EDEN FINANCE p.l.c.

A Member of Eden Leisure Group Limited

Report and Financial Statements

for the year ended 31st December 2011

Company No. C-26843

EDEN FINANCE p.l.c.

CONTENTS

Directors' Report
The directors present their report, together with the audited financial statements of the Company for the financial year ended 31st December 2011.

Principal Activity
The principal activity of Eden Finance p.l.c. was set up to raise financial resources from the capital market to finance the capital project of the companies forming part of the Eden Leisure Group.

Review of Business Development
During the financial year, interest income earned on advances to the parent company, Eden Leisure Group Limited totalled €1,050,000, while interest payable to the bondholders amounted to €990,000.

During the year, the Company registered a profit before taxation amounting to €36,242. After deducting taxation thereon, the profit for the year amounted to €23,557.

Statement pursuant to Listing Rule 5.68 issued by the Listing Authority
We confirm that to the best of our knowledge:

1. The financial statements give a true and fair view of the financial position of the Company as at 31st December 2011, and of its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards.

2. 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
Mr. Ian De Cesare (Chairman)
Mr. Kevin De Cesare (Deputy Chairman)
Mr. Walter Camilleri
Dr. Andrea Gera de Petri
Mr. David Vella

In accordance with the company's articles of association, all remaining directors retire from the board and are eligible for re-election.

Statement pursuant to Listing Rule 5.64 issued by the Listing Authority

We confirm that direct shareholdings of the Company are as follows:

Eden Leisure Group Limited Registration Number C 4529	499,999 ordinary shares
Eden Entertainment Limited Registration Number C 26701	1 ordinary share

Indirect shareholdings of the Company are as follows:

Capitola Inv. Limited Registration Number C 15543	2,561,801 'A' ordinary shares 2,509,355 'B' ordinary shares
Lynwood Investments Limited Registration Number C 7608	2,561,801 'A' ordinary shares 2,509,355 'B'ordinary shares
Ian De Cesare I.D. No. 787950(M)	50,696 'A' ordinary shares 78,148 'B' ordinary shares
Kevin De Cesare I.D. No. 344659(M)	50,696 'A' ordinary shares 78,148 'B' ordinary shares

The directors confirm that as at 31st December, 2011, there were no holders of 6.6% Eden Finance plc debt securities who have special control rights and that there were no restrictions or limitations on voting rights.

Going Concern

Under Corporate Governance requirements, the Directors confirm that, having reviewed the Group's budget and forecast for 2012, and as described in the notes to the financial statements 2.1.1 they consider that the Company has adequate resources to continue in operation and existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Principal risks and uncertainties faced by the company

The Company is essentially a special purpose vehicle set up for financial transactions of Eden Leisure Group of Companies. It raised such finance through the issue of bonds which are quoted on the Malta Stock Exchange and guaranteed by Eden Leisure Group Limited, to whom the proceeds from such issues have been advanced.

Statement of Directors' Responsibilities

The directors are required by the Companies Act (Chap. 386), enacted in Malta, 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 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:-

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable; and
- 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

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 (Chap. 386), enacted in Malta. This responsibility includes designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. 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.

Auditors

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

Approved by the Board of Directors and authorised for issue on 30th April 2012 and signed on its behalf by:

Mr. Ian De Cesare	Mr. Kevin De Cesare
Chairman	**Deputy Chairman**

Eden Place, St. Augustine Street, St. Julians.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Pursuant to Listing Rules 5.94 issued by the Listing Authority of the Malta Financial Services Authority, Eden Finance p.l.c. (the Company) is hereby reporting on the extent of its adoption of the code of principles of good corporate governance contained in the listing rules.

The board of directors resolved to adopt the Code. Eden Finance p.l.c. has been in compliance with the Code, except where, given particular circumstances, the implementations of specific recommendations were not deemed to be applicable because of the inherent non-operational function of the Company.

The Company acts as a finance company to the Eden Leisure Group Ltd and as such has minimal operations emanating from this task. Its primary function is the lending and monitoring of the proceeds of bonds issued to the public to its parent company. The Company has no employees other than the directors and the company secretary.

The Board
The board of directors is responsible for the company's affairs, in particular in giving direction to the Company and being actively involved in overseeing the systems of control and financial reporting. The board has discussed the code and all directors are aware of their responsibilities as such.

The board of directors meets regularly to discuss policy decisions and to discuss the operations of the parent company, Eden Leisure Group Ltd. The board is made up of 5 Directors, 2 of which are completely independent from the Company or any related companies. During the financial year ended 31 December 2011 the board of directors met on 3 occasions.

Executive Directors
Mr. Ian De Cesare (Chairman)
Mr. Kevin De Cesare (Deputy Chairman)
Mr. David Vella

Non-Executive Directors
Mr. Walter Camilleri
Dr. Andrea Gera de Petri

Secretary to the Board
Mr. Simon De Cesare

There is no CEO role required in the Company due to the nature of the Company and as such the board carries out the policy decisions regarding the Company.

The Memorandum and Article of Association set out the procedures to be followed in the appointment of directors in a very extensive manner. Shareholders, having voting rights and owning no less than 20% of the share capital of the Company, are entitled to appoint one director for every such 20% holding. Appointed directors hold office for a period of one year on the lapse of which period, they are eligible for re-election.

Board Committees

Audit Committee
In accordance with Listing Rules 5.115 to 5.132, Eden Finance p.l.c. established an audit committee. The terms of reference of the audit committee have been formally set out in a separate charter. The audit committee is composed of two non-executive directors and an executive director. The following directors sit on the committee:

Chairman – Mr. Walter Camilleri (Non-Executive Director)
Member – Dr. Andrea Gera de Petri (Non-Executive Director)
Member – Mr. David Vella (Executive Director).

The committee's primary objective is to assist the board in fulfilling the oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The audit committee reports directly to the board of directors.

During the financial year ended 31 December 2011 the committee met on 3 occasions.

Remuneration Committee

Due to the nature of the Company's restricted operational functions, the Board does not consider it necessary to set up a remuneration committee. The directors received in aggregate €8,384 for services rendered during 2011. This remuneration has been approved by the directors. The board has resolved to disclose these fees in aggregate rather than as separate figures for each director as recommended by the code.

Commitment to Maintain an Informed Market

The Company communicates with bondholders by way of the Annual Report and Financial statements. The Company also communicates with bondholders via company announcements made through the Malta Stock Exchange as well as by entertaining queries and requests made by individual bondholders on an ad hoc basis.

The board has gone further in requesting that the parent company's board, Eden Leisure Group Ltd., meet with financial intermediaries and institutional investors on an annual basis to update them on the performance of the parent company thereby giving significant details on the prospects of the Company as a "going concern" as well as offering information that they can make their buying decisions on.

The board has also continued to implement the annual investor relations program, which aims at giving bond holders rewards to be used within the Company to foster loyalty.

Institutional Shareholders

The Company has no institutional shareholders.

Conflicts of Interest

The directors always act in the interest of the Company and its shareholders. If any director has a conflict of interest he is not allowed to vote on the matter.

Corporate Social Responsibility

The Group adheres to accepted principles of corporate social responsibility in its day to day practices by supporting and promoting sport and charitable causes.

Internal Control System

The company's internal control system is designed to ensure, as much as possible, transparency, independence and segregation of duties. The process is also designed to ensure reliable financial reporting, effective and efficient operations and compliance with applicable laws and regulations.

Whilst the board of directors is responsible for an effective internal control system, it relies on its effectiveness on the Group's financial controller and the audit committee. The Group's management is responsible for the identification and evaluation of key risks applicable to their respective areas of business. Through these channels, the board of directors has reasonable assurance that risk factors are managed properly and that material misstatements in the financial statements are not likely to occur.

Risk Management

The objective of the risk management function of the Company is to minimise the cost of risk and to maximise return on assets.

The Company endeavours to achieve this objective through a procedure that involves a co-ordinated approach across the operations of the Group, designed to identify and measure potential risks. Appropriate action is taken to mitigate these risks.

In order to manage the above mentioned risks, quarterly risk management reports are compiled by the financial controller and presented to the audit committee. These periodic reports comment on areas likely to have elements of risk, highlighting any weaknesses or possible threats.

The audit committee makes recommendations, as necessary, to the Board.

Dealings by Directors and Senior Officers in the Company's Bonds

Conscious of its responsibility for monitoring dealings by directors and senior officers in the Company's bonds, the board approved a code of conduct for the transactions by directors and senior officers in compliance with the listing rules. The structured code of dealing which includes names of directors and senior officials who have to comply with the code has been filed with the listing authority at the Malta Financial Services Authority.

The information as provided above is a fair summary of the Eden Finance p.l.c. adoption of the code of good corporate governance. Overall, the Company has broadly implemented the code where the board believes that it would add value to the stakeholders. In certain areas, it was felt that the code was more suited to companies who held equity on the exchange and therefore, its implementation would not be useful for a limited operating company like Eden Finance p.l.c.

The board will continue to monitor the code in future years and will decide on an annual basis if the position stated above will apply.

Approved by the board of directors on 30th April 2012 and signed on its behalf by:

Mr. Ian De Cesare
Chairman

Mr. Kevin De Cesare
Deputy Chairman

EDEN FINANCE p.l.c.

INDEPENDENT AUDITORS' REPORT ON THE STATEMENT OF COMPLIANCE WITH THE PRINCPLES OF GOOD CORPORATE GOVERNANCE

To the members of Eden Finance p.l.c. pursuant to the Malta Financial Services Authority listing rules.

The Malta Financial Services Authority Listing Rules require the Company's Directors to include in their Annual Report a Statement of Compliance to 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 with those Principles.

Our responsibility, as auditors of the Company, is laid down by the Malta Financial Services Authority listing rule 5.98, which requires us to include a report on the Statement of Compliance.

We read the Statement of Compliance and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with these financial statements. Our responsibilities do not extend to considering whether this statement is consistent with 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 corporate governance procedures, or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 4 to 5 has been properly prepared in accordance with the requirements of the Malta Financial Services Authority Listing Rules 5.94 and 5.97.

MICHAEL CURMI
VINCENT CURMI & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
Finance House, First floor, Princess Elizabeth Street, Ta' Xbiex, XBX 1102.

30th April 2012

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EDEN FINANCE p.l.c.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EDEN FINANCE p.l.c.

We have audited the accompanying financial statements of Eden Finance p.l.c. on pages 9 to 22, which comprise the statement of financial position of the Company as at 31st December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cashflows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director's 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 control 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.

Opinion
In our opinion the financial statements give a true and fair view of the financial position of Eden Finance p.l.c. as at 31st December 2011, and of its financial performance and its cashflows 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
Matters on which we are required to report by exception

We also have responsibilities 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.
- Adequate 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.
- 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.
30th April 2012

EDEN FINANCE p.l.c.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2011

	Notes	2011 €	2010 €
Finance income	4	**1,050,000**	*1,684,104*
Finance costs	5	**(990,000)**	*(1,584,374)*
Gross profit		**60,000**	*99,730*
Administrative expenses		**(23,758)**	*(38,994)*
Profit before taxation	6	**36,242**	*60,736*
Income tax expense	7	**(12,685)**	*(21,258)*
Total comprehensive income		**23,557**	*39,478*
Earnings per share		**4c7**	*7c9*

EDEN FINANCE p.l.c.

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2011

	Notes	2011 €	2010 €
Non-current assets			
Loans owed by parent company	8	**15,000,000**	*15,000,000*
Held-to-maturity investments	9	**1,164,687**	*1,164,687*
Deferred tax asset		**4,645**	*3,330*
		16,169,332	*16,168,017*
Current assets			
Trade and other receivables	10	**1,041,280**	*1,072,799*
Cash and cash equivalents		**2,646**	*816*
		1,043,926	*1,073,615*
Total Assets		**17,213,258**	*17,241,632*
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	**1,164,687**	*1,164,687*
Retained earnings		**344,886**	*321,329*
		1,509,573	*1,486,016*
Non-Current liabilities			
Debt securities in issue	11	**15,000,000**	*15,000,000*
Current liabilities			
Trade and other payables	12	**703,685**	*755,616*
Total Liabilities		**15,703,685**	*15,755,616*
Total Equity and Liabilities		**17,213,258**	*17,241,632*

These financial statements were approved and authorised for issue by the Board of Directors on 30th April 2012 and were signed on its behalf by:

Mr. Ian De Cesare
Chairman

Mr. Kevin De Cesare
Deputy Chairman

EDEN FINANCE p.l.c.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2011

	Share Capital €	Retained Earnings €	Total €
At 1 January 2010	**1,164,687**	**281,851**	**1,446,538**
Total comprehensive income for the year	-	**39,478**	**39,478**
At 31 December 2010	**1,164,687**	**321,329**	**1,486,016**
Total comprehensive income for the year	-	**23,557**	**23,557**
At 31 December 2011	**1,164,687**	**344,886**	**1,509,573**

EDEN FINANCE p.l.c.

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2011

	Notes	2011 €	2010 €
Cash flows from operating activities			
Profit before taxation		**36,242**	*60,736*
Adjustments for:			
Movement in debtors		**17,519**	*(357,245)*
Movement in creditors		**(51,931)**	*267,056*
Cash flows generated from/(used in) operations		**1,830**	*(29,453)*
Income tax paid		-	-
Net cash flows from/(used in) operating activities		**1,830**	*(29,453)*
Cash flows from investing activities			
Funds received from parent company		-	*8,293,734*
Net cash flows from investing activities		-	*8,293,734*
Cash flows from financing activities			
Movement in debt securities		-	*(8,255,763)*
Net cash flows used in financing activities		-	*(8,255,763)*
Net movement in cash and cash equivalents		**1,830**	*8,518*
Cash and cash equivalents at the beginning of the year		**816**	*(7,702)*
Cash and cash equivalents at the end of the year	*14*	**2,646**	*816*

1. Reporting Entity

Eden Finance p.l.c. (the 'Company') is a limited liability company domiciled and incorporated in Malta.

2. Basis of Preparation

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

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the company's accounting policies (see Note 2.2 – Use of estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2011

In 2011, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2011. 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 be 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 company's accounting periods beginning after 1 January 2011. The company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis and on the going concern basis.

2.1.1 Going concern basis

During the financial period ended 31 December, 2010, the Company issued 150,000 6.6% redeemable bonds of €100 each to the public. The proceeds received there from were advanced to Eden Leisure Group Limited, the parent company, at annual interest rate of 7.0%.

The ability of Eden Finance p.l.c. to meet its obligations, both in terms of servicing of its debt and ultimately repaying the bond holders on the redemption date is thus dependent on the ability of Eden Leisure Group Limited to meet its obligations towards Eden Finance p.l.c.

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 and bank loans are expected to be fully paid back.

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.

2.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS's as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult to reach, subjective or complex to a degree which would warrant their description as significant and critical in terms of the requirements of IAS 1 (revised).

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The financial statements are presented in Euro which is the company's functional currency.

3. Principal accounting policies

Financial instruments
Financial assets and financial liabilities are recognised when the Company becomes a party to contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised 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 statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial assets are derecognised 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 derecognised 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) 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.

3. Principal accounting policies (continued)

(ii) Investments
The Company's investments are classified into the following categories – held-to-maturity investments and loans and receivables. The classification depends on the purpose for which the investments were acquired.

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity other than those that upon initial recognition meet the definition of loans and receivables are classified as held-to-maturity investments.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the year end of the reporting period. These are classified as non-current assets.

(iii) Borrowings
Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

(iv) Trade and other payables
Trade payables are classified with current liabilities and are stated at their nominal value.

(v) Shares issued by the Company
Ordinary shares issued by the Company are classified as equity instruments.

Impairment
All assets are tested for impairment. At the end of each reporting period, 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.

For loans and receivables, if there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

In the case of other assets tested for impairment, 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 the 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.

For loans and receivables, 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 directly.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits.

3. **Principal accounting policies (continued)**

Revenue recognition
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 recognised:

(i) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Borrowing costs
Borrowing costs include the costs incurred in obtaining external financing. Borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred

Taxation
Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

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 end of the reporting period.

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.

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 can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates that have been enacted or substantially 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.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. Finance income

	2011	*2010*
	€	*€*
Interest receivable on loans advanced to a group company (note i)	**1,050,000**	**1,684,104**

(i) Eden Finance p.l.c. receives interest on the loan amount at the rate of 7.0% per annum which shall be received annually in arrears.

5. Finance costs

This amount represents interest payable on the debt securities in issue, as set out in note 11 to these financial statements.

6. Profit before taxation

Profit before taxation is stated after the total auditors' remuneration amounting to €2,360 (2010: €2,360) for the audit of the financial statements and directors' remuneration amounting to €8,384 (2010: €8,598).

7. Taxation

Income tax has been provided for at the rate of 35% on the taxable income for the year.

	2011	*2010*
	€	*€*
Tax charge for the year:		
Deferred tax expense	**12,685**	*21,258*

The income tax expense for the year is calculated on the Company's taxable income at the rate of 35% applicable in Malta, the Company's country of incorporation.

	2011	*2010*
	€	*€*
The tax expense and the tax charge using the statutory Income tax rate of 35% are reconciled as follows:		
Profit before taxation	**36,242**	*60,736*
Tax charge at 35%	**12,685**	*21,258*
Deferred tax movement	**12,685**	*21,258*
Tax losses	**1,315**	*1,492*
Group losses claimed	**(14,000)**	*(22,750)*
Tax charge for the year	**12,685**	*21,258*

8. Loans owed by parent company

	Security	Interest Rate	Repayable by	2011 €	*2010 €*
Loan	NONE	7.00	31 May 2020	**15,000,000**	**15,000,000**

This represents the funds raised by the bond issue which have been advanced to the Eden Leisure Group Limited at an annual interest rate of 7.0% per annum. The loan will be repaid in full by the 31 May 2020. Eden Leisure Group Limited, the guarantor in respect of the company's bond issue has undertaken to pay all amounts of principal and interest that will become due and payable by the company to bondholders under the bonds.

These loans rank pari passu without any priority or preference within all other present and future unsecured and unsubordinated obligations of the parents company to which the loans have been advanced.

The carrying amount of the loans is considered a reasonable approximation of their fair value.

9. Held-to-maturity investment

	2011 €	*2010 €*
Investment in a group company	**1,164,687**	*1,164,687*

This investment represents 100% holding of the 5.5% redeemable preference shares 2017-2020 of €2.329373 each within Eden Entertainment Limited.

10. Trade and other receivables

	2011 €	*2010 €*
Accrued income (i)	**568,750**	*589,167*
Amounts owed by parent company	**462,506**	*479,178*
Prepayments	**10,024**	*4,454*
	1,041,280	*1,072,799*

(i) This represents accrued interest receivable as at the year-end in respect of the loan advanced to Eden Leisure Group Limited.

11. Debt securities in issue

	Interest Rate	Repayable by	2011 €	*2010 €*
Bond	6.6%	15 June 2020	**15,000,000**	*15,000,000*

Eden Finance p.l.c. has debt securities in issue amounting to an aggregate principal amount of €15 million Bonds (2017-2020), having a nominal value of €100 each, bearing interest at 6.6% per annum. These bonds are unsecured pursuant and subject to the terms and conditions in the prospectus dated 10th May 2010. The quoted market price as at 31st December 2011 for the 6.6% Bonds 2017-2020 was €101.50 (2010:€104).

12. Trade and other payables

	2011	*2010*
	€	*€*
Trade payables	**6,422**	*3,393*
Bond interest accrued	**536,250**	*555,500*
Other accruals	**161,013**	*196,723*
	703,685	*755,616*

13. Called up issued share capital

	2011	*2010*
	€	*€*
Authorised Share Capital		
500,000 Ordinary Shares of €2.329373 each	**1,164,687**	*1,164,687*
Issued and Fully Paid Up		
500,000 Ordinary Shares of €2.329373 each	**1,164,687**	*1,164,687*

14. Cash and cash equivalents

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

	2011	*2010*
	€	*€*
Cash at bank	**2,646**	*816*

15. Fair values of financial assets and financial liabilities

At 31 December 2011 and 2010, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities.

The fair value of non-current financial assets and non-current financial liabilities that are not measured at fair value are not materially different from their carrying amounts.

16. Financial risk management

Overview

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives and policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

16.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loans advanced to the Parent company, and accrued interest charges thereon.

The Board retains direct responsibility for affecting and monitoring the investments made by the Company, and in this capacity it has adjourned itself periodically on the financial affairs of Eden Leisure Group Limited, the guarantors of the bonds.

After considering the above, the directors believe that the credit risk on such loans and receivables is limited when considering the state of the financial affairs of the Parent company.

16.2 Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally debt securities in issue and trade and other payables disclosed in notes 11 and 12. 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 Company's obligations.

The Company forms part of Eden Leisure Group. The Company has advanced amounts borrowed by way of bonds to its parent company. This implies that the Company will have received settlement of interest receivable from the parent company in order to be able to meet its interest payable as they fall due.

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.

16. Financial risk management (continued)

The table below analyses the Company's 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, which do not reflect any changes due to the refinancing arrangements made after the end of the reporting period.

	2011	*2010*
	€	*€*
Within one year		
Trade and other payables	**167,435**	*200,116*
Debt securities in issue	**990,000**	*990,000*
	1,157,435	*1,190,116*
Between 2 and 5 years		
Debt securities in issue	**3,960,000**	*3,960,000*
Between 6 and 10 years		
Debt securities in issue	**18,960,000**	*19,950,000*
	24,077,435	*25,100,116*

16.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

16.4 Interest rate risk

In view of the nature of its activities, the Company's transactions mainly consist of earning interest income on the loan affected from the proceeds of the secured bonds issue and servicing its borrowings. However, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's principal interest-bearing financials instruments, which consist of a loan to a group undertaking and secured bonds issued to financial institutions and the general public, are subject to fixed interest rates. The Company has secured a spread between the return on its investments and its cost of borrowings. Also these instruments have similar terms and maturity profiles as disclosed in Notes 8 and 11 to these financial statements.

16.5 Capital Risk Management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure consists of items presented within equity in the statement of financial positions.

The company's directors manage the company's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the company balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The company's overall strategy remains unchanged from the prior year.

17. Related party transactions

Related party transactions are entered into on a commercial basis with entities which are related by way of common shareholders who are able to exercise significant influence over the Company's operations.
Transactions with these companies principally include advances affected by the Company out of the bond issue proceeds as disclosed in Note 8 to the financial statements. Interest receivable earned from these transactions is disclosed in Note 4 and year end balances in this respect are disclosed in Note 10 to the financial statements.

18. Parent company

The Company is a subsidiary of Eden Leisure Group Limited, the registered office of which is situated at Eden Place, St. Augustine Street, St. Julians, Malta.
Consolidated financial statements are prepared by Eden Leisure Group Limited.