

**SANTUMAS SHAREHOLDINGS PLC**

**Annual Report and Financial Statements**

**30 April 2018**

**SANTUMAS SHAREHOLDINGS PLC**  
**Annual Report and Financial Statements for the year ended 30 April 2018**

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## **DIRECTORS' AND COMPANY INFORMATION**

### **REGISTRATION**

Santumas Shareholdings plc was registered as a public limited liability company under the Companies Act, Cap. 386 of the Laws of Malta on 24 December 1997 with company registration number C35. The Company held a Collective Investment Scheme license from the Malta Financial Services Authority in terms of the Investment Services Act, 1994 until 9 October 2014. As at this date, the Company surrendered its license as a Collective Investment Scheme (CIS) and de-listed its shares on the Malta Stock exchange as a CIS. On the same date Santumas Shareholdings plc was admitted to listing on the Malta Stock Exchange as a Property Company.

### **DIRECTORS**

Mr. Anthony P. Demajo (Chairman)  
41, G'Mangia Hill, Pieta, Malta

Mr. Peter Paul Testaferrata Moroni Viani  
Casa Testaferrata, J. Howard Street, Naxxar, Malta

Mr. Christopher Testaferrata Moroni Viani  
Villa Ammermann, Mdina Road, Balzan, Malta

Mr. Norbert Tabone  
"Jeanor", Nerik Xerri Street, Kirkop, Malta

Mr. Mario P. Galea  
35, Triq tal-Mielah, High Ridge, St. Andrews, Swieqi, Malta

Mr. Michael Pace Ross  
34, "Iris", Santa Marija Gardens, Triq iż-Żebbug, Mellieha, Malta

### **SECRETARY**

Mr. Michael Formosa Gauci, B.A. (Acc.) Bus. Manag.  
T10 B54, Tigne Point,  
Sliema, Malta

### **REGISTERED OFFICE**

Britannia House/1, 9 Old Bakery Street, Valletta, Malta

### **AUDITOR**

Ernst & Young Malta Limited  
Certified Public Accountants  
Regional Business Centre  
Achille Ferris Street  
Msida MSD 1751  
Malta

**DIRECTORS' AND COMPANY INFORMATION - continued**

**LEGAL ADVISORS**

R. Frendo Randon & Associates  
222, Merchants Street  
Valletta  
Malta

Camilleri Preziosi Advocates  
Level 3, Valletta Buildings  
South Street  
Valletta  
Malta

Dr. Peter Caruana Galizia  
56 Melita Street  
Valletta  
Malta

**BANKERS**

HSBC Bank Malta plc  
166, Archbishop Street  
Valletta  
Malta

Bank of Valletta plc  
Republic Street  
Valletta  
Malta

**AUDIT COMMITTEE**

Mr. Mario P. Galea (Chairman)  
35, Triq tal-Mielah, High Ridge, St. Andrews, Swieqi, Malta

Mr. Norbert Tabone  
'Jeanor', Triq Nerik Xerri, Kirkop, Malta

Mr. Michael Pace Ross  
34, "Iris", Santa Marija Gardens, Triq iż-Żebbug, Mellieha, Malta

**BACKGROUND**

The Company was formed as the Malta New Issues Investment Co. Limited on 29 April 1963. The Company's name was changed on 18 May 1965 to Malta Shareholdings Limited when the Company was converted to a public company with the objects of carrying on the business of a finance trust in all branches. The name was changed again on 29 September 1978 to Santumas Shareholdings Limited. The Company's objects also provided for property development, with the main property development being the Santumas Estate at Marsascala.

Calpabrin Properties (Investments) Limited merged into Santumas Shareholdings Limited on 2 April 1987 and Marsascala Development Limited and Santumas Contractors Limited merged into Santumas Shareholdings Limited on 15 December 1989.

On 9 May 1996, the Company was licensed as a Collective Investment Scheme under the Investment Services Act, Cap. 370 of the Laws of Malta by the Malta Financial Services Centre. The Company was registered as a public limited liability company under the Companies Act, Cap. 386 of the Laws of Malta on 24 December 1997, thereby changing its name to Santumas Shareholdings plc.

On 12 December 2003, the Company's shares were accepted for listing on the Malta Stock Exchange.

On 9 October 2014, the Company surrendered its license as a Collective Investment Scheme (CIS) and de-listed its shares on the Malta Stock Exchange as a CIS. On the same date, Santumas Shareholding plc was admitted to listing on the Malta Stock Exchange as a Property Company.



## **DIRECTORS' REPORT**

The Directors submit their annual report and the audited financial statements of Santumas Shareholdings plc (the "Company") for the year ended 30 April 2018.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company during the year continued to be the carrying out of investment activities in the form of a listed Property Company. Being a listed Company involves obligations to comply with the Code of Principles of Good Governance ("the Code") as contained in Appendix 5.1 to Chapter 5 of the Listing Rules. Although the Code does not prescribe mandatory rules, it recommends principles of good practice. Compliance with the Code is considered to be in the best interests of the Company and all shareholders and the Company's activities therefore have been conducted within the outlined principles of good practice.

### **FINANCIAL RESULTS AND REVIEW OF THE BUSINESS**

Although the local economy performed positively over the year this has not been reflected in the local equity market which has seen a fall of 8.44% in the Malta Stock Exchange Equity Price Index in the year to 30 April 2018. This down-lift in the MSE index, principally the result of a material fall in the share price of local financial stocks, has produced a decrease in the value of the Company's equity portfolio resulting in a significant unrealised loss of EUR519,230 (2017: unrealised gain EUR303,424) for the year under review.

The Statement of Comprehensive Income is set out on page 19. The loss before tax for the year amounted to EUR82,597 (2017: profit before tax EUR1,830,546). There was a tax charge of EUR91,261 (2017: EUR243,155). The net loss for the year ended 30 April 2018 was therefore EUR173,858 (2017: net profit EUR1,587,391).

Dividend income over the twelve months has seen a 26% decrease over the corresponding period due to lower dividend payouts by the locally listed Companies. Interest income has remained much in line with the corresponding period.

Administrative expenses are broadly in line with those of previous years. Total expenses for the period increased by EUR24,826 which increase is mainly driven by the increase in the wages and salaries and Directors' remuneration as approved during the 2017 AGM.

The Financial Position of the Company remained in line with prior year. The Net Assets of the Company marginally decreased by circa EUR119,000 which decrease is mainly attributable to the loss incurred during the year as explained above.

### **PROPERTY**

There have been no significant purchases or sales of property during the year under review however the Company recognised an increase in fair value of its investment property and revaluation on leasehold improvements based on valuations performed by independent architects. In line with this, the Company's investment property holdings excluding ground rents were professionally valued on 30 April 2018 at EUR3,217,100 (2017: EUR2,854,000) with a corresponding unrealised gain of EUR321,265 (2017: EUR102,945) as at 30<sup>th</sup> April 2018.

# SANTUMAS SHAREHOLDINGS PLC

## Annual Report for the year ended 30 April 2018

### DIRECTORS' REPORT - continued

#### MALTA STOCK EXCHANGE

Trading in company shares on the local market remained thin with a total of 389,980 shares changing hands throughout the year. As at 30 April 2018 the Company's share price stood at EUR1.50 (2017: EUR1.75).

#### NET ASSET VALUE

As at 30 April 2018, the Net Asset Value of the Company per share stood at EUR1.709 as compared to EUR1.727 at 30 April 2017. The Net Asset Value has been calculated using the same methodology used to calculate the Earnings per Share. Thus in order to arrive at the Net Asset Value, the bonus issue allocated on 4<sup>th</sup> December 2017 has been taken into consideration accordingly.

#### PRINCIPAL RISKS

The Company's principal risks are further disclosed in Note 20 dealing with management of risks as supplemented by Note 3 relating to significant accounting estimates and judgements in applying accounting policies.

#### DIVIDENDS

The Directors do not propose any dividend for the year.

#### DIRECTORS

The Directors for the year ended 30 April 2018 are listed on page 2.

#### DIRECTORS' INTERESTS

As at 30 April 2018, the Directors' interests, direct and indirect, in the ordinary share capital of the Company were:

Directors	Number of Shares	Nominal value of shareholding EUR	Percentage shareholding %
* Mr. P.P. Testaferrata Moroni Viani			
* Mr. C. Testaferrata Moroni Viani	3,140,262	863,572	47.23
Mr. A.P. Demajo	454,368	124,951	6.83
Mr. C. Testaferrata Moroni Viani	151,095	41,551	2.27
Mr. P.P. Testaferrata Moroni Viani	32,100	8,828	0.48
<b>Totals</b>	<b>3,777,825</b>	<b>1,038,902</b>	<b>56.82</b>

As at 30 April 2017, the Directors' interests, direct and indirect, in the ordinary share capital of the Company were:

Directors	Number of Shares	Nominal value of shareholding EUR	Percentage shareholding %
* Mr. P.P. Testaferrata Moroni Viani			
* Mr. C. Testaferrata Moroni Viani	1,909,696	525,166	43.08
Mr. A.P. Demajo	302,912	83,300	6.83
Mr. C. Testaferrata Moroni Viani	98,974	27,218	2.23
Mr. P.P. Testaferrata Moroni Viani	21,400	5,886	0.48
<b>Totals</b>	<b>2,332,982</b>	<b>641,570</b>	<b>52.62</b>

## **DIRECTORS' REPORT - continued**

### **DIRECTORS' INTERESTS – continued**

\* The indirect interests of Mr. Peter Paul Testaferrata Moroni Viani and Mr. Christopher Testaferrata Moroni Viani shown above against their joint name arise due to shareholdings in the same companies that directly or indirectly have an interest in the number of shares shown.

No Director has a contract of service with the Company. The Company has not entered into any commitments on behalf of, or made any loans to, the Directors.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

The Directors are required by the Companies Act (Cap. 386 of the Laws of Malta) to prepare financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"), which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss of the Company for the year then ended. In preparing the financial statements, the Directors should:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable;
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern;
- Account for income and charges relating to the accounting year on the accruals basis;
- Value separately the components of asset and liability items; and
- Report comparative figures corresponding to those of the preceding accounting year.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and which enable the Directors to ensure that the financial statements comply with the Companies Act (Cap. 386 of the Laws of 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.

The Directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Company as at 30 April 2018, and of its financial performance and its cash flows for the year then ended in accordance with IFRSs as adopted by the EU; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

**DIRECTORS' REPORT - continued**

**GOING CONCERN**

The Directors, as required by Listing Rule 5.62 have considered the Company's operational performance, the Statement of Financial Position as at year end as well as the business plans for the coming year, and that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis in preparing the financial statements.

**POST BALANCE SHEET EVENTS**

There were no important events or transactions which took place after the financial reporting date which would require disclosure or adjustment to the financial statements.

**INFORMATION PURSUANT TO LISTING RULE 5.64**

Share capital information is disclosed in note 15. The issued share capital consists of one class of ordinary shares with equal voting rights attached and freely transferable. The list of shareholders holding 5% or more of the equity share capital is disclosed in this annual report.

Pursuant to the Company's Articles of Association, the appointment of Directors to the Board is reserved exclusively to the Company's shareholders (in line also with general and commonly accepted practice in Malta). The appointment/removal of Directors requires the majority of the members present at the annual general meeting.

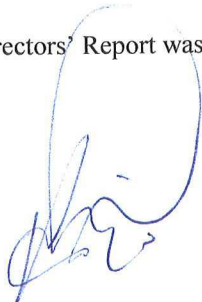
The Company cannot issue shares that would dilute substantial interest without the prior consent of the shareholders. The Directors are empowered to wholly allot for cash shares that do not exceed the authorised share capital of the Company.

It is hereby declared that as at 30 April 2018, information required under Listing Rules 5.64.2, 5.64.4, 5.64.5, 5.64.6, 5.64.7, 5.64.10 and 5.64.11 are not applicable to the Company.

**AUDITORS**

Ernst & Young Malta Limited have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed to the Company at the forthcoming annual general meeting.

The Directors' Report was approved by the Board of Directors and was signed on its behalf by:



**Mr. Anthony P. Demajo**  
**Chairman**



**Mr. Mario P. Galea**  
**Director**

23 August 2018

## **CORPORATE GOVERNANCE STATEMENT**

Given that the Company's securities are traded on the Malta Stock Exchange, the Company is subject to The Code of Principles of Good Governance ("the Code") applicable to listed companies. The adoption of the Code is not mandatory but listed companies are required under the Listing Rules issued by the Listing Authority to include a Statement of Compliance with the Code in their Annual Report, accompanied by a report of the independent auditor.

The Board has considered the principles embodied in the Code and noted the Code's recommended practices. During the year under review the Company has been in compliance with the Code to the extent that is considered adequate bearing in mind the size and nature of the Company's operations. Instances of divergence from the code are disclosed and explained below.

### **PRINCIPLE 1-5: BOARD OF DIRECTORS**

The Company's Board is composed of four non-executive Directors and one independent non-executive Director under the Chairmanship of Mr. Anthony P. Demajo. The Board is entrusted with the overall direction and management of the Company, including the establishment of strategies for future development and the approval of any proposed property acquisitions and developments. The Company is a Property Company which does not require a complex management structure, accordingly, the role of the Chairman and the Chief Executive Officer are combined. The Board has indicated Mr. Mario P. Galea as the independent non-executive member.

Its responsibilities also involve the overseeing of the Company's internal control procedures and financial performance, and review of business risks facing the Company, ensuring that these are adequately identified, evaluated, managed and minimised. All Directors have access to independent financial advice at the expense of the Company should they require.

During the year under review the Board met five times to discuss the operations and strategy of the Company. The attendance of Directors to the Board meetings is listed below.

Mr. Anthony P. Demajo	5
Mr. Peter Paul Testaferrata Moroni Viani	5
Mr. Christopher Testaferrata Moroni Viani	5
Mr Norbert Tabone	5
Mr Mario P. Galea	5
Mr. Michael Pace Ross	5

### **PRINCIPLE 6: INFORMATION AND PROFESSIONAL DEVELOPMENT**

The Company's management ensures that it provides Directors with relevant information to enable them to effectively contribute to Board decisions. All Directors have access to independent financial advice at the expense of the Company should they require.

### **PRINCIPLE 8: BOARD COMMITTEES**

#### **Investment Committee**

The Investment committee is responsible for overseeing the maintenance, investment and reinvestment of the Company's assets covering both the Company's property holdings and its equity and bond portfolio. Whilst actively managing the securities portfolio, any property investment decisions are referred back to the Board who always take the final decision on any property related matters. The Committee is chaired by Mr. Anthony P. Demajo and has Mr. Christopher Testaferrata Moroni Viani and Mr. Michael Formosa Gauci as members.

## **CORPORATE GOVERNANCE STATEMENT - continued**

### **PRINCIPLE 8: BOARD COMMITTEES - continued**

#### **Audit Committee**

The Audit Committee's primary objective is to assist the Board in fulfilling its responsibilities in dealing with issues of risk, control and governance and to oversee and review the financial reporting process, financial policies and internal control structure. The Committee also oversees the conduct of the external audit and acts to facilitate communication between the Board, management and the auditors. In addition the Audit Committee has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Company and a related party to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Company.

The Audit Committee, which is composed of one independent non-executive Director and two non-executive Directors, meets regularly in terms of the Code. During the year under review Mr. Mario P. Galea served as Chairman and Mr Norbert Tabone together with Mr Michael Pace Ross served as members. Mr. Michael Formosa Gauci acted as secretary to the Audit Committee. The Committee has met on four occasions during the financial year end under review.

The Board, in terms of Listing Rule 5.118, has indicated Mr. Mario P. Galea as the independent non-executive member of the Audit Committee who is considered to be competent in accounting and auditing in view of his considerable experience at a senior level in the audit and advisory field.

### **PRINCIPLE 9 AND 10: RELATIONS WITH SHAREHOLDERS**

The Directors consider that the Board properly serves the legitimate interests of all stakeholders in the Company through representation of the shareholders on the Board. Shareholders are also given the opportunity to ask questions at the AGM or submit written questions in advance. The Chairman makes arrangements for the chairman of the Audit Committee to be available to answer questions, if necessary.

The Board ensures that there is sufficient communication with all stakeholders through regular statements on the MSE website and information on areas such as corporate governance and financial statements to be found on the Company website at [www.santumasmalta.com](http://www.santumasmalta.com)

### **PRINCIPLE 11: CONFLICTS OF INTEREST**

The Directors, members of the Board sub-committee of the Company are or may be involved as Directors or shareholders of or consultants to other companies which deal in similar investments as the Company. Should an actual or potential conflict arise during the tenure of the directorship, a Director will disclose and record the conflict in full and in time to the Board of Directors. Such Director will not participate in discussions concerning matters in which he has a conflict of interest unless the Board finds no objection to the presence of such Director. In any event, the Director will refrain from voting on the matter.

The Audit Committee of the Company has the task of ensuring that any potential conflicts of interest that may arise at any moment, pursuant to these different roles held by Directors, are handled in the best interest of the Company and according to law. The independent non-executive Director on the Audit Committee provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis.

### **PRINCIPLE 12: CORPORATE SOCIAL RESPONSIBILITY**

The Company seeks to adhere to sound principles of corporate social responsibility by conducting its operations in an ethical manner. The Board is mindful of the environment and its responsibility within the community in which it operates.



## **CORPORATE GOVERNANCE STATEMENT - continued**

### **INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

This information is being provided in terms of Listing Rule 5.97.4.

The Company is a Property company which does not require an elaborate management structure. The Board of Directors is responsible for the general management of the Company whilst the day to day management has been delegated to the Company Secretary and certain functions to the Board sub-committees. The Directors believe that the current organisational structures are adequate for the current activities of the Company. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business.

### **GENERAL MEETINGS**

This information is being provided in terms of Listing Rule 5.97.6.

The manner in which the general meeting is conducted is outlined in Articles of the company's Articles of Association, subject to the provisions of the Companies Act, Cap.386 of the Laws of Malta.

All shareholders registered in the Shareholders' Register on the Record Date as defined in the Listing Rules, have the right to attend, participate and vote in the general meeting. A shareholder or shareholders holding not less than 5% in nominal value of all the shares entitled to vote at the general meeting may request the Company to include items on the agenda of a general meeting and/or table draft resolutions for items included in the agenda of a general meeting. Such requests are to be received by the Company at least forty six (46) days before the date set for the relative general meeting.

A shareholder who cannot participate in the general meeting can appoint a proxy by written or electronic notification to the Company. Every shareholder represented in person or by proxy is entitled to ask questions which are pertinent and related to items on the agenda of the general meeting and to have such questions answered by the Directors or such persons as the Directors may delegate for that purpose.

### **NON-COMPLIANCE WITH THE CODE**

#### **PRINCIPLE 1-5: BOARD OF DIRECTORS**

As detailed above under the heading "Internal Control and Risk Management System" the size of the Company and its level of activity do not justify an elaborate management structure. The Board of Directors are actively involved in the general management of the Company and therefore fully cognisant of all its activities.

#### **PRINCIPLE 6: INFORMATION AND PROFESSIONAL DEVELOPMENT**

Full adherence by the Company with the provisions of Principle 6 of the Code is not deemed necessary taking into account the size, nature and operations of the Company. The Company does not feel the need to establish and/or implement a succession plan for senior management in light of its existing organisational structures though such structure will be kept under continuous review so as to meet the changing demands of the business.

#### **PRINCIPLE 7: EVALUATION OF THE BOARD'S PERFORMANCE**

Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role as the Board's performance is always under the scrutiny of the shareholders.

**CORPORATE GOVERNANCE STATEMENT - continued**

**NON-COMPLIANCE WITH THE CODE - continued**

**PRINCIPLE 8: COMMITTEES**


The Company does not have a Remuneration Committee as recommended by Principle 8. The Company does not have any employees other than the Company Secretary and a full time employee engaged to carry out general secretarial duties. In such circumstances it is felt that any remuneration related matters are best dealt with by the Board.

The Company does not have a Nomination Committee as recommended by Principle 8. Appointments to the Board of Directors of the Company are determined by shareholders of the Company in accordance with the Company's Memorandum and Articles of Association. The Company considers that the members of the Board provide the level of skill, knowledge and experience expected in terms of the Code.

Approved by the Board of Directors on 23 August 2018 and signed on its behalf by:



**Mr. Anthony P. Demajo**  
**Chairman**



**Mr. Mario P. Galea**  
**Director**



## **INDEPENDENT AUDITOR'S REPORT**

### to the Shareholders of Santumas Shareholdings plc

#### **Report on the audit of the financial statements**

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#### **Opinion**

We have audited the financial statements of Santumas Shareholdings plc (the "Company"), set on pages 19 to 47, which comprise the Statement of Financial Position as at 30 April 2018, and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 April 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the Companies Act. Our responsibilities under those standards and under the Companies Act 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 of the Laws of 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.

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## **INDEPENDENT AUDITOR'S REPORT**

to the Shareholders of Santumas Shareholdings plc - continued

### **Report on the audit of the financial statements - continued**

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#### **Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### ***Valuation of investment property***

The investment properties represent a significant part of the total assets (40%) of the Company and is valued at fair value for an amount of €4.8million as at 30 April 2018.

Management is determining fair value of its investment property on an annual basis. For all investment property except for ground rents, management has used the valuation carried out by external valuers as at 30 April 2018. For the valuation of ground rents, management used the capitalization method by applying a discount factor to the future rental cashflows. The valuation of the investment property at fair value is highly dependent on estimates and assumptions such as market knowledge and historical transactions (comparable method) and rental value and discount rates (capitalization method).

Given the size, complexity and sensitivity of the valuation of investment property and the information provided by means of disclosure in Note 10 of these financial statements in relation to the main assumptions used in the valuation, we addressed this as a key audit matter.

Our audit procedures over the valuation of investment property included amongst others:

- Where the capitalization model was used (valuation of ground rents), we included a valuation specialist on our team to assist us in evaluating the key assumptions and estimates used in the model by comparing to independent sources and local real estate market data and conditions. We have also assessed the completeness, relevance and accuracy of the rental values underlying the model with the related rental contracts and agreements in place, taking into consideration the current market rental yields.



## **INDEPENDENT AUDITOR'S REPORT**

to the Shareholders of Santumas Shareholdings plc - continued

### **Report on the audit of the financial statements - continued**

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**Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud - continued**

#### ***Valuation of investment property – continued***

- Where the comparable model was used (land and buildings), we have obtained an understanding of the scope of work of external valuers by reviewing the current year's valuation report. Furthermore we have included a valuation specialist on our team to assist us in evaluating the reasonability and relevance of key assumptions and estimates applied in the market value approach by comparing to the proprietary property databases and market research; and
- Where external valuers were used, we have considered the independence and expertise of the external valuers.

We have also assessed the company's disclosures relating to the assumptions used in the valuation of investment property presented in note 10 to the financial statements.

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#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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#### **Responsibilities of the Directors and those charged with governance for the financial statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and the requirements of the Companies Act respectively and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters 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 have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

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## **INDEPENDENT AUDITOR'S REPORT**

to the Shareholders of Santumas Shareholdings plc - continued

### **Report on the audit of the financial statements - continued**

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#### **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 judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

## **INDEPENDENT AUDITOR'S REPORT**

to the Shareholders of Santumas Shareholdings plc - continued

### **Report on the audit of the financial statements - continued**

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#### **Auditor's responsibilities for the audit of the financial statements - continued**

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

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

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Santumas Shareholdings plc - continued

### Report on other legal and regulatory requirements

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#### **Matters on which we are required to report by the Companies Act**

##### *Directors' report*

We are required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In our opinion the Directors' report has been prepared in accordance with the Companies Act.

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

##### *Other requirements*

We also have responsibilities under the Companies Act to report if in our opinion:

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

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

##### *Appointment*

We were appointed as the statutory auditor by the General Meeting of Shareholders of the Company on 1 May 2004. The total uninterrupted engagement period as statutory auditor, including previous renewals and reappointments amounts to 14 years.

##### *Consistency with the additional report to the audit committee*

Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which was issued on the same date as this report.

##### *Non-audit services*

No prohibited non-audit services referred to in Article 18A (1) of the Accountancy Profession Act, Cap. 281 of the Laws of Malta were provided by us to the Company, and we remain independent of the Company as described in the Basis for opinion section of our report. No other services besides statutory audit services and services disclosed in the annual report and in the financial statements were provided by us to the Company and its controlled undertakings.

## INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Santumas Shareholdings plc - continued

### Report on other legal and regulatory requirements – continued

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#### Matters on which we are required to report by the Listing rules

##### *Corporate governance statement*

The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in their annual report a statement of compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the statement of compliance prepared by the directors. We are also required to express an opinion as to whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified material misstatements with respect to the information referred to in Listing Rules 5.97.4 and 5.97.5.

We read the statement of compliance and consider the implication for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the annual report. Our responsibilities do not extend to considering whether this statement is consistent with the other information included in the annual report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the statement of compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's governance procedures or its risk and control procedures.

##### In our opinion:

- the corporate governance statement set out on pages 8 to 11 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority
- in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit the information referred to in Listing Rules 5.97.4 and 5.97.5 are free from material misstatement

*The partner in charge of the audit resulting in this independent auditor's report is  
Shawn Falzon for and on behalf of*



Ernst & Young Malta Limited  
Certified Public Accountants

23 August 2018

**SANTUMAS SHAREHOLDINGS PLC**  
**Annual Financial Statements for the year ended 30 April 2018**

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 30 April 2018**

	Notes	2018 EUR	2017 EUR
<b>REVENUE</b>			
Investment income	4	265,176	1,549,267
(Decrease)/Increase in fair values of financial assets	12	(519,230)	303,424
Increase in fair value of investment properties	10	321,265	102,945
<b>Total revenue</b>		<b>67,211</b>	1,955,636
<b>EXPENSES</b>			
Administrative expenses	6	(149,708)	(124,882)
Finance costs	5	(100)	(208)
<b>Total expenses</b>		<b>(149,808)</b>	(125,090)
<b>(Loss)/Profit before tax</b>		<b>(82,597)</b>	1,830,546
Income tax expense	8	(91,261)	(243,155)
<b>(Loss)/Profit for the year</b>		<b>(173,858)</b>	1,587,391
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Revaluation of property, net of tax		55,169	7,328
<b>Total comprehensive (loss)/income for the year</b>		<b>(118,689)</b>	1,594,719
<b>(Loss)/Profit per share</b>	9	<b>(0.026)</b>	0.239

*The accounting policies and explanatory notes on pages 23 to 47 form an integral part of the financial statements.*



**SANTUMAS SHAREHOLDINGS PLC**  
**Annual Financial Statements for the year ended 30 April 2018**


**STATEMENT OF FINANCIAL POSITION**  
**as at 30 April 2018**

	Notes	2018 EUR	2017 EUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	10	4,772,714	4,411,034
Property, plant and equipment	11	165,000	110,000
Financial assets at fair value through profit or loss	12	6,669,318	6,400,206
		<b>11,607,032</b>	<b>10,921,240</b>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	12	167,975	-
Receivables	13	80,855	93,433
Cash and cash equivalents	14	198,933	1,125,265
		<b>447,763</b>	<b>1,218,698</b>
<b>TOTAL ASSETS</b>		<b>12,054,795</b>	<b>12,139,938</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	15	1,828,526	1,219,017
Share premium	16	262,746	262,746
Revaluation reserve	16	126,949	75,339
Other reserves	16	4,640,553	4,732,196
Retained earnings	16	4,507,077	5,195,242
		<b>11,365,851</b>	<b>11,484,540</b>
<b>Non-current liabilities</b>			
Deferred tax liability	17	479,104	438,458
<b>Current liabilities</b>			
Payables	18	184,613	178,533
Income tax payable		25,227	38,407
		<b>209,840</b>	<b>216,940</b>
<b>Total liabilities</b>		<b>688,944</b>	<b>655,398</b>
<b>Total equity and liabilities</b>		<b>12,054,795</b>	<b>12,139,938</b>
<b>Net asset value per share</b>	19	<b>1.709</b>	<b>1.727</b>

*The accounting policies and explanatory notes on pages 23 to 47 form an integral part of the financial statements.*

*The financial statements on pages 19 to 47 were authorised for issue by the Board of Directors on 23 August 2018 and signed on its behalf by:*

  
**Mr. Anthony P. Demajo**  
**Chairman**

  
**Mr. Mario P. Galea**  
**Director**

**SANTUMAS SHAREHOLDINGS PLC**  
**Annual Financial Statements for the year ended 30 April 2018**

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 30 April 2018**

	<b>Issued capital EUR</b>	<b>Share premium EUR</b>	<b>Revaluation reserve EUR</b>	<b>Other reserves EUR</b>	<b>Retained earnings EUR</b>	<b>Total EUR</b>
<b>FINANCIAL YEAR ENDED 30 April 2018</b>						
At 1 May 2017	1,219,017	262,746	75,339	4,732,196	5,195,242	11,484,540
Loss for the year	-	-	-	-	(173,858)	(173,858)
Other comprehensive income	-	-	55,169	-	-	55,169
Total comprehensive income/(loss)	-	-	55,169	-	(173,858)	(118,689)
Bonus shares (Note 15)	609,509	-	-	-	(609,509)	-
Depreciation transfer for land and building, net of tax	-	-	(3,559)	-	3,559	-
Fair value realisation of ground rents, net of tax	-	-	-	(1,278)	1,278	-
Decrease in fair value of financial assets	-	-	-	(377,014)	377,014	-
Increase in fair value of investment property net of deferred tax	-	-	-	286,649	(286,649)	-
<b>At 30 April 2018</b>	<b>1,828,526</b>	<b>262,746</b>	<b>126,949</b>	<b>4,640,553</b>	<b>4,507,077</b>	<b>11,365,851</b>
<b>FINANCIAL YEAR ENDED 30 April 2017</b>						
At 1 May 2016	1,108,194	262,746	70,012	4,661,518	3,787,351	9,889,821
Profit for the year	-	-	-	-	1,587,391	1,587,391
Other comprehensive income	-	-	7,328	-	-	7,328
Total comprehensive income	-	-	7,328	-	1,587,391	1,594,719
Bonus shares (Note 15)	110,823	-	-	-	(110,823)	-
Depreciation transfer for land and building, net of tax	-	-	(2,001)	-	2,001	-
Fair value realisation of ground rents, net of tax	-	-	-	(307,910)	307,910	-
Increase in fair value of financial assets	-	-	-	300,873	(300,873)	-
Increase in fair value of investment property net of deferred tax	-	-	-	77,715	(77,715)	-
<b>At 30 April 2017</b>	<b>1,219,017</b>	<b>262,746</b>	<b>75,339</b>	<b>4,732,196</b>	<b>5,195,242</b>	<b>11,484,540</b>

*The accounting policies and explanatory notes on pages 23 to 47 form an integral part of the financial statements.*

**SANTUMAS SHAREHOLDINGS PLC**  
**Annual Financial Statements for the year ended 30 April 2018**

**STATEMENT OF CASH FLOWS**  
**for the year ended 30 April 2018**

	Notes	2018 EUR	2017 EUR
<b>Operating activities</b>			
(Loss)/Profit before tax		(82,597)	1,830,546
Adjustments to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation of property, plant and equipment	11	5,669	5,455
(Decrease)/Increase in fair value of financial assets	12	519,230	(303,424)
Increase in fair value of investment properties	10	(321,265)	(102,945)
Gain on redemption of ground rent	4	(4,640)	(1,015,868)
Finance costs	5	100	208
Interest income	4	(32,914)	(29,426)
Dividend income	4	(190,727)	(256,476)
<i>Working capital adjustments:</i>			
Increase in receivables		(1,075)	(14,472)
Increase/(Decrease) in payables		6,080	(4,808)
Interest income received		28,437	27,900
Dividend income received		154,156	118,829
Income tax paid		(16,469)	(144,753)
<b>Net cash flows generated from operating activities</b>		<b>63,985</b>	<b>110,766</b>
<b>Investing activities</b>			
Purchase of financial assets		(954,442)	(645,297)
Additions to investment property	10	(41,835)	(199,655)
Redemption of ground rents		6,060	1,354,486
<b>Net cash flows used in investing activities</b>		<b>(990,217)</b>	<b>509,534</b>
<b>Financing activities</b>			
Interest paid	5	(100)	(208)
<b>Net cash flows used in financing activities</b>		<b>(100)</b>	<b>(208)</b>
Net decrease in cash and cash equivalents		(926,332)	620,092
Cash and cash equivalents at 1 May		1,125,265	505,173
<b>Cash and cash equivalents at 30 April</b>	14	<b>198,933</b>	<b>1,125,265</b>

*The accounting policies and explanatory notes on pages 23 to 47 form an integral part of the financial statements.*

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. CORPORATE INFORMATION**

Santumas Shareholdings PLC (the “Company”) is a public limited company incorporated and domiciled in Malta whose shares are publicly traded. The registered office is located at Britannia House /1, 9 Old Bakery Street, Valletta VLT 1450, Malta.

The principal activity of the Company was to carry out investment activities as a Collective Investment Scheme as licensed by the Malta Financial Services Authority. On 9 October 2014, the Company has surrendered its license as a collective investment scheme (CIS) and de-listed its shares on the Malta Stock Exchange as a CIS. On the same date, Santumas Shareholdings plc was admitted to listing on the Malta Stock Exchange as a Property Company.

### **2.1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

The financial statements are prepared under the historical cost convention, except for leasehold property under property, plant and equipment, investment properties and financial assets at fair value through profit and loss that have been measured at fair value. The financial statements are presented in euro (EUR).

#### **Statement of compliance**

These financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and comply with the Companies Act, Cap. 386 of the Laws of Malta.

### **2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

#### **Standards, interpretations and amendments to published standards as adopted by the European Union effective during the year ended 30 April 2018**

- IAS 7 (Amendments) - Disclosure Initiative (effective for financial years beginning on or after 1 January 2017)
- IAS 12 (Amendments) – Recognition of Deferred Tax Assets for Unrealised Losses (effective for financial years beginning on or after 1 January 2017)
- Annual Improvements to IFRSs 2014-2016 Cycle

The adoption of the standards, interpretations or amendments above did not have an impact on the financial statements or performance of the Company.

#### **Standards, interpretations and amendments to published standards as adopted by the European Union that are not yet effective**

Up to the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which have not been adopted early.

- IFRS 2 (Amendments) – Classification and Measurement of Share-based Payment Transaction (effective for financial years beginning on or after 1 January 2018)
- IFRS 4 (Amendments) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for financial years beginning on or after 1 January 2018)
- IFRS 9 - Financial instruments (effective for financial years beginning on or after 1 January 2018)
- IFRS 9 (Amendments) – Prepayment Features with Negative Compensation (effective for financial years beginning on or after 1 January 2019)

## **NOTES TO THE FINANCIAL STATEMENTS - continued**

### **2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES – continued**

#### **Standards, interpretations and amendments to published standards as adopted by the European Union that are not yet effective – continued**

IFRS 15 (Clarifications) - Revenue from contracts with customers (effective for financial years beginning on or after 1 January 2018)

- IFRS 16 Leases (effective for financial years beginning on or after 1 January 2018)
- IAS 40 (Amendments) – Transfer of Investment Property (effective for financial years beginning on or after 1 January 2018)
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration (effective for financial years beginning on or after 1 January 2018)

The changes resulting from these standards, other than those described below, are not expected to have a material effect on the financial statements of the Company.

IFRS 9, 'Financial Instruments' introduces a logical approach for the classification of financial assets driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments. As part of IFRS 9 the IASB has introduced a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and it lowers the threshold for recognition of full lifetime expected losses. IFRS 9 also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity. The new model represents a substantial overhaul of hedge accounting that aligns the accounting treatment with risk management activities. The standard is effective for periods beginning on or after 1 January 2018. The company is assessing the effect that the standard will have on the financial statements. However given that the current accounting policy is to measure financial assets at fair value through profit and loss, it is not expected that the adoption of this standard will have a material impact on the financial statements.

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date. From the preliminary assessment carried out by the company's management, it is not expected that IFRS 15 will have a material impact on the financial statements of the company.

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

## **NOTES TO THE FINANCIAL STATEMENTS - continued**

### **2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES – continued**

#### **Standards, interpretations and amendments to published standards as adopted by the European Union that are not yet effective – continued**

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17. The company is currently assessing the impact of IFRS 16 on the financial statements.

#### **Standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) but not yet endorsed by the EU**

- Amendments to References to the Conceptual Framework in IFRS (effective for financial years on or after 1 January 2020)
- IFRS 17 – Insurance Contracts (effective for financial years on or after 1 January 2021)
- IAS 19 (Amendments)- Plan Amendment, Curtailment or Settlement (effective for financial years on or after 1 January 2019)
- IAS 28 (Amendments)- Long-term Interests in Associates and Joint Ventures (effective for financial years on or after 1 January 2019)
- Annual Improvements to IFRS standards 2015-2017 Cycle (effective for financial years on or after 1 January 2018 and 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective for financial years on or after 1 January 2019)

The adoption of the above-mentioned standards, interpretations and amendments are not expected to have an impact on the financial statements or performance of the company.

### **2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies used in the preparation of these financial statements are set out below:

#### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue is reliably measured. The following specific revenue criteria must also be met before revenue is recognised:

##### *Interest income*

Interest income is included in the Statement of Comprehensive Income on an accruals basis using the effective interest rate method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

##### *Investment income*

Ground rents and other rents are included in the Statement of Comprehensive Income on an accrual basis.

Dividend income is included in the Statement of Comprehensive Income when the right to receive the payment is established.

Upon disposal of investment properties consisting of land, leasehold property and ground rents capitalised, the difference between the proceeds from disposal and the carrying amount is recognised as a gain or loss through the Statement of Comprehensive Income.



**NOTES TO THE FINANCIAL STATEMENTS - continued**

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued**

**Taxes**

*Current income tax*

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

*Deferred income tax*

Deferred taxation is provided using the liability method, on temporary differences, at the reporting date, arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Under this method the Company is required to make provision for deferred income taxes on the revaluation of certain non-current assets. Such deferred tax is charged or credited directly to the Statement of Comprehensive Income and is charged or credited directly to equity if the tax relates to items that are credited or charged in the same or a different period, directly to equity.

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

**Foreign currency translation**

The financial statements are presented in Euro, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the year-end date. All differences are taken to the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

## **NOTES TO THE FINANCIAL STATEMENTS - continued**

### **2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

#### **Fair value measurement**

The Company measures financial instruments, such as investment properties, leasehold properties under property and equipment and financial assets at fair value through profit or loss at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

For assets that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of investment properties and leasehold properties at least every two years or earlier whenever their fair values differ materially from their carrying amounts.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



**NOTES TO THE FINANCIAL STATEMENTS - continued**

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Investment properties consisting of land, buildings and leasehold property**

Investment properties, consisting of properties not occupied by the Company and held to earn rentals and for capital appreciation, are regarded as long term investments. All investments are measured initially at cost, being the fair value of the consideration given, including acquisition charges associated with the investment. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the year-end date. This is based on market valuations performed by independent professional architects every two years or earlier whenever their fair values differ materially from their carrying amounts. In the year when a market valuation is not performed, an assessment of the fair value is performed to reflect market conditions at the year-end date. Gains or losses on changes in the fair values of investment properties are taken to the Statement of Comprehensive Income in accordance with IAS 40 "Investment Properties". Unrealised gains are subsequently transferred to other reserves in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statement of Comprehensive Income in the year of retirement or disposal.

**Investment properties consisting of ground rents capitalised**

On 30 April 1990, the Directors capitalised the ground rents. The value of this asset was included with long term assets with a resultant increase in the capitalisation reserve included within other reserves.

Subsequent to initial recognition, investment properties are measured at fair value using the Capitalisation approach. The capitalisation rate for non-revisable ground rents is determined by reference to local legislation whilst the capitalisation rate for revisable ground rents is based on inputs that reflect the current market conditions.

**Property, plant and equipment**

Property, plant and equipment are initially recorded at cost. Leasehold property is subsequently measured at revalued amount, being its fair value at the date of revaluation less depreciation and impairment. All other property, plant and equipment, are subsequently stated at cost amounts less accumulated depreciation and accumulated impairment in value, if any.

Leasehold premises consists of property that is occupied by the Company as its offices.

It is Company policy to carry out a professional market valuation of leasehold every two years or earlier which is frequently enough to ensure that the fair value of the revalued asset does not differ materially from its carrying amount. To the extent that a revaluation results in an increase in the carrying amount of the asset, the increase is credited to the revaluation reserve within equity. To the extent that a revaluation results in a decrease in the carrying amount of the asset, the decrease is charged against the revaluation reserve to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of that same asset; any excess of the decrease is taken to the Statement of Comprehensive Income. The accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Depreciation of property, plant and equipment**

Depreciation is provided on property, plant and equipment, other than leasehold property, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset on a straight line basis over the expected useful life.

The annual rates used for this purpose are:

	%
Improvements to premises	10.0
Fixtures and fittings	15.0
Equipment	33.3

Depreciation is provided on leasehold property to write off the valuation on a straight line basis over the remaining period of the lease.

Each year, the difference between the depreciation based on the revalued carrying amount of the asset (the depreciation charged to the Statement of Comprehensive Income) and depreciation based on the asset's original cost, is transferred from the revaluation reserve to retained earnings.

**Impairment of non-financial assets**

The Company assesses at each reporting date whether there are indications of impairment for all non-financial assets. If any such amount exists, or when impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount.

**Investments and other financial assets**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. The Company classifies its financial assets as fair value through profit or loss and loans and receivables. The Company does not hold financial assets classified as held-to-maturity and available-for-sale.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains or losses on investments held for trading are recognised in the Statement of Comprehensive Income.

The Company assesses whether embedded derivatives are required to be separated from host contracts when the Company first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Investments and other financial assets - continued**

*Receivables*

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Receivables are recognized and carried at cost.

*Fair value*

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

**Derecognition**

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

**Impairment of financial assets**

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

*Assets carried at amortised cost*

If there is objective evidence that an impairment loss on assets carried at amortised 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 expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in the Statement of Comprehensive Income.

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, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Impairment of financial assets - continued**

*Assets carried at amortised cost -continued*

In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

**Cash and cash equivalents**

Cash and cash equivalents are composed of cash at bank and short term deposits. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

**Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is currently a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**Trade and settlement date accounting**

All “regular way” purchases and sales of financial assets are recognised on the “trade date,” that is, the date the Company commits to purchase or sell the asset. Regular way purchases and sales are purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

**Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the obligation can be made.

Contingent liabilities and contingent assets are not recognised. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

**Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

**Employee benefits**

The Company contributes towards the State pension in accordance with local legislation. Short-term employee benefit obligations are measured on undiscounted basis and recognised as an expense in the Statement of Comprehensive Income in the period they are incurred.

**Events after the reporting date**

Events after the reporting date are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Adjusting events require the Company to adjust the amounts recognised in its financial statements while non-adjusting events do not require any adjustments to the amounts recognised in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

In preparing the financial statements, the Directors are required to make judgments, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the changes become known. The most significant judgements and estimates are as follows:

**Revaluation of property, plant and equipment and fair value of investment properties**

The Company carries its investment properties at fair value, with changes in fair value being recognised in the Profit and Loss Account. In addition, it measures land and buildings, including leasehold properties, at revalued amounts with changes in fair value being recognised in Other Comprehensive Income. This is based on market valuations performed by independent professional architects at least every two years or earlier whenever their fair values differ materially from their carrying amounts. In a year when market valuations are not performed by the independent professional architect, an assessment of the fair value of investment properties consisting of land and building is performed to reflect market conditions at the year-end date.

The last market valuation was performed in April 2018 and the Company recognised the fair values of investment properties and property, plant and equipment (notes 10 and 11).

In the opinion of the management, except for the above, the accounting estimates, assumptions and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as significant in terms of the requirements of IAS 1 (revised)-‘Presentation of Financial Statements’.

**4. INVESTMENT INCOME**

	<b>2018</b>	2017
	<b>EUR</b>	EUR
Dividends income	190,727	256,476
Interest income	32,914	29,426
Ground rents	34,822	35,191
Other income (note i)	2,073	212,306
Gain on redemption of ground rents (note ii)	4,640	1,015,868
	<u>265,176</u>	<u>1,549,267</u>

i. Other income includes income from the sale of rights on properties.

ii. During the year there were no significant redemptions of ground rent on which the Company earned significant income (2017: EUR900,541).

**5. FINANCE COSTS**

	<b>2018</b>	2017
	<b>EUR</b>	EUR
Interest on bank overdrafts	100	208

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**6. EXPENSES BY NATURE**

	<b>2018</b>	2017
	<b>EUR</b>	EUR
Staff costs (note 7a)	<b>48,115</b>	43,024
Auditor's remuneration		
- current year	<b>13,676</b>	13,570
- under-accrual in prior year	-	5,310
Depreciation of property, plant and equipment (note 11)	<b>5,669</b>	5,455
Registration fees	<b>14,587</b>	8,805
Directors' remuneration	<b>22,800</b>	13,115
Professional and legal fees	<b>19,382</b>	15,157
Other administrative expenses	<b>25,479</b>	20,446
<b>Total administrative expenses</b>	<b>149,708</b>	124,882

Professional fees also include remuneration payable to the Company's auditors as follows:

	<b>2018</b>	2017
	<b>EUR</b>	EUR
Tax compliance	<b>550</b>	3,536
Other non-audit services	<b>1,500</b>	-

**7. EMPLOYEE INFORMATION**

**a. Staff costs**

The total employment costs were as follows:

	<b>2018</b>	2017
	<b>EUR</b>	EUR
Salaries	<b>44,708</b>	39,980
Social security costs	<b>3,407</b>	3,044
	<b>48,115</b>	43,024

**b. Staff numbers**

The average number of persons employed by the Company during the year was as follows:

	<b>2018</b>	2017
	<b>Number</b>	Number
Administration	<b>2</b>	2

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**NOTES TO THE FINANCIAL STATEMENTS - continued**

**8. INCOME TAX EXPENSE**

The components of income tax expense for the year ended 30 April are:

	<b>2018</b>	2017
	<b>EUR</b>	EUR
<b>Income tax expense</b>		
Current income tax charge	<b>56,115</b>	259,059
Deferred tax charge/(credit) (note 17)	<b>35,146</b>	(15,904)
	<hr/>	<hr/>
Income tax expense	<b>91,261</b>	243,155
	<hr/> <hr/>	<hr/> <hr/>

The income tax on profit differs from the theoretical income tax expense that would apply on the Company's profit before tax using the applicable tax rate in Malta of 35% (2017: 35%) as follows:

	<b>2018</b>	2017
	<b>EUR</b>	EUR
(Loss)/Profit before tax	<b>(82,597)</b>	1,830,546
	<hr/>	<hr/>
Theoretical tax (credit)/expense at 35%	<b>(28,909)</b>	640,691
Tax effect of		
- income subject to lower tax rate	<b>(93,619)</b>	(323,553)
- Losses/(gains) not subject to tax	<b>181,428</b>	(107,045)
- expenses not deductible for tax purposes	<b>52,996</b>	43,781
- investment income not subject to further tax	<b>(20,881)</b>	(3,219)
- others	<b>246</b>	(7,500)
	<hr/>	<hr/>
Income tax expense	<b>91,261</b>	243,155
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS – continued**

**9. PROFIT PER SHARE**

The loss per share of EUR0.026 (2017: profit per share EUR0.239) is calculated on the profit for the year attributable to the ordinary shareholders, divided by the average number of ordinary shares in issue and ranking for dividend during the year.

	<b>2018</b>	2017
	<b>EUR</b>	EUR
(Loss)/Profit for the year	<b>(173,858)</b>	1,587,391
	<b>2018</b>	2017
	<b>Number*</b>	Number*
Ordinary shares in issue	<b>6,649,184</b>	6,649,184
	<b>2018</b>	2017
	<b>EUR</b>	EUR
(Loss)/Profit per share	<b>(0.026)</b>	0.239

\* The bonus issue (note 15) has increased the number of shares in issue as ordinary shares were issued to existent shareholders for no additional consideration. Such additional shares were treated as having been in issue for the whole year and included in the EPS calculation of all earlier periods presented so as to give a comparable result.

**10. INVESTMENT PROPERTIES**

	<b>Land and buildings EUR</b>	<b>Ground rents capitalisation EUR</b>	<b>Total EUR</b>
At 30 April 2016	2,551,400	1,895,652	4,447,052
Redemptions	-	(338,618)	(338,618)
Additions	199,655	-	199,655
Increase in fair value	102,945	-	102,945
At 30 April 2017	2,854,000	1,557,034	4,411,034
Redemptions	-	(1,420)	(1,420)
Additions	41,835	-	41,835
Increase in fair value	321,265	-	321,265
<b>At 30 April 2018</b>	<b>3,217,100</b>	<b>1,555,614</b>	<b>4,772,714</b>

Land and Buildings include leasehold properties with a carrying amount of EUR68,000 (2017: EUR65,000). Leasehold property is classified as investment properties when the property is held for capital appreciation and for which a market exists.



**NOTES TO THE FINANCIAL STATEMENTS – continued**

**10. INVESTMENT PROPERTIES - CONTINUED**

**a. Land and building**

*Valuation process*

Market valuations, with respect to investment property excluding ground rents, are performed by independent professional architects every two years or earlier whenever their fair values differ materially from their carrying amounts. In the year when a market valuation is not performed, an assessment of the fair value is performed to reflect market conditions at the year-end date.

An independent valuation of the Company's investment property, land and buildings, was performed by valuers to determine the fair value as at 30 April 2018. The fair value movements were credited to profit and loss and subsequently transferred to other reserves under equity. As at 30 April 2018, management also assessed whether there are any significant changes to the significant inputs of the valuation.

*Valuation techniques and inputs*

The Company's investment property land and buildings consists mainly of plots of land with a carrying amount of EUR2,429,100 (2017: EUR2,197,500) together with other commercial buildings with a carrying amount of EUR788,000 (2017: EUR656,500). The investment property that has been valued using the comparable method has been categorised to fall within level 2 of the fair valuation hierarchy whilst investment property valued using the capitalisation method is classified within level 3 of the aforementioned hierarchy. The different levels in the fair value hierarchy have been defined in Note 10c.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the year. For all properties, their current use equates to the highest and best use.

For level 2 fair value of the investment property land and buildings, the valuation was determined primarily by the comparable method together with the capitalisation method which are based on directly or indirectly observable inputs which do not require a significant level of adjustments.

<b>As at 30 April 2018</b>	<b>Comparable method EUR 2018</b>	<b>Total EUR 2018</b>
Plots of land	2,429,100	2,429,100
Commercial buildings	788,000	788,000
	<b>3,217,100</b>	<b>3,217,100</b>

<b>As at 30 April 2017</b>	<b>Comparable method EUR 2018</b>	<b>Total EUR 2018</b>
Plots of land	2,197,500	2,197,500
Commercial buildings	656,500	656,500
	<b>2,854,000</b>	<b>2,854,000</b>

*Comparable method:*

Market prices

based on database of valuations and sales of properties in the relevant area.

**NOTES TO THE FINANCIAL STATEMENTS – continued**

**10. INVESTMENT PROPERTIES – continued**

**b. Ground rents**

*Valuation process*

For the valuation of ground rents, on an annual basis, management reviews the major inputs used in the calculation of the fair value in line with local legislation and market conditions. Ground rents on property are received annually into perpetuity. Ground rent income relates to ground rent capitalisation.

These ground rents are redeemable and the ground rent capitalisation represents the redemption amount or the present value of the expected cash flows. The valuation of ground rents is determined by the capitalisation method, as explained for land and buildings. The capitalisation rate for non-revisable ground rents is determined by reference to local legislation whilst the capitalisation rate for revisable ground rents is based on inputs that reflect the current market conditions.

*Capitalisation method:*

Future rental cash inflows based on the actual location, type and quality of the properties and external evidence such as current market rents for similar properties;  
 Capitalisation rates based on actual location, size and quality of the properties and taking into account market data at the valuation date.

*Valuation techniques and inputs*

Information about fair value measurements using significant unobservable inputs (Level 3):

	Fair value EUR	Range of significant unobservable Capitalisation rate
30 April 2018	1,555,614	3%-5%
30 April 2017	1,557,034	3% - 5%

**c. Fair Value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of investment property by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Fair value as at 30 April 2018	4,772,714	-	3,217,100	1,555,614
Fair value as at 30 April 2017	4,411,034	-	2,854,000	1,557,034

For each valuation of investment property classified under as Level 3, annual rent or ground rent and capitalisation rate have been determined to be the significant unobservable inputs. The higher the annual rent or ground rent, the higher the fair value will be and conversely the lower the annual rent or ground rent, the lower the fair value. The lower the capitalisation rate, the higher the fair value will be and conversely the higher the capitalisation rate, the lower the fair value.

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**NOTES TO THE FINANCIAL STATEMENTS - continued**

**11. PROPERTY, PLANT AND EQUIPMENT**

	<b>Leasehold buildings and improvements EUR</b>	<b>Fixtures fittings and equipment EUR</b>	<b>Total EUR</b>
<b>Cost or valuation</b>			
At 1 May 2016	126,116	35,479	161,595
Revaluation	7,455	-	7,455
Transfer*	(2,905)	-	(2,905)
	130,666	35,479	166,145
At 30 April 2017	60,669	-	60,669
Revaluation	(2,988)	-	(2,988)
Transfer*			
<b>At 30 April 2018</b>	<b>188,347</b>	<b>35,479</b>	<b>223,826</b>
<b>Depreciation</b>			
At 1 May 2016	18,116	35,479	53,595
Charge for the year	5,455	-	5,455
Transfer*	(2,905)	-	(2,905)
	20,666	35,479	56,145
At 30 April 2017	5,669	-	5,669
Charge for the year	(2,988)	-	(2,988)
Transfer*			
<b>At 30 April 2018</b>	<b>23,347</b>	<b>35,479</b>	<b>58,826</b>
<b>Net book value</b>			
At 30 April 2018	<b>165,000</b>	<b>-</b>	<b>165,000</b>
At 30 April 2017	110,000	-	110,000

\* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

Leasehold buildings were acquired in the financial year ended 30 April 1993 at a cost of EUR34,097. The remaining life of the lease is 35 years. The Company uses the revaluation model for leasehold buildings.

These leasehold buildings were last revalued in April 2018 at EUR165,000 (2017: EUR110,000). An independent valuation of the leasehold buildings was performed by same valuers for investment property land and building. The valuation for this commercial building was determined by the comparable method. It has been categorised to fall within Level 2 of the fair valuation hierarchy. There were no transfers between levels during the year. The different levels in the fair value hierarchy have been defined in Note 12.

Had leasehold buildings not been included in the financial statements at revaluation less accumulated depreciation, the carrying amount at 30 April 2018, based on cost less accumulated depreciation charged on cost, would have been EUR19,327 (2017: EUR19,895).

Fully depreciated fixtures, fittings and equipment are still in use.

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**NOTES TO THE FINANCIAL STATEMENTS - continued**

**12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Financial assets at fair value through profit or loss is made up of financial assets designated as such upon initial recognition. This designation results in more relevant information because this group of financial assets is managed and its performance is evaluated on a fair value basis.

	2018 EUR	2017 EUR
Non-current	6,669,318	6,400,206
Current	167,975	-
	<u>6,837,293</u>	<u>6,400,206</u>

The table below analyses the nature of the financial assets:

	2018 EUR	2017 EUR
Equity securities	4,197,374	3,822,554
Bonds	936,274	728,715
Managed funds	1,703,645	1,848,937
	<u>6,837,293</u>	<u>6,400,206</u>

a) Fair values:

	2018 EUR	2017 EUR
<b>Local</b>		
Quoted on the Malta Stock Exchange	6,805,511	6,368,424
Unquoted	31,782	31,782
	<u>6,837,293</u>	<u>6,400,206</u>

*Fair value hierarchy*

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
<b>Fair value as at 30 April 2018</b>	<b>6,837,293</b>	<b>5,101,866</b>	<b>1,703,645</b>	<b>31,782</b>
Fair value as at 30 April 2017	6,400,206	4,519,487	1,848,937	31,782

Included with the financial assets classified as Level 2, is a Professional Investor Fund, the price of which started being quoted annually as from October 2014. Observable inputs that may otherwise be a Level 1 input will be rendered Level 2 if the information relates to a market that is not active. Accordingly, this investment was transferred from Level 1 in the fair value hierarchy to Level 2 during the financial year end 2015.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - continued**

The fair value of financial assets classified as Level 3 was determined by reference to the net asset value of Companies. During the year the Company recognised fair value loss of EUR876 (2017: Gain EUR3,717) with respect to financial assets classified as Level 3 in the fair value hierarchy. No dividend income was received during 2018 and 2017 from these investments. There were no movements in the holding of these investments during 2018 and 2017.

b) Acquisition cost:

	2018 EUR	2017 EUR
<b>Local</b>		
Quoted on the Malta Stock Exchange	6,014,432	4,363,512
Unquoted	16,894	16,894
	<u>6,031,326</u>	<u>4,380,406</u>

c) Movement in Fair Value as recorded in the Statement of Comprehensive Income:

	2018 EUR	2017 EUR
<b>Local</b>		
Quoted on the Malta Stock Exchange	(519,230)	303,424
Unquoted	-	-
	<u>(519,230)</u>	<u>303,424</u>

d) Reconciliation of fair value of financial assets at fair value through profit or loss:

	2018 EUR	2017 EUR
At beginning of year	6,400,206	5,405,763
Additions	954,442	645,297
Scrip dividend	1,875	45,722
Maturities and disposals	-	-
(Decrease)/increase in fair value of financial assets	(519,230)	303,424
At end of year	<u>6,837,293</u>	<u>6,400,206</u>

**13. RECEIVABLES**

	2018 EUR	2017 EUR
Ground rent receivables (note i)	44,121	34,497
Dividends receivable	16,956	35,086
Accrued income	8,220	3,743
Other receivables	11,558	20,107
	<u>80,855</u>	<u>93,433</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued**

**13. RECEIVABLES - CONTINUED**

- (i) Ground rents are received annually and are non-interest bearing. Ground rents receivable are past due but not impaired. The ageing analysis is as follows:

Total		Past due but not impaired			
		<1 year	1-2 years	2-5 years	>5 years
<b>2018</b>	<b>44,121</b>	<b>16,558</b>	<b>9,739</b>	<b>6,720</b>	<b>11,104</b>
2017	34,497	17,564	3,531	6,487	6,915

**14. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the Statement of Cash Flows comprise the following Statement of Financial Position amounts:

	2018 EUR	2017 EUR
Cash at bank	<u>198,933</u>	<u>1,125,265</u>

**15. SHARE CAPITAL**

	2018 EUR	2017 EUR
<b>Authorised</b> 8,500,000 (April 2017: 8,500,000) ordinary shares of EUR0.275 (April 2017: EUR0.275) each	<u>2,337,500</u>	<u>2,337,500</u>

<b>Issued, called up and fully paid</b> 6,649,184 (April 2017: 4,432,788) ordinary shares of EUR0.275 (April 2017: EUR0.275) each	<u>1,828,526</u>	<u>1,219,017</u>
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	2018 No. of shares	2017 No. of shares
At beginning of the year	4,432,788	2,014,898
Bonus Issue (note i)	2,216,396	201,496
Effect of share split (note ii)	-	2,216,394
At end of year	<u>6,649,184</u>	<u>4,432,788</u>

- i. During the financial year ended 30 April 2018, the company issued 2,216,396 (2017: 201,496) ordinary shares of EUR0.275 (2017: EUR0.55) by way of a bonus issue resulting in an increase of EUR609,509 (2017: EUR110,823). The bonus issue was approved by shareholders during the AGM held on the 27 October 2017.

- ii. During the financial year ended 30 April 2017, subsequent to the bonus issue, the new total number of shares in issue of 2,216,394 were subject to a share split thereby doubling the number of shares in issue to 4,432,788 fully paid up shares with a nominal value of EUR0.275 per share. Both the bonus issue and the share split have been approved by the shareholders during the AGM held on the 14 October 2016.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**16. RESERVES**

**Share premium**

The share premium account represents the excess over the nominal value of proceeds from the issue of shares in the Company's capital at a value above nominal value. This reserve is not available for distribution.

**Revaluation reserve**

This reserve arises from the revaluation of leasehold property. This reserve is not available for distribution.

**Other reserves**

Other reserves represent unrealised gains on investment properties, and fair value gains on financial assets that are not available for distribution.

**Retained earnings**

In accordance with the Company's articles of association applicable until 9 October 2014, unclaimed dividends shall be forfeited in favour of the Company after the lapse of twelve years. Unclaimed dividends that have been forfeited are being transferred to retained earnings.

**17. DEFERRED TAX LIABILITY**

The liability for deferred taxation for the year is analysed as follows:

	<b>2018</b>	2017
	<b>EUR</b>	EUR
At beginning of the year	<b>438,458</b>	454,162
Charged/(credit) to profit and loss (note 8)	<b>35,146</b>	(15,904)
Charged to other comprehensive income	<b>5,500</b>	200
At end of year	<b>479,104</b>	438,458

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2017: 35%), property tax of 10% or 8% (2017: 10% or 8%) and withholding tax of 15% (2017: 15%). Deferred income tax as at 30 April relates to the following:

	<b>2018</b>	2017
	<b>EUR</b>	EUR
Revaluation of leasehold property	<b>16,500</b>	11,000
Fair value of investment properties	<b>461,371</b>	426,897
Interest receivable	<b>1,233</b>	561
	<b>479,104</b>	438,458



**NOTES TO THE FINANCIAL STATEMENTS – continued**

**18. PAYABLES**

	<b>2018</b>	2017
	<b>EUR</b>	EUR
Ground rent payables (note i)	<b>98,119</b>	82,401
Accruals	<b>27,450</b>	30,099
Other payables (note ii)	<b>59,044</b>	66,033
	<b>184,613</b>	178,533

(i) Ground rents are paid on demand once they are due and are non-interest bearing. Ground rents are settled upon receipt of claim.

(ii) Ground rents payables and other payables are repayable on demand.

**19. NET ASSET VALUE PER SHARE**

The net asset value per share is calculated by dividing the net asset value by the number of ordinary shares in issue. As at 30 April 2018 the net asset value per share stood at EUR1.709 (2017: EUR1.727).

Net asset value per share is computed by dividing the net assets by the average number of shares in issue. Any increase in shares by way of bonus issue is treated as having been in issue for the whole year and included in the NAV calculation of all earlier periods presented.

**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company has various financial assets such as financial assets at fair value through profit and loss, receivables and cash at bank, which arise directly from its operations. The Company's principal financial liabilities are composed of payables.

The Company did not enter into derivative transactions. It is, and has been throughout the year, the Company's policy that no trading in derivatives shall be undertaken.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk (which is composed of foreign exchange currency risk, interest rate risk and equity price risk). The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued**

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily from investments classified as fair value through profit or loss, receivables and deposits with banks.

The Company trades only with recognised and creditworthy third parties. Credit risk relating to financial assets is addressed through careful selection of the issuers of securities bought by the Company. The Company obtains expert technical advice from its stockbrokers and monitors the markets for changes in the credit status of companies in which securities are held.

The maximum exposure to credit risk at the reporting date is the carrying value of bonds as disclosed in notes 12 and each class of financial assets as disclosed in notes 13 and 14. The Directors are of the opinion that these amounts are recoverable in full. Cash at bank are placed with quality financial institutions. Other than ground rents receivable, mentioned in the following paragraph, none of the financial assets are neither past due nor impaired. Therefore, the Company has no significant concentration of credit risk.

No provisions have been made against ground rent receivables since the Company is entitled to enforce these amounts on the basis of contracts on which the property giving rise to the ground rents is available as a security.

The Company's exposure to concentration of risk as at 30 April 2018, arising from financial instruments exceeding 10% of the Net Asset Value of the Company with the same counterparty, amounted to EUR1,703,645 (14.99% of NAV) and EUR2,172,228 (19.11% of NAV). As at 30 April 2017 these exposures amounted to EUR1,848,937 (16.10% of NAV), EUR1,869,456 (16.28% of NAV)

**Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due. The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of its financial liabilities and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of potential borrowing facilities and payables.

**Market risk**

Market risk is the risk that the fair value of financial assets will fluctuate due to changes in the market variables such as exchange rates, interest rates and equity prices.

*Foreign exchange currency risk*

The Company has sterling denominated cash in bank equivalent to EUR1,865 (2017: EUR2,274) and transactional currency exposures arising from its US dollar denominated financial assets at fair value through profit or loss with a carrying amount equivalent EUR147,630 (2017: EUR109,652). The Company monitors movements in the currencies in which these assets are held although they do not significantly affect the Company's Statement of Financial Position.

*Interest rate risk*

The bank overdrafts are subject to rates of interest determined by the banks, which may be revised at the banks' discretion depending on movements in banks' base rates. The Company's favourable bank balances earn interest at rates determined by the banks. In view of the Company's marginal net cash and cash equivalents, the amount of interest rates risk is not considered to be significant.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued**

**Market risk - continued**

*Interest rate risk - continued*

The Company's financial assets are not significantly influenced by changes in interest rates since most holdings are equity and managed funds. A reasonably possible change in interest rates is not expected to have a significant effect on the fair value of fixed interest rate bonds.

*Equity price risk*

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks.

The effect on the Statement of Comprehensive Income (as a result of a change in the fair value of equity instruments held at fair value through profit or loss at year end) due to a reasonably possible change in the Malta Stock Exchange index, with all other variables held constant is as follows:

	Change in equity price %	Effect on profit before tax EUR'000
<b>2018</b>	4/-4	<b>273/-273</b>
2017	4/-4	256/-256

**Fair value measurement**

At 30 April 2018 and 30 April 2017, the carrying amounts of receivables, cash at bank, and payables approximated their fair values. Refer to Notes 10, 11 and 12 for fair value techniques and the following fair value measurement hierarchy of investment property, property plant and equipment, and financial assets at fair value through profit or loss.

**Capital management**

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or process during the year ended 30 April 2018 and 30 April 2017.

**SANTUMAS SHAREHOLDINGS PLC**  
**Annual Financial Statements for the year ended 30 April 2018**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**21. SHAREHOLDINGS**

As at 30 April 2018

**a. Substantial direct interests**

Shareholder	Number of shares	Nominal value of shareholding EUR	Percentage shareholding %
Mercury plc	2,706,468	744,279	40.7
Mr. Anthony P. Demajo	454,368	124,951	6.8
Archdiocese of Malta	438,672	120,635	6.6
Amalgamated Investments Sicav Plc	425,055	116,890	6.4
	<u>4,024,563</u>	<u>1,106,755</u>	<u>60.5</u>

Size of Shareholding	Shareholders number	Shareholders percentage	Shares number	Shares percentage
1 - 500	33	13.25	8,491	0.1
501 - 1,000	23	9.24	16,722	0.3
1,001 - 5,000	100	40.16	258,949	3.9
5,001 and over	93	37.35	6,365,022	95.7
	<u>249</u>	<u>100</u>	<u>6,649,184</u>	<u>100</u>

As at 30 April 2017

**a. Substantial direct interests**

Shareholder	Number of shares	Nominal value of shareholding EUR	Percentage shareholding %
Mercury plc	1,804,312	496,185	40.7
Mr. Anthony P. Demajo	302,912	83,300	6.8
Archdiocese of Malta	292,448	80,423	6.6
Rizzo Farrugia & Co (STK) Ltd obo clients	174,964	48,115	3.9
	<u>2,574,636</u>	<u>708,023</u>	<u>58.1</u>

Size of Shareholding	Shareholders number	Shareholders percentage	Shares number	Shares percentage
1 - 500	41	17.45	9,604	0.2
501 - 1,000	35	14.89	25,510	0.6
1,001 - 5,000	83	35.32	201,034	4.5
5,001 and over	76	32.34	4,196,640	94.7
	<u>235</u>	<u>100</u>	<u>4,432,788</u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**22. RELATED PARTY TRANSACTIONS**

The Directors are considered by the Company to be Key Management Personnel. The Directors' remuneration are disclosed in Note 6 of these financial statements.

**23. CONTINGENT LIABILITY**

The Company has received a notice from the Commissioner of Inland Revenue pursuant to the exemption order of 4 September 2010, in which notice it is allegedly indicated that a tax balance of EUR155,156 (2017: EUR155,156) is due. According to the Company's records, the amount claimed is under dispute in its entirety.

**24. DIVIDENDS**

During the year, the company issued 2,216,396 (2017: 201,496) ordinary shares of EUR0.275 (2017: EUR0.55) by way of a bonus issue, which capitalisation amounted to EUR609,509 (2017: EUR110,823).

**SANTUMAS SHAREHOLDINGS PLC**  
**Supplementary Statements for the year ended 30 April 2018**

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**SUPPLEMENTARY STATEMENTS**

	<b>Statement Number</b>
Operating Account	I
Investments	II
Analysis of Company Portfolio	III
Five Year Statements	IV
Five Year Key Figures and Ratios	V

**OPERATING ACCOUNT**

	<b>2018</b>	2017
	<b>EUR</b>	EUR
<b>INVESTMENT INCOME</b>		
Dividends income	190,727	256,476
Interest income	32,914	29,426
Ground rents	34,822	35,191
Other interest and income	2,073	212,306
Gain on redemption of ground rents	4,640	1,015,868
	<u>265,176</u>	<u>1,549,267</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Salaries and NI contribution	48,115	43,024
Directors' remuneration	22,800	13,115
Malta Stock Exchange fees	13,387	7,605
Advertising and Promotional expenses	3,979	4,111
Telecommunications	1,934	1,640
Water and Electricity	1,261	1,243
Stationery and Postages	1,922	2,008
Insurances	499	498
Professional and Legal fees	19,382	15,157
Auditor's remuneration		
- current year	13,676	13,570
- under-accrual in prior year	-	5,310
Travelling expenses	5,008	5,368
Computer operating and leasing expenses	2,279	2,649
Annual registration fee	1,200	1,200
Sundry expenses	4,930	2,307
Depreciation of property, plant and equipment	5,669	5,455
Differences on exchange	3,667	622
	<u>(149,708)</u>	<u>(124,882)</u>
<b>FINANCE COSTS</b>	<b>(100)</b>	<b>(208)</b>
<b>OPERATING PROFIT</b>	<b>115,368</b>	<b>1,424,177</b>



**INVESTMENTS**

**LOCAL QUOTED**

**Banks**

Bank of Valletta Plc  
HSBC Bank Malta Plc  
FIMBank Plc  
MeDirect Bank Malta Plc

**Investment Funds**

Amalgamated Investments Sicav Plc

**Government**

Malta Government Stocks

**Telecommunications**

Loqus Holdings Plc  
GO Plc

**Breweries and Beverages**

Simonds Farsons Cisk Plc

**Insurance**

Mapfre Middlesea Plc

**Marina Services**

Grand Harbour Marina Plc

**Airlines and Airports**

Malta Int. Airport Plc

**Postal Services**

MaltaPost Plc

**Property Company**

Malta Properties Company Plc  
Trident Estates plc  
Stivala Group Finance Plc

**Oil and Gas**

Medserv Plc

**Retail**

PG Plc

**LOCAL UNQUOTED**

**Investment funds**

The Malta Development Fund Limited

**Insurance**

Citadel Insurance Plc

ANALYSIS OF COMPANY PORTFOLIO

	2018 Market value EUR	2018 % of total NCA	2017 Market value EUR	2017 % of total NCA	2016 Market value EUR	2016 % of total NCA
<b>FINANCIAL ASSETS</b>						
<i>Included under Financial assets at fair value through profit and loss</i>						
Banks	2,590,151	22.32	2,374,912	21.75	1,998,980	20.07
Investment Funds	1,718,955	14.81	1,866,014	17.09	1,704,227	17.11
Government Stocks	335,005	2.89	333,070	3.05	338,835	3.40
Telecommunication Services	430,450	3.71	436,890	4.00	429,898	4.32
Breweries and Beverages	241,725	2.08	267,659	2.45	194,477	1.95
Insurance	299,719	2.58	328,856	3.01	312,441	3.14
Marine Services	11,250	0.10	13,455	0.12	12,600	0.13
Airlines and Airports	411,400	3.54	352,750	3.23	261,000	2.62
Postal Services	90,000	0.78	102,500	0.94	83,214	0.84
Property Company	254,735	2.19	103,400	0.95	70,091	0.70
Retail	272,178	2.34	206,200	0.13	-	-
Oil and Gas	13,750	0.12	14,500	1.88	-	-
<b>Total financial assets</b>	<b>6,669,318</b>	<b>57.46</b>	<b>6,400,206</b>	<b>58.60</b>	<b>5,405,763</b>	<b>54.28</b>
Financial Assets at fair value through profit and loss had been classified into current and non-current assets, based on maturity date. Those financial assets classified as current assets amounting to EUR167,975 (2017: Nil) all relate to banking sector.						
<b>PROPERTY</b>						
<i>Included under Investment Properties and Property, plant and equipment</i>						
Development land	2,563,700	22.09	2,322,500	21.27	2,034,600	20.43
Land	585,400	5.04	466,500	4.27	458,200	4.60
Leasehold properties	68,000	0.59	65,000	0.60	58,600	0.59
Ground rents	1,555,614	13.40	1,557,034	14.26	1,895,652	19.03
Office	165,000	1.42	110,000	1.00	108,000	1.08
<b>Total property</b>	<b>4,937,714</b>	<b>42.54</b>	<b>4,521,034</b>	<b>41.40</b>	<b>4,555,052</b>	<b>45.73</b>
<b>TOTAL PORTFOLIO</b>	<b>11,607,032</b>	<b>100</b>	<b>10,921,240</b>	<b>100</b>	<b>9,960,815</b>	<b>100</b>

	2018 % of total financial assets	2017 % of total financial assets	2016 % of total financial assets
<b>GEOGRAPHICAL DISTRIBUTION OF FINANCIAL ASSETS</b>			
Malta	100.00	100.00	100.00

**FIVE YEAR STATEMENTS  
 FOR THE YEARS ENDED 30 APRIL 2014 TO 30 April 2018**

**INCOME STATEMENTS**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Investments and similar income</b>	<b>265,176</b>	1,549,267	406,452	379,202	360,650
Profit/(loss) before taxation	<b>(82,597)</b>	1,830,546	2,374,028	515,545	714,569
Taxation	<b>(91,261)</b>	(243,155)	(250,296)	(70,543)	(145,815)
<b>Profit/(loss) for the year</b>	<b>(173,858)</b>	1,587,391	2,123,732	445,002	568,754

**STATEMENTS OF FINANCIAL POSITION**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Non-current assets</b>					
Investment properties	<b>4,772,714</b>	4,411,034	4,447,052	3,090,592	3,097,200
Property, plant and equipment	<b>165,000</b>	110,000	108,000	91,130	95,800
Financial assets at fair value through profit and loss	<b>6,669,318</b>	6,400,206	5,405,763	4,404,832	3,918,368
	<b>11,607,032</b>	10,921,240	9,960,815	7,586,554	7,111,368
<b>Current assets</b>					
Financial assets at fair value through profit and loss	<b>167,975</b>	-	-	-	-
Other current assets	<b>279,788</b>	1,218,698	576,194	657,151	743,094
	<b>447,763</b>	1,218,698	576,194	657,151	743,094
Current liabilities	<b>(209,840)</b>	(216,940)	(193,026)	(175,208)	(193,046)
<b>Net current assets</b>	<b>237,923</b>	1,001,758	383,168	481,943	550,048
Non-current liabilities	<b>(479,104)</b>	(438,458)	(454,162)	(322,842)	(362,418)
<b>Total equity</b>	<b>11,365,851</b>	11,484,540	9,889,821	7,745,655	7,298,998

**FIVE YEAR KEY FIGURES AND RATIOS  
FOR THE YEARS ENDED 30 APRIL 2014 TO 30 APRIL 2018**

**KEY FIGURES AND RATIOS**

	2018	2017	2016	2015	2014
Number of shares in issue <sup>1</sup>	<b>6,649,184</b>	4,432,788	2,014,898	1,831,716	1,665,176
(Loss)/Earnings per share (cents) <sup>2</sup>	<b>(0.026)</b>	0.24	0.32	0.07	0.09
Return on capital employed (%) <sup>3</sup>	<b>(1.53)</b>	13.82	21.47	5.75	7.79
Dividend cover (times) <sup>4</sup>	-	-	-	-	-
Net asset value per share (EUR) <sup>5</sup>	<b>1.709</b>	1.727	1.487	1.165	1.098

**Notes**

- 1 Actual number of shares in issue.
- 2 Earnings per share is computed by dividing the profit/(loss) for the year by the average shares in issue. Any increase in shares by way of bonus issue is treated as having been in issue for the whole year and included in the EPS calculation of all earlier periods presented.
- 3 Return on capital employed is calculated by dividing the profit/(loss) for the year by the shareholders' funds at the end of the year.
- 4 Dividend cover is calculated by dividing the profit/(loss) for the year by the gross dividends for the year.
- 5 Net asset value per share is computed by dividing the net assets by the average number of shares in issue. Any increase in shares by way of bonus issue is treated as having been in issue for the whole year and included in the NAV calculation of all earlier periods presented.