

**EDEN FINANCE p.l.c.**

A Member of Eden Leisure Group Limited

**Report and Financial Statements**  
*for the year ending 31<sup>st</sup> December 2010*

***Company No. C-26843***

# **EDEN FINANCE p.l.c.**

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# EDEN FINANCE p.l.c.

## REPORT OF THE DIRECTORS

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### Directors' Report

The directors present their report, together with the audited financial statements of the Company for the financial year ending 31<sup>st</sup> December 2010.

### 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 year, the Company has fully redeemed its 6.7% 232,557 (2009: 232,557) bonds with a nominal value of €100 each bonds and has successfully issued a €15,000,000 6.6% bond the proceeds of which were used to redeem maturing bonds. During the financial year, interest income earned on advances to the parent company, Eden Leisure Group Limited totalled €1,684,104, while interest payable to the bondholders amounted to €1,584,374.

During the year, the Company registered a profit before taxation amounting to €60,736. After deducting taxation thereon, the profit for the year amounted to €39,478.

### 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 31<sup>st</sup> December 2010, 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

Mr. Edward Fenech (Removed 25 March 2010)

Dr. Andrea Gera de Petri

Mr. David Vella (Appointed 25 March 2010)

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

# EDEN FINANCE p.l.c.

## REPORT OF THE DIRECTORS

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Indirect shareholdings of the Company are as follows:

Princeton Inv. Limited Registration Number C 15542	2,509,355 'B' ordinary shares
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
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 31<sup>st</sup> December, 2010, 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 2011, 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.

# EDEN FINANCE p.l.c.

## REPORT OF THE DIRECTORS

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### Statement of 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 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 prudent; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business

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). 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 Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

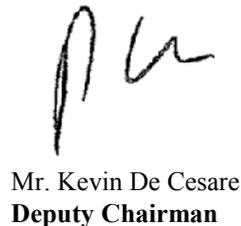
### Auditors

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 29<sup>th</sup> April 2011 and signed on its behalf by:



Mr. Ian De Cesare  
**Executive Chairman**



Mr. Kevin De Cesare  
**Deputy Chairman**

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

# EDEN FINANCE p.l.c.

## STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

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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 ending 31 December 2010 the Board of Directors met on 3 occasions.

#### *Executive Directors*

Mr. Ian De Cesare (Chairman)

Mr. Kevin De Cesare (Deputy Chairman)

Mr. Edward Fenech (Removed 25 March 2010)

Mr. David Vella (Appointed 25 March 2010)

#### *Non-Executive Directors*

Mr. Walter Camilleri

Dr. Andrea Gera de Petri

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 ending 31 December 2010 the Committee met on 2 occasions.

## STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

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### 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 €8,598 for services rendered during 2010. 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.

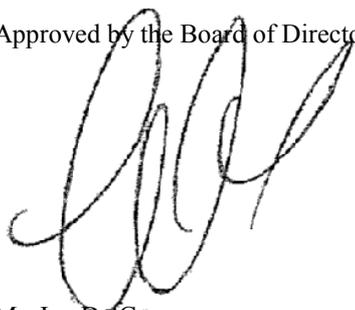
### Corporate Social Responsibility

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

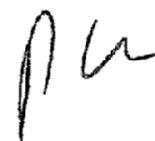
The information as provided above is a fair summary of the Eden Finance p.l.c. adoption of the Code of Good Corporate Governance. Overall, the Company has broadly implemented the Code where the board believes that it would add value to the stakeholders. In certain areas, it was felt that the Code was 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 29<sup>th</sup> April 2011 and signed on its behalf by:



Mr. Ian De Cesare  
Executive Chairman



Mr. Kevin De Cesare  
Deputy Chairman



## **EDEN FINANCE p.l.c.**

### **REPORT OF THE AUDITORS ON THE STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE**

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

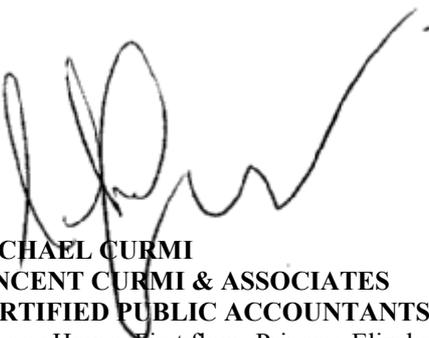
The Malta Financial Services Authority Listing Rules require the Company's Directors to include in their Annual Report a Statement of Compliance to the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance 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 of 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 Group's corporate governance procedures, or its risk and control procedures, nor on the ability of the Company to continue in operational existence.

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 5.97.



**MICHAEL CURMI**  
**VINCENT CURMI & ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

29<sup>th</sup> April 2011

✉ Finance House, First Floor, Princess Elizabeth Street, Ta' Xbiex, XBX1102, MALTA.

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☎ Accountants: ■ VINCENT CURMI FAIA, FIA, CPA ■ MICHAEL CURMI B.A. (Hons) Econ., FCCA, FIA, CPA  
■ CAROL CASSAR TORREGGIANI MQR, B.A. (Hons) Business Management, ACCA, CPA



## **EDEN FINANCE p.l.c.**

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

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We have audited the accompanying financial statements of Eden Finance p.l.c. on pages 8 to 20, which comprise the balance sheet as at 31<sup>st</sup> December 2010, and the income statement, statement of changes in equity and cashflow statement 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 and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the Company's Act, 1995 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.

#### **Auditor's 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 risk 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 principles used and reasonableness of accounting estimates made by the Company, as well as evaluating the overall presentation of the financial statements.

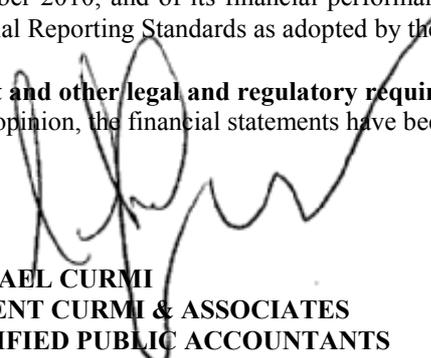
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **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 31<sup>st</sup> December 2010, 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.

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

In our opinion, the financial statements have been properly reported in accordance with the Companies Act (Chap. 386).



**MICHAEL CURMI**  
**VINCENT CURMI & ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

29<sup>th</sup> April 2011

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■ CAROL CASSAR TORREGGIANI MQR, B.A. (Hons) Business Management, ACCA, CPA

# EDEN FINANCE p.l.c.

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2010

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	<i>Notes</i>	<b>2010</b> €	<i>2009</i> €
Finance income	4	<b>1,684,104</b>	1,653,855
Finance costs	5	<b>(1,584,374)</b>	(1,560,278)
		<hr/>	<hr/>
		<b>99,730</b>	93,577
Administrative expenses		<b>(38,994)</b>	(52,855)
<b>Profit before taxation</b>	6	<hr/> <b>60,736</b>	<hr/> 40,722
Income tax expense	7	<b>(21,258)</b>	(14,253)
<b>Comprehensive income</b>		<hr/> <b>39,478</b>	<hr/> 26,469
		<hr/>	<hr/>
<b>Earnings per share</b>		<b>7c9</b>	5c3
		<hr/>	<hr/>

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# EDEN FINANCE p.l.c.

## STATEMENT OF FINANCIAL POSITION

AS AT 31<sup>ST</sup> DECEMBER 2010

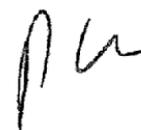
	Notes	2010 €	2009 €
<b>Non-current assets</b>			
Loans owed by parent company	8	15,000,000	-
Held-to-maturity investments	9	1,164,687	-
Deferred taxation		3,330	1,839
		<u>16,168,017</u>	<u>1,839</u>
<b>Current assets</b>			
Held-to-maturity investments	9	-	1,164,687
Loans owed by parent company	8	-	23,293,734
Trade and other receivables	10	1,072,799	738,303
Cash and cash equivalents		816	-
		<u>1,073,615</u>	<u>25,196,724</u>
<b>Total Assets</b>		<u>17,241,632</u>	<u>25,198,563</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	13	1,164,687	1,164,687
Retained earnings		321,329	281,851
		<u>1,486,016</u>	<u>1,446,538</u>
<b>Non-Current liabilities</b>			
Debt securities in issue	11	15,000,000	-
<b>Current liabilities</b>			
Debt securities in issue	11	-	23,255,763
Trade and other payables	12	755,616	496,262
		<u>755,616</u>	<u>23,752,025</u>
<b>Total Liabilities</b>		<u>15,755,616</u>	<u>23,752,025</u>
<b>Total Equity and Liabilities</b>		<u>17,241,632</u>	<u>25,198,563</u>

These financial statements were approved by the Board of Directors on 29<sup>th</sup> April 2011 and were signed on its behalf by:

Mr. Ian De Cesare  
Executive Chairman



Mr. Kevin De Cesare  
Deputy Chairman



# EDEN FINANCE p.l.c.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2010

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	Share Capital €	Retained Earnings €	Total €
At 1 January 2009	1,164,687	255,382	1,420,069
Profit for the year	-	26,469	26,469
	<hr/>	<hr/>	<hr/>
At 31 December 2009	1,164,687	281,851	1,446,538
Profit for the year	-	39,478	39,478
	<hr/>	<hr/>	<hr/>
At 31 December 2010	1,164,687	321,329	1,486,016

# EDEN FINANCE p.l.c.

## CASH FLOW STATEMENT

FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2010

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	<i>Notes</i>	<b>2010</b>	<b>2009</b>
		<b>€</b>	<b>€</b>
<b>Cash flows from operating activities</b>			
Profit before taxation		<b>60,736</b>	40,722
<i>Adjustments for:</i>			
Movement in debtors		<b>(357,245)</b>	(43,347)
Movement in creditors		<b>267,056</b>	30,916
<b>Cash flows (used in)/from operations</b>		<b>(29,453)</b>	28,291
Income tax paid		-	-
<b>Cash flows from interest activities</b>			
Funds received from parent company		<b>8,293,734</b>	-
<b>Cash flows used in financing activities</b>			
Movement in debt securities		<b>(8,255,763)</b>	(37,971)
<b>Net movement in cash and cash equivalents</b>		<b>8,518</b>	(9,680)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(7,702)</b>	1,978
<b>Cash and cash equivalents at the end of the year</b>	<i>14</i>	<b>816</b>	(7,702)

### 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 Maltese Companies Act, 1995.

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 2010*

In 2010, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2010. 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 2010. 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

Eden Finance is a special purpose vehicle set up for financing transactions of Eden Leisure Group of Companies. On 9 June 2010, the Company has successfully issued a €15,000,000 6.6% bond, the proceeds of which were used to redeem maturing bonds. The remainder of the maturing bonds were financed by increases to Bank facilities sanctioned to Eden Leisure Group Limited. The amounts borrowed from the market 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.

The directors are satisfied that following the restructuring of the Group's financing during 2010, and in view of the Group's stable performance coupled with the excellent relationship enjoyed with its bankers, 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 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS's 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).

### 3. Principal accounting policies

#### *Other 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 balance sheet 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.

#### *(ii) Investments*

The Company's investments are classified into the following categories – financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. 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 are designated as at fair value through profit or loss, those that are designated as available-for-sale financial assets and those that 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 other than those that are held for trading or are designated upon initial recognition as at fair value through profit or loss or as available-for-sale financial assets or those for which the Company may not recover substantially all of its initial investment other than because of credit deterioration.

### 3. Principal accounting policies (continued)

#### *(iii) Other 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 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 recognised immediately in profit or loss.

An impairment loss recognised 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 recognised.

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 recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss.

#### *Cash and cash equivalents*

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

#### *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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2010

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### 3. Principal accounting policies (continued)

#### *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.

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. 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.

### 4. Finance income

	2010 €	2009 €
Interest receivable on loans advanced to a group company (note i)	1,684,104	1,653,855

(i) Eden Finance p.l.c. shall receive interest on the loan amount at the rate of 7.0% (7.1% - 2009) 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 for the audit of the financial statements and directors' remuneration amounting to €8,598.

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**FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2010**

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**7. Taxation**

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

	<b>2010</b>	<i>2009</i>
	<b>€</b>	<b>€</b>
Tax charge for the year:		
Deferred taxation	<b>21,258</b>	<i>14,253</i>
	<hr/>	<hr/>
	<b>2010</b>	<i>2009</i>
	<b>€</b>	<b>€</b>
The tax expense and the tax charge using the statutory Income tax rate of 35% are reconciled as follows:		
Profit before taxation	<b>60,736</b>	<i>40,722</i>
Tax charge at 35%	<hr/> <b>21,258</b>	<hr/> <i>14,253</i>
Deferred tax movement	<b>21,258</b>	<i>14,253</i>
Tax losses	<b>1,492</b>	<i>(253)</i>
Group losses claimed	<b>(22,750)</b>	<i>(14,000)</i>
Tax charge for the year	<hr/> <b>21,258</b> <hr/>	<hr/> <i>14,253</i> <hr/>

**8. Loans owed by parent company**

	<b>Security</b>	<b>Interest Rate</b>	<b>Repayable by</b>	<b>2010</b>	<i>2009</i>
				<b>€</b>	<b>€</b>
Loan I	NONE	7.10	28 September 2010	-	<i>23,293,734</i>
Loan II	NONE	7.00	31 May 2020	<b>15,000,000</b>	-
				<hr/>	<hr/>

During the reporting period the Parent company has obtained additional bank facilities to part finance Loan I receivable from Eden Leisure Group Limited. The balance of the loan receivable was extended inline with the proceeds received from the new bond issue.

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.

# EDEN FINANCE p.l.c.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2010

### 9. Held-to-maturity investment

	2010 €	2009 €
Investment in a group company	1,164,687	1,164,687

Through a directors resolution dated 31<sup>st</sup> August 2010 it was resolved to accept the redemption of the 500,000 6.25% preference shares 2010 of €2.329373 each held in Eden Entertainment Limited at par, and to reinvest these funds in a new issue of 500,000 5.5% redeemable preference shares 2017-2020 of €2.329373 each within Eden Entertainment Limited. This investment is being carried at cost, since the effect of amortisation has no material impact on the financial statements.

### 10. Trade and other receivables

	2010 €	2009 €
Accrued income (i)	589,167	413,563
Amounts owed by group companies	479,178	308,063
Prepayments	4,454	16,677
	<u>1,072,799</u>	<u>738,303</u>

(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	2010 €	2009 €
Bond I	6.7	12 October 2010	-	23,255,763
Bond II	6.6	15 June 2020	15,000,000	-
			<u>15,000,000</u>	<u>23,255,763</u>
<b>Comprising</b>			<b>€</b>	<b>€</b>
Non-current			15,000,000	-
Current			-	23,255,763

During the financial year ended 31<sup>st</sup> December 2010, the 6.7% Bonds 2010 were redeemed in full. Following a board decision taken on 26<sup>th</sup> March 2010, Eden Finance p.l.c. issued an aggregate principal amount of €15 million 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 2010 for the 6.6% Bonds (2017-2020) was €104, whilst the quoted market price as at 31<sup>st</sup> December 2009 for the 6.7% Bonds 2010 was €100.50. Bondholders holding the 6.7% bonds for a total of €7,723,273 exercised the bond exchange programme option set in the 6.6% bond prospectus dated 10<sup>th</sup> May 2010.

# EDEN FINANCE p.l.c.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2010

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### 12. Trade and other payables

	2010 €	2009 €
Bank overdraft	-	7,702
Trade payables	3,393	17,577
Bond interest accrued	555,500	351,261
Other accruals	196,723	119,722
	<u>755,616</u>	<u>496,262</u>

### 13. Called up issued share capital

	2010 €	2009 €
<i>Authorised Share Capital</i>		
500,000 Ordinary Shares of €2.329373 each	1,164,687	1,164,687
	<u>1,164,687</u>	<u>1,164,687</u>
<i>Issued and Fully Paid Up</i>		
500,000 Ordinary Shares of €2.329373 each	1,164,687	1,164,687
	<u>1,164,687</u>	<u>1,164,687</u>

### 14. Cash and cash equivalents

For the purpose of the cash flow statement, the year end cash and cash equivalents comprise the following:

	2010 €	2009 €
Cash at bank	816	-
Bank overdraft	-	(7,702)
	<u>816</u>	<u>(7,702)</u>

### 15. Fair values of financial assets and financial liabilities

At 31 December 2010 and 2009, 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.

#### 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, market risk and interest rate 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.

During the reporting period the Parent company has refinanced existing bank liabilities and also has obtained additional bank facilities to part finance the loan payable to Eden Finance p.l.c.. The balance of the loan receivable was extended in line with the proceeds received from the new bond issue.

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 and the increased bank facilities.

##### 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 has 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.

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDING 31<sup>ST</sup> DECEMBER 2010**

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**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.

	2010 €	2009 €
Within one year		
Trade and other payables	<b>355,106</b>	277,241
Debt securities in issue	<b>990,000</b>	24,554,210
	<u><b>1,345,106</b></u>	<u>24,831,451</u>
Between 2 and 5 years		
Debt securities in issue	<b>3,960,000</b>	-
Between 6 and 10 years		
Debt securities in issue	<b>19,950,000</b>	-
	<u><b>25,255,106</b></u>	<u>24,831,451</u>

**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.

**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.