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Steward Malta Ltd

(C-70546)

Consolidated Annual Report
for the year ending 31st December 2016

Steward Malta Ltd
Consolidated Annual Report and Financial Statements
for the year ending 31st December 2016

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General Information

Registration - Immediate parent

Steward Malta Ltd is registered in Malta as a limited liability company under the Companies Act 1995, (Cap 386) with registration number C 70546.

The company was registered on 13th May 2015. Consequently the comparative figures cover the period from date of registration to 31st December 2015.

Registration - Subsidiaries

Steward Malta Management Ltd is registered in Malta as a limited liability company under the Companies Act 1995, (Cap 386) with registration number C 70624.

Steward Malta Assets Ltd is registered in Malta as a limited liability company under the Companies Act 1995, (Cap. 386) with registration number C 70625

Change in companies' names

On 18th May 2018 the immediate parent's name was changed from Vitals Global Healthcare Ltd to Steward Malta Ltd, and the subsidiaries' names were changed from Vitals Global Healthcare Management Ltd to Steward Malta Management Ltd and from Vitals Global Healthcare Assets Ltd to Steward Malta Assets Ltd

Directors

Dr. Armin Ernst (appointed on 16th February 2018)
Mr Michael Callum (appointed on 16th February 2018)
Mr. Sri Ram Tumuluri (resigned on 16th February 2018)
Mr Mark Edward Pawley (resigned on 16th February 2018)

Company secretary

Dr. Armin Ernst (appointed on 16th February 2018)
Mr. Sri Ram Tumuluri (appointed on 14th November 2016 and resigned on 16th February 2018)
Mr. Jonathan Vella (resigned on 14th November 2016)

Registered office

Floor 5, 115A,
Msida Valley Road,
Birkirkara.

Bankers

Bank of Valletta p l c

Auditor

Mr. Christopher Spiteri B.A. (Hons) Accty, F I.A , C P A.
"Crossbow House", 78,
Cospicua Road,
Paola - PLA1902.

Directors' Report

The directors present their report together with the financial statements for the year ended 31st December 2016

Principal activities

On 30th November 2015 the Company, together with its subsidiary companies, signed a services concession agreement with the Government of the Republic of Malta for the redevelopment, maintenance, management and operation of the sites at St. Luke's Hospital, Karin Grech Rehabilitation Hospital and Gozo General Hospital The effective date of the services concession agreement was 1st June 2016.

Performance review

The Company made a net loss for the year amounting to Euros (€) 8,237 It did not have any revenue during the period of operation while Company expenses increased to Euros (€) 8,237

The Group made a net loss for the year amounting to Euros (€) 6,066,750 During the period of operation the Group's revenue amounted to Euros (€) 38,914,700 while Group expenses increased to Euros (€) 44,981,450.

Dividends

The results for the year are set out in the Income Statement on page 8. The directors did not propose the payment of a dividend

Future Developments

The Board of Directors' main objective remains continuing to expand the business model. It is the Board of Directors' intention to develop the Company and the Group through realignment of the business to provide a more efficient and cost effective structure. The Board of Directors believes that the measures that are being put in place should provide a platform for the Company and the Group to achieve profitability.

Post balance sheet events

No events or transactions affecting the Company and the Group have occurred since the end of the accounting period.

Directors

The directors in office during the period were.
Dr. Armin Ernst (appointed on 16th February 2018)
Mr. Michael Callum (appointed on 16th February 2018)
Mr Sri Ram Tumuluri (resigned on 16th February 2018)
Mr Mark Edward Pawley (resigned on 16th February 2018)

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

Financial risk management

The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's and the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Company and the Group are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

(ii) Price risk

The Company and the Group are not exposed to commodity price risk.

(b) Credit risk

The Company and the Group have no significant concentrations of credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, and the availability of funding through an adequate amount of committed credit facilities.

(d) Cash flow and fair value interest rate risk

As the Company and the Group have no significant interest-bearing assets, the Company's and Group's income and operating cash flows are substantially independent of changes in market interest rates. The Company's and Group's interest rate risk arises from long-term borrowings Borrowings issued at variable rates expose the Company and the Group to cash flow interest rate risk Borrowings issued at fixed rates expose the Company and the Group to fair value interest rate risk.

Auditor

Mr Christopher Spiteri expressed his willingness to remain in office A resolution for the auditors' re-appointment will be proposed at the next annual general meeting

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

Dr Armin Ernst
Director

Mr Michael Callum
Director

Floor 5, 115A, Msida Valley Road, Birkirkara

31st May 2018

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1995. (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error The directors are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Steward Malta Ltd (the Company) and the Group, set out on pages 8 to 25, which comprise the balance sheet as at 31st December 2016, and the income statement, statement of changes in equity and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In my opinion, the accompanying financial statements give a true and fair view of the balance sheet of the Company and the Group as at 31st December 2016, and of its financial performance and its cash flows for the year then ended in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations (GAPSME), and have been prepared in accordance with the requirements of the Companies Act 1995, (Cap 386)

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report I am independent of the Company and the Group 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 my 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 I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 17 in the financial statements, which indicates that the Group incurred a net loss of € 6,066,750 during the year ended 31st December 2016 and as of that date the Group's total liabilities exceeded its total assets by € 8,940,817. As stated in Note 17 these events and conditions indicate that a material uncertainty exists that may cast a significant doubt on the Group's ability to continue as a going concern My opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report My opinion on the financial statements does not cover this information. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated With respect to the Directors' Report, I 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 I 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, I am required to report if I have identified material misstatements in the directors' report I have nothing to report in this regard

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with GAPSME, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and the Group'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 and the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion My conclusions are based on the audit evidence obtained up to the date of my auditor's report However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act 1995, (Cap 386) I am required to report to you if, in my opinion:

- I have not received all the information and explanations I require for my audit.
- Adequate accounting records have not been kept, or that returns adequate for my audit have not been received from branches not visited by me.
- The financial statements are not in agreement with the accounting records and returns.

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

This copy of the audit report has been signed
on behalf of the audit practice by

Christopher Spiteri

Mr. Christopher Spiteri B.A. (Hons) Accty, F I A , C.P.A.
Registered Auditor

31st May 2018

"Crossbow House", 78,
Cospicua Road,
Paola - PLA1902
Tel 21488239/21493759
Fax 21499573
E-mail · chris_spiteri@melita.com

Steward Malta Ltd
Income Statement
for the year ending 31st December 2016

		The Group		The Company	
		2016	2015	**2016**	2015
		Euros	Euros	**Euros**	Euros
	Note	**(€)**	(€)	**(€)**	(€)
Revenue	3	38,830,800	669,612	-	-
Direct costs		(34,125,918)	(656,482)	-	-
Gross Profit		4,704,882	13,130	-	-
Administrative expenses		(9 081 996)	(2,804,535)	(8,207)	(5,645)
Operating Loss		(4,377,114)	(2,791,405)	(8,207)	(5,645)
Finance income		83,900	10,000	-	-
Finance costs	4	(1,773,536)	(93,862)	(30)	(30)
Loss before tax	5	(6,066,750)	(2,875,267)	(8,237)	(5,675)
Income tax expense	6	-	-	-	-
Loss for the year		(6,066,750)	(2,875,267)	(8,237)	(5,675)
Accumulated losses brought forward		(2,875,267)	-	(5,675)	-
Accumulated losses carried forward		(8,942,017)	(2,875,267)	(13,912)	(5,675)

Steward Malta Ltd
Balance Sheet
as at 31st December 2016

		The Group		The Company	
		2016	2015	**2016**	2015
		Euros	Euros	**Euros**	Euros
	Note	**(€)**	(€)	**(€)**	(€)
ASSETS					
Non-current assets					
Property plant and equipment	7	269 019	-	-	-
Contract asset	8	5.018 870	679 612	-	-
Financial assets		-	-	-	-
		5.287.889	679 612	-	-
Current assets					
Inventories	9	848.073	-	-	-
Trade and other receivables	10	1.292.662	68 000	1.359	-
Cash and bank balances	11	1.153.871	500.510	140	500.170
		3 294.606	568.510	1.499	500.170
Total assets		8.582.495	1.248.122	1.499	500.170

Steward Malta Ltd
Balance Sheet
as at 31st December 2016

	Note	The Group 2016 Euros (€)	The Group 2015 Euros (€)	The Company 2016 Euros (€)	The Company 2015 Euros (€)
EQUITY AND LIABILITIES					
Equity					
Share capital	12	1.200	1.200	1.200	1.200
Accumulated losses		(8.942.017)	(2.875 267)	(13 912)	(5.675)
		(8.940.817)	(2 874.067)	(12.712)	(4 475)
Liabilities					
Current liabilities					
Trade and other payables	13	17.523.312	4.122.189	14.211	504.645
Current tax liabilities		-	-	-	-
		17.523.312	4.122.189	14.211	504.645
Total equity and liabilities		8 582.495	1 248.122	1.499	500.170

The financial statements set out on pages 8 to 25 were approved and authorised for issue by the board of directors on 31st May 2018 and were signed on its behalf by

Dr Armin Ernst
Director

Mr Michael Callum
Director

Steward Malta Ltd
Statement of Changes in equity
for the year ending 31st December 2016

	The Company		
	Share Capital	**Accumulated losses**	**Total**
	Euros (€)	**Euros (€)**	**Euros (€)**
At 13th May 2015	1,200	-	1,200
Loss for the period	-	(5,675)	(5,675)
At 31st December 2015	1,200	(5,675)	(4,475)
At 1st January 2016	1,200	(5,675)	(4,475)
Loss for the year	-	(8,237)	(8,237)
At 31st December 2016	1,200	(13,912)	(12,712)

	The Group		
	Share Capital	**Accumulated losses**	**Total**
	Euros (€)	**Euros (€)**	**Euros (€)**
At 13th May 2015	1,200	-	1,200
Loss for the period	-	(2,875,267)	(2,875,267)
At 31st December 2015	1,200	(2,875,267)	(2,874,067)
At 1st January 2016	1,200	(2,875,267)	(2,874,067)
Loss for the year	-	(6,066,750)	(6,066,750)
At 31st December 2016	1,200	(8,942,017)	(8,940,817)

Steward Malta Ltd
Cash Flow Statement
for the year ending 31st December 2016

	Note	The Group 2016 Euros (€)	The Group 2015 Euros (€)	The Company 2016 Euros (€)	The Company 2015 Euros (€)
Cash flows from operating activities					
Loss before tax		(6 066 750)	(2 875,267)	(8 237)	(5,675)
Adjustment for					
Depreciation		45 511	-	-	-
Increase in provision for diminution in value of investments		-	-	-	2,400
Working capital changes					
Movement in inventories		(848,073)	-	-	-
Movement in trade and other receivables		(1,224,662)	(68,000)	(1,359)	-
Movement in trade and other payables		13,401,123	4,122,189	(490,434)	504 645
Cash generated from/(used in) operations		5,307,149	1,178,922	(500 030)	501 370
Taxation paid		-	-	-	-
Net cash generated from/(used in) operating activities		5 307,149	1,178,922	(500 030)	501,370
Cash flows from investing activities					
Payments to acquire property, plant and equipment		(314,530)	-	-	-
Development costs for contract asset		(4,339,258)	(679 612)	-	-
Movement in financial assets		-	-	-	(2 400)
Net cash used in investing activities		(4,653 788)	(679,612)	-	(2,400)
Cash flows from financing activities					
Injection of ordinary share capital in the company		-	1 200	-	1,200
Net cash from financing activities		-	1 200	-	1,200
Net movement in cash and cash equivalents		653,361	500,510	(500,030)	500 170
Cash and cash equivalents at beginning of year		500,510	-	500,170	-
Cash and cash equivalent at end of year	11	1 153 871	500,510	140	500,170

Notes to the Financial Statements

1. Basis of preparation

1.1 Statement of compliance

Steward Malta Ltd is registered in Malta as a limited liability company under the Companies Act 1995, (Cap. 386) with registration number C 70546

The financial statements of Steward Malta Ltd ("the Company") and the Group have been prepared in accordance with the Accountancy Profession (General Accounting Principles for Small and Medium-Sized Entities) Regulations, 2015 and the Schedule accompanying and forming an integral part of those Regulations ("GAPSME"). The financial statements have been prepared on the historical cost basis

These are the Company's and the Group's first financial statements prepared under GAPSME The Company's and the Group's previous financial statements, for the period ended 31st December 2015, were prepared in accordance with International Financial Reporting Standards (the "IFRSs") as adopted by the EU. The date of transition to GAPSME is the beginning of the earliest period for which the Company and the Group presents full comparative information in accordance with GAPSME in these financial statements, hence 13th May 2015

An explanation of how the transition to GAPSME has affected the Company's and the Group's reported financial position and financial performance is provided in note 16.

1.2. Functional and presentation currency

These financial statements are presented using the Euro (€), being the currency that reflects the economic substance of the underlying events and circumstances relevant to the Company and the Group

2. Significant accounting policies

2.1 Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

After initial recognition, property, plant and equipment may be carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses, or under the revaluation model, that is at their fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses

After initial recognition, land and buildings are carried under the revaluation model while other items of property, plant and equipment are carried under the cost model. Revaluations are made for the entire class of land and buildings at least every five years or with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset

Depreciation

Depreciation is calculated to write down the carrying amount of the asset on a systematic basis over its expected useful life Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised. The depreciation charge for each period is recognised in profit or loss.

The rates of depreciation used for items of property. plant and equipment are the following:

• Plant & equipment	20% per annum straight line
• Furniture, fixtures & fittings	10% per annum straight line
• Office & Computer equipment	25% per annum straight line
• Improvements to premises	2% per annum straight line
• Air-conditioners	16 67% per annum straight line
• Software	25% per annum straight line

Depreciation method, useful life and residual value

The depreciation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

Derecognition of property, plant and equipment

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

2.2 Contract asset and Services Concession Agreement

(a) Contract asset

The Group is recognising a contract asset in its balance sheet to account for the construction. development and maintenance of the healthcare services project during its construction period The carrying amount of the contract asset is equal to the total costs incurred on this project, profit on the completed construction and financing revenue

(b) Services Concession Agreement

A concession operator has a twofold activity

- a construction activity in respect of its obligations to design, build and finance a new asset that it delivers to the grantor revenue is recognised over time,

- an operating and maintenance activity in respect of concession assets: revenue is recognised over time

In return for its activities as operator, the Group will receive remuneration from the grantor and therefore the financial asset model applies Under this model, the operator has an unconditional contractual right to receive payments from the concession grantor, irrespective of the amount of use made of the infrastructure

The operator recognises a financial asset, attracting interest. in its balance sheet, in consideration for the services it provides (design, construction, etc) Such financial assets are recognised in the balance sheet as a Contract asset. in an amount corresponding to the fair value of the infrastructure on first recognition and subsequently at amortised cost The receivable will in substance, be settled by the operator's right to retain all rental payments to be effected by users upon completion of construction, such payments will be received partly from users and partly from the grantor. Finance income calculated on the basis of the effective interest method is recognised under Finance income in the Income Statement

The part of the investment that is covered by an unconditional contractual right to receive payments from the grantor (in the form of contractual services concession charges) is recognised as a Contract asset up to the amount guaranteed

2.3 Financial assets, financial liabilities and equity

A financial asset or a financial liability is recognised on the Company's and the Group's balance sheet when the Company and the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus in the case of financial assets and financial liabilities not classified as held for trading and subsequently measured at fair value, transaction costs attributable to the acquisition or issue of the financial assets and financial liabilities.

Financial assets and financial liabilities are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity An equity instrument is any contract that evidences a residual interest in the assets of the Company and the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

A financial instrument, or its component parts, is classified as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form

i Trade and other receivables (excluding non-financial assets included in this line item)
Trade and other receivables are stated at their nominal value unless the effect of discounting is material in which case trade and other receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence of impairment;

ii Investments
Available for sale (the 'AFSs') financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as loans & receivables, held to maturity or held for trading investments. After initial recognition, the Company carries its AFS investments under the cost model7 Impairment losses (where applicable) and foreign exchange gains and losses on available for sale investments are recognised in profit or loss. Interest, if any, on AFS financial assets, calculated using the effective interest method is recognised in profit or loss and included within the line item investment income Dividends on available for sale equity instruments are recognised in profit or loss when the entity's right to receive payment is established.

iii Trade and other payables (excluding non-financial liabilities included in this line item)
Trade and other payables are stated at their nominal value unless the effect of discounting is material, in which case trade and other payables are measured at amortised cost using the effective interest method.

iv. Share capital issued by the Company
Ordinary shares issued by the Company are classified as equity Dividends to ordinary shareholders are debited directly to equity and are recognised as liabilities in the period in which they are declared.

2.4 Inventories

Inventories are measured at the lower of cost and net realisable value Cost is calculated using the first-in, first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour and a proportion of fixed and variable production overheads that are incurred in converting materials into finished goods, based on the normal level of activity

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution

2.5 Impairment

The Company's and the Group's property, plant and equipment, investment in associates and financial assets except for financial assets classified as held for trading are tested for impairment

i Property, plant and equipment, and investment in associates
The carrying amounts of the Company's and the Group's property, plant and equipment, and investment in associates are reviewed at each balance sheet date to determine whether there is any indication of impairment If any such indication exists, the asset's recoverable amount is estimated The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset

The carrying amounts of Company's and the Group's assets are also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased If any such indication exists, the asset's recoverable amount is estimated An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years Impairment reversals are recognised immediately in profit or loss, unless they relate to an asset which is carried at revalued amount, in which case they are treated as a revaluation increase unless an impairment loss on the same asset was previously recognised in profit or loss

ii Financial assets
A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and 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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost or cost has been incurred, the amount of the loss is measured as the difference between the asset s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate The amount of the loss is recognised in profit or loss If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost/cost would have been had the impairment not been recognised at the date the impairment is reversed The amount of the reversal is recognised in profit or loss

2.6 Cash and cash equivalents

Cash comprises cash on hand and demand deposits Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes Bank overdrafts, which are repayable on demand and form an integral part of the Company's and the Group's cash management, are a component of cash and cash equivalents for the purpose of the cash flow statement and are presented in current liabilities in the balance sheet

2.7 Provisions

A provision is a liability of uncertain timing or amount. A provision is recognised when, as a result of a past event, the Company and the Group has a present obligation that can be estimated reliably and it is probable that the Company and the Group will be required to transfer economic benefits in settlement

Provisions are recognised as a liability in the balance sheet and as an expense in profit or loss unless it is included in the cost of property, plant and equipment or as part of the cost of producing inventories

2.8 Income Taxes

Income tax expense comprises current and deferred tax Income tax expense is recognised in profit or loss except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity

Current tax is based on the taxable profit for the year as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance

Deferred tax is recognised on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company and the Group recognises a deferred tax liability in respect of all taxable temporary differences and a deferred tax asset in respect of all deductible temporary differences except to the extent that such deferred tax liability arises from the initial recognition of goodwill or the deferred tax asset/liability arises from the initial recognition of an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (loss) Recognition of a deferred tax asset is however limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised The Company and the Group re-assesses any unrecognised deferred tax asset at each balance sheet date to determine whether future taxable profit has become probable that allows the deferred tax asset to

2.9 Income

Sale of goods

Revenue from the sale of goods, whether by wholesale, retail or export, is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the inflow of economic benefits associated with the transaction is probable, the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably, and there is no continuing managerial involvement with the goods Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts and volume rebates allowed by the entity.

Rendering of services

Revenue from rendering of services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably.

Finance income

Finance income is recognised when the inflow of economic benefits associated with the transaction is probable and the amount of income can be measured reliably. Finance income is recognised on an accrual or time proportion basis.

2.10 Borrowing costs

Borrowing costs. including those costs that are directly attributable to the acquisition, construction or production of qualifying assets, are recognised as an expense in profit or loss in the period in which they are incurred

2.11 Employee benefits

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

2.12 Foreign currencies

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and monetary liabilities denominated in foreign currencies at balance sheet date are translated at year end closing rates of exchange. Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at the balance sheet date at rates different from those at which they were previously translated, are recognised in profit or loss

3. Revenue	The Group 2016 Euros (€)	The Group 2015 Euros (€)	The Company 2016 Euros (€)	The Company 2015 Euros (€)
Government allocation	29,750,000	-	-	-
Air-ambulance allocation	416,667	-	-	-
Revenue from services concession agreement	4,255,358	669,612	-	-
Other income	4 408,775	-	-	-
	38,830,800	669,612	-	-

4. Finance costs	The Group 2016 Euros (€)	The Group 2015 Euros (€)	The Company 2016 Euros (€)	The Company 2015 Euros (€)
Bank interest and charges	940	90	30	30
Finance costs related to services concession agreement	481,200	66,000	-	-
Other interest	1,291,396	27,772	-	-
	1,773,536	93,862	30	30

5. Loss before taxation

The loss before taxation for the year is stated after charging.

	The Group 2016 Euros (€)	The Group 2015 Euros (€)	The Company 2016 Euros (€)	The Company 2015 Euros (€)
Directors' remuneration	1,037,378	621,918	-	-
Auditor's remuneration (note 5 2)	36,650	6,150	7,550	2,050
Depreciation	45,511	-	-	-
Increase in provision for diminution in value of investments	-	-	-	2,400

5.1 Wages and salaries	The Group 2016 Euros (€)	The Group 2015 Euros (€)	The Company 2016 Euros (€)	The Company 2015 Euros (€)
Directors' remuneration	1,037,378	621,918	-	-
Government employees	23,881,172	-	-	-
Other wages & salaries	945,155	93,000	-	-
Total staff costs	25,863,705	714,918	-	-
Subcontracted staff	1,998,872	-	-	-
Total labour costs	27,862,577	714,918	-	-

The average number of persons directly employed by the Company and the Group (including directors) during the year was as follows.

	The Group 2016 No	The Group 2015 No	The Company 2016 No.	The Company 2015 No
Full-timers	1,402	4	-	-
Part-timers	19	-	-	-
	1,421	4	-	-

		The Group		The Company	
5.2	Remuneration for Statutory Auditor	**2016**	2015	**2016**	2015
		Euros	Euros	**Euros**	Euros
		(€)	(€)	**(€)**	(€)
	Audit fee	36.500	6.000	7.500	2.000
	Tax return services provided by statutory auditor	150	150	50	50
		36.650	6.150	7.550	2.050

			The Group		The Company	
6.	**Income tax expense**	Note	**2016**	2015	**2016**	2015
			Euros	Euros	**Euros**	Euros
			(€)	(€)	**(€)**	(€)
	Current taxation	6 1	-	-	-	-
			-	-	-	-

6.1 **Current taxation**

The tax expense and the result of accounting loss multiplied by the statutory domestic income tax rate is reconciled as follows.

	The Group		The Company	
	2016	2015	**2016**	2015
	Euros	Euros	**Euros**	Euros
	(€)	(€)	**(€)**	(€)
Loss before taxation	(6 066 750)	(2.875.267)	(8.237)	(5.675)
Taxation at the applicable statutory rate of 35%	(2,123,363)	(1,006,343)	(2,883)	(1,986)
Tax effect of				
Non-deductable expenses	2 883	990,193	2.883	1,986
Unrecognised timing differences	2 120 480	16,150	-	-
	-	-	-	-

7 **Property, plant and equipment - Group**

	Plant & equipment Euros (€)	Furniture fixtures & fittings Euros (€)	Office & Computer equipment Euros (€)	Improvements to premises Euros (€)	Airconditioners Euros (€)	Software Euros (€)	**Total Euros (€)**
At 1st January 2016							
Revalued/cost amount	-	-	-	-	-	-	-
Accumulated dep n and impairment	-	-	-	-	-	-	-
Net book amount	-	-	-	-	-	-	-
Year ended 31st December 2016							
Opening Net book amount	-	-	-	-	-	-	-
Additions	70,462	128,253	64,130	44,542	1 388	5 755	314,530
Disposals	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Depreciation charge	(14,092)	(12,825)	(16,033)	(891)	(231)	(1 439)	(45,511)
Depreciation released on disposals	-	-	-	-	-	-	-
Closing net book amount	56 370	115,428	48,097	43,651	1,157	4 316	269,019
At 31st December 2016							
Revalued/cost amount	70,462	128 253	64,130	44 542	1,388	5 755	314,530
Accumulated dep n and amortisation	(14 092)	(12 825)	(16 033)	(891)	(231)	(1 439)	(45,511)
Net book amount	56 370	115,428	48 097	43,651	1 157	4 316	269 019

8 **Contract asset and Services Concession Agreement**

On 30th November 2015 the Group signed a services concession agreement with the Government of the Republic of Malta, to make available a minimum of 712 hospital beds per day from the Completion date to the end of the Concession period of 30 years The effective date of the services concession agreement was 1st June 2016 Construction works on the sites commenced in 2015 and to date works are still underway The construction and finishing phase is expected to be completed during 2022 and thereafter the operating phase will follow with a duration of twenty four years once the construction and finishing phase is complete

In line with the agreed terms, the Group has entitlement to cashflows for the provision of healthcare services Rates are contractually agreed and will be paid by the Government of the Republic of Malta The Group's total cashflows will equate to the contractually agreed rates

Upon termination of the emphyteutical grant the Group is required to hand-over responsibility and ownership of all assets relating to the hospital sites to the Government of the Republic of Malta During the term of the agreement, the Group is entitled to cashflows relating to beds even if these are vacant The only condition that entitles it to cash-flows is making such beds available for use The Group may not however dispose, or change the use of the properties during the period of the concession Since the operator has an unconditional right to receive cash or other financial assets from the grantor in remuneration for concession services the financial asset model applies In this context the infrastructure managed under these contracts cannot be recorded in assets of the operator as property plant and equipment, but are recorded as financial assets During the construction phase, the financial asset is recorded as a contract asset

During the construction phase a financial receivable is recognised in the Balance Sheet and revenue in the Income Statement The stage of completion of works was determined as the percentage of cost incurred up until the end of the reporting period relative to the total estimated cost (cost-to-cost method) Income amounting to € 4,255 358 from the construction activity was recognised during the year ended 31st December 2016 and € 5,018 870 is cumulatively recognised in the Balance Sheet as a contract asset Since the operation phase did not yet commence, no cashflows were received to date Costs in relation to construction amounting to € 4,159,047 have been recognised in the Income Statement The difference between revenue and cost from the construction project during the year represents in substance, project management fees

Financial receivables are initially measured at the lower of fair value and the sum of discounted future cashflows and subsequently recognised at amortised cost using the effective interest method The implied interest rate on the financial receivable is based on the derived rate implicit in the discounted cash flow model encompassing related terms and conditions within the services concession agreement

The following table sets out the movement in the contract asset

	2016 Euros (€)	2015 Euros (€)
Balance as at 1st January	679,612	-
Additions, including finance income	4,339,258	679,612
Balance as at 31st December	5,018 870	679,612

9. Inventories

	The Group		The Company	
	2016	2015	**2016**	2015
	Euros	Euros	**Euros**	Euros
	(€)	(€)	(€)	(€)
Pharmacy inventory	489.681	-	-	-
General store inventory	348.427	-	-	-
Provisions inventory	7.141	-	-	-
Stationery inventory	2.824	-	-	-
	848 073	-	-	-

10. Trade and other receivables

	Note	The Group		The Company	
		2016	2015	**2016**	2015
		Euros	Euros	**Euros**	Euros
		(€)	(€)	(€)	(€)
Trade receivables		152,878	-	-	-
Payments in advance		-	25,000	-	-
Related company balances	14	-	-	1,359	-
Prepayments		743,247	18,000	-	-
Advance deposits		216,537	25,000	-	-
Other receivables		180,000	-	-	-
		1,292,662	68,000	1,359	-

Amounts due from related parties are unsecured, interest free and have no fixed repayment date

11. Cash and cash equivalents

	The Group		The Company	
	2016	2015	**2016**	2015
	Euros	Euros	**Euros**	Euros
	(€)	(€)	(€)	(€)
Cash at bank and in hand	1,153,871	500,510	140	500,170
	1,153,871	500,510	140	500,170

		The Group		The Company	
12	**Equity**	**2016**	2015	**2016**	2015
		Euros	Euros	**Euros**	Euros
	Authorised	**(€)**	(€)	**(€)**	(€)
	1,200 Ordinary shares of Euros (€) 1 each	1,200	1,200	1,200	1,200
		1,200	1,200	1,200	1,200

	The Group		The Company	
	2016	2015	**2016**	2015
	Euros	Euros	**Euros**	Euros
Issued and fully paid up	**(€)**	(€)	**(€)**	(€)
1,200 Ordinary shares of Euros (€) 1 each	1,200	1,200	1,200	1,200
	1,200	1,200	1,200	1,200

			The Group		The Company	
13.	**Trade payables**		**2016**	2015	**2016**	2015
		Note	**Euros**	Euros	**Euros**	Euros
			(€)	(€)	(€)	(€)
	Trade payables		10,419,241	605,931	-	-
	Accrued expenses		2,327,930	73,285	11,328	2,419
	Related company balances	14	2,843,663	3,442,973	2,883	502,226
	Indirect taxes		1,932,478	-	-	-
			17,523,312	4,122,189	14,211	504,645

14. Related party disclosures

Bluestone Investments Malta Ltd the registered address of which is 42, Ta' Xbiex Seafront, Ta' Xbiex was the immediate parent of the Company up to 16th February 2018 (when it was changed to Steward Healthcare International Ltd) The consolidated financial statements of Bluestone Investments Malta Ltd can be obtained from its registered office

Steward Malta Management Ltd (name changed from Vitals Global Healthcare Management Ltd on 18th May 2018) and Steward Malta Assets Ltd (name changed from Vitals Global Healthcare Assets Ltd on 18th May 2018), the registered address of which is Floor 5, 115A Msida Valley Road Birkirkara, are subsidiaries of the Company

The following transactions were carried out with related parties

		The Group		The Company	
(a) Sale of goods and services		**2016**	2015	**2016**	2015
		Euros	Euros	**Euros**	Euros
		(€)	(€)	**(€)**	(€)
Immediate parent		-	-	-	-
Subsidiaries		-	-	-	-
Associates		-	-	-	-

		The Group		The Company	
(b) Purchases of goods and services		**2016**	2015	**2016**	2015
		Euros	Euros	**Euros**	Euros
		(€)	(€)	**(€)**	(€)
Immediate parent		-	-	-	-
Subsidiaries		-	-	-	-
Associates		-	-	-	-

		The Group		The Company	
(c) Year end outstanding balances		**2016**	2015	**2016**	2015
		Euros	Euros	**Euros**	Euros
	Note	**(€)**	(€)	**(€)**	(€)
Receivables from related parties					
Immediate parent		-	-	-	-
Subsidiaries	10	-	-	1 359	-
Associates	10	-	-	-	-
Payables to related parties					
Immediate parent	13	2 843 663	3,442,973	2 883	502,226
Subsidiaries		-	-	-	-
Associates		-	-	-	-

The receivables from related parties arise mainly from intercompany transfers They are unsecured, interest free and have no fixed repayment date

The payables to related parties arise mainly from intercompany transfers They are unsecured interest free and have no fixed repayment date

(d) Transactions with members of the board of directors
Emoluments granted to the directors in respect of the current financial reporting period comprised

	The Group		The Company	
	2016	2015	**2016**	2015
	Euros	Euros	**Euros**	Euros
	(€)	(€)	**(€)**	(€)
Directors emoluments	1,037,378	621,918	-	-
	1,037,378	621,918	-	-

15. Contingent liabilities

As at 31st December 2016 the Company and the Group had a contingent liability in respect of guarantees given to third parties amounting to € 2,300

As at 31st December 2016 one of the Company's and Group's contractors had a performance guarantee in place on behalf of the Company and the Group in favour of the Government of the Republic of Malta in respect of the services concession agreement amounting to € 9,000,000

16 First time adoption of GAPSME

As explained in note 1 1 the Company and the Group adopted GAPSME for the first time in these financial statements The date of transition to GAPSME is 13th May 2015

The accounting policies applied by the Company and the Group upon transition to GAPSME were consistent with those applied under the International Financial Reporting Standards (the "IFRSs") as adopted by the EU As a result the transition to GAPSME had no effect on the Company s and Group's reported position and financial performance

17. Going concern

During the year ended 31st December 2016 the Group made a net loss of € 6,066 750 and as of that date the Group's total liabilities exceeded its total assets by € 8,940 817 These events and conditions indicate that a material weakness exists that may cast a significant doubt on the Group's ability to continue as a going concern