

**EDEN LEISURE GROUP LIMITED**

**FINANCIAL STATEMENTS**

*FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2012*

**Company No. C- 4529**

# EDEN LEISURE GROUP LIMITED

## CONTENTS

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	<b>PAGE</b>
Report of the directors	1 to 3
Independent auditors' report	4 to 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 to 35

# EDEN LEISURE GROUP LIMITED

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2012

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**Directors:-** Mr. Ian De Cesare (Chairman of the Board)  
Mr. Kevin De Cesare (Managing Director)  
Mr. Simon De Cesare (Executive Director)  
Mr. David Vella (Executive Director)

**Bankers:-** HSBC Bank Malta p.l.c.,  
Commercial Branch,  
Republic Street,  
Valletta.

Lombard Bank Malta p.l.c.,  
67 Republic Street,  
Valletta.

**Registered office:-** Eden Place,  
St. Augustine Street,  
St. George's Bay,  
St. Julians.

**Auditors:-** Vincent Curmi & Associates,  
Finance House,  
Princess Elizabeth Street,  
Ta' Xbiex.

The directors present their report together with the audited financial statements of the Group and the Company for the year ending 31<sup>st</sup> December 2012.

### Principal activities

The Group is Malta's leading operator in the Leisure and Hospitality industry. The establishments operated by the Group include Eden Cinemas, Eden SuperBowl, Cynergi Health & Fitness Club, 89.7 Bay (Radio), Bay Arena and the Eden Car Park. The Group owns the largest five star property, InterContinental Malta, which is operated by InterContinental Hotel Group.

### Review of the business

In 2012, the Group continued to see growth in its EBITDA achieving a 13% increase over 2011 from €5.47m to €6.2m. Overall, results have improved in both the Entertainment and the Hospitality portfolios resulting in Group turnover of €25m, an increase of 9% over the previous period.

The entertainment segment of the portfolio saw a modest increase in EBITDA of 2% driven by significant improvements in profitability in our health and fitness club, Cynergi, and our Radio station, 89.7 Bay, over the previous year. These increases were levelled off by drops in the Arena, Car Park and Cinema while the Eden SuperBowl remained on par with the previous year.

The hotel's growth continued in 2012 winning more market share across the sector. Both occupancy as well as average rate continued to increase at a faster rate than that of the average 5 star sector in Malta resulting in a very successful year. EBITDA increased by 19% on 2011 which itself was 33% higher than in the previous year. 2013 is expected to see continued growth through consolidation of its position in the 5 star market and through improvements in the average rate.

The Group's portfolio of properties has been revaluated by an external independent architect who reported his findings to the board on 26<sup>th</sup> November 2012. The revaluation of the Group's properties increased the asset value by €11.4m after the provision for deferred tax.

# **EDEN LEISURE GROUP LIMITED**

## **REPORT OF THE DIRECTORS**

*FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2012*

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### **Review of the business (continued)**

The Group has continued to invest in planned capital expenditure to improve its facilities and will continue to do so throughout 2013. In the year in question the group invested some €1.1 million in ongoing capital projects including the refurbishment of the remaining hotel rooms and other capital improvement projects as well as energy efficiency related projects including a 51kW PV installation on the roof of the SuperBowl which was partly funded by EU ERDF funds.

In 2012 the Group bought back and cancelled €369,000 of Eden Finance Bonds as part of its sinking fund obligations.

The Board of Directors remains confident that the group will continue to show growth and development in line with the economic environment the group operates in.

### **Dividends**

A net interim dividend of €200,000 in respect of the year ended 31<sup>st</sup> December 2012 was announced on 31<sup>st</sup> December 2012, and paid to the ordinary shareholders on the same date. These interim dividends were paid out of taxed profits.

Net dividends to the ordinary shareholders paid during the year ended 31<sup>st</sup> December 2012 amounted to €400,000 (2011: nil), €200,000 of which related to the final dividend in respect of the year ended 31<sup>st</sup> December 2011.

### **Results**

The statement of comprehensive income is set out on page 6.

### **Directors**

The directors in office during the year and after year end are listed on page 1. The directors shall continue in office in accordance with the Company's Memorandum and Articles of Association.

### **Post balance sheet events**

There were no particular important events affecting the company which occurred since the end of the accounting period.

### **Future developments**

The directors intend to continue to operate in line with their current business plan.

# EDEN LEISURE GROUP LIMITED

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2012

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### Directors' responsibilities

The directors are required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Group and of the Company at the end of each financial year and of the profit or loss for the year then ended.

In preparing the financial statements, the directors should:-

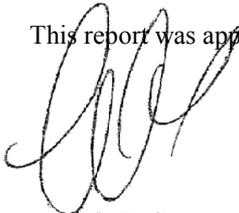
- adopt the going concern basis unless it is inappropriate to presume that the company will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting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

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386), enacted in Malta. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation 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 Group and of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

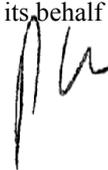
### AUDITORS

A resolution to reappoint Vincent Curmi & Associates as auditors of the company will be proposed at the forthcoming annual general meeting.

This report was approved by the board of directors on the 30<sup>th</sup> April 2013 and signed on its behalf by:



Mr. Ian DeCesare  
**Chairman of the Board**



Mr. Kevin DeCesare  
**Managing Director**



## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EDEN LEISURE GROUP LIMITED**

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We have audited the accompanying financial statements of the Eden Leisure Group Limited on pages 6 to 35, which comprise the Group's and the Company's statement of financial position as at 31 December 2012, and the statement of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Directors' responsibility for the financial statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Companies Act (Chap. 386), enacted in Malta and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

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

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

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

⌘ Vincent Curmi & Associates Certified Public Accountants  
⌘ Finance House, First Floor, Princess Elizabeth Street, Ta' Xbiex, XBX 1102, Malta.  
⌘ Tel: (+356) 21 333 680 ⌘ Fax: (+356) 21 335 679 ⌘ E-mail: info@vca.com.mt  
⌘ VAT Reg. Number: MT 11745614

⌘ The firm is registered as a partnership of Certified Public Accountants in terms of the Accountancy Profession Act  
⌘ A list of partners of the firm is available at Finance House, First Floor, Princess Elizabeth Street, Ta' Xbiex, Malta.



## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EDEN LEISURE GROUP LIMITED**

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### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012, 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, and have been properly prepared in accordance with the Companies Act (Chap. 386), enacted in Malta.

### **Report and other legal and regulatory requirements**

We are also responsible under the Companies Act (Chap. 386), enacted in Malta to report to you if, in our opinion:

- The information given in the directors' report is not consistent with the financial statements.
- 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 required for the audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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

**MICHAEL CURMI**

**VINCENT CURMI & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

Finance House, First Floor, Princess Elizabeth Street, Ta' Xbiex, XBX 1102

30<sup>th</sup> April 2013

⊗ Vincent Curmi & Associates Certified Public Accountants  
⊗ Finance House, First Floor, Princess Elizabeth Street, Ta' Xbiex, XBX 1102, Malta.  
⊗ Tel: (+356) 21 333 680 ⊗ Fax: (+356) 21 335 679 ⊗ E-mail: info@vca.com.mt  
⊗ VAT Reg. Number: MT 11745614

⊗ The firm is registered as a partnership of Certified Public Accountants in terms of the Accountancy Profession Act  
⊗ A list of partners of the firm is available at Finance House, First Floor, Princess Elizabeth Street, Ta' Xbiex, Malta.

# EDEN LEISURE GROUP LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2012

	Notes	Group		Company	
		2012 €	2011 €	2012 €	2011 €
<b>Revenue</b>	4	<b>24,987,965</b>	23,018,998	<b>7,048,680</b>	7,048,428
<b>Costs</b>					
Direct costs		(11,286,328)	(10,621,965)	(103,597)	(84,748)
Other operating expenses		(4,928,885)	(4,690,185)	(96,153)	(89,702)
		<b>(16,215,213)</b>	(15,312,150)	<b>(199,750)</b>	(174,450)
Other operating income	5	<b>141,541</b>	187,093	<b>175,757</b>	215,550
<b>Gross profit</b>		<b>8,914,293</b>	7,893,941	<b>7,024,687</b>	7,089,528
Administrative expenses		(2,711,485)	(2,420,215)	(221,632)	(166,411)
Depreciation and amortisation		(2,646,213)	(2,511,628)	(2,526,763)	(2,389,838)
<b>Operating profit</b>		<b>3,556,595</b>	2,962,098	<b>4,276,292</b>	4,533,279
Share of losses in associated undertakings		(505)	(4,911)	-	-
Loss on financial instruments designated at fair value through profit or loss		(238,413)	(302,359)	(238,413)	(302,359)
Finance costs	6	(2,283,872)	(2,492,703)	(2,280,805)	(2,464,422)
Loss on sale of fixed assets		(96,104)	(33,781)	(96,104)	(33,781)
Profit on local quoted investments		16,285	3,258	16,285	3,258
Loss on acquisition of subsidiaries		-	(5,446)	-	-
		<b>(2,602,609)</b>	(2,835,942)	<b>(2,599,037)</b>	(2,797,304)
<b>Profit before taxation</b>	7	<b>953,986</b>	126,156	<b>1,677,255</b>	1,735,975
<b>Tax expense</b>	9	<b>(721,017)</b>	(226,719)	<b>(954,010)</b>	(707,872)
<b>Profit/(Loss) for the year</b>		<b>232,969</b>	(100,563)	<b>723,245</b>	1,028,103
<b>Other comprehensive income</b>					
Revaluation surplus net of deferred tax	21	11,446,847	-	10,118,015	-
<b>Other comprehensive income for the year, net of tax</b>		<b>11,446,847</b>	-	<b>10,118,015</b>	-
<b>Total comprehensive income for the year</b>		<b>11,679,816</b>	(100,563)	<b>10,841,260</b>	1,028,103
<b>Attributable to:</b>					
Equity holders of the company		<b>11,679,816</b>	(100,563)	<b>10,841,260</b>	1,028,103

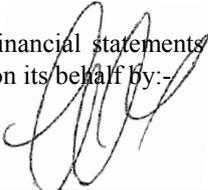
# EDEN LEISURE GROUP LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31<sup>ST</sup> DECEMBER 2012

	Notes	Group		Company	
		2012 €	2011 €	2012 €	2011 €
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	10	16,380	18,720	16,380	-
Property, plant and equipment	11	90,052,800	79,012,555	84,071,885	74,483,534
Investment property	12	2,610,761	2,544,328	2,610,761	2,544,328
Investment in group undertaking	13	-	-	2,575,110	2,578,110
Investment in associated undertakings	13	722,249	722,754	575,048	575,048
Financial assets at fair value through profit or loss	13	265,881	478,900	265,881	478,900
		<u>93,668,071</u>	<u>82,777,257</u>	<u>90,115,065</u>	<u>80,659,920</u>
<b>Current assets</b>					
Inventories	14	1,101,234	1,068,241	941,608	894,343
Trade and other receivables	15	3,597,006	3,275,918	3,852,240	3,008,902
Financial assets at fair value through profit or loss	13	822,105	-	822,105	-
Cash at bank and in hand		1,155,779	891,753	24,943	43,251
		<u>6,676,124</u>	<u>5,235,912</u>	<u>5,640,896</u>	<u>3,946,496</u>
<b>Total Assets</b>		<u><u>100,344,195</u></u>	<u><u>88,013,169</u></u>	<u><u>95,755,961</u></u>	<u><u>84,606,416</u></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Called up issued share capital	20	26,000,000	26,000,000	26,000,000	26,000,000
Revaluation reserve	21	16,914,408	5,658,497	15,292,700	5,365,621
Fair value gains reserve		396,236	396,236	396,236	396,236
Retained earnings		(535,767)	(559,672)	8,447,045	7,946,087
		<u>42,774,877</u>	<u>31,495,061</u>	<u>50,135,981</u>	<u>39,707,944</u>
<b>Non-current liabilities</b>					
Trade and other payables	18	750,666	305,223	17,873	25,223
Interest-bearing borrowings	19	33,763,281	36,221,307	32,911,327	35,358,919
Deferred tax liabilities	16	6,609,587	4,669,805	6,981,776	4,543,145
		<u>41,123,534</u>	<u>41,196,335</u>	<u>39,910,976</u>	<u>39,927,287</u>
<b>Current liabilities</b>					
Financial liabilities at fair value through profit or loss	17	1,115,474	877,061	1,115,474	877,061
Trade and other payables	18	9,456,598	9,010,022	1,797,830	1,515,144
Interest-bearing borrowings	19	5,873,712	5,434,690	2,795,700	2,578,980
		<u>16,445,784</u>	<u>15,321,773</u>	<u>5,709,004</u>	<u>4,971,185</u>
<b>Total Liabilities</b>		<u><u>57,569,318</u></u>	<u><u>56,518,108</u></u>	<u><u>45,619,980</u></u>	<u><u>44,898,472</u></u>
<b>Total Equity and Liabilities</b>		<u><u>100,344,195</u></u>	<u><u>88,013,169</u></u>	<u><u>95,755,961</u></u>	<u><u>84,606,416</u></u>

These financial statements were approved and authorised for issue by the Board of Directors on the 30<sup>th</sup> April 2013 and signed on its behalf by:

  
Mr. Ian De Cesare - *Chairman*

  
Mr. Kevin De Cesare - *Managing Director*

# EDEN LEISURE GROUP LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2012

### Group

	Share capital	Revaluation reserve	Unrealised fair value gains reserve	Retained earnings	Total
	€	€	€	€	€
<b>Balance at 1<sup>st</sup> January 2011</b>	<b>26,000,000</b>	<b>5,849,433</b>	<b>396,236</b>	<b>(650,045)</b>	<b>31,595,624</b>
Loss for the year	-	-	-	(100,563)	(100,563)
Difference between historical depreciation charge and actual depreciation for the year calculated on a revalued amount	-	(190,936)	-	190,936	-
<b>Balance at 31<sup>st</sup> December 2011</b>	<b>26,000,000</b>	<b>5,658,497</b>	<b>396,236</b>	<b>(559,672)</b>	<b>31,495,061</b>
Profit for the year	-	-	-	232,969	232,969
Revaluation surplus net of deferred tax	-	11,446,847	-	-	11,446,847
Difference between historical depreciation charge and actual depreciation for the year calculated on a revalued amount	-	(190,936)	-	190,936	-
Dividends	-	-	-	(400,000)	(400,000)
<b>Balance at 31<sup>st</sup> December 2012</b>	<b>26,000,000</b>	<b>16,914,408</b>	<b>396,236</b>	<b>(535,767)</b>	<b>42,774,877</b>

### Company

	Share capital	Revaluation reserve	Unrealised fair value gains reserve	Retained earnings	Total
	€	€	€	€	€
<b>Balance at 1<sup>st</sup> January 2011</b>	<b>26,000,000</b>	<b>5,556,557</b>	<b>396,236</b>	<b>6,727,048</b>	<b>38,679,841</b>
Profit for the year	-	-	-	1,028,103	1,028,103
Difference between historical depreciation charge and actual depreciation for the year calculated on a revalued amount	-	(190,936)	-	190,936	-
<b>Balance at 31<sup>st</sup> December 2011</b>	<b>26,000,000</b>	<b>5,365,621</b>	<b>396,236</b>	<b>7,946,087</b>	<b>39,707,944</b>
Profit for the year	-	-	-	723,245	723,245
Revaluation surplus net of deferred tax	-	10,118,015	-	-	10,118,015
Difference between historical depreciation charge and actual depreciation for the year calculated on a revalued amount	-	(190,936)	-	190,936	-
Losses acquired on merger	-	-	-	(13,223)	(13,223)
Dividends	-	-	-	(400,000)	(400,000)
<b>Balance at 31<sup>st</sup> December 2012</b>	<b>26,000,000</b>	<b>15,292,700</b>	<b>396,236</b>	<b>8,447,045</b>	<b>50,135,981</b>

# EDEN LEISURE GROUP LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2012

	Note	Group		Company	
		2012 €	2011 €	2012 €	2011 €
<b>Cashflow from operating activities</b>					
Profit before taxation		953,986	126,156	1,677,255	1,735,975
Adjustments for:					
Depreciation and amortisation		2,646,213	2,511,628	2,526,763	2,389,838
Finance costs		2,283,872	2,492,703	2,280,805	2,464,422
Loss on sale of fixed assets		96,104	33,781	96,104	33,781
Profit on disposal of local quoted investments		(180)	-	(180)	-
Fair value movement in financial instruments		238,413	302,359	238,413	302,359
Losses on acquisition of subsidiaries		-	5,446	-	-
Decrease in provision for doubtful debts		(6,788)	-	-	-
Amortisation of finance issue costs		41,410	41,410	41,410	41,410
Movement in share of assets in associates		505	4,911		
<i>Operating profit before working capital changes</i>		<u>6,253,535</u>	<u>5,518,394</u>	<u>6,860,570</u>	<u>6,967,785</u>
Movement in stocks		(32,993)	28,688	(47,265)	24,932
Movement in receivables / group company balances		(314,300)	(370,772)	(872,284)	(103,665)
Movement in payables		28,136	(1,507,250)	735,928	(1,890,846)
<i>Cash generated from operations</i>		<u>5,934,378</u>	<u>3,669,060</u>	<u>6,676,949</u>	<u>4,998,206</u>
Interest paid		(2,213,585)	(2,417,535)	(2,233,026)	(2,388,312)
<i>Net cash flows from operating activities</i>		<u>3,720,793</u>	<u>1,251,525</u>	<u>4,443,923</u>	<u>2,609,894</u>
<b>Cashflow from investing activities</b>					
Payments to acquire tangible fixed assets		(1,181,043)	(663,229)	(1,181,043)	(663,229)
Payments to acquire local quoted investments		(155,801)	-	(155,801)	-
Payments to acquire shares in subsidiaries		-	-	-	(3,000)
Disposal of bonds		369,000	-	369,000	-
<i>Net cash flows used in investing activities</i>		<u>(967,844)</u>	<u>(663,229)</u>	<u>(967,844)</u>	<u>(666,229)</u>
<b>Cashflow from financing activities</b>					
Movement of short and long term borrowings		(2,264,000)	(2,354,637)	(2,120,002)	(2,181,913)
Other long term loans		-	-	-	-
Dividends		(400,000)	-	(400,000)	-
Cancellation of bonds / Repayment of related party loan		(369,000)	-	(369,000)	-
Receipts from distributor agreement		793,596	350,000	-	-
<i>Net cash flows used in financing activities</i>		<u>(2,239,404)</u>	<u>(2,004,637)</u>	<u>(2,889,002)</u>	<u>(2,181,913)</u>
<b>Net movement in cash and cash equivalents</b>		<u>513,545</u>	<u>(1,416,341)</u>	<u>587,077</u>	<u>(238,248)</u>
Cash and cash equivalents at the beginning of the year		(2,209,630)	(793,289)	(424,384)	(186,136)
Cash and cash equivalents at the end of the year	23	<u>(1,696,085)</u>	<u>(2,209,630)</u>	<u>162,693</u>	<u>(424,384)</u>

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Basis of preparation

The financial statements of the Company and the consolidated financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the requirements of the Companies Act, (Chap. 386), enacted in Malta.

These financial statements have been prepared under the historical cost convention as modified by the fair valuation of the non-current asset categories of property, plant and equipment and investment property.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) as adopted by the EU requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The entertainment business showed a marginal improvement of 2% in EBITDA in 2012 through a mix of increases and decreases in the various business units. Cynergi Health and Fitness Club was the best overall performer in terms of growth in profitability increasing its GOP by 181% year on year.

The hospitality operation remained the largest contributor of the group business contributing 69% of EBITDA for the year and improving its revenue by 10% and EBITDA by 19% to €4.3m (2011 €3.56m). The year saw a continued positive tourism trend with increases in incoming tourists and significant increases in length of stay.

2013 is continuing on the positive trend and growth is expected in both revenue and EBITDA. A growing presence in direct, online business as well as success in the MICE sector is the main sources of improvement both in 2012 but more relevantly, in 2013.

The directors are currently looking at investments in the group that will increase its competitiveness in the market place as well as to consolidating itself in our respective markets. Cost consciousness is still essential however the customer experience is paramount. Diversifying its food and beverage options remains a key objective within the hotel as well as exploiting any areas within the group as rental opportunities.

Borrowing arrangements made with the lenders of Eden Leisure Group Limited, namely HSBC Bank (Malta) p.l.c. and Lombard Bank Malta p.l.c are in place and all obligations to date have been met. Financing requirements have been set up until 2020 when the bond is expected to be fully paid back.

In 2012 the Group bought back and cancelled €369,000 of Eden Finance Bonds as part of its sinking fund obligations and expects to continue the process of setting aside assets to eventually be in a position to redeem 50% of the outstanding €15million bond in 2020 or earlier as per the prospectus.

The directors are satisfied that the Group has sufficient funds in order to meet its commitments in the foreseeable future and it is therefore appropriate to continue to adopt the going concern assumption in the preparation of these financial statements. These financial statements do not include any adjustments should the above strategies not materialise.

#### ***Standards, interpretations and amendments to published standards effective in 2012***

In 2012, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2012. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the company's accounting policies.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1<sup>st</sup> January 2013. The Group has not early adopted these revisions to the requirements of IFRS's as adopted by the EU and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. Principal accounting policies

A summary of the more important accounting policies, which have been applied consistently, is set out below:-

#### ***Basis of consolidation***

##### (i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The Group financial statements include the financial statements of the parent Company and all its subsidiaries. The results of the subsidiaries acquired or disposed of during the period are included in the Group statement of comprehensive income from the date of their acquisition or up to date of their disposal.

##### (ii) Associated undertakings

An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's share of profits of associated undertakings is included in the Group statement of comprehensive income, whilst the Group's share of post acquisition reserves is added to the cost of the investments in the Group statement of financial position. The Group's share of losses in associated undertakings is only included in the Group's financial statements up to the par value of the shares held by the investing Company in the associated undertakings. The financial results of associated undertakings are taken from the latest audited financial statements.

##### (iii) Jointly controlled entities

A joint venture is a contractual arrangement whereby the company and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating decisions relating to the activities require the unanimous consent of the parties sharing control. Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group's share of profits of the jointly controlled entity is included in the Group statement of comprehensive income, whilst the Group's share of post acquisition reserves is added to the cost of the investments in the Group statement of financial position. The Group's share of losses in jointly controlled entities is only included in the Group's financial statements up to the par value of the shares held by the investing Company in the jointly controlled entity. The financial results of jointly controlled entities are taken from the latest audited financial statements.

##### (iv) Eliminations on consolidation

Intra-group balances and transactions, and any unrealised gains arising from the intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise, against the investment in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### ***Intangible assets***

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### ***Property, plant & equipment***

Property, plant and equipment are initially recorded at cost and subsequently, property is stated at market value, based on valuations by external independent valuers, less depreciation. Valuations are carried out at regular intervals, unless the directors consider it appropriate to have an earlier revaluation, such that the carrying amount of property does not defer materially from that which would be determined using fair values at the end of the reporting period. Plant and equipment are stated at historical cost less depreciation. Assets in the course of construction are not depreciated.

Costs include expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Increases in the carrying amount arising on revaluation are credited to the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the income statement) and depreciation based on the assets original costs, net of any related deferred taxes is transferred from the revaluation reserve to retained earnings.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of a revalued asset, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

Depreciation is provided on the straight line method at rates intended to write down the cost of the assets over their expected useful lives. The annual rates used are:

Freehold buildings	2%
Motor vehicles	20%
Furniture, fixtures and fittings	10%
Computer equipment	25%
Equipment	7%-20%
Other fixed assets	7%

### ***Investment property***

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises freehold and leasehold land and buildings, and land and buildings held under long term operating leases.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discontinued cash flow projections.

These valuations are reviewed periodically by the Group directors.

The fair value of investment property reflects, among other factors, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit loss account during the financial period in which they are incurred. Changes in fair values are recorded in the income statement.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### ***Investment property (continued)***

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and is stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

An item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

### ***Financial instruments***

Financial assets and financial liabilities are recognized when the company becomes a party to contractual provisions of the instrument. Financial assets and financial liabilities are initially recognized at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognized when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### ***(i) Investments***

Financial assets are classified into the following specified categories: financial assets are as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company classifies its financial assets at (FVTPL) as they are principally acquired for the purpose of selling in the near future.

Financial assets at (FVTPL) are stated at fair value, with any resultant gain or loss recognised in the profit and loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

### ***(ii) Derivative financial instruments***

Derivative financial instruments are initially recognised and subsequently measured at fair value. Fair values are obtained from discounted cash flow models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The Group designates interest rate swaps as hedges of the exposure to variability in interest rate movements which arise on bank borrowings. Changes in the fair value of interest rate swaps that are designated and qualify as fair value hedging instruments, are recognised in profit or loss.

### ***(iii) Trade and other receivables***

Trade receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### ***(iv) Trade and other payables***

Trade payables are classified with current liabilities and are stated at their nominal value.

### ***(v) Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method, unless the effect of discounting is immaterial.

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

### ***(vi) Ordinary shares issued by the company***

Ordinary shares issued by the company are classified as equity instruments.

### ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method and comprises expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business.

### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position.

### ***Provisions***

Provisions are recognized when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognized for future operating losses.

### ***Impairment***

All assets are tested for impairment. At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated. Impairment losses are recognized immediately in the income statement.

An impairment loss recognized in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Impairment reversals are recognized immediately in the income statement.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### ***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax and discounts where applicable. Revenue is recognized to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

- Sales from operations of the hotel and entertainment establishments are recognised upon the performance of services and supply of goods, net of sales taxes and discounts.
- Sales of property are recognised when the significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer.
- Rental income relating to operating leases is recognised as it accrues, unless collectability is in doubt.

### ***Borrowing costs***

Borrowing costs are capitalised within tangible fixed assets in so far as they relate to the specific external financing of assets under development. Such borrowing costs are capitalised up to the time that the assets are bought into use. Other borrowing costs are recognised as an expense in the year to which they relate.

### ***Operating leases***

(i) Where a Group Company is a lessee

Leases of assets were a significant portion of the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

(ii) Where a Group Company is a lessor

Assets leased out under operating leases are included in investment property in the balance sheet. These assets are fair valued annually on a basis consistent with similarly owned investment property.

### ***Taxation***

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the current and deferred tax is also dealt with in equity.

The charge/credit for current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Under this method the group is required to make a provision for deferred income taxes on the revaluation of certain fixed assets. Such deferred tax is charged or credited directly to the revaluation reserve. Deferred income tax on the difference between the actual depreciation on the property and the equivalent depreciation based on the historical cost of the property is realised through the income statement.

Under this method the group is required to make a provision for deferred income taxes of the fair valuation of investment property.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, including deferred tax assets for the carry forward of unused tax losses and unused tax credits, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences (or the unused tax losses and unused tax credits) can be utilised to the period when the asset is realised or the liability is settled based on the tax rates that have been enacted by the balance sheet date. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to settle its current tax assets and liabilities on a net basis.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### *Currency translation*

The financial statements of the company are presented in its functional currency, the Euro, being the currency of the primary economic environment in which the company operates. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period.

### *Segment reporting*

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segmental reporting is restricted when it is considered arbitrary or difficult to segment an entities assets and liabilities.

### *Related parties*

Related parties are those persons or bodies of persons having relationships with the company as defined in International Accounting Standard No. 24.

### *Dividends*

Dividend distribution to the holders of equity instruments is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

## **3. Critical accounting estimates and judgements**

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

In the opinion of the company's directors, except as follows, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS1 (revised).

### Fair value of property, plant and equipment

Determining the fair value of property, plant and equipment requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of property, plant and equipment of the Group at the end of the reporting period was €90,052,800.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 4. Business segments

For management purposes the Group is organised in two operating divisions – hospitality, entertainment and other related operations. These divisions are the basis of which the Group reports its primary segment information.

2012	Entertainment & other related operations €	Hospitality operations €	Total €
Revenue	7,392,616	18,018,523	25,411,139
Less inter-segmental sales	(413,862)	(9,312)	(423,174)
	<u>6,978,754</u>	<u>18,009,211</u>	<u>24,987,965</u>
<b>Segment results from operations</b>	<b>1,946,431</b>	<b>4,256,377</b>	<b>6,202,808</b>
Depreciation and amortisation	(818,140)	(1,828,073)	(2,646,213)
Share of losses of associates			(505)
Loss on financial instruments designated at fair value through profit or loss			(238,413)
Finance costs			(2,283,872)
Sale of non current assets			(96,104)
Profit on local quoted investments			16,285
<b>Profit before taxation</b>			<b>953,986</b>
Tax expense			(721,017)
<b>Profit for the year</b>			<b>232,969</b>
<b>Other comprehensive income</b>			
Revaluation surplus	1,809,579	9,637,268	11,446,847
<b>Total comprehensive income for the year</b>			<b>11,679,816</b>
Segment assets	31,585,525	65,059,923	96,645,448
Unallocated assets			3,698,747
<b>Total assets</b>			<b>100,344,195</b>
Segment liabilities	5,537,681	8,343,552	13,881,233
Unallocated liabilities			43,688,085
<b>Total liabilities</b>			<b>57,569,318</b>

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 4. Business segments (continued)

2011	Entertainment & other related operations €	Hospitality operations €	Total €
Revenue	7,150,582	16,319,524	23,470,106
Less inter-segmental sales	(444,702)	(6,406)	(451,108)
	<u>6,705,880</u>	<u>16,313,118</u>	<u>23,018,998</u>
<b>Segment results from operations</b>	<b>1,908,838</b>	<b>3,564,888</b>	<b>5,473,726</b>
Depreciation and amortisation	(762,812)	(1,748,816)	(2,511,628)
Share of losses of associates			(4,911)
Loss on financial instruments designated at fair value through profit or loss			(302,359)
Finance costs			(2,492,703)
Sale of non current assets			(33,781)
Profit on local quoted investments			3,258
Loss on acquisition of subsidiaries			(5,446)
<b>Profit before taxation</b>			<b>126,156</b>
Tax expense			(226,719)
<b>Loss for the year</b>			<b>(100,563)</b>
Segment assets	29,297,586	55,692,355	84,989,941
Unallocated assets			3,023,228
<b>Total assets</b>			<b>88,013,169</b>
Segment liabilities	5,023,939	7,392,689	12,416,628
Unallocated liabilities			44,101,480
<b>Total liabilities</b>			<b>56,518,108</b>

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

5. Other operating income	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Operating fees	135,756	182,611	135,756	182,611
Interest receivable	5,785	4,482	40,001	32,939
	<u>141,541</u>	<u>187,093</u>	<u>175,757</u>	<u>215,550</u>

6. Finance costs	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Interest on bank overdraft and borrowings	1,283,164	1,489,487	1,186,417	1,372,749
Interest on other loans	959,105	961,543	1,052,785	1,050,000
Borrowing transaction costs	41,603	41,673	41,603	41,673
	<u>2,283,872</u>	<u>2,492,703</u>	<u>2,280,805</u>	<u>2,464,422</u>

7. Profit before taxation	Group		Company	
	2012 €	2011 €	2012 €	2011 €
This is stated after charging:				
Directors' remuneration	341,568	337,105	328,526	328,719
Difference on exchange	(18,598)	(12,874)	-	-
Provision for doubtful debts	(6,788)	14,459	-	-
	<u></u>	<u></u>	<u></u>	<u></u>

Profit before tax for the Group is also stated after charging the following fees in relation to services provided by the external auditors of the Group.

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Total remuneration payable to the company's auditors for:				
- the audit of the Group's financial statements	29,056	30,656	8,153	8,153
- tax compliance and other non-assurance services	5,400	6,200	2,250	2,250
	<u>34,456</u>	<u>36,856</u>	<u>10,403</u>	<u>10,403</u>

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Staff costs and employee information

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Wages and salaries	7,140,323	6,613,910	1,772,053	1,692,084
Taxes and other benefits	810,691	803,016	107,807	94,820
	<u>7,951,014</u>	<u>7,416,926</u>	<u>1,879,860</u>	<u>1,786,904</u>
Recharged to subsidiaries	-	-	(1,879,860)	(1,786,904)
	<u>7,951,014</u>	<u>7,416,926</u>	<u>-</u>	<u>-</u>

The average weekly number of full time equivalents including directors employed by the Company during the year was:

	Group		Company	
	2012 Number	2011 Number	2012 Number	2011 Number
Administrative	55	53	17	16
Operational	383	371	85	85
	<u>438</u>	<u>424</u>	<u>102</u>	<u>101</u>

### 9. Tax expense

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
<b>Group undertakings:</b>				
Deferred tax charge	721,017	226,719	954,010	707,872
Tax charge	-	-	-	-
	<u>721,017</u>	<u>226,719</u>	<u>954,010</u>	<u>707,872</u>
<b>Associated undertakings:</b>				
Tax charge	-	-	-	-
	<u>721,017</u>	<u>226,719</u>	<u>954,010</u>	<u>707,872</u>

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
The tax expense and the tax charge using the statutory income tax rate of 35% are reconciled as follows				
Profit before taxation	953,986	126,156	1,677,255	1,735,975
Tax charge at 35%	<u>333,895</u>	<u>44,155</u>	<u>587,039</u>	<u>607,591</u>
Depreciation on fixed assets not allowable for tax purposes by way of capital allowances	(616,976)	(660,742)	(657,303)	(701,888)
Movement in deferred tax	721,017	226,719	954,010	707,872
Tax losses absorbed	201,192	505,724	(14,000)	496,838
Statutory deductions	89,202	110,863	84,264	105,826
Tax losses transferred	-	-	-	(508,367)
Tax effect of non-taxable income	(7,313)	-	-	-
Tax expense	<u>721,017</u>	<u>226,719</u>	<u>954,010</u>	<u>707,872</u>

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 10. Intangible assets

	Group		Company	
	2012	2011	2012	2011
	€	€	€	€
<b>Licences</b>				
<b>Cost</b>				
As at 1 <sup>st</sup> January	23,400	-	-	-
Additions on subsidiary acquisition	-	23,400	-	-
Additions on merger	-	-	23,400	-
As at 31 <sup>st</sup> December	<u>23,400</u>	<u>23,400</u>	<u>23,400</u>	<u>-</u>
<b>Amortisation</b>				
As at 1 <sup>st</sup> January	4,680	-	-	-
Provision on subsidiary acquisition	-	2,340	-	-
Provision on merger	-	-	4,680	-
Provision for the year	2,340	2,340	2,340	-
As at 31 <sup>st</sup> December	<u>7,020</u>	<u>4,680</u>	<u>7,020</u>	<u>-</u>
<b>Carrying amount as at 31<sup>st</sup> December</b>	<u>16,380</u>	<u>18,720</u>	<u>16,380</u>	<u>-</u>

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 11. Property, plant and equipment Group

	Land and Buildings	Furniture Fixtures & Fittings	Equipment	Computer Equipment	Motor Vehicles	Other Fixed Assets	Total
	€	€	€	€	€	€	€
<b>Cost/Valuation</b>							
As at 1 <sup>st</sup> January 2011	67,574,298	12,348,413	10,747,090	1,250,707	323,381	12,205,939	104,449,828
Additions	14,814	236,537	411,950	87,642	-	2,850	753,793
Disposals	-	(85,374)	(24,206)	(10,957)	-	-	(120,537)
Receipt of grant	-	-	(15,564)	-	-	(75,000)	(90,564)
As at 1 <sup>st</sup> January 2012	67,589,112	12,499,576	11,119,270	1,327,392	323,381	12,133,789	104,992,520
Additions	31,692	494,443	515,570	50,180	-	22,729	1,114,614
Disposals	(17,779)	(289,751)	(42,578)	(19,155)	-	(841)	(370,104)
Revaluation	9,376,653	-	-	-	-	-	9,376,653
As at 31 <sup>st</sup> December 2012	76,979,678	12,704,268	11,592,262	1,358,417	323,381	12,155,677	115,113,683
<b>Depreciation</b>							
As at 1 <sup>st</sup> January 2011	1,632,300	8,088,370	7,458,515	991,221	293,558	5,093,469	23,557,433
Depreciation charge	865,318	494,089	498,809	108,229	7,458	535,385	2,509,288
Eliminated on disposals	-	(59,275)	(17,217)	(10,264)	-	-	(86,756)
As at 1 <sup>st</sup> January 2012	2,497,618	8,523,184	7,940,107	1,089,186	301,016	5,628,854	25,979,965
Depreciation charge	803,140	535,951	653,007	120,629	7,457	523,689	2,643,873
Eliminated on disposals	(11,799)	(211,014)	(32,455)	(18,348)	-	(380)	(273,996)
Reversal on revaluation	(3,288,959)	-	-	-	-	-	(3,288,959)
As at 31 <sup>st</sup> December 2012	-	8,848,121	8,560,659	1,191,467	308,473	6,152,163	25,060,883
<b>Net Book Value</b>							
As at 31 <sup>st</sup> December 2012	76,979,678	3,856,147	3,031,603	166,950	14,908	6,003,514	90,052,800
As at 1 <sup>st</sup> January 2012	65,091,494	3,976,392	3,179,163	238,206	22,365	6,504,935	79,012,555

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 11. Property, plant and equipment (continued)

#### Company

	Land and Buildings	Furniture Fixtures & Fittings	Equipment	Computer Equipment	Motor Vehicles	Other Fixed Assets	Total
	€	€	€	€	€	€	€
<b>Cost/Valuation</b>							
As at 1 <sup>st</sup> January 2011	63,211,770	11,363,010	10,304,845	1,175,728	316,568	12,201,465	98,573,386
Additions	14,814	236,537	411,950	87,642	-	2,851	753,794
Disposals	-	(85,374)	(24,206)	(10,957)	-	-	(120,537)
Receipt of grant	-	-	(15,564)	-	-	(75,000)	(90,564)
As at 1 <sup>st</sup> January 2012	63,226,584	11,514,173	10,677,025	1,252,413	316,568	12,129,316	99,116,079
Additions	31,692	494,443	515,570	50,180	-	22,729	1,114,613
Disposals	(17,779)	(289,751)	(42,578)	(19,155)	-	(842)	(370,104)
Revaluation	8,084,122	-	-	-	-	-	8,084,122
As at 31 <sup>st</sup> December 2012	71,324,619	11,718,865	11,150,017	1,283,438	316,568	12,151,203	107,944,710
<b>Depreciation</b>							
As at 1 <sup>st</sup> January 2011	1,492,186	7,357,088	7,178,440	922,790	288,246	5,090,713	22,329,463
Depreciation charge	795,969	465,854	479,672	105,994	7,082	535,267	2,389,838
Eliminated on disposals	-	(59,275)	(17,217)	(10,264)	-	-	(86,756)
As at 1 <sup>st</sup> January 2012	2,288,155	7,763,667	7,640,895	1,018,520	295,328	5,625,980	24,632,545
Depreciation charge	733,791	507,716	633,870	118,394	7,081	523,571	2,524,423
Eliminated on disposals	(11,799)	(211,014)	(32,455)	(18,348)	-	(380)	(273,996)
Reversal on revaluation	(3,010,147)	-	-	-	-	-	(3,010,147)
As at 31 <sup>st</sup> December 2012	-	8,060,369	8,242,310	1,118,566	302,409	6,149,171	23,872,825
<b>Net Book Value</b>							
<b>As at 31<sup>st</sup> December 2012</b>	<b>71,324,619</b>	<b>3,658,496</b>	<b>2,907,707</b>	<b>164,872</b>	<b>14,159</b>	<b>6,002,032</b>	<b>84,071,885</b>
As at 1 <sup>st</sup> January 2012	60,938,429	3,750,506	3,036,130	233,893	21,240	6,503,336	74,483,534

On 31 December 2012, the directors approved revaluations of the property owned by the Group and classified under property, plant and equipment, after assessing the valuation made by an independent architect. This valuation was determined on the basis of open market values after considering the intrinsic value of the property and net potential returns.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Investment property

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
As at 1 <sup>st</sup> January	2,544,328	2,544,328	2,544,328	2,544,328
Increase in fair value	-	-	-	-
Additions	66,433	-	66,433	-
<b>As at 31<sup>st</sup> December</b>	<b>2,610,761</b>	<b>2,544,328</b>	<b>2,610,761</b>	<b>2,544,328</b>

Investment property is valued annually on 31 December at fair value comprising open market value approved by the Directors on the basis of an independent professional valuation prepared by Group's architect.

### 13. Financial assets

Company	Shares in Group undertakings €	Shares in Associated undertakings €	Total €
At 1 <sup>st</sup> January 2011	2,575,110	575,048	3,150,158
Additions	3,000	-	3,000
At 31 <sup>st</sup> December 2011	2,578,110	575,048	3,153,158
Cancelled on merger	(3,000)	-	(3,000)
At 31 <sup>st</sup> December 2012	2,575,110	575,048	3,150,158

Shares in group and associated undertakings represent the following investments:

Group	Registered Address	Principal Activity	2012 % holding	2011 % holding
Eden Finance p.l.c.	Eden Place St. Augustine Street St. George's Bay	Finance company	99.99	99.99
Eden Entertainment Limited	Eden Place St. Augustine Street St. George's Bay	Entertainment operating company	99.99	99.99
Eden Super Bowl Limited	Eden Place St. Augustine Street St. George's Bay	Entertainment operating company	99.99	99.99
Eden Hospitality Limited	Eden Place St. Augustine Street St. George's Bay	Hotel management company	99.99	99.99

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 13. Financial assets (continued)

	Registered Address	Principal Activity	2012 % holding	2011 % holding
<b>Associates</b>				
Sunny Resorts Limited	Eden Place St. Augustine Street St. George's Bay	Management property company	33.33	33.33
Axis Limited	St. George's Road, St. Julians	Entertainment company	50.00	50.00

Summarised financial information in respect of the Group's associates is set out below:

	2012 €	Group 2011 €
<b>Opening net book value</b>	<b>722,754</b>	<b>727,665</b>
Share of losses of Associated undertakings (after tax)	(505)	(4,911)
Closing net book value	<u>722,249</u>	<u>722,754</u>
Net assets	<b>2,166,768</b>	<b>2,168,284</b>
<b>Group share of net assets</b>	<u><b>722,249</b></u>	<u><b>722,754</b></u>

### Financial assets at fair value through profit or loss

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
<b>Non-current</b>				
As at 1 <sup>st</sup> January	<b>478,900</b>	478,900	<b>478,900</b>	478,900
Movement	<b>(213,019)</b>	-	<b>(213,019)</b>	-
As at 31 <sup>st</sup> December	<u><b>265,881</b></u>	<u>478,900</u>	<u><b>265,881</b></u>	<u>478,900</u>

These investments represent 2,618 Eden Finance p.l.c. 6.6% bonds of €100 each owned by Eden Leisure Group as at 31<sup>st</sup> December 2012. The market price as at 31<sup>st</sup> December 2012 was €104.20 (2011:€101.50).

	2012 €	2011 €	2012 €	2011 €
<b>Current</b>				
As at 1 <sup>st</sup> January	-	513,041	-	513,041
Movement	<b>822,105</b>	(513,041)	<b>822,105</b>	(513,041)
As at 31 <sup>st</sup> December	<u><b>822,105</b></u>	<u>-</u>	<u><b>822,105</b></u>	<u>-</u>

These amounts represent investments that are readily convertible into cash and subject to an insignificant risk of changes in value.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Inventories

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Food, beverage and consumables	147,748	162,020	-	-
Crockery and linen	889,197	841,932	877,319	830,054
Other stocks	64,289	64,289	64,289	64,289
	<u>1,101,234</u>	<u>1,068,241</u>	<u>941,608</u>	<u>894,343</u>

### 15. Trade and other receivables

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Trade receivables	2,782,755	2,701,838	151,474	149,025
Amounts owed by related/group undertakings (i)	556,234	370,402	3,494,585	2,698,884
Prepayments and accrued income	258,017	203,678	206,181	160,993
	<u>3,597,006</u>	<u>3,275,918</u>	<u>3,852,240</u>	<u>3,008,902</u>

(i) Amounts due by related and group undertakings are unsecured, interest free and are repayable on demand.

### 16. Deferred taxation

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% / 12% (2011 – 35% / 12%).

The movement in the deferred tax account is as follows:

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
At the beginning of the year	(4,669,805)	(4,443,086)	(4,543,145)	(4,343,640)
Tax expense (note 9)	(721,017)	(226,719)	(954,010)	(707,872)
Transfer of tax losses	-	-	(508,367)	508,367
Effect due to revaluation	(1,218,765)	-	(976,254)	-
At the end of the year	<u>(6,609,587)</u>	<u>(4,669,805)</u>	<u>(6,981,776)</u>	<u>(4,543,145)</u>

The following amounts are shown in the balance sheet:

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Deferred tax assets	5,829,522	6,089,503	4,677,631	5,686,723
Deferred tax liabilities	(12,439,109)	(10,759,308)	(11,659,407)	(10,229,868)
	<u>(6,609,587)</u>	<u>(4,669,805)</u>	<u>(6,981,776)</u>	<u>(4,543,145)</u>

Deferred tax assets primarily relate to provisions, tax losses and unabsorbed capital allowances which have no expiry date. Deferred tax liabilities relate to revaluation, fair value gains and temporary differences on fixed assets.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 17. Financial liabilities at fair value through profit or loss

	Group		Company	
	2012	2011	2012	2011
	€	€	€	€
<b>Fair value</b>				
Financial liabilities classified as held for trading				
- Derivative financial instruments	<b>1,115,474</b>	<i>877,061</i>	<b>1,115,474</b>	<i>877,061</i>

Derivative financial instruments comprise interest-rate swaps and are classified with financial assets or financial liabilities classified as held for trading.

The notional principal amounts of the outstanding interest rate swap at the end of the reporting period amounted to €12,600,000 (2011: €14,400,000).

At the end of the reporting period, the fixed interest rates on interest rate swap is 3.11% per annum. The floating rate is the three-month EURIBOR. The interest rate swaps settle on a quarterly basis and the company settles the difference between the fixed and the floating interest rate.

### 18. Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	€	€	€	€
<b>Falling due within one year</b>				
Trade payables	<b>3,986,186</b>	<i>4,052,271</i>	<b>224,738</b>	<i>126,949</i>
Amounts owed to related/group undertakings (i)	<b>66,317</b>	<i>66,351</i>	<b>222,307</b>	<i>-</i>
Accruals	<b>3,238,501</b>	<i>3,503,860</i>	<b>843,996</b>	<i>891,821</i>
Advanced deposits and deferred income	<b>1,388,913</b>	<i>851,521</i>	<b>75,979</b>	<i>62,635</i>
Other payables	<b>776,681</b>	<i>536,019</i>	<b>430,810</b>	<i>433,739</i>
	<b>9,456,598</b>	<i>9,010,022</i>	<b>1,797,830</b>	<i>1,515,144</i>
<b>Falling due after more than one year</b>				
Other payables	<b>750,666</b>	<i>305,223</i>	<b>17,873</b>	<i>25,223</i>

(i) Amounts owed to related and group undertakings are unsecured, interest free and are repayable on demand.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 19. Interest – bearing borrowings

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
<b>Falling due within one year</b>				
Bank overdrafts (i)	3,673,969	3,101,383	684,355	467,635
Bank loans (i)	2,199,743	2,333,307	2,111,345	2,111,345
	<u>5,873,712</u>	<u>5,434,690</u>	<u>2,795,700</u>	<u>2,578,980</u>
<b>Falling due after more than one year</b>				
Bank loans (i)	19,375,206	21,496,987	18,523,252	20,634,599
Related company loans (ii)	-	-	14,388,075	14,724,320
Debt securities (iii)	14,388,075	14,724,320	-	-
	<u>33,763,281</u>	<u>36,221,307</u>	<u>32,911,327</u>	<u>35,358,919</u>
<b>Total borrowings</b>	<u>39,636,993</u>	<u>41,655,997</u>	<u>35,707,027</u>	<u>37,937,899</u>

The bank loans and the debt securities/related party loans are disclosed at the value of the proceeds less the net book amount of the transaction costs as follows:

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
<b>Face value of bank loans</b>				
Bank loans	21,638,438	23,902,437	20,698,086	22,818,087
Issue costs	(86,568)	(86,568)	(86,568)	(86,568)
Accumulated amortisation	23,079	14,425	23,079	14,425
Net book amount	<u>(63,489)</u>	<u>(72,143)</u>	<u>(63,489)</u>	<u>(72,143)</u>
Amortised cost	<u>21,574,949</u>	<u>23,830,294</u>	<u>20,634,597</u>	<u>22,745,944</u>
<b>Face value of debt securities/related party loans</b>				
Debt securities/Related company loans	14,631,000	15,000,000	14,631,000	15,000,000
Issue costs	(327,540)	(327,540)	(327,540)	(327,540)
Accumulated amortisation	84,615	51,860	84,615	51,860
Net book amount	<u>(242,925)</u>	<u>(275,680)</u>	<u>(242,925)</u>	<u>(275,680)</u>
Amortised cost	<u>14,388,075</u>	<u>14,724,320</u>	<u>14,388,075</u>	<u>14,724,320</u>

- (i) The bank overdraft and bank loans are secured by general hypothecs and a special privilege over the Group's assets. The Group's and Company's banking facilities as at 31<sup>st</sup> December 2012 amounted to €4,407,740 (2011: €4,407,740) for the Group, and €1,558,956 (2011: €1,558,956) for the Company.
- (ii) These represent funds raised by the bond issue which have been advanced to Eden Leisure Group Limited at an annual interest rate of 7.0% per annum. On 21<sup>st</sup> December 2012 the Company paid €369,000 towards the loan due to Eden Finance p.l.c.. The remaining loan is due for repayment in full on the 31<sup>st</sup> May 2020.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 19. Interest – bearing borrowings (continued)

- (iii) This represents debt security, issued by Eden Finance p.l.c., amounting to an aggregate principal amount of €14,631,000 (2011: €15,000,000) Bonds (2017-2020), having a nominal value of €100 each, bearing interest at 6.6%. These bonds are unsecured pursuant and subject to the terms and conditions in the prospectus dated 10<sup>th</sup> May 2010. The quoted market price as at 31<sup>st</sup> December 2012 for the 6.6% Bonds 2017-2020 was €104.20 (2011:€101.50).

In accordance with the requirements of the prospectus, the Group is required to, with effect from the end of the financial year 2012, build a sinking fund the value of which will by the redemption date be equivalent to 50% of the value of the issued Bonds. This is expected to create a cash reserve from the guarantor's annual surplus to meet part of the redemption proceeds on the redemption date.

The sinking fund proceeds shall only be applied for the purpose of redeeming the equivalent amount of outstanding Bonds on the redemption date. Prior to the redemption date the Group may request the Custodian to use the proceeds of the sinking fund:-

- for the purpose of buying back Bonds for cancellation in terms of section 6.9 of the Securities Note; or
- for investing in debt securities issued or guaranteed by any sovereign state within the Eurozone or which is a member of the OECD or other debt securities which are rate as AAA by a recognised international rating agency, without incurring exchange risk, at the lower of cost and market value; or
- for investing in as balanced and diversified a portfolio of assets as can reasonably be considered practicable by the Custodian in the then current market and overall economic conditions

On 5<sup>th</sup> December 2012 the Group engaged Charts Investment Management Services Limited as Sinking Fund Custodian. On 27<sup>th</sup> December 2012 for the purpose of its sinking fund requirements the Group cancelled 3,690 Bonds with a nominal value of €100 each, through a buy back of these Bonds by Eden Finance p.l.c..

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Interest rate exposure:				
At floating rates	<b>12,648,918</b>	12,531,677	<b>8,718,952</b>	8,813,579
At fixed rates	<b>26,988,075</b>	29,124,320	<b>26,988,075</b>	29,124,320
<b>Total borrowings</b>	<b>39,636,993</b>	41,655,997	<b>35,707,027</b>	37,937,899

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Weighted average effective interest rates at the balance sheet date:				
Bank overdrafts	<b>3.19</b>	4.51	<b>3.19</b>	4.47
Bank loans – variable rate	<b>3.42</b>	4.77	<b>3.21</b>	4.58
Bank loans – fixed rate swap	<b>6.11</b>	6.11	<b>6.11</b>	6.11
Bond issue/ related party loan	<b>6.60</b>	6.60	<b>7.00</b>	7.00

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Maturity of long term borrowings:				
Between 1 and 5 years	<b>11,249,144</b>	10,747,769	<b>10,845,381</b>	9,885,381
Over 5 years	<b>22,514,137</b>	25,473,538	<b>22,065,946</b>	25,473,538
	<b>33,763,281</b>	36,221,307	<b>32,911,327</b>	35,358,919

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Called up issued share capital

	Company	
	2012	2011
	€	€
<b>Authorised share capital</b>		
5,224,994 "A" Ordinary shares of €2.50 each	<b>13,062,485</b>	13,062,485
5,175,006 "B" Ordinary shares of €2.50 each	<b>12,937,515</b>	12,937,515
	<b>26,000,000</b>	26,000,000

	Company	
	2012	2011
	€	€
<b>Issued and called-up share capital</b>		
5,224,994 "A" Ordinary shares of €2.50 each	<b>13,062,485</b>	13,062,485
5,175,006 "B" Ordinary shares of €2.50 each	<b>12,937,515</b>	12,937,515
	<b>26,000,000</b>	26,000,000

### 21. Revaluation reserve

	Group		Company	
	2012	2011	2012	2011
	€	€	€	€
As at 1 <sup>st</sup> January	<b>5,658,497</b>	5,849,433	<b>5,365,621</b>	5,556,557
Gain on revaluation of property	<b>12,665,612</b>	-	<b>11,094,269</b>	-
Deferred tax liability arising on revaluation of property	<b>(1,218,765)</b>	-	<b>(976,254)</b>	-
Depreciation on revalued buildings	<b>(190,936)</b>	(190,936)	<b>(190,936)</b>	(190,936)
As at 31 <sup>st</sup> December	<b>16,914,408</b>	5,658,497	<b>15,292,700</b>	5,365,621

The revaluation reserve was created on the revaluation of the Group's and Company's property plant and equipment and investment property. The revaluation reserve is a non-distributable reserve.

### 22. Dividends paid

	Company	
	2012	2011
	€	€
Final dividend	<b>200,000</b>	-
Interim dividend	<b>200,000</b>	-
Total net dividend	<b>400,000</b>	-
Euro per share (net)	<b>€ 0.038</b>	-

The final dividend of € 200,000 in respect of the year ended 31<sup>st</sup> December 2011 was announced and approved on 23<sup>rd</sup> February 2012 and paid to the ordinary shareholders on 15<sup>th</sup> March 2012. These final dividends were paid out of taxed profits.

A net interim dividend of €200,000 in respect of the year ended 31<sup>st</sup> December 2012 was announced on 31<sup>st</sup> December 2012 and paid to the ordinary shareholders on the same date. These interim dividends were paid out of taxed profits.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 23. Cash and cash equivalents

	Group		Company	
	2012	2011	2012	2011
	€	€	€	€
Financial assets at fair value through profit or loss	822,105	-	822,105	-
Cash in hand and bank	1,155,779	891,753	24,943	43,251
Bank overdraft	(3,673,969)	(3,101,383)	(684,355)	(467,635)
	<u>(1,696,085)</u>	<u>(2,209,630)</u>	<u>162,693</u>	<u>(424,384)</u>

### 24. Related party transactions

The following transactions were carried out with related parties:

	Group		Company	
	2012	2011	2012	2011
	€	€	€	€
<b>Turnover</b>				
Operating fees	-	-	6,553,308	6,553,308
Use of Health club	-	-	69,881	69,881
Accounting services	24,000	29,600	-	-
	<u>-</u>	<u>-</u>	<u>6,623,189</u>	<u>6,623,189</u>
<b>Other operating income</b>				
Interest received from subsidiary	-	-	34,217	28,457
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other operating expenses</b>				
Rent	30,000	35,000	30,000	35,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Finance costs</b>				
Interest on other loans	-	-	1,049,283	1,050,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in note 7 to the financial statements.

Amounts due from/to group and associates, in connection with sales and purchases transactions, are disclosed in notes 15 and 18. In the Company's books, amounts due to a subsidiary in connection with group financing activities are disclosed in note 19 to these financial statements.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 25. Capital commitments

#### Capital expenditure

Commitments for capital expenditure not provided for in these financial statements are as follows:

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Authorised but not contracted	<b>405,982</b>	4,170	<b>405,982</b>	-
Contracted but not provided for	<b>657,010</b>	793,385	<b>143,792</b>	-

#### Operating lease commitments where the Group company is a lessee

The future minimum operating lease payments under a non cancellable operating lease are as follows:

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Not later than 1 year	<b>107,058</b>	107,058	-	-
Later than 1 year and not later than 5 years	<b>453,829</b>	445,297	-	-
Later than 5 years	<b>856,062</b>	971,653	-	-
	<b>1,416,949</b>	1,524,008	-	-

#### Operating lease commitments where the Group company is a lessor

The future minimum operating lease payments under a non cancellable operating lease are as follows:

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Not later than 1 year	<b>239,558</b>	159,680	<b>222,788</b>	151,460
Later than 1 year and not later than 5 years	<b>423,653</b>	244,371	<b>423,653</b>	244,371
Later than 5 years	<b>231,357</b>	-	<b>231,357</b>	-
	<b>894,568</b>	404,051	<b>877,798</b>	395,831

### 26. Contingent liabilities

At 31<sup>st</sup> December 2012, the Group had contingent liabilities in respect of:

- (i) Guarantees amounting to €40,298 given to third party creditors.
- (ii) Tax in dispute amounting to approximately €10,578 including penalties in respect of assessments raised on the Company. The Directors are of the opinion that these claims are unfounded.
- (iii) A purchase guarantee for capital expenditure amounting to €131,962.
- (iv) A guarantee amounting to €1,800,000 in favour of HSBC in relation to the interest rate swap.

At 31 December 2012 guarantees amounting to €3,366,013 (2011: €3,366,013) were given by the Company with regards to bank facilities of subsidiaries and other related parties.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 27. Financial risk management

The Group's activities potentially expose it to a variety of financial risks on its financial assets and financial liabilities. The key components of financial risks to the Group are: cash flow interest rate risk, credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### Cash flow and fair value interest rate risk

The Group's interest rate risk arises on its interest bearing borrowings. Borrowings issued at variable rates, comprising bank borrowings, expose the Group to cash flow interest rate risk. The Group's borrowings are subject to an interest rate that varies according to revisions made to the Bank's Base Rate. The Group has adopted a cautious risk policy with regards to interest rate fluctuation which has been mitigated with a 5 year Interest Rate Swap on €12,600,000 of its bank borrowing. The Directors monitor the level of floating rate borrowings as a measure of cash flow risk taken on. Interest rates on these financial instruments are linked with the Central Intervention Rate issued by the European Central Bank. Also debt securities, carried at cost, are issued at fixed rates and therefore, do not expose the Group to fair value interest rate risk.

Based on the above, the Directors consider the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period keeping all other variables constant, to amount to +/- €125,000.

#### Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, investments, as well as credit risk exposures to customers, including outstanding receivables and committed transactions. The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2012	2011	2012	2011
	€	€	€	€
<b>Carrying amounts</b>				
Financial assets at fair value through profit or loss	<b>1,087,986</b>	478,900	<b>1,087,986</b>	478,900
Trade and other receivables	<b>3,597,006</b>	3,275,918	<b>3,852,240</b>	4,444,242
Cash at hand and in bank	<b>1,155,779</b>	891,753	<b>24,943</b>	43,251
	<b>5,840,771</b>	4,646,571	<b>4,965,169</b>	4,966,393

Other financial investments comprise debt securities issued by a Group Company as described in note 13, and therefore in the directors opinion do not attract credit risk.

Group companies bank only with local financial institutions with high quality standing or rating. The Group has no concentration of credit risk that could materially impact on the sustainability of its operations. However, in common with similar business concerns, the failure of specific large customers could have a material impact on the Group's results.

The Group assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of services are effected to customers with an appropriate credit history in the case of credit sales.

Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Group's standard payment and service delivery terms and conditions are offered. The Group's review includes external credit worthiness databases when available. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance represents specific provisions against individual exposures.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 27. Financial risk management (continued)

Included in the Group's trade receivable balance are the following debtors which are past due at the reporting date for which the group has not provided as the amounts are still considered recoverable:

	Group	
	2012	2011
	€	€
91 – 120 days	337,757	430,859
Over 120 days	854,213	514,908
	<u>1,191,970</u>	<u>945,767</u>

Included in the Group's impairment provision are individually impaired trade receivables which either have been placed into liquidation or which are in unexpectedly difficult economic situation:

	Group	
	2012	2011
	€	€
Local receivables	54,382	72,746
Foreign receivables	66,169	54,593
	<u>120,551</u>	<u>127,339</u>

The Company's receivables also include advances to Group undertakings on which no credit risk is considered to arise.

#### Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and interest-bearing borrowings disclosed in notes 18 and 19. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meeting the Group's obligations.

The Directors monitor liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period, in order to ensure that adequate funding is in place in order for the Group to be in a position to meet its commitments as and when they will fall due.

# EDEN LEISURE GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 27. Financial risk management (continued)

The table below analyses the Groups financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2012	Group 2011
	€	€
<b>Within one year</b>		
Trade and other payables	9,456,598	9,010,022
Bank borrowings	6,559,267	5,939,879
Debt securities	932,892	957,246
	<u>16,948,757</u>	<u>15,907,147</u>
<b>Between 2 and 5 years</b>		
Trade and other payables	750,666	305,223
Bank borrowings	13,174,716	13,777,413
Debt securities	3,731,568	3,828,984
	<u>17,656,950</u>	<u>17,911,620</u>
<b>Over 5 years</b>		
Bank borrowings	8,510,595	11,651,629
Debt securities	17,205,858	18,848,091
	<u>25,716,453</u>	<u>30,499,720</u>
	<u><u>60,322,160</u></u>	<u><u>64,318,487</u></u>

Included within the above non - discounted cash outflows are cash flows that would be payable by Eden Finance p.l.c. to its parent company Eden Leisure Group Limited for the debt securities that Eden Leisure Group Limited holds amounting to €265,881 (2011: €478,900) as disclosed in note 13.

#### Fair values

At 31 December 2012 and 31 December 2011 the carrying amounts of payables, receivables and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of long-term borrowings are not materially different from their carrying amounts.

### 28. Comparative figures

Certain comparative figures have been changed to comply with this year's presentations.

### 29. Statutory information

Eden Leisure Group Limited is a limited liability Company and is incorporated in Malta.

