EDEN FINANCE p.l.c.

A Member of Eden Leisure Group Limited

Report and Financial Statements

for the year ended 31st December 2018

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 2018.

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 registered a profit before taxation amounting to €19,298 (2017: €9,566). After deducting taxation thereon, the profit for the year amounted to €12,543 (2017: €6,219).

During the financial year 2017, the Company successfully issued a €40,000,000 4% bond, the proceeds of which were used to redeem the remaining maturing bonds of 6.6% 139,840 with a nominal value of €100 each bond. The remaining proceeds were loaned to the parent company which were in turn used to repay bank facilities and to part finance various redevelopment and refurbishment works. During the financial year, interest income earned on advances to the parent company, Eden Leisure Group Limited totalled €1,680,000 (2017: €1,517,830), while interest payable to the bondholders amounted to €1,600,000 (2017: €1,441,489).

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 2018, 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.

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 (Chief Executive Officer)
Mr. Simon De Cesare (appointed on 5th January 2018)
Mr. David Vella
Dr. Andrea Gera de Petri Testaferrata
Mr. Paul Mercieca
Mr. Victor Spiteri

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 through the shares held in Eden Leisure Group Limited are as follows:

Capitola Inv. Limited Registration Number C 15543	3,448,556 'A' ordinary shares 3,378,000 'B' ordinary shares
Cedar Investments Limited Registration Number C 63943	3,448,556 'A' ordinary shares 3,378,000 'B'ordinary shares
Ian De Cesare I.D. No. 787950(M)	68,244 'A' ordinary shares 105,200 'B' ordinary shares
Kevin De Cesare I.D. No. 344659(M)	68,244 'A' ordinary shares 105,200 'B' ordinary shares

The directors confirm that as at 31st December 2018, there were no holders of the 4% Eden Finance plc debt securities who have special control rights and that there were no restrictions or limitations on voting rights.

No disclosures are being made pursuant to Listing Rules 5.64.10 and 5.64.11 as these are not applicable to the Company.

Going concern

As required by Listing Rule 5.62 issued by the listing Authority, the Directors confirm that, having reviewed the Group's budget and forecast for 2019, 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.

Events after the balance sheet date

No adjusting or significant non-adjusting events have occurred between the balance sheet date and the date of authorisation on 30 April 2019 by the board.

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.

Contracts of significance with the parent company

The Company has advanced amounts borrowed by way of bonds listed on the Malta Stock Exchange to its parent company, Eden Leisure Group Limited. The terms of the relevant agreement are set out in the Company's financial statements.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year end which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- 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 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.

The financial statements of Eden Finance p.l.c. for the year ended 31 December 2018 are included in the Annual Report 2018, which is published in hard-copy printed form and made available on the parent company's website. The Directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of the website. Access to information published on the parent company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Auditors

A resolution to reappoint VCA Certified Public Accountants 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 30 April 2019 and signed on its behalf by:

Mr. Ian De Cesare	Mr. Kevin De Cesare
Chairman	**Chief Executive Officer**

Registered office:
Eden Place, St. Augustine Street, St. Julians

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Introduction
Pursuant to the Listing Rules issued by the Listing Authority, Eden Finance p.l.c. (the Company) should endeavour to adopt the Code of Principles of Good Corporate Governance contained in Appendix 5.1 to Chapter 5 of the Listing Rules (the "Code"). In terms of Listing Rule 5.94, the Company hereby reports on the extent of its adoption of the principles of the Code for the financial year being reported upon.

The Board of Directors resolved to adopt the Code. Eden Finance p.l.c. has been in compliance with the Code, except where, given 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.

Principle 1: 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 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.

Principle 2: Chairman and Chief Executive Officer

The role of Chairman is carried out by Mr. Ian De Cesare and the role of Chief Executive Officer is carried out by Mr. Kevin De Cesare.

The Chairman is responsible to:
- Lead the Board and set its agenda;
- Ensure that the directors of the Board receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company;
- Ensure effective communication with shareholders; and
- Encourage active engagement by all members of the Board for discussion of complex or contentious issues.

Principle 3: Composition of the Board
The Board of Directors consists of three Executive Directors and four Non-Executive Directors:

Chairman
Mr. Ian De Cesare

Executive Directors
Mr. Kevin De Cesare (Chief Executive Officer)
Mr. Simon De Cesare
Mr. David Vella

Non-Executive Directors
Mr. Paul Mercieca
Dr. Andrea Gera de Petri
Mr. Victor Spiteri

Secretary to the Board
Mr. Simon De Cesare

Mr. Paul Mercieca and Mr. Victor Spiteri are considered to be independent from the Company and any related company within the meaning provided by the Code. Each non-executive director has submitted a declaration to the Board declaring their independence as stipulated under the Code Provision 3.4.

The present mix of Executive and Non-executive directors is considered to create a healthy balance and serves to unite all shareholders' interests, whilst providing directors to the Company's management to help maintain a sustainable organisation.

Directors are appointed during the Company's Annual General Meeting for period of one year, at the end of which term they may stand again for re-election. The Articles of Association of the Company clearly set out the procedures to be followed in the appointment of directors.

Principle 4: The Responsibilities of the Board

The Board acknowledges its statutory mandate to conduct the administration and management of the Company. The Board, in fulfilling this mandate and discharging its duty of stewardship of the Company, assumes responsibility for the Company's strategy and decisions with respect to the issue, servicing and redemption of its bonds in issue, and for monitoring that its operations are in conformity with its commitments towards bondholders, shareholders, and all relevant laws and regulations. The Board is also responsible for ensuring that the Company establishes and operates effective internal control and management information systems and that it communicates effectively with the market.

The executive officers of the Company may be asked to attend board meetings or general meetings of the Company, although they do not have the right to vote thereat until such time as they are also appointed to the Board. The directors may entrust to and confer upon the executive officers any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

In fulfilling its mandate, the Board:

- Has a clearly-defined company strategy, policies, management performance criteria and business policies which can be measured in a precise and tangible manner;
- Has established a clear internal and external reporting system so that the Board has continuous access to accurate, relevant and timely information such that the Board can discharge its duties, exercise objective judgment on corporate affairs and take pertinent decisions to ensure that an informed assessment can be made of all issues facing the Board;
- Establishes an Audit Committee in terms of Listing Rules 5.117 – 5.134;
- Continuously assesses and monitors the Company`s present and future operations, opportunities, threats and risks in the external environment and current and future strengths and weaknesses;
- Evaluates management's implementation of corporate strategy and financial objectives, and regularly reviews the strategy, processes and policies adopted for implementation using key performance indicators so that corrective measures can be taken to address any deficiencies and ensure the future sustainability of the Company; and
- Ensures that the Company has appropriate policies and procedures in place to assure that the Company and its employees maintain the highest standards of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards.

The Board does not feel the need to establish and implement a succession plan for senior management considering its existing organizational structure.

Principle 5: Board Meetings

The Board of Directors meets regularly to discuss policy decisions and to discuss the operations of the parent company, Eden Leisure Group Ltd. The directors are notified of forthcoming meetings by the company secretary with the issue of an agenda and supporting board papers, which are circulated in advance of the meeting. Minutes are prepared during board meetings; recording faithfully attendance, and resolutions taken at the meeting. After the meetings, minutes are circulated to all directors. The Chairman ensures that all relevant issues are on the agenda supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all directors every opportunity to contribute to relevant issues on the agenda. The agenda on the Board seeks to achieve a balance between long-term strategic and short-term performance issues.

The following directors attended meetings as follows:
Mr. Ian De Cesare (Chairman) – 2 meetings
Mr. Kevin De Cesare (Chief Executive Office) – 2 meetings
Mr. Simon De Cesare – Director – 2 meetings
Mr. David Vella – Director – 2 meetings
Mr. Paul Mercieca – Non-executive Director – 2 meetings
Dr. Andrea Gera de Petri – Non-executive Director – 2 meetings
Mr. Victor Spiteri – Non-executive Director – 2 meetings

Principle 6: Information and professional development

Under the present circumstances, full adherence by the issuer with the provision of Principle 6 of the Code is not deemed necessary considering the size, nature and operations of the issuer. The issuer does not feel the need to establish and implement a succession plan for senior management considering its existing organizational structure. The directors will maintain the existing arrangement and review continuously to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

Principle 7: Evaluation of the Board's performance

The current composition of the Board allows for a cross-section of skills and experience and achieves the appropriate balance required for it to function effectively. During the year, the directors carried out a self-evaluation performance analysis, including the Chairman and the CEO. The results of this analysis did not require any material changes in the Company's corporate governance structure. Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is always under the scrutiny of the shareholders who are adequately represented on the Board therefore under their continuous scrutiny.

Principle 8: Committees

Audit Committee

In accordance with Listing Rules 5.117 to 5.134, 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 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 Committee oversees the conduct of the external audit and acts to facilitate communication between the Board of Directors, management and the external auditors team. The external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Boards of Directors.

The terms of reference of the Audit Committee include support to the Board of Directors of the Issuer and the Guarantor in its responsibilities in dealing with issues of: risk, control and governance, and the associated assurance. The Board of Directors of the Issuer has set formal terms of establishment and the terms of reference of the Audit Committee which set out its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with.

Audit Committee (continued)

Briefly, the Committee is expected to deal with and advise the Board of Directors on the following matters on a group-wide basis:

(a) Its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
(b) Maintaining communications on such matters between the Board of Directors, management and the external auditors;
(c) Preserving the Group's assets by assessing the Group's risk environment and determining how to deal with those risks.

In addition, the Audit Committee also has the role and function of evaluating any proposed transaction to be entered into by the Company or the Guarantor and a related party, to ensure that the execution of any such transaction is at arm's length, on a commercial basis and ultimately in the best interest of the Company or Guarantor as the case may be.

The Audit Committee is composed of three Non-Executive Directors. The following directors sit on the committee:

- Chairman – Mr. Paul Mercieca (Non-Executive Director)
- Member – Dr. Andrea Gera de Petri (Non-Executive Director)
- Member – Mr. Victor Spiteri (Non-Executive Director)

The Audit Committee pursuant to its terms of reference has been appointed to, accordingly has a remit that, covers the Guarantor, apart from the Issuer.

During the financial year ended 31 December 2018 the Committee met on 5 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 €22,000 for services rendered during 2018. 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.

Principle 9: 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 programme, which aims at giving bond holders rewards to be used within the Company to foster loyalty.

Principle 10: Institutional Shareholders
The Company has no institutional shareholders.

Principle 11: Conflicts of Interest
The directors always act in the interest of the Company and its shareholders. If any director has a private interest or duty unrelated to the Company which would be likely to place the director in conflict with any interests in, or duties towards, the Company, the director is not allowed to vote on the matter. No such instances were noted during the financial year under review.

Principle 12: Corporate Social Responsibility
The Company seeks to adhere to sound Principles of Corporate Social Responsibility in its management practices, and is committed to enhance the quality of life of all stakeholders and of the employees of the Company. In carrying on its business the Company is fully aware and at the forefront to preserving the environment, promoting healthy lifestyles and supporting charitable causes, and continuously reviews its policies aimed at achieving these goals.

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 30 April 2019 and signed on its behalf by:

Mr. Ian De Cesare
Chairman

Mr. Kevin De Cesare
Chief Executive Officer

VCA Certified Public Accountants
Finance House, First Floor,
Princess Elizabeth Street,
Ta' Xbiex, XBX 1102, Malta.

t: (+356) 21 333 680
f: (+356) 21 335 679
e: info@vca.com.mt
w: www.vca.com.mt

Vat No. MT 2158 - 7124

EDEN FINANCE p.l.c.

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eden Finance p.l.c., set out on pages 14 to 32, which comprise the Company's statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Companies Act (Cap. 386), enacted in Malta.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non audit services that we have provided to the Company are disclosed in note 6 to the financial statements.

Our Audit Approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

VCA
CERTIFIED PUBLIC ACCOUNTANTS

VCA Certified Public Accountants
Finance House, First Floor,
Princess Elizabeth Street,
Ta' Xbiex, XBX 1102, Malta.

t: (+356) 21 333 680
f: (+356) 21 335 679
e: info@vca.com.mt
w: www.vca.com.mt

Vat No. MT 2158 - 7124

Based on our professional judgement, we determined certain quantitative thresholds for materiality as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedure and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Materiality	€33,600 (2017: €30,000)
How we determined it	2% of turnover
Rationale for the materiality benchmark applied	We chose turnover as the benchmark because, in our view, Eden Finance's objective is to obtain finance for the Group and its income is derived from the loan advanced to the Parent Company, the turnover of the Company is considered to be the most appropriate measure of the success of the Company in obtaining enough funds to service its annual obligations towards the bond holders. We chose 2%, which is within the range of acceptable quantitative materiality thresholds in auditing standards.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €1,680 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Significant Financing Transactions

Risk Description
The principal activity of Eden Finance p.l.c. is to raise financial resources from the capital market to finance the capital projects of the companies forming part of Eden Leisure Group. These debt securities are guaranteed by the parent company, Eden Leisure Group Limited. The funds received from the debt securities in issue have been advanced to the parent company under similar duration and terms, with a higher lending rate in order for Eden Finance p.l.c. to cover its operating expenses. The recoverability of the loan advanced to Eden leisure Group Limited and the debt servicing thereon is dependant of the going concern of the parent company which include the operations of the Group.

How the scope of our audit responded to the risk
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	**How our audit addressed the Key audit matter**
Recoverability of loans issued to the Guarantor of the bond	
Loans and receivables include funds advanced to the parent company, Eden Leisure Group Ltd, who is the guarantor of the bonds issued by the Company. Loan balances with this related party as at 31 December 2018 amounted to €40 million.	We have agreed the terms of these loans to supporting loan agreements.
As explained in accounting policy Note 3, the recoverability of the loans are assessed at the end of each financial year.	We have assessed the financial soundness of the fellow parent company, Eden Leisure Group Ltd, which is also the guarantor of the Company's bonds. In doing this, we made reference to the latest audited financial statements, management accounts, cash flow projections, forecasts and other prospective information made available to us.
The loans are the principal asset of the Company, which is why we have given additional attention to this area.	Based on evidence and explanations obtained, we concur with the management's view with respect to the recoverability of these loans.

VCA Certified Public Accountants
Finance House, First Floor,
Princess Elizabeth Street,
Ta' Xbiex, XBX 1102, Malta.
t: (+356) 21 333 680
f: (+356) 21 335 679
e: info@vca.com.mt
w: www.vca.com.mt
Vat No. MT 2158 - 7124

CERTIFIED PUBLIC ACCOUNTANTS

Findings
The results of our testing were satisfactory and the amount advanced to the parent company is appropriately recorded in the financial statements and disclosed in Note 8.

Other Information
The directors are responsible for the other information. The other information comprises the directors' report and the Statement of Compliance with the Principles of Good Corporate Governance. Except for our opinions on the directors' report in accordance with the Companies Act (Cap.386) and on the Corporate Governance Statement of Compliance in accordance with the Listing Rules issued by the Maltese Listing Authority, our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

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

Responsibilities of the Directors and those charged with governance for the financial statements
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 for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors have delegated the responsibility for overseeing the Company's financial reporting process to the Audit Committee.

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

EDEN FINANCE p.l.c.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

The Listing Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

VCA
CERTIFIED PUBLIC ACCOUNTANTS

VCA Certified Public Accountants
Finance House, First Floor,
Princess Elizabeth Street,
Ta' Xbiex, XBX 1102, Malta.

t: (+356) 21 333 680
f: (+356) 21 335 679
e: info@vca.com.mt
w: www.vca.com.mt

Vat No. MT 2158 - 7124

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any 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 6 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

We also have responsibilities:

- Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:
  - We have not received all the information and explanations we require for our audit.
  - Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
  - The financial statements are not in agreement with the accounting records and returns.
- Under the Listing Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

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

Appointment

We were first appointed as auditors of the Company for the financial year ended 30 April 2001. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 17 years. The Company was incorporated as a public limited company on 22 August 2000.

This copy of the audit report has been signed by:
MICHAEL CURMI
for and on behalf of
30 April 2019

EDEN FINANCE p.l.c.

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31ST DECEMBER 2018

	Notes	**2018**	*2017*
		€	*€*
Finance income	*4*	**1,680,000**	1,517,830
Finance costs	*5*	**(1,600,000)**	(1,441,489)
Gross profit		**80,000**	76,341
Administrative expenses		**(60,702)**	(66,775)
Profit before taxation	*6*	**19,298**	*9,566*
Income tax expense	*7*	**(6,755)**	*(3,347)*
Profit for the year		**12,543**	*6,219*
Earnings per share		**2c51**	*1c24*

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2018

	Notes	2018 €	2017 €
Non-current assets			
Loans and receivables	8	**40,000,000**	*40,000,000*
Held-to-maturity investments	9	**1,164,687**	*1,164,687*
Deferred tax asset	11	**-**	2,915
		41,164,687	*41,167,602*
Current assets			
Trade and other receivables	10	**1,734,684**	*1,682,164*
Cash and cash equivalents		**15,276**	*34,334*
		1,749,960	*1,716,498*
Total Assets		**42,914,647**	*42,884,100*
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	**1,164,687**	*1,164,687*
Retained earnings		**453,087**	*440,544*
		1,617,774	*1,605,231*
Non-Current liabilities			
Debt securities in issue	12	**40,000,000**	*40,000,000*
Current liabilities			
Trade and other payables	13	**1,296,873**	*1,278,869*
Total Liabilities		**41,296,873**	*41,278,869*
Total Equity and Liabilities		**42,914,647**	*42,884,100*

These financial statements were approved and authorised for issue by the Board of Directors on 30 April 2019 and were signed on its behalf by:

Mr. Ian De Cesare
Chairman

Mr. Kevin De Cesare
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Share Capital €	Retained Earnings €	Total €
At 1 January 2017	1,164,687	434,325	1,599,012
Profit for the year	-	6,219	6,219
At 31 December 2017	1,164,687	440,544	1,605,231
Profit for the year	-	12,543	12,543
At 31 December 2018	**1,164,687**	**453,087**	**1,617,774**

EDEN FINANCE p.l.c.

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2018

	Notes	2018	2017
		€	€
Cash flows from operating activities			
Profit before taxation		**19,298**	*9,566*
Adjustment for:			
Interest expense		**1,600,000**	*1,441,489*
Interest income		**(1,680,000)**	*(1,517,829)*
Operating loss before working capital movements		**(60,702)**	*(66,774)*
Movement in receivables		**(56,360)**	*(608,421)*
Movement in payables		**18,004**	*631,521*
Cash flows used in operations		**(99,058)**	*(43,674)*
Cash flows from investing activities			
Funds to parent company		-	*(40,000,000)*
Funds received from parent company		-	*13,984,000*
Interest received		**1,680,000**	*1,517,829*
Net cash flows generated / (used in) investing activities		**1,680,000**	*(24,498,171)*
Cash flows from financing activities			
Interest paid to bond holders		**(1,600,000)**	*(1,441,489)*
Increase in debt securities		-	*26,016,000*
Net cash flows (used in)/ from financing activities		**(1,600,000)**	*24,574,511*
Net movement in cash and cash equivalents		**(19,058)**	*32,666*
Cash and cash equivalents at the beginning of the year		**34,334**	*1,668*
Cash and cash equivalents at the end on the year	*15*	**15,276**	*34,334*

1. Reporting Entity

Eden Finance p.l.c. (the 'Company') is a limited liability company incorporated and domiciled in Malta. The registered office of the company is Eden Place, St. Augustine Street, St. George's Bay, St. Julians. These financial statements were approved for issue by the board of directors on 30 April 2019.

2. Basis of Preparation

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is stated in the accounting policies below. 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 International Financial Reporting Standards 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.

Standards, interpretations and amendments to published standards effective in 2018

In 2018, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2018. Other than changing its accounting policies for financial instruments as a result of adopting IFRS 9 'Financial Instruments', 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.

IFRS 9 – Financial Instruments

The transitional requirements of IFRS 9 adopted on 1 January 2018, the date of the initial application of the standard, resulted in a change in the accounting policies related to the classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The Company has taken advantage of the exemption in IFRS 9 allowing it not to restate comparative information for prior periods with respect to classification and measurement, impairment changes and hedge accounting.

i. Hedge accounting

The Company does not designate any of its assets, liabilities and other items in a hedge relationship for accounting purposes and accordingly the change introduced by IFRS 9 in this respect does not affect these financial statements.

ii. Classification and measurement of financial assets under IFRS 9

Financial assets are required to be classified into three measurements categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit and loss (FVPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

In accordance with the transitional provisions of IFRS 9, the Company assessed the business model in which the financial assets are held on the basis of the facts and circumstances at 1 January 2018 and the resulting classification is being applied retrospectively irrespective of the Company's business model in prior reporting periods. Accordingly, there was no change in the carrying amount of these instruments at 1 January 2018 as a result of the new classification in terms of IFRS 9.

The table below illustrates the classification and measurement of financial assets under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

2. Basis of Preparation (continued)

Standards, interpretations and amendments to published standards effective in 2018 (continued)

IFRS 9 – Financial Instruments (continued)

	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39 and new carrying amount under IFRS 9
			€
Loans and receivables	Loans and receivables	Financial asset measured at amortised Cost	40,000,000
Held to maturity investments	Loans and receivables	Financial asset measured at amortised Cost	1,164,687
Trade and other receivables	Loans and receivables	Financial asset measured at amortised Cost	1,682,164
Cash and Cash equivalents	Loan and receivables	Financial asset measured at amortised Cost	34,334

iii. Classification and measurement of financial liabilities under IFRS 9
The Group and the Company do not designate any of its financial liabilities at fair value through profit and loss upon initial recognition and accordingly the change introduced by IFRS 9 in this respect does not affect these financial statements.

The table below illustrates the classification and measurement of financial liabilities under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39 and new carrying amount under IFRS 9
			€
Trade and other payables	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost	1,278,869
Debt Securities	Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost	40,000,000

IFRS 15 – Revenue from Contracts with customers
IFRS 15 – 'Revenue from Contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 introduces a five-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. IFRS 15 supersedes the following revenue standards and interpretations upon its effective date: IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

2. Basis of Preparation (continued)

Standards, interpretations and amendments to published standards effective in 2018 (continued)

IFRS 15 – Revenue from Contracts with customers (continued)
After taking into consideration the nature of the Company's revenue, it was concluded that the transition of IFRS 15 has not had an impact on the financial position and financial performance of the Company and hence no adjustments were made to the results.

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 on or after 1 January 2019. 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.

IAS 12 – 'Income Taxes'
An amendment to IAS 12 was issued in December 2017 as part of the annual improvement cycle. The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. The amendment is effective for annual periods beginning on or after 1 January 2019. The implication of this standard is not expected to have a material impact on the Company results.

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 year ended 31 December 2017, the Company issued 400,000 4% unsecured 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 4.2%.

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 Bank of Valletta p.l.c. are in place and all obligations to date have been met.

The directors are satisfied that the Company 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 (continued)

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).

Expected credit loss allowances on loans and advances
Credit loss allowance represent management's best estimate of expected credit losses in the financial assets subject to IFRS 9 impairment requirements at the balance sheet date. In this respect the directors are required to exercise judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. The Company uses the PD, LGD and EAD models in assessing loans and receivable support the measurement of ECL. Under this method the ECL were deemed to be immaterial and hence no adjustments were made to these financial statements.

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
In the comparative information provided in these financial statements continues to be accounted for in accordance with the Group's previous year accounting policy.

Financial assets – Accounting policy applied as from 1 January 2018
The Company's financial assets are measured in their entirety at amortised cost.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Regular way purchases or sales of financial assets are recognised and derecognised on trade date.

The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis. The information considered includes: (a) the stated policies and objectives for the portfolio and the operation of those policies in practice; (b) how the performance of the portfolio is evaluated and reported to the Company's management; (c) the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; (d) how managers of the business are compensated; and (e) the frequency, value and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

3. Principal accounting policies

Financial instruments (continued)

Financial assets – Accounting policy applied as from 1 January 2018 (continued)

Appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the Company's accounting policy on ECLs. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Changes in the carrying amount as a result of foreign exchange gains or losses, impairment gains or losses and interest income are recognised in profit or loss. On derecognition, any difference between the carrying amount and the consideration received is recognised in profit or loss and is presented separately in the line item 'Gains and losses arising from the derecognition of financial assets measured at amortised cost'.

Financial liabilities – Accounting policy applied as from 1 January 2018
The Group recognizes a financial liability on its statement of financial position when it becomes a party to the contractual provision of the instrument. The Group's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss. These financial liabilities are recognized initially at fair value, being the fair value of consideration received, net of transactions costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Group derecognizes a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, cancelled or expires.

Financial Instruments – Accounting policy applied until 31 December 2017

Classification
The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise loans receivable, trade and other receivables and cash and cash equivalents in the statement of financial position.

Recognition and measurement
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.

3. Principal accounting policies

Financial instruments (continued)

Financial Instruments – Accounting policy applied until 31 December 2017
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.

Impairment of financial assets
In terms of IFRS 9, the Company applies an ECL model as opposed to an incurred credit loss model under IAS 39. As from 1 January 2018 the Company has to assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. In accordance with the transitional provisions of IFRS 9, where possible, the Company used reasonable and supportable information that was available without undue cost or effort to determine the credit risk of the debt instruments at the date these were initially recognised and compared that to the credit risk at 1 January 2018.

For its financial instruments, the Company uses the general approach. The credit risk on the financial instrument has not increased significantly since initial recognition and consequently the Company measures the loss allowance at an amount equal to 12-month ECL ('12m ECL'). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Impairment of non- financial assets
All non financial 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.

3. Principal accounting policies

(i) Trade and other receivables

As from 1 January 2018:
Trade receivables comprise amounts due from parent company for services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in policy 'Impairment of financial assets'.

Until 31 December 2017:
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 – held-to-maturity investments and loans and receivables. The classification depends on the purpose for which the investments were acquired.

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.

(iii) 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. Discounting is omitted where 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.

(iv) Trade and other payables
Trade payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

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

Cash and cash equivalents
Cash and cash equivalents are carried in the balance sheet at face value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

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:

3. Principal accounting policies (continued)

(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.

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

4. Finance income

	2018	2017
	€	€
Interest receivable on loans advanced to a group company (note i)	1,680,000	1,517,830

(i) Eden Finance p.l.c. receives interest on the loan amount at the rate of 4.2% (2017 : 4.2%) 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 12 to these financial statements.

6. Expenses by nature

Administrative expenses are classified by their nature as follows:

	2018	2017
	€	€
Directors' fees	22,000	9,892
Stock exchange charges	25,395	50,626
Legal and professional fees	9,043	3,981
Other expenses	4,264	2,276
	60,702	66,775

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

	2018	2017
	€	€
Annual statutory audit	3,262	3,150
Tax compliance service	300	300
Other non audit services	130	130
	3,692	3,580

7. Taxation

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

	2018	2017
	€	€
Tax charge for the year:		
Current tax expense	6,755	3,347

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.

	2018	2017
	€	€
The tax expense and the tax charge using the statutory Income tax rate of 35% are reconciled as follows:		
Profit before taxation	19,298	9,566
Tax charge at 35%	6,755	3,347

8. Loans and receivables

	Security	Interest Rate	Repayable by	2018 €	*2017 €*
Loan I	NONE	4.20	28 April 2027	**40,000,000**	*40,000,000*

These represent the funds raised by the bond issue in the prior year which have been advanced to the Eden Leisure Group Limited at an annual interest rate of 4.2% per annum (2017: 4.2% p.a).

This loan represents a €40,000,000 4% bond, the proceeds of which were used to redeem the remaining maturing bonds of 6.6% 139,840 with a nominal value of €100 each bond. The remaining proceeds were loaned to the parent company. The loan will be repaid in full by the 28 April 2027.

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 parent company to which the loans have been advanced.

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

No loss allowance has been recognised based on 12-month expected credit loss as any such impairment would be insignificant.

9. Held-to-maturity investment

	2018 €	*2017 €*
Investment in a group company	**1,164,687**	*1,164,687*

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

10. Trade and other receivables

	2018 €	*2017 €*
Accrued income (i)	**1,134,000**	*1,134,000*
Amounts owed by parent company (ii)	**592,385**	*548,164*
Prepayments	**8,299**	-
	1,734,684	*1,682,164*

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

(ii) Amounts owed by parent company are interest free, unsecured and repayable on demand.

11. Deferred taxation

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35%.

	2018	*2017*
	€	*€*
At the beginning of the year	**2,915**	*2,766*
Movement in absorbed tax losses and capital allowances	**(2,915)**	*139*
At the end of the year	**-**	*2,915*

	2018	*2017*
Effect recognised in:		
Deferred tax movements recognised in profit or loss	**(2,915)**	*139*
Transfer of tax losses through group loss relief	**(3,840)**	*(3,486)*
	(6,755)	*(3,347)*

The following amounts are shown in the balance sheet:

	2018	*2017*
	€	*€*
Deferred tax assets		
Unabsorbed tax losses and capital allowances	**-**	*2,915*

12. Debt securities in issue

	Interest Rate	**Repayable by**	**2018 €**	*2017 €*
Bond	4.0%	28 April 2017	**40,000,000**	*40,000,000*

Following a company announcement made on 28th March 2017, Eden Finance p.l.c. issued an aggregate principal amount of €40 million Bonds (2027), having a nominal value of €100 each, bearing interest at 4.0%. These bonds are unsecured pursuant and subject to the terms and conditions in the prospectus dated 27th March 2017. The quoted market price as at 31st December 2018 for the 4.0% Bonds (2027) was €104.90 (2017:€104).

13. Trade and other payables

	2018 €	*2017 €*
Trade payables	**7,160**	*4,726*
Bond interest accrued	**1,080,000**	*1,080,000*
Other accruals	**209,713**	*194,143*
	1,296,873	*1,278,869*

14. Called up issued share capital

	2018 €	*2017 €*
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*

15. Cash and cash equivalents

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

	2018 €	*2017 €*
Cash at bank	**15,276**	*34,334*

The balances of cash and cash equivalents are available for use by the Company in their entirety.

16. Fair values of financial assets and financial liabilities

At 31 December 2018 and 2017, 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.

17. 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.

17.1 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, which are not impaired, is limited when considering the state of the financial affairs of the parent company.

17.2 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 12 and 13. 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.

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.

17. Financial risk management (continued)

17.2 Liquidity risk (continued)

	2018	*2017*
	€	*€*
Within one year:		
Trade and other payables	**216,876**	*198,869*
Debt securities in issue	**1,600,000**	*1,600,000*
	1,816,876	*1,798,869*
Between 2 and 5 years:		
Debt securities in issue	**6,400,000**	*6,400,000*
Over 5 years:		
Debt securities in issue	**46,400,000**	*48,000,000*
	54,616,876	*56,198,869*

Reconciliation of liabilities arising from financial activities

	Debt Securities	Trade and other payables	Total
	€	€	€
At 31 December 2016	**13,984,000**	**647,348**	**14,631,348**
Redeemed Bonds	(2,487,000)	-	(2,487,000)
Roll Over	(11,497,000)	-	(11,497,000)
Bonds issue	40,000,000	-	40,000,000
Other liability related changes	-	631,521	631,521
At 31 December 2017	**40,000,000**	**1,278,869**	**41,278,869**
Other liability related changes	-	18,004	18,004
At 31 December 2018	**40,000,000**	**1,296,873**	**41,296,873**

17.3 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.

17. Financial risk management (continued)

17.4 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 12 to these financial statements.

17.5 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.

18. 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.

19. 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.