C 6387
Class Optical Manufacturing Limited
Annual Report and Financial Statements
for the financial year ended 31 December 2024

Contents

General information

Status	Class Optical Manufacturing Limited is a limited liability company registered in Malta under the Companies Act 1995 Chapter 386 of the Laws of Malta.
Directors	Cyril Gabarretta Robert Aldo Tua John Grech Maurice Zarb Adami Kerstien Gabarretta
Company number	C 6387
Auditors	Griffiths + Associates Ltd Level 1, Casal Naxaro Labour Avenue Naxxar Malta info@griffithsassoc.com
Business Address	UBT 13/14 San Gwann Industrial Estate San Gwann, SGN 3000 Malta

Directors` report
The directors present the report and the audited financial statements of the Company for the financial year ended 31 December 2024.

Principal activities
The company is mainly engaged in manufacturing of spectacles lenses and other optical goods.

Business review and financial performance
The company registered a profit before tax of Eur 680,773, an increase of €315,844. Such increase is mainly due to a substantial increase in revenue as well better management of administration expeneses which have decreased over the prior year. A marginal increase in other income has also been reported.

Dividend and results
The results for the year are set out on page 4.The directors have paid an interim dividend of €100,000 (2023: nil) during the year. They do not recommend a final dividend.

Financial risk management
The financial risk management objectives and policies are set out in note 22 to the financial statements.

Events after year end
There were no particular important events affecting the Company which occurred since the end of the accounting period.

Directors
The directors of the Company who held office during the year and up to date of authorisation of these financials were:

Cyril Gabarretta
Robert Aldo Tua
John Grech
Maurice Zarb Adami
Kerstien Gabarretta

Auditors
The auditors, Griffiths + Associates Ltd of Level 1, Casal Naxaro, Labour Avenue, Naxxar have expressed their willingness to continue in office and a resolution proposing they reappointment will be put before the members at the next annual general meeting.

Cyril Gabarretta
Director
Date: 28 April 2025

Robert Aldo Tua
Director

The Companies Act (Cap 386) 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 of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- prepare the financial statements on going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern.
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accrual basis;
- value separately the components of asset and liability items

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Class Optical Manufacturing Limited
Statement of comprehensive income
for the financial year ended 31 December 2024

	Note	2024 Euro	2023 Euro
Revenue	5	3,288,320	2,765,258
Cost of sales		(1,678,718)	(1,542,528)
Gross profit		1,609,602	1,222,730
Distribution expenses		(34,939)	(31,915)
Administrative expenses		(917,346)	(833,314)
Net impairment losses of financial and contract assets	7	(34,871)	(24,523)
Other income	6	207,596	182,937
Operating profit		830,042	515,915
Finance costs	8	(149,269)	(150,986)
Profit before tax	9	680,773	364,929
Income tax expense	10	(21,321)	(88,402)
Profit for the year - Total comprehensive income		659,452	276,527

The notes set on 9 to 27 are an integral part of these financial statements.

Class Optical Manufacturing Limited
Statement of financial position as at 31 December 2024

	Note	2024 Euro	2023 Euro
ASSETS			
Non-current assets			
Right-of-use assets	11	479,691	487,821
Property, plant and equipment	12	2,825,078	2,917,530
Total non-current assets		**3,304,769**	**3,405,351**
Current assets			
Inventories	12	645,118	517,190
Trade and other receivables	13	5,127,299	4,966,359
Current tax asset		-	42,373
Cash and cash equivalents		4,589	7,331
Total current assets		**5,777,006**	**5,533,253**
Total assets		**9,081,775**	**8,938,604**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	250,000	250,000
Capital redemption reserve	16	35,516	35,516
Retained earnings	16	5,368,298	4,808,846
Total equity		**5,653,814**	**5,094,362**
Non-current liabilities			
Borrowings	17	-	-
Lease liabilities	11	531,811	528,691
Deferred tax liability	18	90,165	102,711
Total non-current liabilities		**621,976**	**631,402**
Current liabilities			
Borrowings	17	83,028	191,686
Lease liabilities	11	-	-
Trade and other payables	19	2,693,544	3,021,154
Current tax liability		29,413	-
Total current liabilities		**2,805,985**	**3,212,840**
Total equity and liabilities		**9,081,775**	**8,938,604**

The notes are an integral part of these financial statements. The financial statements set out on pages 4 to 27 were approved by the board of directors and authorised for issue on 28 April 2025 and signed on its behalf by:

Cyril Gabarretta
DIRECTOR

Robert Aldo Tua
DIRECTOR

Class Optical Manufacturing Limited
Statement of changes in equity for the financial year ended 31 December 2024

	Capital redemption reserve Euro	Retained earnings Euro	Share capital Euro	Total Euro
Balance at 01 January 2023	**35,516**	**4,532,319**	**250,000**	**4,817,835**
Profit for the year - Total comprehensive income	-	276,527	-	276,527
Balance at 31 December 2023	**35,516**	**4,808,846**	**250,000**	**5,094,362**
Balance at 01 January 2024	**35,516**	**4,808,846**	**250,000**	**5,094,362**
Profit for the year - Total comprehensive income	-	659,452	-	659,452
Transactions with owners in their capacity as owners				
Dividends paid	-	(100,000)	-	(100,000)
Balance at 31 December 2024	**35,516**	**5,368,298**	**250,000**	**5,653,814**

The notes set on 9 to 27 are an integral part of these financial statements.

Class Optical Manufacturing Limited

Statement of cash flows for the financial year ended 31 December 2024

	Note	2024 Euro	2023 Euro
Cash flow from operating activities			
Profit before tax		680,773	364,929
Adjustments for:			
Depreciation of property, plant and equipment	**12**	195,637	205,565
Depreciation of right-of-use assets	**11**	8,130	8,130
Impairment of financial assets	**7**	34,871	24,523
Finance costs	**8**	149,269	150,994
		1,068,680	754,141
Change in inventories		(127,928)	(26,487)
Change in trade and other receivables		(195,811)	912,234
Change in trade and other payables		(437,614)	(79,819)
Cash generated from operations		307,327	1,560,069
Interest and finance charges paid		(8,072)	(3,325)
Income taxes (paid)/received		37,919	(67,054)
Net cash generated from operating activities		**337,174**	**1,489,690**
Investing activities			
Acquisition of property, plant and equipment	**12**	(103,185)	(1,440,133)
Net cash used in investing activities		**(103,185)**	**(1,440,133)**
Financing activities			
Interest paid on loans and borrowings		-	(6,702)
Repayment of borrowings		(78,816)	(84,037)
Repayment of lease liablilities	**11**	(28,073)	(27,070)
Dividends paid to equity holders of the parent	**16**	(100,000)	-
Net cash used in financing activities		**(206,889)**	**(117,809)**
Net movement in cash and cash equivalents		27,100	(68,252)
Cash and cash equivalents at beginning of year		(105,539)	(37,287)
Cash and cash equivalents at end of year	**14**	(78,439)	(105,539)

The notes set on 9 to 27 are an integral part of these financial statements.

1 General information

Class Optical Manufacturing Limited (the Company) is a limited liability company incorporated in Malta. The address of its registered office is UBT 13/14, San Gwann Industrial Estate, San Gwann, SGN 3000, Malta.

The company is mainly engaged in manufacturing of spectacles lenses and other optical goods.

These financial statements present information about the Company as an individual undertaking.

2 Basis of preparation

2.1 *Statement of compliance*

These financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRSs) as adopted by the European Union and according to the requirements of the Companies Act, Chapter 386, enacted in Malta.

2.2 *Going concern*

The financial statements have been prepared on the basis that the company will continue to operate as a going concern.

2.3 *Functional and presentation currency*

The financial statements are presented in Euro (Eur), which is the Company's functional currency.

2.4 *Standards, interpretations and amendments to published standards effective in 2024*

In 2024, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2024. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies impacting the Company's financial performance and position.

Standards, amendments and interpretations to published standards 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, that are mandatory for the Company's accounting periods beginning after 1 January 2024. The Company have not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Company's Directors are of the opinion that there are no requirements that will have possible significant impact on the Company's financial statements in the period of initial application.

3 Significant accounting policies

3.1 *Revenue*

Revenue consists of the fair value of the consideration received or receivable for services provided in the ordinary course of the Company's activities. Revenue consists primarily of income derived from services provided in relation to optical lenses and products.

Revenue is recognised when the customer gains control over the service and has the opportunity to benefit from the service. Control is transferred at the same point that the good on which the service was performed is delivered to the customer.

Rental income

Rental income on immovable property are recognised in the period when the property is occupied.

3.2 Institutional grants

In 2024, the Company was awarded a grant amounting to €39,262, conditional on the acquisition of plant and machinery. The Company has elected to present these grants as a deduction in arriving at the carrying amount of the asset. The grant is recognised in profir or loss over the life of depreciable asset at a reduced depreciation expense.

3.3 *Borrowing costs*

Borrowing costs directly attributable to the acquisition or construction of a qualifying property, plant and equipment are added to the cost of those assets. Borrowing costs are capitalised while acquisition or construction is actively underdevelopment. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is interrupted. All other borrowing costs are recognised in the profit or loss as part of finance costs in the period they are incurred.

3.4 *Employee benefits*

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

3.5 *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 the end of the reporting period are translated to functional currency using the closing rates of exchange at reporting date. Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at the end of the reporting period at rates different from those at which they were previously translated, are recognised in profit or loss.

3.6 *Income taxes*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except when it relates to items recognised in other comprehensive income, in which case tax is also recognised in other comprehensive income.

Current tax is based on the taxable profit for the year. Taxable profit may differ from profit before tax as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's tax is calculated using tax rates, which have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the liability method and 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 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 re-assesses any unrecognised deferred tax asset at each financial reporting date to determine whether future taxable profit has become probable that allows the deferred tax asset to be recovered.

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 end of the reporting period.

3.7 *Right-of-use assets*

The right of use assets is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying assets or to restore the underlying assets or the site on which it is located, less any incentive received.

Subsequent to initial recognition right of use asset is measured at cost less any accumulated depreciation and accumulated impairment losses. Depreciation starts from the commencement date of the lease and is calculated using the straight-line method over the shorter period of the lease term and useful life of the underlying asset, unless the Company expects to exercise a purchase option available to transfer the ownership of the underlying assets, in which case it is depreciated over the useful life of the underlying asset.

The Company presents right of use assets as a separated line item in the statement of financial position.

3.8 *Property, plant and equipment*

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. Subsequent expenditure are added to the carrying value of property plant and equipment only if 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. All other expenditure related to property, plant and equipment are expensed in the period they are incurred.

After initial recognition all property, plant and equipment are stated at cost less accumulated depreciation, and accumulated impairment.

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 depreciation rates used for property, plant and equipment are as follows

Buildings	2 - 5% Straight line
Computer equipment	25% Straight line
Machinery	10% Straight line
Furniture & fittings	5 - 16.67% Straight line
Air-conditioners	16.67% 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.

3.8 *Impairment of non–financial assets*

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss. If it is not possible to determine the recoverable amount for certain asset, the Company calculate the recoverable amount of the cash-generating unit that the assets belong. 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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

3.9 *Inventories*

Inventories consist mainly of lenses and other optical items used in the provision of rending services. Inventories are measured at the lower of cost and net realisable value. Cost is calculated using first -in, first-out basis and comprises all costs of purchase cost of conversation (if any) and the costs incurred in bringing inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated cost of completion and the cost to be incurred in marketing, selling and distribution.

3.10 *Financial instruments*

Financial assets and liabilities are recognised when the Company becomes party of to the instrument's contractual terms. Purchases and sales of financial assets and liabilities are recognised on the transaction date, which is the date on which the Company commits itself to buy or sell the asset. Financial instruments are initially reported at fair value plus directly attributable transaction costs for all financial assets and liabilities that are not recognised at fair value through profit or loss.

Financial assets or parts thereof are derecognised from the statement of financial position when the contractual rights to receive cash flows from the assets have expired or risk and rewards associated with the ownership of the financial asset have been transferred or in case significant risk and rewards were not transferred the Company has not retained control over the asset.

Financial assets measured at amortised cost

The Company classifies its financial assets as financial assets held at amortised cost. These financial assets are assets held for the purpose of receiving contractual cash flows (Hold to collect) which consists solely for principal payments and interest.

The carrying amount of financial assets held at amortised cost is adjusted for any expected credit losses incurred. Interest income from these financial assets is recognised in accordance with the effective interest method and is included in financial income.

The Company's financial assets that are measured at amortised cost consist of amount receivable on trade and other receivables and cash and cash equivalents.

- Trade and other receivables

Trade receivables comprise of amounts due from customers for services performed in the ordinary course of business. Trade and other receivables are initially recognised at fair value and subsequently stated at their nominal values unless the effect of discounting is material in which case trade and other receivables are measured at amortised cost using the effective interest method.

After initial recognition the carrying amount of the asset is also adjusted through the use of an allowance account and the amount of the loss is recognised in trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

- Cash and cash equivalents

Cash and cash equivalents are carried in the statements of financial position at face value. Cash and cash equivalents include cash in hand, deposits held at call with banks and other institutions. Bank overdrafts, which are repayable on demand are presented in current liabilities as borrowings in the statement of financial position.

Impairment on financial assets

The Company's financial assets are subject to impairment allowance on forward looking basis under the 'expected credit loss' (ECL) model.

The expected credit loss model requires the Company to measure impairment allowance for all financial assets from the time the asset is originated, based on the deterioration of credit risk since initial recognition. If the credit risk has not increased significantly, the impairment allowance is based on 12 month expected losses. If the credit risk has increased significantly or if the financial instruments are credit impaired, impairment allowances are based on lifetime expected losses.

For trade receivables, the Company measure impairment losses using the simplified approach. The expected credit losses on these financial assets are estimated by grouping together trade receivable based on the credit risk characteristics and days past due. This information is subsequently adjusted to reflect current and forward-looking information.

For cash and cash equivalents, the Company considers to have low credit risk since the credit risk rating of the bank institution it banks with is equivalent to the globally understood definition of 'investment grade'.

The expected losses are recognised a separate item in the statement of profit or loss.

Financial liabilities

The Company's financial liabilities are classified as financial liabilities at amortised cost. These financial liabilities are initially measured at fair value included transaction costs and subsequently carried at amortised cost using the effective interest method.

Financial liabilities are derecognised from the statement of financial position when the obligations have been settled, cancelled or ceased. The difference between the carrying amount of a financial liability that have been transferred or extinguished and the consideration paid are recognised in the profit or loss.

- Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value are recognised in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

- Leases

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the Company uses the incremental borrowing rate as the discount rate. The Company's incremental borrowing rate is the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability includes:

- the fixed lease payments (including in-substance fixed payments), less any lease incentives,
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date,
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Variable lease payments that do not depend on an index or rate are expensed in the period to which they relate.

After initial recognition, the measurement of a lease liability increase as a result of interest charged at a constant rate on the balance outstanding and reduced for lease payments made.

A lease liability is remeasured when there is a change in future lease payment arising for a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company's changes its assessment of whether it will exercise a purchase, extension or termination option.

The portion of the lease liability recognised on the statement of financial position as a current liability pertains to the liability that fall due within twelve months. The remaining portion of the lease liability is recognised as non-current liability.

The Company presents lease liabilities as a separated line item in the statement of financial position.

- Trade and other payables

Trade and other payables are 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. If not, they are presented as non-current liabilities. Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

- Offsetting of financial instruments

Financial assets and liabilities are offset and reported in a net amount in the statement of financial position when the Company has a legal right to offset the reported amounts and intends to settle the items on a net basis or to simultaneously realise the asset and settle the liability.

3.11 *Share capital*

Ordinary share issued by the Company 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. Dividends to ordinary shareholders are included directly to equity and are recognised as liabilities in the period in which they are declared.

4 *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.

5 Revenue

The Company derives its income from the manufacturing of spectacle lenses and other optical goods. Revenue is stated net of any indirect taxes.

	2024	2023
	Euro	Euro
Revenue from manufacturing	3,288,320	2,765,258

The Company's revenue arises from one revenue segment. Accordingly, the presentation of segment information as required by IFRS 8, Operating segments, within these financial statements is not deemed applicable.

6 Other income

	2024	2023
	Euro	Euro
Institutional grants received	350	133
Rental income	195,772	171,876
Marketing contribution and similar income	11,474	4,900
Sundry income	-	59
Gain on difference on currency exchange	-	5,969
	207,596	182,937

7 Net impairment losses of financial and contract assets

This movement in impairment losses consists of the following:

	2024	2023
	Euro	Euro
Increase in impairment on trade and other receivables	34,871	24,523
Trade and other receivables written off	-	-
Increase in loss allowance recognised in profit or loss during the year	34,871	24,523

8 Finance costs

	2024 Euro	2023 Euro
Interest on bank overdrafts	6,190	3,325
Interest on bank loans	-	6,702
Interest on lease	31,193	30,963
Interest on other Loans	78,811	110,004
Realised difference on exchange	1,882	-
	118,076	150,994

Interest on other loans consist mainly of interest payable to the Company's immediate parent.

9 Profit before tax

9.1 Profit before tax is stated after charging the following:

	2024 Euro	2023 Euro
Cost of sales		
Employee benefit expense	380,935	353,727
Depreciation of property, plant and equipment (Note 12)	98,515	121,620
Deprecation of right-of-use asset (Note 11)	8,130	8,130
	487,580	483,477

	2024 Euro	2023 Euro
Expenses		
Employee benefit expense	187,927	179,695
Professional fees	51,805	10,176
Management fees	492,464	473,236
Depreciation of property, plant and equipment (Note 12)	97,122	83,945
Repairs and replacements	19,470	29,518
Bank charges	1,304	1,789
Distribution expenses	34,939	31,915
Other expenses	66,539	54,955
	951,570	865,229

9.2 The remuneration paid to the Company's auditors during the year amounts:

	2024 Euro	2023 Euro
Annual statutory audit	4,300	4,200
Other non-audit services	200	200
	4,500	4,400

	2024 Euro	2023 Euro
9.3 Empoyee benefit expense		
Wages and salaries	553,187	636,416
Social security costs	42,090	39,394
Recharges of wages	(26,415)	(142,388)
	568,862	533,422

The average number of persons employed by the Company during the year was 23 (2023: 24).
Ninteen employees (2023:19) of the employees were employed in the laboratory section while 4 (2023:5) were employed in administration.

10 Income tax expense

	2024 Euro	2023 Euro
Current tax expense	33,867	62,602
Deferred tax expense	(12,546)	25,800
	21,321	88,402

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

	2024 Euro	2023 Euro
Profit before tax	680,773	364,929
Tax at 35%	238,271	127,725
Expenses not allowable for tax purposes	415	415
Tax credits	(205,625)	(33,268)
Other differences	(11,740)	(12,032)
Amount not previously recognised	-	5,562
	21,321	88,402

11 Leases

Right-of-use assets

	Land and buildings Euro	Total Euro
At 01 January 2023		
Cost amounts	520,342	520,342
Accumulated depreciation	(24,391)	(24,391)
Net book amount	495,951	495,951
Year ended 31 December 2023		
Opening net book amount	495,951	495,951
Depreciation	(8,130)	(8,130)
Closing net book amount	**487,821**	**487,821**
At 01 January 2024		
Cost amounts	520,342	520,342
Accumulated depreciation	(32,521)	(32,521)
Net book amount	487,821	487,821
Year ended 31 December 2024		
Opening net book amount	487,821	487,821
Depreciation	(8,130)	(8,130)
Closing net book amount	**479,691**	**479,691**
Cost amounts	520,342	520,342
Accumulated amortisation	(40,651)	(40,651)
Net book amount	**479,691**	**479,691**

Right-of-use asset consists of a temporary emphyteusis of factory land and buildings. The lease agreement ends in 2054 with a lessee option to extend it to 2084. The Company's management intention is lease the land and buildings until the end of the option term.

Lease liability

	2024 Euro	2023 Euro
Non-current	531,811	528,691
	531,811	**528,691**

The finance lease interest charged to profit or loss for the year ended if Eur 31,193 (2023: Eur 30,963).

The cash outflow for the year related to lease payments amounted to Euro 28,073 (2023: Euro 27,070).

12 Property, plant and equipment

	Air-conditioners	Computer equipment	Furniture & fittings	Machinery	Buildings	Total
	Euro	Euro	Euro	Euro	Euro	Euro
At 01 January 2023						
Cost amounts	3,831	7,661	194,854	1,875,533	773,372	2,855,251
Accumulated depreciation	(3,831)	(5,685)	(21,813)	(1,099,190)	(41,770)	(1,172,289)
Net book amount	-	1,976	173,041	776,343	731,602	1,682,962
Year ended 31 December 2023						
Opening net book amount	-	1,976	173,041	776,343	731,602	1,682,962
Additions	-	2,909	427,845	90,125	919,254	1,440,133
Depreciation charge	-	(2,133)	(31,888)	(121,620)	(49,924)	(205,565)
Closing net book amount	-	2,752	568,998	744,848	1,600,932	2,917,530
At 01 January 2024						
Cost amounts	3,831	10,570	622,699	1,965,658	1,692,626	4,295,384
Accumulated depreciation	(3,831)	(7,818)	(53,701)	(1,220,810)	(91,694)	(1,377,854)
Net book amount	-	2,752	568,998	744,848	1,600,932	2,917,530
Year ended 31 December 2024						
Opening net book amount	-	2,752	568,998	744,848	1,600,932	2,917,530
Additions	-	1,057	24,262	(36,775)	114,642	103,186
Depreciation charge	-	(1,618)	(33,721)	(106,645)	(53,653)	(195,637)
Closing net book amount	**-**	**2,191**	**559,539**	**601,428**	**1,661,921**	**2,825,079**
At 31 December 2024						
Cost amounts	3,831	11,627	646,961	1,928,883	1,807,268	4,398,570
Accumulated depreciation	(3,831)	(9,436)	(87,422)	(1,327,455)	(145,347)	(1,573,491)
Net book amount	**-**	**2,191**	**559,539**	**601,428**	**1,661,921**	**2,825,079**

Building includes, airconditioning system and electrical fittings as significant components. These components have a useful life of 20 years. The carrying amounts of these significant components is €487,560 (2023: €467,512) and €22,017 (2023: €23,368) respectively.

12 Inventories

	2024	2023
	Euro	Euro
Goods held for providing service	645,118	517,190
	645,118	517,190

The Company's inventories consist mainly of lenses and consumables used for providing service.

13 Trade and other receivables

	2024 Euro	2023 Euro
Trade receivables	796,260	166,046
Amounts receivable from related parties	4,236,721	4,726,546
Accounts receivable	-	225
VAT refundable	-	451
Prepayments	63,876	61,115
Accrued income	30,442	11,976
	5,127,299	4,966,359

Amounts receivables from related parties are unsecured, interest free and repayable on demand. Amount receivable from related parties are stated net of impairment allowance of Euro 52,350 (2023: Euro 46,945).

Trade receivable are stated net of loss allowance of Euro 27,571 (2023: 7,209).

14 Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flow comprise the following statement of financial position amounts:

	2024 Euro	2023 Euro
Cash at bank	1,470	4,061
Cash in hand	3,119	3,270
Bank overdraft	(83,028)	(112,870)
	(78,439)	(105,539)

15 Share capital

	2024 Euro	2023 Euro
Authorised		
250,000 Ordinary Shares of Euro1 each	250,000	250,000
Issued		
250,000 Ordinary Shares of Euro1 each	250,000	250,000

16 Reserves

16.1 *Capital redemption reserve reconciliation*

	Capital redemption reserve Euro	Total Euro
At 01 January 2024	35,516	35,516
At 31 December 2024	35,516	35,516

16.2 *Retained earnings*

Retained earnings represent accumulated profits. The company paid interim dividends amounting to €100,000. No dividends were authorised and issued out of retained earnings during the year ended 31st December 2023.

17 Borrowings

Non-current liabilities

Borrowings included under non-current liabilities on the statement of financial position comprise the following amounts:

Current liabilities

Borrowings included under current liabilities on the statement of financial position comprise the following amounts:

	2024 Euro	2023 Euro
Bank overdraft	83,028	112,870
Bank loans	-	78,816
	83,028	191,686

The company bank loan is secured by:

1) Guarantees by third parties
2) Special hypotech on immovable property
2) Pledges on insurance policies

The Company bank loan is repayable within 4 years from the first drawdown (2020). The bank loan carries a rate of 2.5% over the 3 month Euribor per annum, at 2023 year end 6.483%. The bank loan has been fully repaid during the current financial year.

The Company has an overdraft facility of Euro 500,000. At reporting date the Company utilised Euro 82,827 (2023: Euro 112,870). The bank overdraft is secured by a general hypotech over the company assets and special guarantee provided by a related party. It carries a variable interest which at year end was of 4.65%.

The other amount shown as overdraft consists of credit card balances.

18 Deferred tax liability

Deferred tax is attributable to the following:

	2024 Euro	2023 Euro
Temporary difference on property, plant and equipment	141,937	138,372
Temporary difference on lease and right-of-use asset	(20,645)	(16,707)
Temporary difference on financial assets	(31,127)	(18,954)

Movement in temporary differences during the year:

	01/01/2023 Eur	Movement Eur	31/12/2023 Eur
Difference on property, plant and equipment	105,731	32,641	138,372
Difference on lease and right-of-use asset	(12,499)	(4,208)	(16,707)
Difference on financial assets	(10,371)	(8,583)	(18,954)
Others	(5,950)	5,950	-
	76,911	25,800	102,711

	01/01/2024 Eur	Movement Eur	31/12/2024 Eur
Difference on property, plant and equipment	138,372	3,565	141,937
Difference on lease and right-of-use asset	(16,707)	(3,938)	(20,645)
Difference on financial assets	(18,954)	(12,173)	(31,127)
Others	-	-	-
	102,711	(12,546)	90,165

All movement in deferred tax during the year is recognised in the profit or loss.

19 Trade and other payables

	2024 Euro	2023 Euro
Trade payables	441,120	575,686
Amounts payable to related parties	2,125,913	2,263,706
Other taxation payable	16,018	17,000
Accruals	76,519	147,120
Deferred revenue	-	17,642
	2,693,544	3,021,154

Amounts payable to related parties are unsecured and repayable on demand. Eur 2,000,000 is due to the Company's immediate parent. This carry an interest rate of 5.5% per annum. All other balance with related parties are interest free.

20 Related parties

Controlling parties and related parties

The Company forms part of a group whose ultimate parent is Class Holding Ltd. Class Finance p.l.c. is the Company's immediate parent company. Class Holding Ltd and Class Finance p.l.c. are registered in Malta, having their registered address at UBT 13/14, San Gwann Industrial Estate, San Gwann, Malta. The consolidated financial statements of both Class Finance p.l.c and Class Holding Ltd are filed and available for public inspection at the Registrar of Companies in Malta.

As at 31 December 2024, Class Holding Ltd was equally owned by two Maltese registered companies. The ownership and voting rights of these two companies is such that no particular individual is deemed to exercise ultimate control over the Company.

20.1 *Transactions with related parties*

During the year, the company entered into the following transactions with related parties:

Trading transactions

	2024 Euro	2023 Euro
Sales to fellow subsidiaries	816,980	619,401
Sales to other related parties	1,355,651	1,116,891
Rent income from fellow subsidiary	380,348	64,512
Rent income from ultimate parent company	351,329	107,520
Payroll recharges to fellow subsidiary	41,629	151,797
Payroll recharges to other related parties	259	-
Recharge of payroll from other related parties	(1,875)	-
Recharge of payroll from ultimate parent company	(13,596)	(9,409)
Interest charge by the immediate parent company	(110,004)	(110,004)
Management fee charged by immediate parent company	(16,364)	(16,364)
Management fee charged by ultimate parent company	(476,100)	(456,872)

Financial transactions

	2024 Euro	2023 Euro
Amount received from immediate parent company		1,059,724
Amount transferred to ultimate parent company	(177,354)	(609,596)
Amount transferred to fellow subsidiareis	(437,935)	(566,564)
Amount transferred from other parent company		(9,366)
Dividends to shareholders	(100,000)	-

20.2 *Amounts at the end of the reporting period*

The following balances were outstanding at the end of the reporting period:

	2024 Euro	2023 Euro
Amounts due from fellow subsidiaries	3,335,052	3,772,987
Amounts receivable from ultimate parent company	954,019	953,559
Amounts due to immediate parent	(2,057,663)	(2,235,017)
Amount to ultimate parent	-	(50)
Amounts due to other related parties	(67,377)	(28,639)

The amounts outstanding are unsecured and repayable on demand. Other the amount mentioned in note 20, amount outsanding are interest free. No guarantees have been given. No bad debts have been recognised during the current year in respect of the amounts owed by related parties. Amounts due to otehr related parties are stated net of loss allowance of €61,454 (2023: €46,944).

20.3 *Transactions with key management personnel*

During the year and the prior year, there were no transactions with key management employees.

21 Guarantees and contingencies

The Company has provided a guarantee for the total amount of € 3,750 in favour of a governmental authority and another guarantee amounting to €13,850 to a governmental organisation. The amounts become payable if the conditions set are not fulfilled.

22 Financial risk management

The Company's activities potentially expose it to a variety of financial risks: namely market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company did not make use of derivative financial instruments to hedge risk exposures during the current financial period. The directors provides principles for overall risk management, as well as policies covering the risks referred above.

Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the Company's functional currency. The Company is not exposed to significant foreign exchange risk since principally the Company's assets and liabilities are denominated in Euro and the Company is not exposed to foreign exchange risk arising on trading transaction as these are principle conducted in Euro.

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on fair values of financial assets and liabilities and future cash flows.

The Company is exposed to changes in market interest rate through bank borrowings at variable rates. The Company's bank loans and overdraft at year end amount to Euro 3 and Eur 83,028 respectively. The Company directors consider the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of there reporting period to be immaterial.

The Company is subject to a borrowing from a related party issued at a fixed rate. This borrowing does not expose the Company to cash flow interest rate risk.

Credit risk

Credit risk is the risk that a debtor or counterparty is unable or unwilling to meet its financial commitments that it has entered into and therefore causing the Company to incur a financial loss.

The Company's credit risk arises mainly from amounts due from related parties. The maximum exposure to credit risk at the end of reporting period with respect trade and other receivables including amount due from related parties is disclosed in note 15. Credit risk in respect of amount due to related parties is considered to be limited considering that the majority of the amount receivable consists of balances with members of the group.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulties in paying its financial liabilities. The Company is exposed to liquidity risk in relation to trade and other payables and borrowings.

The Company's management monitors liquidity risk by means of cash flow forecasts on the expected cash flows over a twelve-month period. The following table provides analyses on the Company's financial liabilities into relevant maturity grouping based on the remaining period at financial reporting date to the contractual maturity date.

	Contractual amounts Euro	Less than 1 year Euro	Between 1 and 5 years Euro	More than 5 years Euro
At 31 December 2024				
Borrowings		83,028	-	-
Trade and other payables	2,559,570	2,559,570	-	-
Lease	892,781	28,073	114,046	750,662
	3,452,351	2,670,671	114,046	750,662
At 31 December 2023				
Borrowings	191,686	191,686	-	-
Trade and other payables	3,021,154	3,021,154	-	-
Lease	920,854	28,073	112,642	780,139
	4,133,694	3,240,913	112,642	780,139

23 Fair value estimation

At 31 December 2024 and 2023 the carrying amounts of financial instruments not carried at fair value, comprising cash at bank, receivables, payables, accrued expenses and short term borrowing reflected in the financial statements are a reasonable estimated of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

24 Capital risk management

The Company's objective when managing capital are:

- to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholder; and
- to maintain an optimal capital structure to reduce the cost of capital.

The Company's policy is to maintain a strong capital base so as to maintain creditor confidence and to sustain future development of business.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, issue new shares or sell assets. The Company's equity as disclosed in the statement of financial position, constitute its capital. The Company maintains the level of capital by reference to it financial obligations and commitment arising from operation requirements.

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Independent Auditor's Report

To the Shareholders of Class Optical Manufacturing Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Class Optical Manufacturing Limited set out on pages 4 to 27, which comprise the statement of financial position as at 31 December 2024 the statement of comprehensive income, statement of changes in equity and statement of cashflows and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the Company as at 31 December 2024, and of its financial performance for the year then ended in accordance with the e International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

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

Other Information

The directors are responsible for the other information, which comprises the directors' report. Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Companies Act (Cap.386).

Based on the work we have performed, in our opinion:

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We 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 the International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), 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 to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

We also have responsibilities under the 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 proper 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.

Use of this report

Our report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly ageed by our prior written consent.

Alexander Micallef
For Griffiths + Associates Ltd
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Date: 28 April 2025

Class Optical Manufacturing Limited
Cost of Sales for the financial year ended 31 December 2024

	2024 Euro	2023 Euro
Cost of sales		
Opening Stock	517,190	490,703
Purchases of stock	1,190,263	995,124
Other Production expenses	106,688	71,346
Productive Wages	380,935	353,727
Freight, Insurance & Duty on Goods	22,115	19,068
Depreciation charge	106,645	129,750
Closing Stock	(645,118)	(517,190)
	1,678,718	1,542,528

Class Optical Manufacturing Limited
Distribution and administration expenses for the financial year ended 31 December 2024

	2024	2023
	Euro	Euro
Distribution expenses		
Other Selling Expenses/Distribution expneses	34,939	31,915
	34,939	31,915

	2024	2023
	Euro	Euro
Administration expenses		
Wages - Regular	188,642	165,883
Management Salaries	-	13,812
Staff training & Education	1,780	-
Staff Welfare	824	677
Staff Uniforms	1,088	660
Professional Fees	47,505	5,275
Architect's Fees	-	701
Management and Administration Fees	492,464	473,236
Audit Fees	4,300	4,200
Insurance	616	3,286
Fuel Costs	-	260
Motor running expenses	171	244
Repairs and maintenance - machinery and equipment	15,279	24,648
Computer-related expenses	4,191	4,870
Cleaning	7,241	6,170
Water and electricity	11,898	12,148
Office Stationery and supplies	5,677	5,398
General expenses	(11,635)	3,754
Hotel Expenses	(59)	-
Membership and subscription fees	1,671	1,483
Licences Fees	6,306	1,330
Company Registration Fees	510	510
Depreciation	97,122	83,945
Bank charges	1,304	1,789
Advertising	14,802	9,474
Promotion	14,827	1,791
Meals & entertainment	3,006	2,553
Commissions payable	(715)	2,890
Travel Expenses	8,531	2,327
	917,346	833,314