'. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is established.

1. Summary of significant accounting policies - continued

1.7 Financial assets - continued

1.7.2 Recognition and measurement - continued

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

1.7.3 Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The group first assesses whether objective evidence of impairment exists. The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost method. The cost of raw materials comprises the cost of direct materials and includes transport and handling charges. The cost of work in progress and finished goods comprises raw materials, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

1. Summary of significant accounting policies - continued

1.9 Trade and other receivables

Trade receivables comprise amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss.

When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited in the profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

1.12 Financial liabilities

The group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The group's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IAS 39. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1. Summary of significant accounting policies - continued

1.13 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

1.14 Borrowings

Borrowings are recognised initially at fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.15 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The principal temporary differences arise from the depreciation on property, plant and equipment and provisions for impairment of trade and other receivables.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1. **Summary of significant accounting policies - continued**

1.16 Revenue recognition

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is stated net of value-added tax or other sales taxes, returns, rebates and discounts. The group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below.

(a) Sale of goods

Sale of goods are recognised when the group has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products.

(b) Finance income

Finance income is recognised as it accrues, on a time-proportion basis using the effective interest method, unless collectability is in doubt.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

1.17 Borrowing costs

Interest costs are charged against income without restriction. No borrowing costs have been capitalised.

1.18 Provisions

Provisions for legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.19 Training grants

Training grants are accounted for on a cash basis. The equivalent of the amount received during the year is transferred to the Incentives and Benefits Reserve as required by the Business Promotion Act, 2000.

1. Summary of significant accounting policies - continued

1.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in noncurrent liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2. Financial risk management

2.1 Financial risk factors

The group's activities potentially expose it to a variety of financial risks: market risk (including cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years. The directors do not consider the impact of price risk material to effect the results of the group.

The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The group's operating revenues, operating expenditure and financing are mainly denominated in euro. Accordingly, the group's exposure to foreign exchange risk is not significant and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

(ii) Cash flow and fair value interest rate risk

As the group has no significant interest-bearing assets, its income and operating cash flows are not dependent of changes in market interest rates. The group's interest rate risk arises from borrowings. Borrowings issued at floating rates, comprising bank borrowings (Note 13), expose the group to cash flow interest rate risk. The group's borrowings are subject to an interest rate that varies according to revisions made to the Bank's Base Rate. Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on. Interest rates on these financial instruments are linked with the Central Intervention Rate issued by the European Central Bank.

Based on the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, investments, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The group's exposures to credit risk as at the end of the reporting period are analysed as follows:

	2015 €'000	2014 €'000
Trade and other receivables (Note 9)	816	1,107
Cash and cash equivalents (Note 10)	83	58

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is disclosed in the respective notes to the financial statements. The group does not hold any collateral as security in this respect.

The group banks only with local financial institutions with high quality standing or rating.

The group has no significant concentration of credit risk with respect to trade receivables in view of the large number of customers comprising its trade receivables base. The group assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of products and services are effected to customers with an appropriate credit history. The group monitors the performance of these financial assets on a regular basis to identify incurred collection losses which are inherent in the group's receivables taking into account historical experience in collection of accounts receivable. The group manages credit limits and exposures actively in a practicable manner such that there are no material past due amounts receivable from customers as at the end of the reporting period. The group's receivables, which are not impaired financial assets, are principally in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers.

(c) Liquidity risk

The group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and interest-bearing borrowings (Notes 13 and 14). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the group's obligations.

Management monitors liquidity risk by reviewing expected cash flows and ensuring that no additional financing facilities are expected to be required over the coming year. The group's liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk - continued

	Less than one year €	Between 1 & 2 years €	Between 2 & 5 years €	Over 5 years €	Total €
Group					
At 31 December 2015					
Bank borrowings	684,573	491,810	493,357	559,713	2,229,453
Trade and other payables	2,659,154	254,314	698,570	147,128	3,759,166
At 31 December 2014					
Bank borrowings	674,802	373,714	843,356	705,000	2,596,872
Trade and other payables	3,005,911	249,080	745,673	268,069	4,268,733
Company					
At 31 December 2015					
Trade and other payables	2,497,109	-	-	-	2,497,109
At 31 December 2014					
Trade and other payables	2,497,311	-	-	-	2,497,311

2.2 Capital risk management

The group's objectives when managing capital are to safeguard the respective group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may issue new shares or adjust the amount of dividends paid to shareholders.

The group's equity, as disclosed in the statement of financial position, constitutes its capital. The group maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the group's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period is deemed adequate by the directors.

2.3 Fair values of financial instruments

At 31 December 2015 and 2014, the carrying amounts of cash at bank, receivables, available-for-sale financial assets, payables, accrued expenses and short-term borrowings reflected in the financial statements are reasonable estimates of fair values in view of the nature of these instruments on the relatively short period of time between the organisation of the instruments and this expected realisation.

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.

4. Property, plant and equipment

Group	Land and buildings €	Plant, machinery and equipment €	Other fixtures, fittings, tools and equipment €	Motor vehicles €	Solar system panels €	Total €
At 1 January 2014						
Cost	583,562	3,998,921	405,924	106,737	-	5,095,144
Accumulated depreciation	(325,047)	(3,290,206)	(337,630)	(88,510)	-	(4,041,393)
Net book amount	258,515	708,715	68,294	18,227	-	1,053,751
Year ended 31 December 2014						
Opening net book amount	258,515	708,715	68,294	18,227	-	1,053,751
Additions	-	698,106	12,777	-	1,068,000	1,778,883
Disposals	-	(183,708)	-	-	-	(183,708)
Depreciation charge	(25,354)	(134,615)	(16,440)	(7,169)	(23,917)	(207,495)
Depreciation released on disposal	-	183,708	-	-	-	183,708
Closing net book amount	233,161	1,272,206	64,631	11,058	1,044,083	2,625,139
At 31 December 2014						
Cost	583,562	4,513,319	418,701	106,737	1,068,000	6,690,319
Accumulated depreciation	(350,401)	(3,241,113)	(354,070)	(95,679)	(23,917)	(4,065,180)
Net book amount	233,161	1,272,206	64,631	11,058	1,044,083	2,625,139
Year ended 31 December 2015						
Opening net book amount	233,161	1,272,206	64,631	11,058	1,044,083	2,625,139
Additions	7,617	92,625	6,340	-	6,766	113,348
Depreciation charge	(25,056)	(176,343)	(7,039)	(4,835)	(43,066)	(256,339)
Closing net book amount	215,722	1,188,488	63,932	6,223	1,007,783	2,482,148
At 31 December 2015						
Cost	591,179	4,605,944	425,041	106,737	1,074,766	6,803,667
Accumulated depreciation	(375,457)	(3,417,456)	(361,109)	(100,514)	(66,983)	(4,321,519)
Net book amount	215,722	1,188,488	63,932	6,223	1,007,783	2,482,148

5. Intangible assets

Group

On 19 December 2012, the group, through the parent company, acquired 100% of the share capital of JAB Investments Limited from related parties for a total cost of €3 million.

Identifiable net assets acquired and liabilities assumed

	€
Property, plant and equipment	933,805
Net working capital	(931,305)
Total identifiable net assets	2,500

Goodwill was recognised as a result of the acquisition as follows:

Total consideration transferred	3,000,000
Less: value of identifiable net assets	(2,500)
Goodwill	2,997,500

The goodwill which arose due to the above acquisition was based on the fair values of the assets and liabilities of the acquired company.

6. Investment in subsidiaries

	Shares in group undertaking €
Group	
At 31 December 2015 and 2014	
Cost and net book amount	2,329

Proplastik Limited was incorporated on 18 October 2002. The directors have effective control of the company but it has been excluded from the consolidation in terms of Section 170(3) of the Maltese Companies Act, 1995, since its inclusion is not material for the purpose of giving a true and fair view.

	Shares in group undertakings €
Company	
At 31 December 2015 and 2014	
Cost and net book amount	3,000,000

6. Investment in subsidiaries - continued

The subsidiaries at 31 December 2015 and 2014 are shown below:

Group undertakings	Registered office	Class of shares held	Percentage of shares held
JAB Investments Limited	B18, Bulebel Industrial Estate Zejtun, Malta	Ordinary "A" Shares	100%
Eurosupplies Limited	New Street in Handaq Road, Tal-Handaq, Qormi QRM 4000 Malta	Ordinary "A" Shares	98%
Elepac Limited	B18, Bulebel Industrial Estate Zejtun, Malta	Ordinary "A" Shares	100%
Meritlink Limited	B18, Bulebel Industrial Estate Zejtun, Malta	Ordinary "A" shares	98%
Proplastik Limited	314, Mdina Road Qormi, Malta	Ordinary "B" Shares	50%
Institute For Professional Development Malta Limited	New Street in Handaq Road, Tal-Handaq, Qormi QRM 4000 Malta	Ordinary Shares	99.8%
SolLease Limited	B18, Bulebel Industrial Estate Zejtun, Malta	Ordinary Shares	100%

7. Available-for-sale financial assets

Local unquoted shares

Group	Group	
	2015	2014
	€	€
Opening balance and net carrying amount	7,200	7,200
Additions	1,777	-
Closing balance and net carrying amount	<u>8,977</u>	<u>7,200</u>

8. Inventories

	Group	
	2015	2014
	€	€
Raw materials, work in progress and finished goods	1,401,007	1,390,827

9. Trade and other receivables

	Group	
Current	2015	2014
	€	€
Trade receivables - gross	676,987	1,081,125
Provision for impairment	-	(59,013)
Trade receivables - net	676,987	1,022,112
Indirect taxation	29,000	-
Other receivables	110,124	85,610
Prepayments and accrued income	60,963	76,342
	877,074	1,184,064

The group's exposure to credit and currency risks and impairment losses relating to trade and other receivables are disclosed in Note 2. The other clauses within receivables do not contain impaired assets.

10. Cash and cash equivalents

For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the following:

	Group		Company	
	2015	2014	2015	2014
	€	€	€	€
Cash at bank and in hand	83,272	58,075	8	42
Bank overdraft	(317,138)	(442,088)	-	-
	(233,866)	(384,013)	8	42

11. Share capital

	Group and Company	
	2015	2014
	€	€
Authorised		
200,000 (2014: 200,000) ordinary shares of €2.50 each	500,000	500,000
Issued and fully paid		
200,000 (2014: 200,000) ordinary shares of €2.50 each	500,000	500,000

On 12 December 2014, the shareholders resolved to increase the authorised and subsequently the issued share capital to 200,000 ordinary shares of €2.50 each. The unpaid 1,600 shares was called up and fully paid. The allotment of shares was made through the capitalisation of loans due by the company to its shareholders.

12. Reserves

Group	Foreign exchange reserve €	Incentives & benefits reserve €	Total €
At 1 January 2014	3,512	59,611	63,123
Currency translation difference	1,093	-	1,093
At 31 December 2014	4,605	59,611	64,216
At 1 January 2015	4,605	59,611	64,216
Currency translation difference	1,233	-	1,233
At 31 December 2015	5,838	59,611	65,449

The other reserve represents the excess of the fair value of investment in a subsidiary undertaking JAB Investments Limited, over the cost of the investment.

13. Borrowings

	Group 2015 €	2014 €
Non-current		
Bank loan	1,339,837	1,595,203
Current		
Bank overdraft	317,138	442,088
Bank loan	288,028	187,524
	605,166	629,612

The bank borrowings are secured by a general hypothec over the group's assets, and by personal guarantees of the directors.

The interest rate exposure of the borrowings of the group was as follows:

	Group 2015 €	2014 €
Total borrowings at floating rates:		
Bank overdraft	317,138	442,088
Bank loan	1,627,865	1,782,727

Weighted average effective interest rates:

	Group 2015	2014
Bank overdraft	4.00%	4.00%
Bank loan	7.25%	7.25%

	2015 €	2014 €
Maturity of non-current borrowings		
Between 1 and 2 years	270,004	291,763
Between 2 and 5 years	567,276	689,683
Over 5 years	502,557	613,757
	1,339,837	1,595,203

14. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	€	€	€	€
Current				
Trade payables	1,523,169	1,640,681	-	-
Other taxes and social security	512,447	254,112	-	-
Accruals and deferred income	141,965	124,613	4,458	800
Amounts owed to group undertakings	-	-	2,055,223	1,567,357
Amounts owed to shareholders	336,000	336,000	336,000	336,000
Other payables	66,584	54,844	2,345	1,830
	2,580,165	2,410,250	2,398,026	1,905,987
	Group	2014	Company	2014
	2015	€	2015	€
	€	€	€	€
Non-current				
Trade payables	558,478	693,493	-	-
Indirect taxes and social security	345,884	450,983	-	-
Deferred income	175,556	122,683	-	-
Amounts owed to shareholders	99,083	591,324	99,083	591,324
	1,179,001	1,858,483	99,083	591,324

The amounts owed to shareholders represent amounts due in respect of the acquisition of shares of JAB Investments Limited and Meritlink Limited. The amounts are interest-free, unsecured and have no fixed date for repayment but €99,000 are not repayable within the next twelve months from the end of the reporting period.

15. Revenue

	Group	
	2015	2014
	€	€
By geographical segment		
Europe	3,669,755	3,851,948
Non-Europe	1,124,530	1,418,263
	4,794,285	5,270,211

Geographical segment information shown above is presented according to the geographical location of customers.

16. Expenses by nature

	Group		Company	
	2015 €	2014 €	2015 €	2014 €
Raw materials and consumables used	1,976,372	2,366,199	-	-
Employee benefit expenses (Note 17)	1,091,086	1,131,017	-	-
Depreciation (Note 4)	256,339	207,495	-	-
Loss/(gain) on exchange	7,395	(45,247)	-	-
Other expenses	944,422	1,162,814	5,832	3,548
Total cost of sales and administrative expenses	4,275,614	4,822,278	5,832	3,548

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December relate to the following:

	Group		Company	
	2015 €	2014 €	2015 €	2014 €
Annual statutory audit	9,964	9,983	1,500	1,500
Tax advisory and compliance services	3,023	705	275	-
Other non-audit services	2,107	2,164	1,460	-
	15,094	12,852	3,235	1,500

17. Employee benefit expenses

Employee benefit expenses for the year comprise:

	Group	
	2015 €	2014 €
Wages and salaries	1,018,097	1,052,637
Social security costs	72,989	78,380
	1,091,086	1,131,017

Average number of persons employed by the group during the year was:

	Group	
	2015	2014
Direct	52	56
Indirect	3	3
Administration	9	9
	64	68

18. Directors' emoluments

	Group	
	2015	2014
	€	€
Salaries and other emoluments	33,154	33,126

19. Investment income

	Company	
	2015	2014
	€	€
Income from shares in subsidiary undertakings	6,000	6,000

20. Finance costs

	Group	
	2015	2014
	€	€
Bank loans and overdrafts	190,137	161,662
Other finance charges	13,684	33,115
	203,821	194,777

21. Tax expense

No provision for Malta income tax has been made in these financial statements in view of the tax loss brought forward from previous years.

The tax on the group's and company's profit before tax differs from the theoretical amount that would be charged using the basic tax rate as follows:

	Group		Company	
	2015	2014	2015	2014
	€	€	€	€
Profit before income tax	375,609	447,618	168	2,452
Tax at 35%	131,463	156,666	59	858
Non temporary differences	(76,237)	(44,785)	(59)	(858)
Unrecognised temporary differences	(54,764)	(111,881)	-	-
	462	-	-	-

21. Tax expense - continued

A subsidiary company is eligible to qualify for all incentives under the provisions of the Business Promotion Act. Accordingly it is eligible to a tax rate of 10% for 6 years, and to investment tax credits on its "qualifying" capital expenditure.

At 31 December 2015 and 2014, the group had the following unutilised tax credits and temporary differences, all of which were unrecognised in these financial statements:

	Group	
	2015	2014
	€	€
Temporary differences arising on:		
- unabsorbed tax losses and capital allowances	427,483	370,266
- investments tax credits	761,493	785,763
- provisions and property, plant and equipment	(947,710)	(756,415)

These give rise to a group deferred tax asset of €579,414 (2014: €650,612) which has not been recognised in these financial statements due to the uncertainty of the realisation of the related tax benefits. Unabsorbed capital allowances are forfeited upon cessation of the trade.

22. Cash generated from/(used in) operations

Reconciliation of operating profit/(loss) to cash generated from/(used in) operations:

	Group		Company	
	2015	2014	2015	2014
	€	€	€	€
Operating profit/(loss)	579,430	642,395	(5,832)	(3,548)
Adjustments for:				
Depreciation (Note 4)	256,339	207,495	-	-
Disposal of property, plant and equipment	-	(43,220)	-	-
Changes in working capital:				
Inventories	(10,180)	(56,606)	-	-
Trade and other receivables	306,990	(116,631)	-	-
Trade and other payables	(17,326)	40,797	4,173	1,830
Currency translation difference	1,233	1,093	-	-
Cash generated from/(used in) operations	1,116,486	675,323	(1,659)	(1,718)

23. Related party transactions

Impresa Limited forms part of the Impresa Group, which comprise Impresa Limited and its subsidiaries. All companies forming part of the Impresa Group are related parties since these companies are all ultimately owned by members of the Borg family.

The following significant transaction were carried out with related parties:

	2015 €	2014 €
Investment income	<u>6,000</u>	<u>6,000</u>

Year end balances with related parties, arising principally from transactions referred to previously, are disclosed in Note 14 to these financial statements respectively.

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in Note 18.

24. Statutory information

Impresa Limited is a limited liability company and is incorporated in Malta with registered address at BLB 018, Bulebel Industrial Estate, Zejtun, ZTN 3000, Malta.

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Income statement

	Company	
	Year ended 31 December	
	2015	2014
	€	€
Income		
Dividends	6,000	6,000
Administrative expenses		
Audit fee	1,500	1,500
Professional and registration fees	4,332	2,048
	5,832	3,548
Profit for the year	168	2,452