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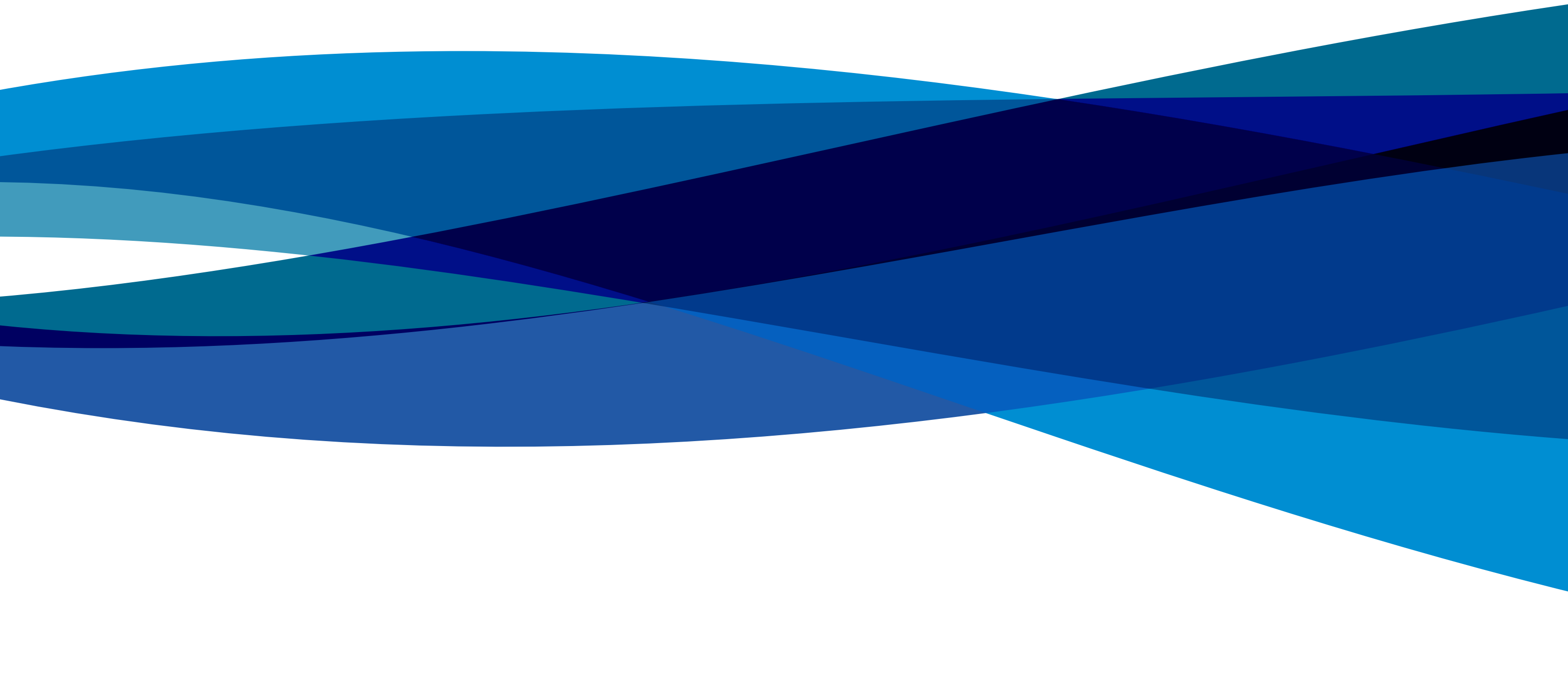
SEABANK
GROUP



OUR VISION

"WE ARE WHAT WE REPEATEDLY DO. EXCELLENCE, THEN, IS NOT AN ACT, BUT A HABIT."

ARISTOTLE

CONTENTS

***Silvio Debono** is the Seabank Group's founder, Chairman and Managing Director and has been in the catering industry since the early eighties. From a single small guesthouse in the 1980s, he has built the largest leisure industry group in Malta.*

CHAIRMAN'S INTRODUCTION

EXCELLENT VISION

When we embarked on the journey to describe who we are, what we stand for and what makes our corporate soul we set ourselves a single goal. Our mission statement had to consist of one word. We found it, sooner than I thought and with wide ranging consensus: Excellence. One word which ties together our past, present and future.

It is the drive to achieve excellence in everything we do that is the bedrock of the fine results we achieved over the years. This success story has been written by our strong team with commitment, dedication and an ability to deliver jumping out of every page.

Our expansion has been carefully planned and executed. We invested through prudent financial structures and management as well as a conservative plough back policy, supporting new investment and growth with our profits. We select our growth areas carefully and never invest capital in projects which do not pay for themselves within a reasonably short time span. Furthermore, our new projects are expected to start yielding positive results within 18-24 months of inception. The results published in this report give ample evidence that we will continue to reach these targets.

The Group's decision to invest €80m in Malta at the height of the 2009 and 2010 global financial crisis was bold, courageous and risky. Yet it proved to be a wise one and is bearing the desired fruits. I am convinced that the market rewarded us for having full faith in the product and our ability to deliver it with excellence.

“I AM CONVINCED THAT THE MARKET REWARDED US FOR HAVING FULL FAITH IN THE PRODUCT AND OUR ABILITY TO DELIVER IT WITH EXCELLENCE”

Today we continue to invest in quality products, constantly upgrading, improving and reconceptualising our offer according to our clients’ needs and desires. We put our ears as well as our feet to the ground. Client feedback sharpens our focus and helps us zoom in on new trends, new possibilities and opportunities.

Does our philosophy of excellence work? All indications are that it does. I will cite just one of them. Today, repeat hotel guests account for more than 35% of the total, more than one out of every three. Yet the permanent search for excellence does not allow us to rest on our laurels. We are constantly on the lookout for every possible way of making things better.

Apart from our financial success, I am also proud of our CSR policies, particularly the strong commitment to local communities. We see it as our duty to make this commitment because we are part of the community and our success would be meaningless without it. In this respect, it is one of my main personal goals for the next two years to deliver a small community-based facility to assist those in need.

The success of our business model and its capacity to sustain growth inspire us to explore other market sectors with more out of the box ideas. Over the coming year, we plan to start work on our first cutting edge home for the elderly. We are also very excited about a number of other projects in the pipeline, one of which is driven by a land reclamation vision. Another landmark project is scoped around the provision of more open spaces and recreational areas for all.

As we look to the future, our mission is simple enough – to continue delivering excellence in everything we do. It is what makes us who we are.

SILVIO DEBONO
CHAIRMAN

***Arthur Gauci,** director and the Group's CEO, is a certified public accountant. He joined the Seabank Group as Group Financial Controller in the mid-nineties. As the Chairman's right hand, Arthur saw through the Group's extensive growth and diversification over the last two decades.*

CHIEF EXECUTIVE OFFICER'S INTRODUCTION

BUILDING ON SOLID FOUNDATIONS

The last eighteen months have seen the Group complete its four year hotel portfolio refurbishment and extension programme. With a global investment of €80m, the Group's hotel room pool grew by 465, bringing the total to over 1,100 rooms. As a consequence, we are now the largest hotel owners in Malta. In tandem, by buying out the last 50% stake in one of our hotels, we have now taken full control of all our portfolio in the sector.

In line with its growth strategy, the Group continued to venture out with investments in other service sectors. Our position in the health sector has been strengthened and anchored, making us Malta's leading independent providers of health and social care. In the coming year we expect to start building our first, state of the art home for the elderly.

"THE GROUP OPERATES A DECENTRALISED, FLEXIBLE AND FLAT MANAGEMENT STRUCTURE WHICH EMPOWERS MANAGEMENT AT ALL LEVELS TO TAKE OWNERSHIP OF THE BUSINESS AND ITS CHALLENGES"

The year's results tell a success story:

- Group sales increased by more than 50%, reaching the €35m mark
- EBITDA registered a growth of 57% factoring in at €11.9m
- Cash flows from operations factor in at €10m

The Group operates a decentralised, flexible and flat management structure which empowers management to take ownership of the business and its challenges. Our maxim is that managers at all levels should take key and timely decisions which reflect the Group's vision, goals and strategies.

Our people are truly at the heart of the Group's operations. Because we strongly believe that only talented and dedicated staff embracing common goals can achieve quality targets. This is reality, not a management cliché.

The results speak for themselves. With great pride I note that the db Seabank Resort + Spa, our flagship, kept rising in the global ratings – TripAdvisor certified it as 8th best all-inclusive resort in Europe.

It is often said that the level of management and staff motivation has a shelf life. It rises, reaches a peak and then, as night follows day, it heads downwards. We do not share this philosophy. For us, no dampening in motivation is tolerable in such an eminently client- and service-based industry as ours.

We had a great 2014-15 and are now looking forward to an even better 2015-16. Numbers in Malta's hospitality sector continue to grow and further growth is being projected for the foreseeable future. Driven by our one word corporate mission statement – Excellence – our goal is to respond positively to this challenge, to raise the bar by another couple of notches, to intelligently take up new opportunities and to never, ever, be complacent.

As the Group continues to consolidate and fine tune plans on the drawing board, the next twelve months promise to be very exciting.

ARTHUR GAUCI
CEO

GROUP HIGHLIGHTS 2015

The Seabank Group is the leading name in the hospitality and leisure sector. It was established over a quarter of a century ago and has grown from a family-run business into Malta's foremost corporate player in the tourism sector and beyond.

Over the years, the Group formed strategic partnerships with a number of global players including the Accor Hotel Group, RIU Hotels & Resorts and Hard Rock Café International. It has recently launched its own brand, db Hotels + Resorts, to operate its chain of hotels and resorts.

Over the years, the Seabank Group has won a number of prestigious global awards which positioned it at the forefront of the Maltese hospitality and catering industry.

Apart from hospitality and leisure, the Seabank Group now has substantial interests in contract catering, healthcare and property development.

All the results from the activities carried out by the Group are incorporated into SD Holdings Limited, the parent of the Group.

HOSPITALITY & LEISURE

db Seabank RESORT + SPA

db San Antonio HOTEL + SPA

Hard Rock CAFE MALTA

Porto Azzurro

Tunnynet complex

CONTRACT CATERING

Sky GOURMET Malta Ltd

Malta Healthcare Caterers LIMITED

HEALTHCARE

Healthmark

HEALTH SERVICES GROUP LIMITED

SUPPORT SERVICES LTD

PROPERTY DEVELOPMENT

PROPERTY DEVELOPMENT

KIKA CONSTRUCTION COMPANY LIMITED

GHADIRA PROPERTY INVESTMENTS LIMITED

SIAR PROPERTY INVESTMENTS LIMITED

3,500 BEDS
LARGEST HOTEL OPERATOR IN MALTA

STAFF COMPLEMENT
2,200

IMPLIED VALUE
€142 MILLION
AS AT 31 MARCH 2015

Revenue (€000s)

FY 2015 34,947
FY 2014 23,087
FY 2013 16,306

CHANGE
FY2014/FY2015 +54%

EBITDA (€000s)

FY 2015 11,908
FY 2014 7,586
FY 2013 2,321

CHANGE
FY2014/FY2015 +57%

EBITDA Margin (%)

FY 2015 34.1%
FY 2014 32.9%
FY 2013 14.3%

CHANGE
FY2014/FY2015 +4%

Profit After Tax (€000s)

FY 2015 6,684
FY 2014 3,215
FY 2013 5,389

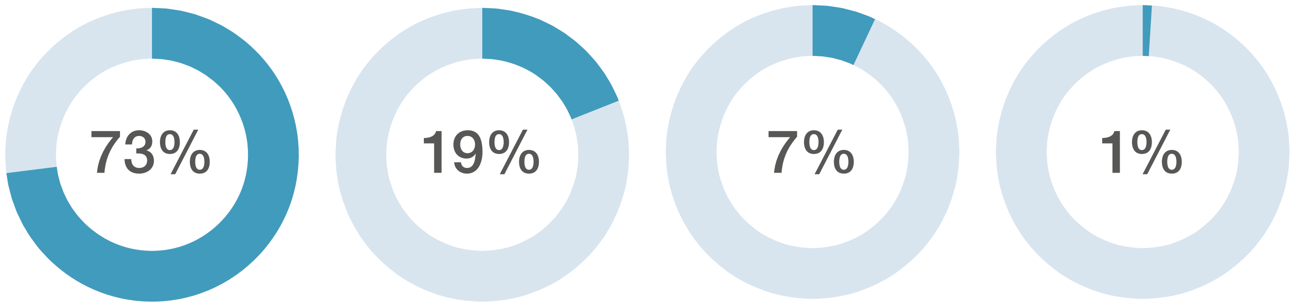
CHANGE
FY2014/FY2015 +108%

Capital Expenditure (€000s)

FY 2015 34,178
FY 2014 34,681
FY 2013 5,432

CHANGE
FY2014/FY2015 —

Group Revenue by Segment for the year ending 31 March 2015



HOSPITALITY & LEISURE | CONTRACT CATERING | HEALTHCARE | PROPERTY DEVELOPMENT

IMPLIED VALUE

As at 31 March 2015	**€000s**
Net asset value as at 31 March 2015	447
Less: cost of investment in subsidiaries/associates	(16,273)
Net liabilities (excluding cost of investments)	(15,826)
Add: Fair value of subsidiaries/associates	157,950
100% equity value	**142,124**

OUR MISSION

ONE WORD WHICH...

CAPTURES THE ESSENCE OF SUCCESS IN OUR BUSINESS.
ALWAYS REMINDS US OF HOW WE GOT HERE.
HAS GUIDED US FOR THREE DECADES.
INSPIRES ALL OUR NEW VENTURES.
DISTINGUISHES US FROM OTHERS.
EXPLAINS OUR STAYING POWER.
DEFINES WHO WE ARE.
IS OUR FUTURE.

EXCELLENCE

MALTA COUNTRY PROFILE

Malta is a three island archipelago – Malta, Gozo and Comino – at the centre of the Mediterranean Sea. It is located in the passageway between Africa and Europe, 93km south of Sicily and 288km north of Libya.

With an area of just 316km, it is one of the smallest countries in the world. Yet with a population of 425,000 persons, it is also one of the densest in Europe.

A member of the European Union since May 2004, Malta is politically stable, a parliamentary republic with a bi-partisan party system and the Euro is its official currency.

Maltese and English are the country's official languages and most Maltese are also conversant in another language.

KEY FACTS

Official Name	Republic of Malta
Population	425,384 persons (2013)
Population Density	1,340 persons per km^2
Area	316 km^2
Shore line	200 km
Median age	42 years
Capital city	Valletta
Official languages	Maltese and English
Currency	Euro (€)

Key facts about Malta
Source: NSO (National Statistics Office) Publication, Malta in Figures, 2014

OVERVIEW OF MALTA'S ECONOMY

Overall, Malta's economic growth surpassed that of the euro area average for several years, led by robust domestic demand and exports, indicative of a strengthening economy[1].

	EU-28 AVERAGE 2014	MALTA 2014
Real GDP Growth Rate (%)	1.3	3.5
Unemployment Rate (%)	10.2	5.9
Inflation (%)	0.6	0.8

Source: Eurostat

[1] Euro Challenges, 'An Overview of Malta's Economy', November 2014

MALTA'S KEY ECONOMIC INDICATORS

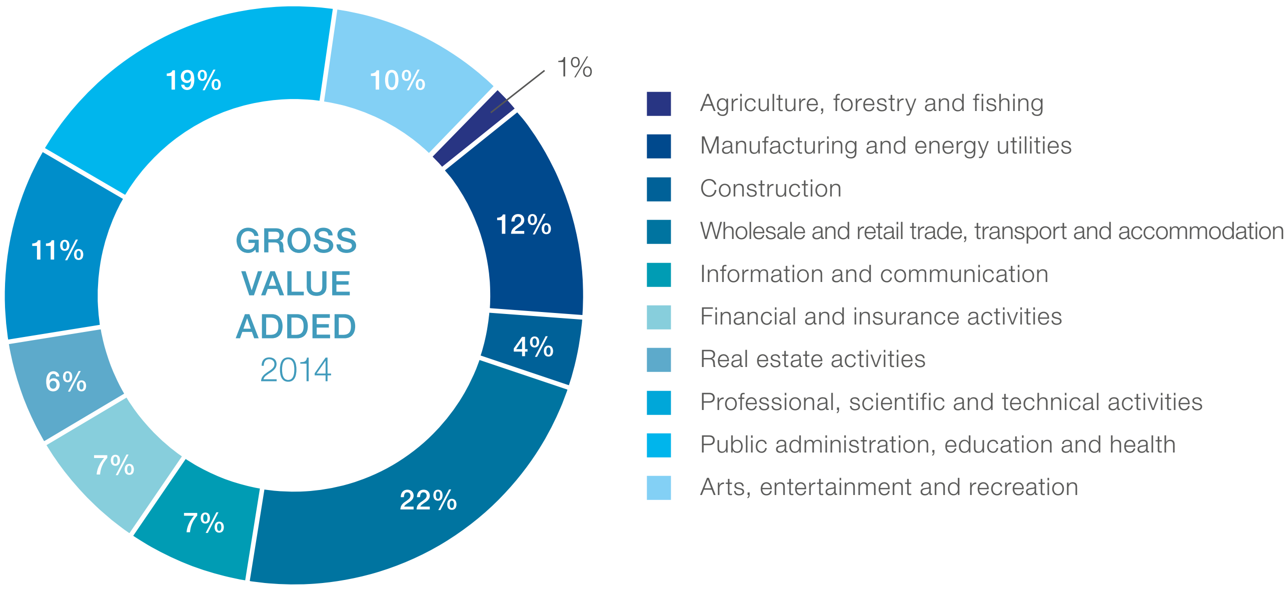
Key economic indicators 2012 - 2015

	2012	2013	2014	2015 (budget)
GDP at real prices (€ billion)	6.9	7.1	7.4	7.7
GDP per capita real prices (€)	16,500	16,800	17,200	18,100
Real GDP Growth rate (%)	2.5	2.7	3.5	3.5
Inward FDI stock position (€ billion)	126.6	133.7	136.8[2]	n/a
Annual Inflation rate – (HICP %)	3.2	1.0	0.8	1.5
Unemployment rate (%)	6.3	6.4	5.9	5.7
Total Exports of Goods and Services (€ billion)	11.9	11.8	11.7	11.4
Total Imports of Goods and Services (€ billion)	11.5	11.4	11.2	10.9
Balance of trade (€ billion)	0.4	0.4	0.5	0.6
Average disposable income (€)	22,379	23,498	24,320	25,171
Average total bank deposits by residents (€ billion)	11.0	11.8	13.1	n/a
Growth rate in average total bank deposits by residents (%)	6.9	7.3	11.2	n/a

Source: Various NSO publications, Central Bank of Malta and Eurostat data

GROSS VALUE ADDED, 2014

Sectorial distribution of Malta's GVA for 2014[3]



INTERNATIONAL TRADE

Malta's small economy naturally heavily depends on trade. It has the highest degree of openness in the EU, with exports and imports of goods and services amounting to around 290% of GDP. The economy is characterised by a high degree of export concentration and is almost entirely dependent on foreign trade, manufacturing, and tourism.

Malta's main trading partners are in the European region, with 66% of imports and 35% of exports being traded with them.

[2] The figure represents the last available result and is for the period up to June 2014
[3] Eurostat, accessed 12/06/2015 and NSO, March 2015 - GDP release 046/2015

REASONS TO INVEST IN MALTA

- Malta is strategically located at the heart of the Mediterranean with very close ties to mainland Europe, North Africa and the Middle East.
- Successive governments have actively sought to strengthen Malta's attractiveness as an open market economy.
- On its economic, banking and institutional strengths, Malta emerged from the global recession virtually unscathed and in a stronger position.
- The labour force is productive, highly educated and extremely flexible with an excellent work ethic. Malta has a good pool of professional, managerial and technical human resources and a ready supply of top graduates.
- The country is now an internationally recognised financial services hub and is fast becoming a regional centre of ICT excellence.
- Favourable tax rates at both corporate and individual levels.
- Malta scores highly on all the quality of life variables. Travelling distances are minimal, healthcare facilities rank amongst the best in Europe and the crime rate is very low.
- The country also offers one of the richest and diverse cultures in the region, a 7,000 year-old history, a welcoming people, all combined with all the features of contemporary cosmopolitan lifestyles, from shopping to restaurants to a bustling nightlife.

CITIZENSHIP BY INVESTMENT

In 2014 Malta introduced the Individual Investor Programme which allows for the granting of Maltese citizenship to any foreign individuals and their families who contribute to Malta's economic development fund. Conditions for eligibility under this scheme include that the individual:

- provides proof of a residential address in Malta with a minimum value of €350,000 or rented at €16,000 (or more) annually.
- would make a lump sum contribution of €650,000 and additional payments according to the number of dependents.
- commits to invest at least €150,000, amongst others, in stocks, bonds, debentures, special purpose vehicles or to make other investments as provided from time to time by Identity Malta (the Maltese government agency administering the programme) in the Government Gazette.

By mid-May 2015, there were 573 accepted applications and 13 Maltese citizenships granted through this programme.

TAX INCENTIVES AND OTHER PROGRAMMES FOR FOREIGN INVESTORS

A long-standing, full imputation tax system has existed in Malta since 1948. The rate for corporate taxation stands at 35%; however, upon distribution of dividends, foreign shareholders may qualify for a refund generally equivalent to 6/7th of the tax paid, thus resulting in a paid tax rate of 5%.

Malta offers various incentives to foreigners, resulting in an inflow over 20,000[4] expats, mostly professionals.

With regards to personal taxation, individuals in Malta are, as a rule, subject to tax at progressive rates. There are different scales of rates for different categories of individuals with the maximum being 35%. The general rule is that expats are taxed on income and certain capital gains arising in Malta and foreign income remitted to or received in Malta. Foreign funds of a capital nature are not taxable in Malta even when received in Malta. Furthermore, Malta does not impose any property, wealth or inheritance taxes.

With regards to rent, a tax rate of 15% applies on gross rental income derived from residential property.

There are also various tax programmes which provide for an advantageous tax rate subject to specific conditions. The following is a list of such programmes:

For an individual qualifying under the **Global Residence Programme** (for non-EU / non-EEA nationals) or the **Residence Programme Rules** (for EU / EEA nationals) all foreign-sourced income, which is remitted to Malta, is taxed at 15% subject to a minimum tax payment. There is also the possibility of claiming double taxation relief on such income. In order to qualify for this special status, amongst other conditions, the individual must own or rent immovable

[4] Census of population and housing, 2011, NSO

property in Malta and must not be domiciled or intend to establish domicile in Malta.

The **Malta Retirement Programme Rules** applies to EU, EEA and Swiss nationals who are not in employment and who receive a pension as their regular source of income. An individual qualifying under this programme will be subject to tax at a rate of 15% on any foreign income received in Malta subject to a minimum income tax of €7,500 annually. This special tax rate is extended to the dependants of the beneficiary.

Under the **Highly Qualified Persons Rules**, expatriates satisfying certain requirements and employed in an eligible office, such as companies licensed and/or recognised by the Malta Financial Services Authority, the Malta Gaming Authority and the Transport Authority, earning income payable from a 'qualifying contract of employment', may opt to be subject to tax on such employment income at a flat rate of 15% without being able to claim double taxation relief. This incentive applies for a 5 consecutive year period for EU/EEA/Swiss nationals and for a period of 4 years in the case of third country nationals. A similar program entitled the **Qualifying Employment in Innovation and Creativity (Personal Tax) Rules** is also available.

Individuals who are established in a field of excellence and return as ordinary Maltese residents may opt to have their income from employment in Malta taxed at a rate of 15% subject to certain terms.

The above mentioned incentives and schemes are having a multiplier effect on the Maltese economy and are leading to an increased demand for upmarket property and services on the Island.

THE BOARD OF DIRECTORS

From left: Vincent Degiorgio, Victoria Debono, Silvio Debono, Arthur Gauci, Jesmond Vella (standing) and Robert Debono.

HOSPITALITY & LEISURE

HOSPITALITY AND LEISURE MARKET OVERVIEW

The tourism sector is a main pillar of the Maltese economy, attracting around 1.7 million tourists a year and accounting for 28.1% of GDP, with a direct contribution of 14.7% at €1,128 million (2014)[5]. Over the last seven years, tourist arrivals increased by an annual average of 5%, exceeding the average growth rates for Europe as a region[6].

Key indicators for Malta's tourism sector for 2014 and projections for 2015 and 2025

	2014	2015	2025
Direct contribution of travel and tourism as a % of GDP	14.7%	15%	18%
Direct contribution of travel and tourism to GDP (€ million)	€1,128	€1,173	€1,706
Total contribution of travel and tourism as a % of GDP	28.1%	28.1%	32.7%
Total contribution of travel and tourism to GDP (€ million)	€2,161	€2219	€3,095
Direct jobs generated in travel and tourism	28,000	28,500	37,000
Travel and tourism direct jobs as % of total employment	16%	16.3%	21%
Total jobs generated in travel and tourism	51,000	51,500	62,000
Travel and tourism total jobs as a % of total employment	29.1%	29.2%	35.1%
Money spent by foreign visitors (€ million)	€1,315	€1,816	€2,055
Investment attracted by travel and tourism (€ million)	€166.1	€166.8	€170.3

Source: World Travel and Tourism Council, Travel and Tourism Economic Impact 2015, Malta

The performance of the tourism sector has reached an all-time high with increases across the board, including in expenditure, nights spent and hotel performance. The sector is expected to continue growing, supported by increases in airline and cruise ship seat capacity, investments in hotels, and employment expectations in the tourism sector[7].

Main Indicators for Inbound Tourism for Malta 2012 - 2014

	2012	2013	2014	% change 13/14
Inbound tourists (million)	1.44	1.58	1.69	6.8%
Tourist guest nights (million)	11.86	12.89	13.52	4.9%
Average length of stay (days)	8.2	8.1	8	-1.2%
Tourist expenditure (€ billion)	1.32	1.44	1.53	6.1%

Source: Malta Tourism Authority, Tourism in Malta – Edition 2015

[5] World Travel and Tourism Council, Travel and Tourism Economic Impact 2015, Malta

[6] Ministry for Tourism, Draft National Tourism Policy 2015 – 2020

[7] Ministry for Finance, Malta's National Reform Programme under the Europe 2020 Strategy, April 2014

[8] Malta Tourism Authority, Tourism in Malta – Edition 2015

[9] NSO News Release, Inbound Tourism: December 2014

In 2014, the peak months remained those between June and October, with the highest activity registered in August. The UK remains Malta's main source market, accounting for 28.9% of annual arrivals. 15.5% of incoming tourists visit from Italy, 8.5% from Germany and 7.4% come from France. Tourists coming from EU Member States account for 83.2% of all inbound visits[8].

Malta's tourist profile has changed from one with a 'sun and sea' focus to a much more varied and sophisticated one, embracing history, culture, and business travel requirements - meetings, incentives, conferences and exhibitions, diving and other sports and English language learning. A growing trend is non-packaged holidays[9]. With respect to age, the majority of tourists fall within the 25 – 44 age group. Tourist arrivals in this category increased by 13% in 2013. The second largest category of tourist arrivals was in the 45 – 64 age group.

Malta has more than 100 hotels with over 35,000 beds. The majority are 4 and 3 star, accounting for 17,000 and 10,000 beds respectively. In 2014, 42.6% of visitors stayed at 4 star hotels and 25.4% at 5 star ones.

ACCESSIBILITY

Malta is an EU micro island state, with the attendant features of insularity and peripherality; hence, tourism is highly dependent on established route networks.

Air connectivity - In 2014, 97.1% of all tourists travelled to Malta by air. The Malta International Airport (MIA) registered 4.29 million passenger movements, increasing from 4.01 million in 2013, involving around 40 airlines, including some of the globally popular.

Sea Connectivity - The remaining percentage arrived by sea through a number of maritime market segments, which have the potential to add to and diversify Malta's tourism inflows. One such sector is the home porting of cruise ships whose passengers increased by 9.3% between 2013 and 2014, from 431,397 to 471,554. Estimates show that this sector is set to continue to grow with circa 580,000 passengers in 2015 and 600,000 in 2016. Another sector on the rise is yachting. In this sector, Malta already has a very good name due to its long tradition as a yachting destination as well as the range and volume of its berthing facilities[10].

[10] Ibid

DB SEABANK RESORT + SPA

KEY MILESTONES

1984

Silvio Debono buys a guest house in Mellieħa, expanding and embellishing it in subsequent years

1992

The guest house is converted into an 80-room hotel and inaugurated as the Seabank Hotel

1996

Major structural modifications are carried out and new amenities added as the number of rooms is doubled to reach 160

2001

Seabank Resort + Spa is expanded further and the number of rooms is increased to 251

2005

Seabank Resort + Spa undergoes a major overall refurbishment programme

2012

With an investment of over €40m the db Seabank Resort + Spa is converted into a 540-room all-inclusive hotel operation

The db Seabank Resort + Spa is a 4 star all-inclusive hotel located in Mellieħa Bay. The hotel spreads over around 23,000m of land, 19,000m of which are landscaped. It is Malta's first fully all-inclusive resort offering a superior service.

With an injection of €40million, the resort has recently been renovated and extended to a 540-room facility. It now offers 7 themed restaurants, 4 bars, Malta's largest hotel pool, a state of the art fitness centre and a spa with a heated indoor pool with panoramic views.

Over the years, the hotel has been awarded a number of prestigious awards by leading tour operators and certification bodies:

- Certificate of Excellence by Trip Advisor – 2015 Winner
- Travellers' Choice by Trip Advisor – 2015 Winner
- Certificate of Excellence by Trip Advisor – 2014 Winner
- Travellers' Choice by Trip Advisor – 2014 Winner
- Most Popular Hotel in Mellieħa by Holiday Check
- Recommended on Holiday Check 2014

Above all, the db Seabank Resort + Spa was ranked by Trip Advisor as the 8th best all-inclusive hotel in Europe.

PROGRESS IN 2015

This year, with an investment of €1 million, a new entertainment complex was opened at the db Seabank Resort + Spa, including three restaurants, a bowling alley, a sports bar, a teens and kids clubs.

2015 RESULTS AND KPIS

REVENUE (€000S)

FY 2015
18,044

FY 2014
16,485

FY 2013[11]
10,016

CHANGE FY2014/FY2015 +10%

AVERAGE ACHIEVED ROOM RATE (€)

FY 2015
97.84

FY 2014
99.81

FY 2013[11]
95.13

CHANGE FY2014/FY2015 -2%

GROSS OPERATING PROFIT (€000S)

FY 2015
8,442

FY 2014
7,391

FY 2013[11]
2,106

CHANGE FY2014/FY2015 +14%

OCCUPANCY (%)

FY 2015
82

FY 2014
71

FY 2013[11]
50

CHANGE FY2014/FY2015 +16%

50,000
VISITORS IN 2014

1.5 MILLION
MEALS SERVED IN 2014

[11] First year the db Seabank Resort + Spa was operational after extension and refurbishment – was partially closed during Q2 2012

DB SAN ANTONIO HOTEL + SPA

KEY MILESTONES

2000

Group acquires 50% of the San Antonio Hotel + Spa

2002

Following extensive renovations and an investment of €28 million, the 300-room San Antonio Hotel + Spa is inaugurated

2013

The Group acquires 100% ownership of the db San Antonio Hotel + Spa

2015

With an investment of €33m, the db San Antonio Hotel + Spa is refurbished and turned into a 500-room all-inclusive hotel. The Group launches the db brand, its chain of hotels and resorts

This is the first year of operation of the refurbished db San Antonio Hotel + Spa, one of the largest hotels in Malta. Located in St Paul's Bay, this 4-star, all-inclusive hotel is architecturally built in Moorish style with 500 rooms spread across 10 floors. It has 5 themed restaurants, indoor, outdoor and rooftop pools, a fitness centre, a Hamman spa and extensive conference facilities.

The hotel targets the 4-star plus market and today forms part of the db hotel chain. It has been operating since 2002 but has recently been substantially upgraded. With an investment of €33million, the number of rooms was increased from 300 to 500. In addition, a number of apartments are being offered on a timeshare basis.

Over the years, the hotel has been awarded a number of prestigious awards by leading tour operators and certification bodies:

- Certificate of Excellence by TripAdvisor – 2015 Winner
- Travellers' Choice by Trip Advisor – 2015 Winner
- Recommended on Holiday Check 2014
- Bronze Award Winner 2015 by Zoover
- Certified by Tour Vital 2014
- Certified by Lufthansa Holidays 2015

PROGRESS IN 2015

This year the hotel was newly refurbished and switched to an all-inclusive basis.

2015 RESULTS AND KPIS

REVENUE (€000S)

FY 2015* — 9,393
FY 2013 — 5,456
FY 2012 — 6,472

CHANGE FY2013/FY2015 **+72%**

AVERAGE ACHIEVED ROOM RATE (€)

FY 2015* — 60.14
FY 2013 — 48.68
FY 2012 — 43.42

CHANGE FY2013/FY2015 **+24%**

GROSS OPERATING PROFIT (€000S)

FY 2015* — 2,940
FY 2013 — 1,455
FY 2012 — 2,225

CHANGE FY2013/FY2015 **+102%**

OCCUPANCY (%)

FY 2015* — 66
FY 2013 — 72
FY 2012 — 79

CHANGE FY2013/FY2015 **-8%****

* Hotel San Antonio Limited has changed its reference date from 31 December to 31 March during the current financial period (2015). Accordingly the comparative financial information relates to financial years ended 31 December 2013 and 2012.

** First year the db San Antonio Hotel + Spa was operational after extension and refurbishment – was closed during Q1 and Q2 2014.

1993

Group acquires the Tunny Net Complex which is located on the water's edge, some 200 metres away from the db Seabank Resort + Spa

1995

The Tunny Net Complex is demolished and reconstructed as a complex including a restaurant, pub, club, beach lido and water sports facilities

2014

Complete refurbishment of the Tunny Net Complex

TUNNY NET COMPLEX KEY MILESTONES

PORTO AZZURRO APARTMENT HOTEL
KEY MILESTONES

1995

Group acquires a third of the Porto Azzurro Complex, an 80-room aparthotel which was refurbished and opened a year later

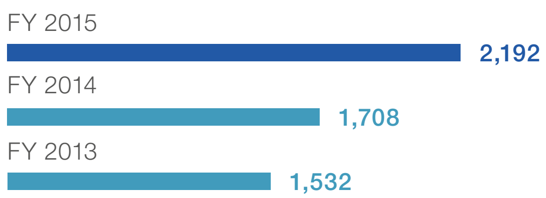
1998

25 new hotel rooms are added to the Porto Azzurro Complex

Tunnynet complex

The Tunny Net complex brings together various entertainment and leisure facilities under one roof at Mellieħa's water's edge, some 200 metres away from the Group's db Seabank Resort + Spa. These include a Latino-Mexican restaurant, Maya Beach lounge bar, La Barca Italian trattoria, major water sports facilities and a number of retail outlets.

Revenue (€000s)



CHANGE
FY2014/FY2015 +28%

Porto Azzurro

Porto Azzurro is a 3-star, 125-room aparthotel overlooking St. Paul's Bay. The rooms and apartments are stylish and comfortable, with ensuite bathrooms, air conditioning, a fully equipped kitchenette and other amenities.

The hotel has a 24-hour reception, wifi connectivity, an internet café, a launderette, a mini market, a dedicated restaurant and a pizzeria.

Leisure facilities include outdoor, indoor and children's pools, a whirlpool, jacuzzi and a fitness centre.

2015 RESULTS AND KPIS

Revenue (€000s)

FY 2015	794
FY 2014	658
FY 2013	666

CHANGE FY2014/FY2015 +21%

Gross Operating Profit (€000s)

FY 2015	403
FY 2014	282
FY 2013	298

CHANGE FY2014/FY2015 +43%

Occupancy (%)

FY 2015	75
FY 2014	77
FY 2013	71

CHANGE FY2014/FY2015 -3%

Average Achieved Room Rate (€)

FY 2015	30.1
FY 2014	27.2
FY 2013	25.4

CHANGE FY2014/FY2015 +11%

HARD ROCK CAFÉ MALTA
KEY MILESTONES

2000

Group obtains the prestigious Hard Rock Café franchise and opens the first Hard Rock Café outlet in St. Julian's

2004

The first airport Hard Rock Bar in the world is opened at the Malta International Airport

2006

The third Hard Rock Café
outlet is opened at the
Valletta Waterfront

In 2000, the Seabank Group obtained the prestigious Hard Rock Café and and today operates three outlets:

HARD ROCK CAFÉ ST. JULIAN'S

Covering 600 sqm, this restaurant seats 180 and includes a bar area, merchandise shop and world famous rock 'n' roll memorabilia.

HARD ROCK CAFÉ MALTA INTERNATIONAL AIRPORT

Situated in the departures lounge, it was the first Hard Rock Bar in an airport in the world. In 2015, it was fully refurbished and restyled.

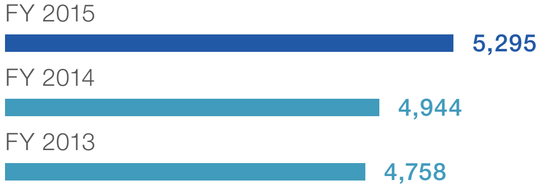
HARD ROCK BAR VALLETTA WATERFRONT

The third Hard Rock outlet to be opened has a seating capacity of 140 and has a cocktail bar.

Over the years, Hard Rock Café has received a number of prestigious awards:

- Best Franchise of the Year Award – Hard Rock Café Malta, 2007
- Top of the Rock Award – Hard Rock Café Malta, 2004, 2007 and 2010
- Certificate of Excellence by TripAdvisor – Hard Rock Bar in Valletta, 2014

Revenue (€000s)



CHANGE
FY2014/FY2015 +7%

db Catering + EVENTS

db Catering and Events is the catering arm of the db Hotels and Resorts chain. It manages all in house and hired out functions, activities and events.

CATERING

db Catering and Events caters for any type of occasion, venue and event size, including home and private dining, office, weddings & civil unions, charity events, business meetings and corporate functions, amongst others.

CORPORATE SERVICES

The corporate services branch assists companies to create and implement events such as team building exercises, product launches, corporate incentive activities, annual general meetings and so on. Both the db Seabank Resort + Spa and the db San Antonio Hotel + Spa offer ample and state of the art conference facilities.

WEDDINGS

Both db hotels have ample facilities to cater for weddings of different sizes. They offer both indoor and outdoor venues with a capacity of up to 800 guests.

HOSPITALITY & LEISURE

WHERE ARE WE HEADING?

The Seabank Group has a clear and ambitious vision to run hotels and resorts which strive to be rated by guests amongst the top ten in Europe.

Looking forward, the Group plans to grow both locally and internationally and is planning to increase the number of hotels falling under the db brand. Having already established a significant presence in the 4-star all-inclusive sector, plans are in place to continue to enhance and consolidate this product offering. The Group also plans to target the 5-star sector.

Currently, the Group is in an advanced planning phase to open the first ever 5-star Hard Rock Hotel in Malta, offering a unique experience.

HEALTHCARE

HEALTHCARE SECTOR MARKET OVERVIEW

HEALTHCARE SERVICES

The public sector is the key healthcare services provider in Malta. It is complemented by the private sector which mostly delivers primary healthcare services. Malta currently has five public hospitals, two of which are acute and three are specialised, as well as another two private ones.

The country currently has a total of around 2,000[12] hospital beds. The ratio of available beds in relation to the total population between 2009 - 2012, has remained relatively unchanged, with an average of 464 beds per 100,000 of the total population[13]. The number of beds is expected to increase to around 2,600 beds through a private public partnership which Government has announced in the recent months, and through the new oncology centre which is expected to be inaugurated in the last quarter of 2015.

LONG TERM CARE

Long-term care for the elderly is provided by the state, the Catholic Church and the private sector. Due to the ever-increasing demand for long-term care facilities, Government has been investing in the construction and management of a number of residences and nursing homes for the elderly. In seeking to find the optimum model to develop and run these institutions, Government has signed various contracts with the private sector.

[12]Azzopardi Muscat, N., Calleja, N., Calleja, A., Cylus, J. (Vol. 16 No.1 2014), Health Systems in Transition – Malta Health System Review

[13]WHO (2014) European Health for all Database (HFA-DB) Updated April 2014

Long-term care facilities

	Number of Homes	Number of Licenced Beds
Church Homes	16	763
Private Homes	13	1,191
Government Homes	14	2,655
Total	**43**	**4,609**

Source: Ministry for Health Annual report 2013

NURSING AND ELDERLY HOME BEDS

The number of nursing and elderly home beds per 100,000 population in 2012 stood at 1,093.7, up from 635.4 in 2008[14].

WAITING LISTS FOR LONG-TERM CARE

At the end of 2014, it was reported that around 3,000 elderly people were waiting to receive long-term care services, some having been on the waiting list since 2009[15]. This is expected to be compounded further due to Malta's aging population.

[14]http://www.independent.com.mt/articles/2013-01-24/local-news/IncreNumber-of-beds-in-homes-for-the-elderly-increase-by-1,000-since-2008-745766920

[15]Parliamentary Secretary for Rights of Persons with Disability and Active Aging

HEALTHMARK CARE LIMITED

KEY MILESTONES

2014

The Group acquires the two largest healthcare companies in Malta and sets up Healthmark Care Ltd to supply healthcare workers to public hospitals and clinics and provide home care and support services

2015

The Group acquires land to develop a 300-bed home for the elderly in Santa Luċija, and a historical building in Mtarfa which will be converted into a 150-bed residence for the elderly suffering from dementia

Healthmark

In 2014, the Group acquired two existing healthcare sector companies and set up Healthmark Limited. This company has the scope of supplying healthcare workers to public hospitals and clinics and provide home care and support services.

Today, HealthmarkCare has a pool of 100 professional Nurses and General Practitioners and around 900 trained Care Assistants. These numbers are on the increase in view of the high demand for these services in Malta.

Operationally, HealthmarkCare staff work on contracts in various hospitals, clinics, retirement homes, schools and in clients' homes.

In 2014, the companies constituting the Group's Healthcare Division, including Healthmark Limited, Health Services Group Limited and Support Services Limited had the following results:

Revenue (€000s)

FY 2014
12,535

FY 2013
10,605

CHANGE
FY2013/FY2014
+18%

HC HEALTHCARE

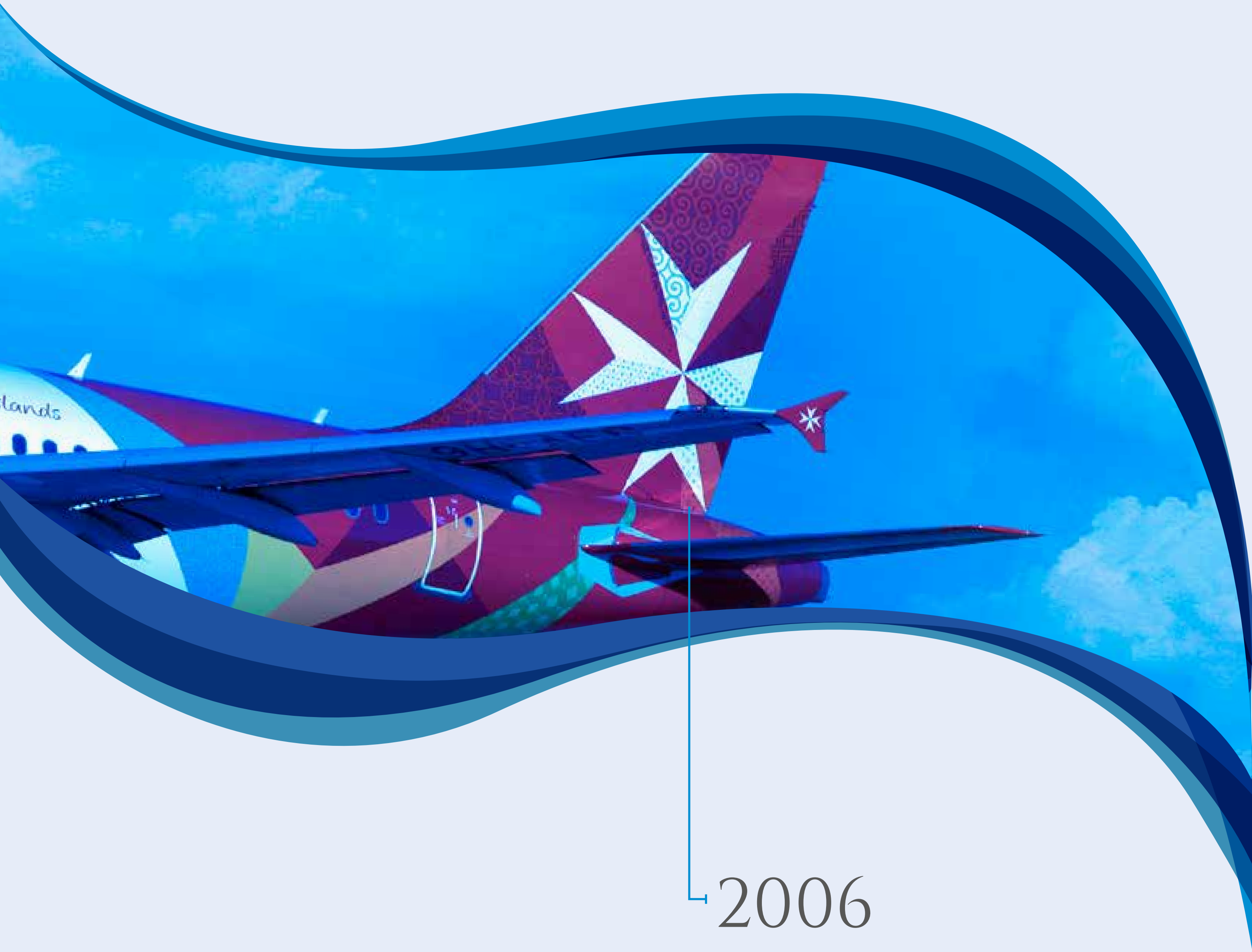
WHERE ARE WE HEADING?

Due to the ever-increasing demand for long-term care and in light of Malta's ageing population, the demand for nursing and healthcare staff is constantly on the increase. Consequently, the Group foresees steady growth in this sector. As new projects in the pipeline in this sector come on stream, particularly those addressing the insufficient availability of acute and long term care beds, the demand for nursing and healthcare staff is expected to steadily intensify. Additionally, initiatives being undertaken by Government to attract women to enter or re-enter employment, may lead to an increase in the number of the elderly requiring non-family care. Therefore, the need for home carers is also expected to increase substantially.

In line with Government's plans to increase the number of available elderly care beds, the Group has also recently won the tender to conserve and regenerate the limits of Mtarfa site occupied by a former Isolation Hospital and its surroundings and turn it into a 150-bed residence for the elderly suffering from dementia.

The Group is also currently working on a project to provide residential services to around 300 elderly persons in Santa Luċija. This initiative is at application for planning permission stage.

CONTRACT
CATERING



2006

As part of its partnership in Sky Gourmet Malta Limited, the Group wins the in-flight catering contract of Air Malta, the country's national airline

SKY GOURMET MALTA LIMITED
KEY MILESTONES

MALTA HEALTHCARE CATERERS LIMITED

KEY MILESTONES

2007

Through its partnership in Malta Healthcare Caterers Limited, the Group enters the contract catering market supplying meals to Malta's public sector hospitals

CONTRACT CATERING MARKET OVERVIEW

Contract catering in Malta has developed substantially over the last ten years. The highest demands for contract catering come from the healthcare, the aviation industry and canteen catering sectors.

In the healthcare sector, demand for catering comes from state and privately owned hospitals as well as old people's and retirement homes. In the aviation industry, the demand for inflight catering services is decreasing as a result of airlines reducing their costs on ancillary services such as inflight meals.

KEY CONTRACTS

Sky GOURMET Malta Ltd

Sky Gourmet services Airmalta, Malta's national airline, Emirates, Ryanair and other top end carriers on a regular or ad hoc basis. The company serves over 2 million airline meals and snacks a year. In addition, it also provides Air Malta with commissary and transport services for on/off loading of meals.

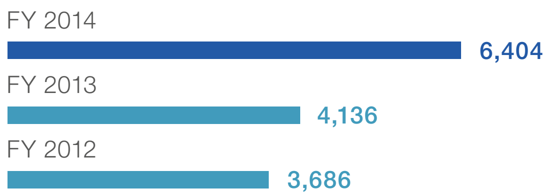
REVENUE (€000S)

CHANGE FY2014/FY2015 -9%

Malta Healthcare Caterers LIMITED

Malta Healthcare Caterers, a joint venture led by the Seabank Group, provides hospital catering to all the public hospitals in Malta. The company uses state-of-the-art technology and computerised regeneration trolleys to serve 5,700 cook-chill meals a day, making it the largest operation of this type in the country. The Company has been successfully executing this contract for Mater Dei, St Luke's and Sir Paul Boffa hospitals since 2007, for the Gozo General Hospital since 2013 and for St. Vincent de Paule Residence since 2014.

REVENUE (€000S)



CHANGE FY2013/FY2014 +55%

CONTRACT CATERING

WHERE ARE WE HEADING?

The Group has an ambitious forward-looking strategy in this sector. It expects contract catering, particularly in the healthcare sector, to grow considerably in the next few years. This is due to the various announced Government projects to increase the number of available hospital beds.

Furthermore, the full migration of services to the new oncology hospital, which should take place by the end of this year, will increase demand for hospital meals.

PROPERTY
DEVELOPMENT

PROPERTY DEVELOPMENT

KEY MILESTONES

1991

Kika Construction Limited is set up to oversee the construction of the Seabank Hotel

2009

Completion of a block of upmarket apartments in St Paul's Bay

2012

Kika Construction Limited completed the extension of the db Seabank Resort + Spa in a record 8 month timeframe

2013

Submission of land reclamation proposal to the Maltese Government

2015

Completion of a block of luxury apartments in Mellieħa Bay

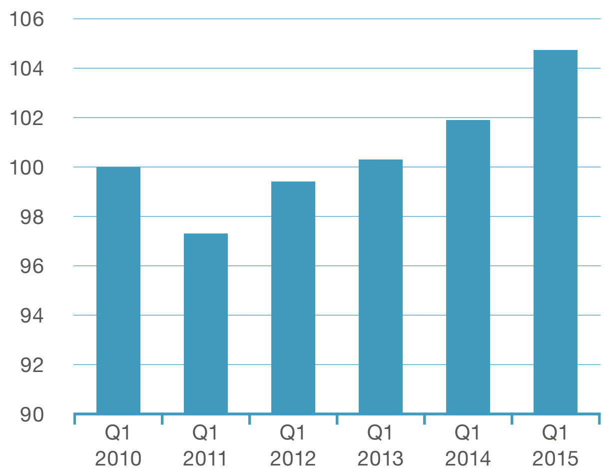
MALTA'S RESIDENTIAL PROPERTY MARKET OVERVIEW

The Maltese real estate market has had a three-decade long capital appreciation curve, even during the global economic crisis.

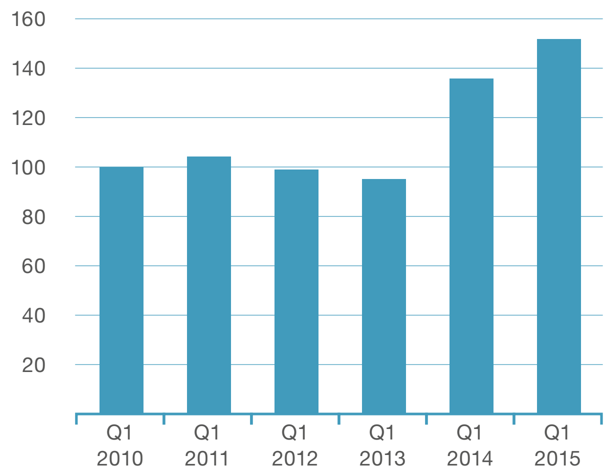
In the first quarter of 2015, the Property Price Index increased by 2.8% over the same quarter in 2014. The main driver was a rise of 4.5% in the Apartments Index compared to the corresponding quarter in the previous year.

The volume of transactions in the first quarter of 2015 increased by 11.9% compared to the corresponding period in the previous year. The largest increase (15.4%) was recorded in the Apartments Index. Apartments accounted for 73.2% of all transactions recorded in the past year.

Property Price Index



Property Volume Index



Source: NSO publication, Property Price Index and Property Volume Index: Q1/2015

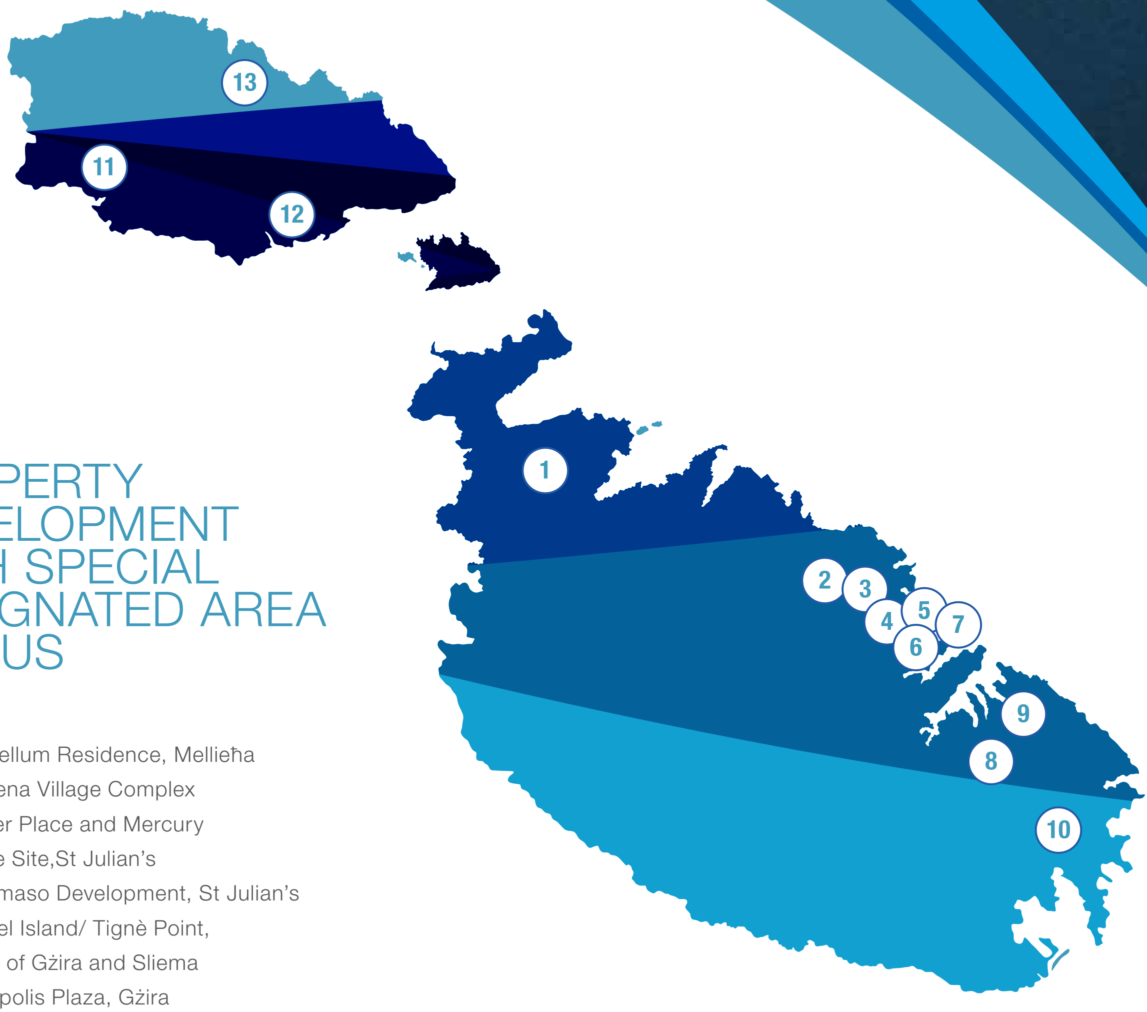
Looking ahead, the residential market is expected to grow significantly in the future. This will be a result of an increasing number of expats in Malta, mainly due to increased employment in the iGaming, financial services, and technology-related industries. The amount of foreigners living in Malta has increased from 1.9% of the population in 2005 to 4.5% in 2013. Due to more foreign investment, the apartment market, particularly in the northern harbour region, has in fact been growing healthily. Such growth in the service industry has also positively affected other areas of the property development market, including high-grade offices and leisure facilities.

Government Schemes to increase foreign investment through the Global Residence Programme and the Individual Investment Programme are very important for the property market. These two schemes will continue to drive the upper end of the market forward at a fast rate. Developers are in fact shifting towards high-end properties with much higher sales prices than the national average.

Sales to non-nationals have tended to be concentrated in new larger developments (typically enjoying Special Designated Area (SDA) status, prime residency areas where the conditions of acquisition are the same for Maltese and foreign residents. Property in SDAs is intended to provide top-end facilities and amenities such as restaurants, supermarkets, spas and marinas in the same area.

There has also been a strong element of local investment in these locations, comprising around half of all purchases. Although the value/sqm of the individual units varies greatly – primarily because of location, apartment size and views – the properties in these developments command higher values compared to the averages of other residential areas. The average price/sqm in these developments, particularly in the northern harbour area, is on balance, considerably higher than the national average.

The latest properties coming on the market in these areas include some blocks in Tignè Point and Portomaso developments, hitting sales prices of up to €9,000/sqm.



PROPERTY DEVELOPMENT WITH SPECIAL DESIGNATED AREA STATUS

1. Tas-Sellum Residence, Mellieħa
2. Madliena Village Complex
3. Pender Place and Mercury House Site,St Julian's
4. Portomaso Development, St Julian's
5. Manuel Island/ Tignè Point, Limits of Gżira and Sliema
6. Metropolis Plaza, Gżira
7. Fort Cambridge Zone, Tignè
8. Cottonera Development
9. SmartCity
10. Ta' Monita Residence, Marsascala
11. Kempinski Residence, San Lawrenz, Gozo
12. Fort Chambray, Għajnsielem, Gozo
13. Vista Point, Marsalforn, Gozo

Other upmarket properties include luxury apartments in standalone residential developments, typically situated along the Sliema / St. Julian's seafront, and luxury villas and bungalows situated in prime locations such as Madliena and Mellieħa. The value/sqm of apartments in these categories would also be substantially higher than average prices.

OVERVIEW OF PROJECTS CARRIED OUT

Initially, the Group strategically entered the property development market to develop its own projects. Eventually, it expanded its operations to include other real estate projects.

Kika Construction was set up in 1991 in order to oversee the construction and upgrading of the db Seabank Resort +Spa extension projects. This latest extension project, with an investment of €40 million, was completed in a record eight-month period.

Additionally, Siar Property Developments was later set up in order to develop and sell luxury apartments, a thriving market in Malta. Furthermore, the Group continued to develop luxury apartments in Għadira and Mellieħa, leading to the formation of Għadira Property Investments Limited. The group was also involved in the development of a block of 16 high-end apartments in St. Paul's Bay.

PROPERTY DEVELOPMENT

WHERE ARE WE HEADING?

Recognising the spike in demand for luxury properties in Malta, the Seabank Group intends to continue penetrating this sector with a number of projects.

It has recently submitted a proposal to Government for a major land reclamation project and looks forward to similar opportunities in the foreseeable future.

The Marina Park Land Reclamation Project is earmarked for the heart of Buġibba, the largest resort town in the northern part of Malta. This town is home to over 21,000 residents in winter and an additional 60,000 during Summer.

Covering a total area of 69,000m², this development will create 3 sandy beaches totalling 11,780m². Although bounded by the sea along its northern perimeter, Buġibba has very limited green and open public spaces. Facing this challenge, Marina Park will create a 15,000m² public park, the coastline will be extended by a further 650m as well as 1,800 parking spaces in the town centre. Using a floating breakwater and pontoons, the Marina will become the area's destination harbour. The project envisages the development of the following residential and supporting amenities:

1. Lagoon - 15,645m²
2. Landscaping - 39,375m²
3. Sandy Beaches - 11,780m²
4. Parking Spaces - 1,800 cars
5. Shopping Mall - 10,146m²
6. 5* Hotel - 150 rooms
7. Office Space - 9,140m²
8. 10 villas - 735m² each
9. 150 Duplex Apartments - 200m² each
10. 318 Apartments - 1-3 bedrooms

CORPORATE SOCIAL RESPONSIBILTY

CORPORATE SOCIAL RESPONSIBILTY

ENHANCING AND PROTECTING THE ENVIRONMENT

The Seabank Group makes every effort to minimise the environmental impact of its operations and encourages responsible tourism in order to have a positive effect on the environment.

In particular, the Group focuses on the reduction and separation of waste, the reduction of water usage and the reduction of energy usage. Furthermore, employees and guests are encouraged to become environmentally aware and responsible.

WASTE MANAGEMENT

Waste is measured with the aim of reducing it. With the support of clients, the Group, particularly in the hospitality sector, takes initiatives to decrease the use of plastic bottles. In fact, guest rooms are equipped with water bottles which they are encouraged to refill from the various water dispensers around the hotels and resorts. Furthermore, branded recycled plastic water bottles are being sold to guests who use them during their stay and keep them as a souvenir.

Other waste management initiatives include the use of polycarbonate re-usable glasses and cups as opposed to disposable plastic ones, buying food items in bulk and thus reducing packaging, reducing the use of glass bottles by relying heavily on draught drinks and separating all waste.

ENERGY SAVING

The Group's resorts and hotels have power factor correction units which help to maximise the efficient use of electricity obtained from the hotel's dedicated sub-stations which are connected to the national grid. Furthermore, the building management system helps to manage energy throughout the hotels and in the plant rooms in an automated and efficient way.

All hotel rooms are controlled via a room management system which reduces energy wastage through the use of motion sensors and control switches.

Furthermore, at least 95% of all the light fixtures in the Group's hotels and resorts are energy efficient. In addition, the Group's establishments' heating ventilation and air-conditioning is supplied through a water primary circuit, rather than relying on the use of fluorocarbon gases.

Finally, every unit of electricity and every litre of water, fuel or gas consumed is monitored for each establishment and recorded, calculated and analysed per bed night. This helps the Group to plan consumption for the following years and to compare and set targets on savings.

WATER SAVING

Hotels and resorts, almost by definition, consume vast amounts of water. Yet in this respect, those belonging to the Group are, in the main, self-sufficient. To this end, the Group has invested in reverse osmosis plants to convert seawater into enough potable water to cater for all guests' needs.

The Group also operates a state-of-the-art, 180,000 litre/day, sewage plant that treats all the sewage generated by the hotels. It recovers a large quantity of high-quality water that is re-used in second-class applications such as for flushing toilets and for landscaping. With this plant alone, the Group saves 5,700,000 litres of water a year. Additionally, all storm water is collected and used for irrigation and to supplement the 2nd class water system.

EDUCATION

The Group's management is trained on the environmental effects of tourism. Additionally, guests are encouraged to participate in the Group's environmentally friendly measures (reusing bottled water, reusing towels and bed sheets, using water responsibly, and so on).

Through induction training, employee handbooks and daily briefings, staff is fully geared to achieve the Group's eco targets. An Environmental Awareness Week has recently been introduced to the yearly calendar of events.

As part of its environmental education drive, the Group also hosts school visits during which measures taken to protect the environment are shared with students.

Additionally, a number of employees are appointed as Green Wardens. Their role involves monitoring and helping with the implementation of environmentally friendly procedures throughout the resorts and hotels, coaching other staff members, reporting malpractices and suggesting improvements.

HELPING THE LOCAL COMMUNITY

The Group is aware of its responsibility to contribute to the communities in which it operates.

The hospitality offering of the Group is mainly located in the north of the island. Consequently, initiatives to improve these communities, their neighbourhoods and beyond are regularly undertaken.

To this end, the Group creates a number of hospitality jobs, which attract many locals. Furthermore, preference is given to local business in the purchase of goods and services.

Finally, the Group gives donations to local charities, organisations and individuals. Currently, the Group is partnering with the Malta Community Chest Fund, the country's President's national charity, to raise €100,000 through activities organised in its hospitality and leisure establishments.

OTHER INITIATIVES

In February 2013, the Kika Shuba Day Centre of the 'Jesus Is Thy Neighbour' missionary movement was inaugurated with the support of the db Seabank Resort + Spa and Hard Rock Malta.

The Group also contributed towards the creation of the Francis Xavier Cardinal Van Thuan Home in Ethopia, a facility for disabled children. The home houses dormitories, kitchen and dining facilities, a chapel, offices, a convent, a physiotherapy unit, a workshop, and operations and recreation centres.

VALUING STAFF

The Group owes its success to its human resources team and the bonds between them. In fact, this sense of family is instilled by the directors and runs down to every member of staff. To this end, the Group has a solid and transparent policy benefiting all staff. In turn, this positive spirit is transmitted to clients and guests.

The Group is an equal opportunities employer and values and treats its staff fairly and with respect. It ensures that no one is discriminated against, irrespective of age, sexuality, gender, ethnicity, religion, culture or disability.

Training is provided to support the Group's employees in their roles, from their induction and throughout their careers.

The Group ensures that it abides by all applicable employee laws and regulations and is committed to providing an occupationally safe working environment.

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

DIRECTOR'S REPORT

The director presents his report and the audited financial statements for the year ended 31 March 2015.

Principal activities

The group operates in the local market and predominantly in hospitality, leisure and catering activities. It operates and owns the Seabank Hotel situated at Għadira Bay, Mellieħa and the San Antonio Hotel, situated in Buġibba. It also operates and owns the restaurant amenities at the Tunny Net Complex and operates three outlets under the *Hard Rock Café* franchise.

The group also holds investments in the following associates: Malta Healthcare Caterers Limited, which primarily provides catering services to hospitals and retirement homes, together with other healthcare services; and Sky Gourmet Malta Limited which provides catering services primarily to Air Malta and other airlines operating from Malta.

Review of the business

The level of business of the group remains at sustained levels and that the present level of activity will be sustained for the foreseeable future. Furthermore, after considering the financing options available to the group, the director considers that the group's financial position remains satisfactory.

Results and dividends

The consolidated financial results are set out on page 88. The director does not recommend the payment of a dividend.

Director

The director of SD Holding Limited who held office during the year was Silvio Debono.

The company's Articles of Association do not require the director to retire.

DIRECTOR'S REPORT - CONTINUED

Statement of director's responsibilities

The director is required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the group and the parent company as at the end of each financial period and of the profit or loss for that period.

In preparing the financial statements, the director is responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business as a going concern.

The director is also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act, 1995. He is also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Silvio Debono
Director

Registered office:
Seabank Hotel
Marfa Road
Għadira, Malta

31 July 2015

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SD Holdings Limited

Report on the Financial Statements for the year ended 31 March 2015

We have audited the consolidated financial statements of SD Holdings Limited on pages 86 to 133 which comprise the consolidated statement of financial position as at 31 March 2015 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the Financial Statements

As explained more comprehensively in the Statement of director's responsibilities for the financial statements on page 83, the director is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due from 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 about whether the financial statements are free from 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, 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.

pwc

INDEPENDENT AUDITOR'S REPORT - CONTINUED

To the Shareholders of SD Holdings Limited

Report on the Financial Statements for the year ended 31 March 2015 - continued

Opinion

In our opinion the financial statements

- give a true and fair view of the financial position of the group as at 31 March 2015, and of the group's financial performance and cash flows for the year then ended in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Maltese Companies Act, 1995.

Report on Other Legal and Regulatory Requirements for the year ended 31 March 2015

We also have responsibilities under the Maltese Companies Act, 1995 to report to you if, in our opinion:

- The information given in the director's report is not consistent with the financial statements.
- 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.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of director's remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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

PricewaterhouseCoopers
78 Mill Street
Qormi
Malta

Stefan Bonello
Partner
31 July 2015

STATEMENT OF FINANCIAL POSITION

		As at 31 March	
		2015	2014
	Notes	**€**	€
ASSETS			
Non-current assets			
Property, plant and equipment	4	**113,436,081**	88,478,221
Intangible assets	5	**1,211,338**	1,453,094
Investments in associates	7	**3,932,367**	3,631,142
Deferred tax assets	8	**9,382,400**	5,591,502
Total non-current assets		**127,962,186**	99,153,959
Current assets			
Inventories	9	**832,057**	585,816
Trade and other receivables	10	**6,957,817**	3,079,494
Current tax assets		**933**	64,473
Cash and cash equivalents	11	**1,750,000**	1,509,850
Total current assets		**9,540,807**	5,239,633
Total assets		**137,502,993**	104,393,592

STATEMENT OF FINANCIAL POSITION - CONTINUED

		As at 31 March	
		2015	**2014**
	Notes	**€**	€
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	**520,000**	520,000
Other reserves	13	**2,000,700**	2,000,700
Hedging reserve	14	**(288,091)**	(306,673)
Retained earnings		**15,134,952**	8,480,953
		17,367,561	10,694,980
Non-controlling interest	15	**11,006,108**	10,976,013
Total equity		**28,373,669**	21,670,993
Non-current liabilities			
Trade and other payables	16	**8,165,873**	6,724,486
Borrowings	17	**58,162,327**	51,482,447
Amounts owed to ultimate shareholder	18	**3,779,493**	3,779,253
Deferred Government grants	19	**64,862**	73,683
Derivative financial instruments	20	**263,056**	313,097
Total non-current liabilities		**70,435,611**	62,372,966
Current liabilities			
Trade and other payables	16	**27,537,212**	14,142,834
Current tax liabilities		**115,099**	95,089
Borrowings	17	**9,970,542**	5,159,062
Other loans payable	21	**881,878**	785,119
Deferred Government grants	19	**8,821**	8,821
Derivative financial instruments	20	**180,161**	158,708
Total current liabilities		**38,693,713**	20,349,633
Total liabilities		**109,129,324**	82,722,599
Total equity and liabilities		**137,502,993**	104,393,592

The notes on pages 92 to 133 are an integral part of these financial statements.

The financial statements on pages 86 to 133 were authorised for issue and signed by the director on 31 July 2015.

Silvio Debono
Director

INCOME STATEMENT

		Year ended 31 March	
		2015	2014
	Notes	€	€
Revenue	22	34,946,608	23,087,087
Cost of sales		(26,929,251)	(16,756,933)
Gross profit		8,017,357	6,330,154
Selling expenses		(315,938)	(324,101)
Administrative expenses		(1,504,900)	(834,561)
Other operating income	25	250,296	8,821
Operating profit		6,446,815	5,180,313
Finance costs	26	(4,031,671)	(2,037,620)
Share of results of associates	7	601,225	692,053
Profit before tax		3,016,369	3,834,746
Tax income/(expense)	27	3,667,725	(619,655)
Profit for the year		6,684,094	3,215,091
Profit attributable to:			
Owners of the parent		6,653,999	3,196,098
Non-controlling interest	15	30,095	18,993
		6,684,094	3,215,091

The notes on pages 92 to 133 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 March	
		2015	2014
	Notes	€	€
Profit for the year		**6,684,094**	3,215,091
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges, net of deferred tax	14	**18,582**	22,234
Total comprehensive income for the year		**6,702,676**	3,237,325
Total comprehensive income attributable to:			
Owners of the parent		**6,672,581**	3,218,332
Non-controlling interest	15	**30,095**	18,993
		6,702,676	3,237,325

The notes on pages 92 to 133 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the parent					
		Share capital	Other reserves	Hedging reserve	Retained earnings	Non-controlling interest	Total
	Notes	€	€	€	€	€	€
Balance at 1 April 2013		1,165	2,000,700	(328,907)	5,284,855	13,165,219	20,123,032
Comprehensive income							
Profit for the year		-	-	-	3,196,098	18,993	3,215,091
Other comprehensive income:							
Cash flow hedges, net of deferred tax	14	-	-	22,234	-	-	22,234
Total comprehensive income		-	-	22,234	3,196,098	18,993	3,237,325
Transactions with owners							
Increase in share capital	12	518,835	-	-	-	-	518,835
Reduction of redeemable non-cumulative preference shares of a subsidiary attributable to non-controlling interests	15	-	-	-	-	(2,208,199)	(2,208,199)
Total transactions with owners		518,835	-	-	-	(2,208,199)	(1,689,364)
Balance at 31 March 2014		520,000	2,000,700	(306,673)	8,480,953	10,976,013	21,670,993
Comprehensive income							
Profit for the year		-	-	-	6,653,999	30,095	6,684,094
Other comprehensive income:							
Cash flow hedges, net of deferred tax	14	-	-	18,582	-	-	18,582
Total comprehensive income		-	-	18,582	6,653,999	30,095	6,702,676
Balance at 31 March 2015		**520,000**	**2,000,700**	**(288,091)**	**15,134,952**	**11,006,108**	**28,373,669**

The notes on pages 92 to 133 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

		Year ended 31 March	
		2015	2014
	Notes	€	€
Cash flows from operating activities			
Cash generated from operations	29	**13,900,516**	9,497,299
Dividends received		**455,297**	-
Interest paid		**(4,031,671)**	(2,037,620)
Tax paid		**(204,926)**	(191,496)
Net cash generated from operating activities		**10,119,216**	7,268,183
Cash flows from investing activities			
Purchase of property, plant and equipment		**(21,370,667)**	(5,758,181)
Repayments of advances to non-controlling interest		**-**	1,781,625
Consideration paid on acquisition of group undertaking	31	**-**	(5,455,471)
Increase in investments in associates	7	**-**	(100)
Net cash used in investing activities		**(21,370,667)**	(9,432,127)
Cash flows from financing activities			
Reduction of redeemable non-cumulative preference shares of a subsidiary attributable to non-controlling interests	15	**-**	(2,208,199)
Proceeds from bank borrowings	17	**14,114,738**	8,751,504
Repayments of bank borrowings	17	**(4,350,435)**	(1,167,479)
Repayment of FRN secured bond		**-**	(2,340,000)
Repayment of advances from non-controlling interest		**-**	(580,818)
Movements in amounts owed to shareholder	18	**240**	(501,004)
Net cash generated from financing activities		**9,764,543**	1,954,004
Net movements in cash and cash equivalents		**(1,486,908)**	(209,940)
Cash and cash equivalents taken over on acquisition of group undertaking	31	**-**	(125,214)
Cash and cash equivalents at beginning of year		**308,352**	643,506
Cash and cash equivalents at end of year	11	**(1,178,556)**	308,352

The notes on pages 92 to 133 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These consolidated financial statements include the financial statements of SD Holdings Limited and its subsidiary undertakings. These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Companies Act, 1995. They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires the director to exercise his judgment in the process of applying the group's accounting policies (see Note 3 - Critical accounting estimates and judgements).

As at 31 March 2015, the group's current liabilities exceeded its current assets by €24,754,639 after adjusting for non-cash items amounting to €4,398,267 in aggregate, which include advance deposits from tour operators, loans to be set-off against suppliers discounts, deferred Government grants and derivative financial instruments. In this respect, related parties have undertaken not to request repayment of amounts due to them until alternative financing is available. Furthermore, after also considering the financing options available (refer to Note 2.1(c)), the group's shareholders have undertaken to continue to support the group and to provide the necessary finance and guarantees to enable the group to meet any obligations in full.

Standards, interpretations and amendments to published standards effective during the current financial year

During the current financial year, the group adopted new standards, amendments and interpretations to existing standards that are mandatory for the group's accounting period beginning on 1 April 2014. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the group's accounting policies.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the company's accounting periods beginning after 1 April 2014. The group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the director is of the opinion that there are no requirements that will have a possible significant impact on the group's financial statements in the period of initial application, except for IFRS 9 'Financial instruments' and IFRS 15 'Revenue from contracts with customers'.

IFRS 9, 'Financial instruments', addresses the classification and measurement of financial assets, and replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortised cost, fair value through Other Comprehensive Income ('OCI') and fair value through profit or loss. Classification under IFRS 9 is driven by the reporting entity's business model for managing the financial assets and the contractual characteristics of the financial assets. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. IFRS 9, 'Financial instruments', also addresses the classification and measurement of financial liabilities, and retains the majority of the requirements in IAS 39 in relation to financial liabilities. Subject to the endorsement process by the EU, the standard is effective for accounting periods beginning on or after 1 January 2018, although early adoption is permitted. The group is yet to assess IFRS 9's full impact.

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. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted, subject to endorsement by the EU. The group is assessing the impact of IFRS 15.

1. Summary of significant accounting policies - continued

1.2 Consolidation

(a) Subsidiaries

Subsidiary undertakings are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

1. Summary of significant accounting policies - continued

1.2 Consolidation - continued

(b) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition (refer to accounting policy note 1.5[a] – Intangible assets).

The group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

1.3 Foreign currency translation

(a) 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 euro is the group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1. Summary of significant accounting policies - continued

1.4 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost (Note 1.21).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets to their residual values over their estimated useful lives, as follows:

	%
Buildings	1 - 3
Computer equipment	20 - 33.33
Furniture, fixtures and fittings	6.67 - 10
Motor vehicles	20
Plant, machinery and operational equipment	6.67 - 15
Audio visual equipment	10 - 50

Assets in the course of construction and payments on account are not depreciated. Depreciation will commence once the respective assets are commissioned for their intended use.

Freehold land is not depreciated as it is deemed to have an indefinite life. Leasehold land is amortised on a straight-line basis over the period of the lease.

No depreciation is charged on linen, crockery, cutlery and glassware. Normal replacements are charged to profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in profit or loss.

1. Summary of significant accounting policies - continued

1.5 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'. Goodwill on acquisitions of associates is included in 'Shares in associates'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. A cash-generating unit to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. The recoverable amount is the higher of fair value less costs to sell and value in use.

(b) Franchise rights

Franchise rights are shown at historical cost. Franchise rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of franchise rights over their estimated useful lives (20 years).

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.6 Financial assets

Classification

The group 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 group provides money, goods or services directly to a debtor with no intention of trading the receivable. 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 group's loans and receivables comprise loans and advances, trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 1.7, 1.9 and 1.10).

1. Summary of significant accounting policies - continued

1.6 Financial assets - continued

Recognition and measurement

The group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets classified within the loans and receivables category are recognised on settlement date, which is the date on which an asset is delivered to or by the group. Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The group first assesses whether objective evidence of impairment exists. The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. 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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of receivables is described in Note 1.9.

1. Summary of significant accounting policies - continued

1.7 Loans and advances

Under the requirements of IAS 39, the group's loans and advances are classified as loans and receivables, unless the group has the intention of trading the asset immediately or in the short-term, in which case the loans and advances are categorised as instruments held-for-trading.

All loans and advances are recognised when cash is advanced to the borrowers. Loans and advances are initially recognised at the fair value of cash consideration given or proceeds advanced, plus transaction costs. These financial assets are subsequently carried at amortised cost, which is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts, using the effective interest method. The group assesses at each reporting date whether there is objective evidence that a financial asset is impaired.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost method. Cost is the invoiced value of goods and, in general, includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.9 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1. Summary of significant accounting policies - continued

1.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1.12 Financial liabilities

The group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The group's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IAS 39. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction 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 derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.13 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.14 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

1. Summary of significant accounting policies - continued

1.15 Deferred Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants related to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants related to assets, i.e. in respect of the purchase of property, plant and equipment, are included in liabilities as deferred government grants, and are credited to profit or loss on a straight-line basis over the expected lives of the related assets, presented under 'Other operating income'.

Grants related to income are presented as a deduction in reporting the related expense.

1.16 Offsetting financial instruments

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

1.17 Derivative financial instruments and hedging

Derivative financial instruments include interest rate swap agreements and are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. That portion of hedging derivatives which is expected to be realised within 12 months of the reporting date is presented as current; the remainder of the derivative is presented as non-current. The company does not hold any trading derivatives.

1. Summary of significant accounting policies - continued

1.18 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

The principal temporary differences arise from the depreciation on property, plant and equipment.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Sales are recognised upon delivery of products or performance of services, net of sales taxes, returns, rebates and discounts. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below.

(a) Sales of goods

Sales of goods are recognised when the group has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products.

(b) Sales of services

Revenue from services is generally recognised in the period the services are provided, based on the services performed to date as a percentage of the total services to be performed. Accordingly, revenue is recognised by reference to the stage of completion of the transaction under the percentage of completion method.

(c) Interest income

Interest income is recognised in profit or loss for all interest-bearing instruments as it accrues, on a time-proportion basis using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

1. Summary of significant accounting policies - continued

1.20 Operating leases

A group undertaking is the lessee

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

A group undertaking is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position and are accounted for in accordance with accounting policy 1.4. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

1.21 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of the group's interest-bearing borrowings.

1.22 Dividend distribution

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

2. Financial risk management

2.1 Financial risk factors

The group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The group's overall risk management, covering risk exposures for all subsidiaries, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The company's director provides principles for overall group risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. In order to manage exposures attributable to risks arising from fluctuations in interest rates, a group undertaking made use of derivative financial instruments during the current year, by entering into an interest rate swap agreement with a major local banking institution.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. A portion of a group undertaking's purchases are denominated in US dollar. Balances denominated in foreign currencies are settled within very short periods in accordance with the negotiated credit terms. Also, foreign exchange risk attributable to future transactions is not deemed to be material since the group undertaking manages the related risk by reflecting, as far as is practicable, the impact of exchange rate movements registered with respect to purchases in the respective sales prices.

The group's revenues, purchases and other expenditure, financial assets and liabilities, including financing, are mainly denominated in euro except as outlined above. Management does not consider foreign exchange risk attributable to recognised liabilities arising from purchase transactions denominated in US dollar to be significant. Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the balance sheet date is not deemed necessary.

(ii) Fair value interest rate risk

The group's significant instruments which are subject to fixed interest rates comprise, bank factoring loans (Note 17), and amounts owed to associates (Note 16). In this respect, the group is potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost.

(iii) Cash flow interest rate risk

The group's interest rate risk principally arises from bank borrowings issued at variable rates (Note 17) which expose the group to cash flow interest rate risk. In prior years, a group undertaking entered into a swap agreement to manage exposures arising from variable interest rates on a particular bank loan. Management monitors the impact of changes in market interest rates on borrowing costs in respect of these liabilities. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the balance sheet date to be immaterial and accordingly the level of interest rate risk is contained. The group's operating cash flows are substantially independent of changes in market interest rates.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding debtors and committed transactions. The group's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	2015	2014
	€	€
Loans and receivables category:		
Trade and other receivables (Note 10)	**6,957,817**	3,079,494
Cash and cash equivalents (Note 11)	**1,750,000**	1,509,850
	8,707,817	4,589,344

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The group does not hold any collateral as security in this respect.

The group banks only with local financial institutions with high quality standing or rating.

The group assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of goods and services are effected to customers with an appropriate credit history. The group monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the group's debtors, taking into account historical experience in collection of accounts receivable.

In view of the nature of the group's activities and the market in which it operates, a limited number of customers account for a certain percentage of the group's trade receivables. Whilst no individual customer or group of dependent customers is considered by management as a significant concentration of credit risk with respect to trade debts, these exposures are monitored and reported more frequently and rigorously. These customers trade frequently with the respective group undertaking and are deemed by management to have excellent credit standing, usually taking cognisance of the performance history without defaults.

The group manages credit limits and exposures actively in a practicable manner such that there are no material past due amounts receivable from customers as at the reporting date. The group's trade and other receivables, which are not impaired financial assets, are principally debts in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers.

A portion of the group's receivables are amounts owed by related parties. The group's treasury monitors intra-group credit exposures on a regular basis and ensures timely performance of these assets in the context of overall liquidity management. The group assesses the credit quality of these related parties taking into account financial position, performance and other factors. The group takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

As at 31 March 2015 and 2014 no significant trade receivables were considered to be impaired.

At 31 March 2015, trade receivables amounting to €1,320,128 (2014: €695,470) were past due but not impaired. The group's receivables, which are not impaired financial assets, are principally in respect of transactions with customers from whom there is no recent history of default. Management does not expect any losses from non-performance by these customers. The ageing analysis of these past due trade receivables is over 3 months.

As at 31 March 2015, Sky Gourmet Malta Limited (one of the group's associates), had a receivable of €684,782 (2014: €661,215) from Air Malta p.l.c. regarding catering services. Such outstanding amounts are being honoured in line with agreed repayment terms. Management does not expect any losses from non-performance of this customer.

(c) Liquidity risk

The group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise interest-bearing borrowings (Note 17), and trade and other payables (Note 16). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the group's obligations.

Management monitors liquidity risk by reviewing expected cash flows, and ensures that no additional financing facilities are expected to be required over the coming year. This is also performed at a central treasury function which controls the overall liquidity requirements of the Seabank Group within certain parameters. The group's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the group's committed bank borrowing facilities and other intra-group financing that it can access to meet liquidity needs. In this respect management does not consider liquidity risk to the group as significant taking into account the liquidity management process referred to above.

At the end of the reporting period, the group reported a net current liability position of €24,754,639 (after adjusting for non-cash items amounting to €4,398,267). The group's working capital position is mainly impacted by capital creditors amounting to €11.5 million. Considering the strong EBITDA of the group of €11.9 million for 31 March 2015, which is expected to be enhanced in the forthcoming years, such creditors should be mostly paid from the cash generated from operating activities of the forthcoming year. After considering the financing options available and the support from related parties and the shareholders, there is confidence that the group and the company are in a position to meet commitments as and when they fall due.

The following table analyses the group's financial statement liabilities (excluding derivatives) into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk - continued

	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	€	€	€	€	€
At 31 March 2015					
Bank loans and overdrafts	11,273,895	10,089,198	28,571,395	30,807,373	80,741,861
Factoring loans	111,017	48,869	-	-	159,886
Trade and other payables	24,209,805	4,000,000	-	-	28,209,805
At 31 March 2014					
Bank loans and overdrafts	6,460,161	9,262,745	26,788,955	23,970,832	66,482,693
Factoring loans	282,913	66,531	6,330	-	355,774
Trade and other payables	11,105,774	231,079	4,000,000	-	15,336,853

The table below analyses the group's derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Total
	€	€	€	€
At 31 March 2015				
Interest rate swap	180,271	158,027	105,826	444,124
At 31 March 2014				
Interest rate swap	158,970	141,163	174,639	474,772

2. Financial risk management - continued

2.2 Capital risk management

The group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the parent company may issue new shares or adjust the amount of dividends paid to shareholders.

The group also monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings, as shown in the consolidated statement of financial position, less cash at bank and in hand. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt. The aggregated figures in respect of the group are reflected in the following table:

	2015	2014
	€	€
Total external borrowings	68,132,869	56,641,509
Less: cash at bank and in hand	(1,750,000)	(1,509,850)
Net debt	66,382,869	55,131,659
Total equity	28,373,669	21,670,993
Total capital	94,756,538	76,802,652
Net debt/total capital	70.1%	71.8%

The level of capital of SD Holdings Limited as reflected in the consolidated statement of financial position is maintained by reference to its respective financial obligations and commitments arising from operational requirements. In view of the nature of the group's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the director.

2. Financial risk management - continued

2.3 Fair values of financial instruments

2.3.1 Financial instruments carried at fair value

The group's financial instruments which are carried at fair value include derivative financial instruments designated as hedging instruments (Note 20).

The group is required to disclose fair value measurements by level of the following fair value measurement hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices), or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The group's interest rate swap agreement (refer to Note 20), is fair valued on the basis of valuation techniques by reference to interest rates at the end of the reporting period. Accordingly, these derivative financial instruments are categorised as level 2 instruments since initial recognition.

2.3.2 Financial instruments not carried at fair value

At 31 March 2015 and 2014 the carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses, short-term borrowings and other short-term loans payable, reflected in the financial statements, are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of balances with related parties which are short-term or repayable on demand is equivalent to their carrying amount.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments. The fair value of the company's non-current payables and borrowings at floating and fixed interest rates as at the reporting date is not significantly different from the carrying amounts.

3. Critical accounting estimates and judgements

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

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

4. Property, plant and equipment

	Land & buildings	Assets in course of construction and payments on account	Computer equipment	Furniture, fixtures & fittings	Motor vehicles	Plant, machinery & operational equipment	Audio visual equipment	Total
	€	€	€	€	€	€	€	€
At 1 April 2013								
Cost	35,170,636	1,258,945	280,170	15,279,156	337,930	8,245,702	78,803	60,651,342
Accumulated depreciation	(1,157,224)	-	(176,543)	(1,636,165)	(170,434)	(1,496,298)	(54,155)	(4,690,819)
Net book amount	34,013,412	1,258,945	103,627	13,642,991	167,496	6,749,404	24,648	55,960,523
Year ended 31 March 2014								
Opening net book amount	34,013,412	1,258,945	103,627	13,642,991	167,496	6,749,404	24,648	55,960,523
Additions	1,066,566	-	8,394	786,339	45,108	960,327	-	2,866,734
Acquisition of group undertaking (Note 31) - restated	23,919,287	4,511,203	-	2,160,518	11,294	1,212,045	-	31,814,347
Reclassifications	-	(957,296)	-	957,296	-	-	-	-
Depreciation charge	(327,549)	-	(31,522)	(1,162,702)	(55,626)	(581,036)	(4,948)	(2,163,383)
Closing net book amount	58,671,716	4,812,852	80,499	16,384,442	168,272	8,340,740	19,700	88,478,221
At 31 March 2014								
Cost	60,156,489	4,812,852	288,564	19,183,309	394,332	10,418,074	78,803	95,332,423
Accumulated depreciation	(1,484,773)	-	(208,065)	(2,798,867)	(226,060)	(2,077,334)	(59,103)	(6,854,202)
Net book amount	58,671,716	4,812,852	80,499	16,384,442	168,272	8,340,740	19,700	88,478,221
Year ended 31 March 2015								
Opening net book amount	58,671,716	4,812,852	80,499	16,384,442	168,272	8,340,740	19,700	88,478,221
Additions	5,704,405	-	1,694	24,045,902	105,500	319,947	-	30,177,448
Reclassifications	744,365	(3,290,762)	-	2,545,538	-	859	-	-
Depreciation charge	(553,090)	-	(28,330)	(3,666,742)	(75,716)	(890,766)	(4,944)	(5,219,588)
Closing net book amount	**64,567,396**	**1,522,090**	**53,863**	**39,309,140**	**198,056**	**7,770,780**	**14,756**	**113,436,081**
At 31 March 2015								
Cost	66,605,259	1,522,090	290,258	45,774,749	499,832	10,738,880	78,803	125,509,871
Accumulated depreciation	(2,037,863)	-	(236,395)	(6,465,609)	(301,776)	(2,968,100)	(64,047)	(12,073,790)
Net book amount	**64,567,396**	**1,522,090**	**53,863**	**39,309,140**	**198,056**	**7,770,780**	**14,756**	**113,436,081**

Bank borrowings of the group are secured on the group's property, plant and equipment (Note 17).

5. Intangible assets

Franchise license rights

	2015	2014
	€	€
Year ended 31 March		
Opening net book amount	**1,453,094**	1,694,850
Amortisation charge	**(241,756)**	(241,756)
Closing net book amount	**1,211,338**	1,453,094
At 31 March		
Cost	**2,965,266**	2,965,266
Accumulated amortisation	**(1,753,928)**	(1,512,172)
Net book amount	**1,211,338**	1,453,094

The intangible assets represent the value of franchise license rights and related brand costs, covering a period of twenty years, to use the *Hard Rock Café* brand name and certain other trade names, service marks, logos, and commercial symbols related to the operation of restaurant/bar establishments and sale of merchandise in accordance with the franchise agreement.

6. Investments in subsidiaries

The principal subsidiaries at 31 March, whose results and financial position affected the figures of the group, are shown below:

	Registered Office	Class of shares held	Percentage of shares held 2015	2014
DB Catering and Events Limited	San Antonio Hotel and Spa Triq it-Turisti, St. Paul's Bay, Malta	Ordinary shares	**100%**	-
Evergreen Travel Limited	Akara Building 24 De Castro Street Wickhams Cay, Road Town, Tortola British Virgin Islands	Ordinary shares	**100%**	100%
Hotel San Antonio Limited	San Antonio Hotel and Spa Triq it-Turisti St. Paul's Bay, Malta	Ordinary shares	**100%**	100%
		Preference A shares	**100%**	100%
		Preference B shares	**100%**	100%
J.D. Catering Limited	Seabank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	**98.6%**	98.6%
SA Marketing Company Limited	Grand Hotel Mercure San Antonio Tourists Street, St. Paul's Bay, Malta	Ordinary shares	**99.4%**	-
S.R.G.N. Company Limited	Seabank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	**98.8%**	98.8%
Sea Port Franchising Limited	Seabank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	**93.8%**	93.8%
Seabank Hotel and Catering Limited	Seabank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	**98.8%**	98.8%
		Preference shares	**26.2%**	26.2%
Silverstars Boat Chartering Limited	Seabank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	**100%**	-
TN Holdings Limited	Seabank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	**99.9%**	99.9%

6. Investments in subsidiaries - continued

During the preceding year the group acquired the remaining 50% and hence control of Hotel San Antonio Limited, which accordingly became a wholly owned subsidiary of the group (refer to Note 31). This shareholding is held as follows: 50% held directly by SD Holdings Limited and the other 50% is held through Seabank Hotel and Catering Limited.

The shareholdings in Seabank Hotel and Catering Limited, Silverstars Boat Chartering Limited, DB Catering and Events Limited and TN Holdings Limited are held directly by SD Holdings Limited. The shareholdings in J.D. Catering Limited, S.R.G.N. Company Limited and Sea Port Franchising Limited are held through Seabank Hotel and Catering Limited, whilst the shareholdings in Evergreen Travel Limited and SA Marketing Company Limited are held through Hotel San Antonio Limited.

7. Investments in associates

	2015	2014
	€	€
Year ended 31 March		
Opening carrying amount	**3,631,142**	5,613,733
Additions	**-**	100
Share of results	**601,225**	692,053
Dividends received	**(300,000)**	-
Transferred to investment in subsidiaries (Note 31)	**-**	(2,674,744)
Closing carrying amount	**3,932,367**	3,631,142
At 31 March		
Cost	**1,675,763**	1,675,763
Share of results and reserves	**2,256,604**	1,955,379
Closing carrying amount	**3,932,367**	3,631,142

The group’s share of results of the associates, disclosed above and in profit or loss, is after tax and non-controlling interest in the associates.

7. Investments in associates - continued

The principal associates at 31 March, whose results and financial position affected the figures of the group, are shown below:

	Registered office	Class of shares held	Percentage of shares held 2015	2014
Costa San Andrea Resort Club Limited (in dissolution)	Sea Bank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	**26.3%**	26.3%
DP Road Construction Limited	Sea Bank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary A shares	**45.0%**	45.0%
Malta Healthcare Caterers Limited	James Confectionery, Velleran Street Fgura, Malta	Ordinary shares	**49.4%**	49.4%
Porto Azzurro Limited	Sea Bank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	**32.9%**	32.9%
Porto Azzurro Resort Club Limited	Sea Bank Hotel, Marfa Road, Għadira Bay, Mellieħa, Malta	Ordinary shares	**32.9%**	32.9%
Sky Gourmet Malta Inflight Services Limited	James Confectionery, Velleran Street, Fgura, Malta	Ordinary shares	**29.6%**	29.6%
Sky Gourmet Malta Limited	James Confectionery, Velleran Street, Fgura, Malta	Ordinary shares	**29.6%**	29.6%

During the preceding financial year, the group acquired control of Hotel San Antonio Limited (refer to Note 31), and accordingly the carrying amount of this investment at the date of acquisition amounting to €2,674,744, was transferred to investments in subsidiaries (refer to Note 6). The share of results of this associate for the year ended 31 March 2014, up to the date of acquisition, amounting to €438,478, has been recognised in profit or loss and presented with 'Share of results of associates.'

The shareholding in DP Road Construction Limited is held directly by SD Holdings Limited, whilst all the other investments are held through Seabank Hotel and Catering Limited.

7. Investments in associates - continued

Disclosure requirements emanating from IFRS 12 'Disclosure of interests in other entities'

The principal activities of Malta Healthcare Caterers Limited, is the provision of catering services to hospitals and retirement homes, together with the provision of nursing, medical and clinical services; whilst Sky Gourmet Malta Limited's principal activity is the provision of catering and commissary services to airlines. These investments provide strategic partnerships for the group within business sectors which are targeted by the group for diversification or consolidation purposes. The principal places of business for both associates are based in Malta.

Associates are measured using the equity method in accordance with the group's accounting policy and there are no contingent liabilities relating to the group's interest in the associates.

The company's statutory financial year end for Malta Healthcare Caterers Limited is 31 December 2014 and accordingly the financial information made available to shareholders relates to financial year ended 31 December. Accordingly, the consolidated financial statements of Malta Healthcare Caterers Limited used in applying the equity method are attributable to the financial year ended 31 December 2014, which year end is different from that of the reporting entity.

Set out below are the summarised financial information for the group's principal associates, as presented in the respective financial statements.

Summarised balance sheets

	Malta Healthcare Caterers Limited As at 31 December		Sky Gourmet Malta Limited As at 31 March	
	2014	2013	2015	2014
	€	€	€	€
Non-current assets	1,984,661	1,287,609	782,244	714,130
Current assets	9,919,945	2,962,704	2,131,203	2,588,840
Non-current liabilities	(530,736)	(417,201)	(32,039)	(29,261)
Current liabilities	(9,116,631)	(2,996,869)	(1,789,633)	(2,213,874)
Net assets	2,257,239	836,243	1,091,775	1,059,835

The carrying amount of these investments is lower than the group's share of the net assets reflected above as a result of fair value adjustments made at the time of acquisition and the fact that the share of results for the year of acquisition was not a full financial year.

7. Investments in associates - continued

Summarised statements of comprehensive income

	Malta Healthcare Caterers Limited As at 31 December		Sky Gourmet Malta Limited As at 31 March	
	2014	2013	**2015**	2014
	€	€	**€**	€
Revenue	**12,903,754**	4,325,491	**8,732,897**	9,602,880
Profit for the year total comprehensive income	**711,594**	85,693	**531,940**	471,461
Dividends received from associate	**-**	-	**150,000**	-

The other associates of the group are not deemed material, individually and in aggregate, to the group as a reporting entity taking cognisance of the group's financial position and aggregate assets. Accordingly, the disclosure requirements emanating from IFRS 12 were not deemed necessary for the user's understanding of the financial results and the financial position of the group.

The group's share of the results of the other associates and its share of the assets and liabilities are as follows:

	Assets	Liabilities	Revenues	Profit
	€	€	€	€
2015				
Porto Azzurro Limited	694,432	250,204	264,741	51,790
Sky Gourmet Malta Inflight Services Limited	91,835	11,549	584,135	34,056
2014				
Porto Azzurro Limited	780,519	335,102	216,358	26,168
Sky Gourmet Malta Inflight Services Limited	211,420	15,190	582,626	33,962

Porto Azzurro Resort Club Limited, DP Road Construction Limited and Costa San Andrea Resort Club Limited are considered by the director to be non-operating companies and accordingly no recent financial information was available.

8. Deferred taxation

Deferred income taxes are calculated on temporary differences under the liability method and are measured 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 (and tax laws) that have been enacted by the balance sheet date. The principal tax rate used is 35%.

	2015	2014
	€	€
Year ended 31 March		
At beginning of year	**5,591,502**	5,330,319
Credited/(charged) to profit or loss:		
Temporary differences on intra-group transactions (Note 27)	**9,266**	9,266
Temporary differences on property, plant and equipment and unutilised tax credits (Note 27)	**3,791,638**	(623,266)
Charged to other comprehensive income:		
Tax effect of re-measurement of derivatives (Note 14)	**(10,006)**	(11,972)
Acquisition of group undertaking (Note 31)	**-**	887,155
At end of year	**9,382,400**	5,591,502

Deferred taxation is principally composed of deferred tax assets and liabilities which are expected to be recovered and settled after more than 12 months. Deferred tax assets have been recognised in the financial statements on the basis that the directors of the respective companies are of the opinion that it is probable that future taxable profits will be available to utilise such assets.

The balance at 31 March represents:

	2015	2014
	€	€
Unutilised tax credits arising from:		
Unabsorbed capital allowances	**2,871,002**	2,772,279
Unabsorbed tax losses	**791,852**	792,436
Investment tax credits	**10,618,753**	6,047,662
Taxable temporary differences arising from depreciation of property, plant and equipment	**(3,968,154)**	(3,090,562)
Taxable temporary differences arising from intra-group transactions	**(145,821)**	(155,087)
Deductible temporary differences arising from derivative instruments	**155,126**	165,132
Deferred taxation arising on transfer of property on acquisition of subsidiary	**(950,384)**	(950,384)
Other temporary differences	**10,026**	10,026
	9,382,400	5,591,502

8. Deferred taxation - continued

Furthermore, a group undertaking also had the following unrecognised temporary differences:

	2015	2014
	€	€
Taxable temporary differences arising on property, plant and equipment	**(35,252)**	(35,780)

The related unrecognised deferred tax amounting to €12,338 (2014: €12,523) is not significant to be reflected in these financial statements.

9. Inventories

	2015	2014
	€	€
Food and beverage	**458,952**	267,517
Merchandise	**206,390**	161,674
Other goods for resale	**46,797**	24,146
Consumables and other inventory	**119,918**	132,479
	832,057	585,816

10. Trade and other receivables

	2015	2014
	€	€
Current		
Trade receivables	**4,232,478**	1,883,756
Payments in advance to suppliers	**136,405**	115,382
Amounts owed by director	**-**	14,433
Amounts owed by associates	**352,531**	93,703
Amounts owed by other related parties	**152,982**	120,617
Other receivables	**1,320,822**	397,483
Indirect taxation	**47,312**	57,054
Prepayments and accrued income	**715,287**	397,066
	6,957,817	3,079,494

11. Cash and cash equivalents

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	2015	2014
	€	€
Cash at bank and in hand	**1,750,000**	1,509,850
Bank overdrafts (Note 17)	**(2,928,555)**	(1,201,498)
	(1,178,555)	308,352

12. Share capital

	2015	2014
	€	€
Authorised		
520,000 (2014: 520,000) Ordinary shares of €1 each	**520,000**	520,000
Issued and fully paid		
520,000 (2014: 520,000) Ordinary shares of €1 each	**520,000**	520,000

During the preceding financial year, by virtue of an extraordinary resolution, the shareholders resolved that:

a. The nominal value of the company's shares is re-denominated from €2.329373 per share to €1 per share, and that the authorised share capital is increased from €4,659 to €520,000 divided into 520,000 shares of €1 per share.
b. Following the re-denomination set out above, the issued share capital of the company amounting to €1,165 of 500 ordinary shares of €2.329373 per share, was changed to be composed of 1,165 ordinary shares of €1 per share.
c. The issued share capital of the company is increased from €1,165 to €520,000 divided into 520,000 shares of €1 per share through the capitalisation of €518,835 from the amounts owed by the company to its shareholder.

13. Other reserves

	2015	2014
	€	€
Capital redemption reserve	**698,815**	698,815
Incentives and benefits reserve	**1,301,885**	1,301,885
	2,000,700	2,000,700

The capital redemption reserve represents a sum equal to the nominal amount of the preference shares redeemed by a subsidiary in accordance with Article 115 of the Companies Act, 1995. The capital redemption reserve may be applied in paying up unissued shares to be issued to members as fully paid bonus shares. There were no redemptions during the current and the preceding financial years.

In accordance with Articles 24B and 36 of the Business Promotion Act, transfers are effected by a subsidiary to an incentives and benefits reserve representing the net amount of profits subject to income tax at a reduced rate of tax. No transfers to the incentives and benefits reserve have been made during the current and the preceding financial years, as no income was subject to tax at reduced rates. Such profits are set aside for the exclusive purpose of financing the upgrading projects within the qualifying company as approved by Malta Enterprise Corporation in accordance with Article 6 of the Business Promotion Act. The incentives and benefits reserve is not distributable and will be retained for a period of eight years after which it can be distributed by means of a bonus issue.

14. Hedging reserve

Interest rate swaps

The fair values of cash flow hedges are recorded in the hedging reserve, in a separate category of equity, as shown below:

	2015	2014
	€	€
At 1 April		
Gross amounts of losses	**471,805**	506,011
Deferred income tax	**(165,132)**	(177,104)
	306,673	328,907
Movements in year ended 31 March		
Net losses from changes in fair value	**163,728**	167,578
Deferred income tax	**(57,305)**	(58,652)
	106,423	108,926
Reclassified to profit or loss as a reclassification adjustment	**(192,316)**	(201,784)
Deferred income tax	**67,311**	70,624
	(125,005)	(131,160)
At 31 March		
Gross amounts of losses	**443,217**	471,805
Deferred income tax	**(155,126)**	(165,132)
	288,091	306,673

The tax impacts relating to this component of other comprehensive income are presented in the above tables.

The net fair value losses as at 31 March 2015 and 2014 on open interest rate swap agreements which hedge anticipated future interest rate fluctuations will be reclassified from the hedging reserve to profit or loss as a reclassification adjustment when the forecast transactions occur, at various dates up to one year from the end of the reporting period.

15. Non-controlling interest

	2015	2014
	€	€
At beginning of year	**10,976,013**	13,165,219
Reduction of non-cumulative preference shares of a subsidiary attributable to non-controlling interest	**-**	(2,208,199)
Share of results of subsidiaries	**30,095**	18,993
At end of year	**11,006,108**	10,976,013

On 14 October 2013, the shareholders of a subsidiary undertaking resolved to reduce the issued share capital by €2,208,199. Such reduction was carried out by the cancellation of shares, subject to the provisions of Article 83 of the Companies Act, 1995. Such reduction became effective on 19 February 2014.

16. Trade and other payables

	2015	2014
	€	€
		restated
Current liabilities		
Trade payables	**6,239,255**	4,881,361
Payables and accruals with respect to capital expenditure	**11,441,191**	2,634,410
Advance deposits from tour operators and other customers	**3,327,407**	3,037,060
Amounts owed to director	**1,348,125**	-
Amounts owed to shareholders	**435,570**	152,054
Amounts owed to associates	**1,417,692**	1,499,798
Amounts owed to other related parties	**376,118**	3,206
Other payables	**214,814**	160,884
Indirect taxation and social security	**305,802**	96,186
Accruals and deferred income	**2,431,238**	1,677,875
	27,537,212	14,142,834
Non-current liabilities		
Amounts owed to third parties	**4,000,000**	4,000,000
Other payables	**-**	231,079
Deferred income arising on long term rights of use sales	**4,165,873**	2,493,407
	8,165,873	6,724,486

As at 31 March 2014, amounts owed to associates included an amount of €384,347 which was unsecured, subject to a fixed interest rate of 7% and repayable on demand.

As at 31 March 2015 and 2014, non-current amounts owed to third parties amounting to €4,000,000, represent the outstanding balance on the consideration for the acquisition of shares in Hotel San Antonio Limited (refer to Note 31). As stated in the related share purchase agreement such amount is repayable by December 2016, subject to interest at 6.5% in accordance with the terms of the same agreement, and secured by a special hypothec over specific immovable property of the Hotel San Antonio Complex. At the end of the reporting period, in the opinion of the director, the fair value of this liability approximated its carrying amount.

17. Borrowings

	2015	2014
	€	€
Current		
Bank overdrafts	**2,928,555**	1,201,498
Factoring loans	**102,435**	264,776
Bank loans	**6,939,552**	3,692,788
	9,970,542	5,159,062
Non-current		
Factoring loans	**47,198**	70,366
Bank loans	**58,115,129**	51,412,081
	58,162,327	51,482,447
Total borrowings	**68,132,869**	56,641,509

The group's banking facilities as at 31 March 2015 amounted to €69,409,726 (2014: €58,057,594). Such bank facilities are secured by:

a. general and special hypothecs over the group's present and future assets;
b. guarantees provided by group undertakings;
c. guarantees given by the director;
d. pledges over the insurance policies of group undertakings;
e. pledges over the director's life insurance policies;
f. letters of undertaking.

The interest rate exposure of the borrowings of the group was as follows:

	2015	2014
	€	€
Total borrowings:		
At fixed rates	**149,633**	335,142
At floating rates	**67,983,236**	56,306,367
	68,132,869	56,641,509

The weighted average effective interest rates for the group's borrowings as at the balance sheet date are as follows:

	2015	2014
	€	€
Bank overdrafts	**4.8%**	5.4%
Factoring loans	**8.2%**	8.2%
Bank loans	**4.3%**	3.9%

17. Borrowings - continued

Maturity of non-current borrowings:

	2015	2014
	€	€
Between 1 and 2 years	**7,969,489**	7,247,417
Between 2 and 5 years	**23,706,443**	21,765,760
Over 5 years	**26,486,395**	22,469,270
	58,162,327	51,482,477

18. Amounts owed to ultimate shareholder

Amounts owed to ultimate shareholder amounting to €3,779,493 (2014: €3,779,253) relate to the allotment and acquisition of shares in Seabank Hotel and Catering Limited. These amounts are unsecured, interest free and have been earmarked as additional capital required by the company, the terms of which will be concluded in the foreseeable future.

During the preceding financial year, the parent company has capitalized €518,835 of the shareholders loan to increase the issued share capital (see Note 12).

19. Deferred Government grants

	2015	2014
	€	€
At beginning of the year	**82,504**	91,325
Credited to profit or loss (Note 25)	**(8,821)**	(8,821)
At end of year	**73,683**	82,504
At 31 March		
Non-current	**64,862**	73,683
Current	**8,821**	8,821
At end of year	**73,683**	82,504

20. Derivative financial instruments

	2015 Fair value liabilities	2014 Fair value liabilities
	€	€
At 31 March		
Interest rate derivative - interest rate swap	**443,217**	471,805

In prior years, a group undertaking entered into an interest rate swap derivative financial instrument to mitigate the variability of future floating interest payments based on the applicable three-month Euribor rate on the company's borrowings. The fair value movement during the year was recognised in the cash flow hedge reserve. Realised gains and losses on the derivative have subsequently been transferred to profit or loss and presented within finance costs. The notional amount of the outstanding interest rate swap contract as at 31 March 2015 was €13.8 million (2014: €14.5 million).

The above fair value is included in the statement of financial position under the following classifications:

	2015	2014
	€	€
Derivative financial liabilities		
Non-current	**263,056**	313,097
Current	**180,161**	158,708
	443,217	471,805

21. Other loans payable

Other loans payable amounting to €881,878 (2014: €785,119) represent advances from suppliers which are to be set-off against discounts allowed by the same suppliers on the basis of predetermined purchase levels. These loans are interest free, however, in case of breach of any condition of the agreements or termination thereof, the amounts become repayable on demand and subject to interest at 8% per annum.

22. Revenue

The group's entire revenue is derived locally mainly from hospitality, leisure and ancillary activities.

	2015	2014
	€	€
By category		
Hospitality and ancillary services	**23,366,325**	14,371,169
Food and beverage	**7,847,842**	5,801,111
Merchandise and other retailing activities	**3,117,525**	2,885,139
Other	**614,916**	29,668
	34,946,608	23,087,087

23. Expenses by nature

	2015	2014
	€	€
Employee benefit expense (Note 24)	**7,463,940**	4,628,647
Amortisation of intangible assets (Note 5)	**241,756**	241,756
Depreciation of property, plant and equipment (Note 4)	**5,219,588**	2,163,383
Utilities and similar charges	**2,053,919**	1,262,630
Operating supplies and related expenses	**8,019,234**	5,222,679
Repairs and maintenance costs	**1,191,319**	1,083,953
Marketing, advertising costs and commissions	**957,562**	865,956
Franchise royalties	**653,464**	611,020
Operating lease rentals – property	**364,114**	341,858
Ground rents payable	**6,198**	6,198
Exchange differences	**4,895**	(5,434)
Other expenses	**2,574,100**	1,492,949
Total cost of sales, selling and administrative expenses	**28,750,089**	17,915,595

Auditor’s fees

Fees charged by the auditor for services rendered during the financial periods ended 31 March 2015 and 2014 relate to the following:

	2015	2014
	€	€
Annual statutory audit		
parent company auditors	**33,898**	30,600
other auditors	**9,650**	-
Tax advisory and compliance services		
parent company auditors	**1,625**	3,225
other auditors	**2,185**	-
Other non-audit services	**2,550**	35,364
	49,908	69,189

24. Employee benefit expense

	2015	2014
	€	€
Wages and salaries (including director's remuneration)	6,811,248	4,358,936
Social security costs	632,513	269,342
	7,443,761	4,628,278
Recharged from associates	55,948	-
Recharged to other related parties	(22,442)	(35,532)
Recharged (to)/from third parties	(13,327)	35,901
	7,463,940	4,628,647

Average number of persons employed by the group during the year:

	2015	2014
Direct	359	198
Administration	60	44
Part-timers	62	60
	481	302

25. Other operating income

	2015	2014
	€	€
Amortisation of deferred Government grants (Note 19)	8,821	8,821
Operating lease income	241,475	-
	250,296	8,821

26. Finance costs

	2015	2014
	€	€
Finance costs		
Interest on secured bond	-	35,537
Interest on bank borrowings and other loans	**3,970,535**	1,908,261
Other finance charges	**61,136**	93,822
	4,031,671	2,037,620

27. Tax (income)/expense

	2015	2014
	€	€
Current taxation	**133,179**	5,655
Deferred taxation (Note 8)	**(3,800,904)**	614,000
Tax (income)/expense	**(3,667,725)**	619,655

The tax on the profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2015	2014
	€	€
Profit before tax	**3,016,369**	3,834,746
Tax on profit at 35%	**1,055,729**	1,342,161
Tax effect of:		
Share of results of associates	**(210,429)**	(242,219)
Expenses not deductible for tax purposes	**145,724**	124,376
Income not subject to tax	**(8,511)**	(8,014)
Movement in temporary differences	**80,595**	(19,954)
Under/(over) provisions in previous years	**5,633**	(5,624)
Investment tax credits claimed during the year	**(4,738,926)**	(569,549)
Other differences	**2,460**	(1,522)
Tax (credit)/charge in the accounts	**(3,667,725)**	619,655

28. Director’s remuneration

	2015	2014
	€	€
Salaries and other emoluments	**71,734**	55,567

29. Cash generated from operations

Reconciliation of operating profit/(loss) to cash generated from operations:

	2015	2014
	€	€
Operating profit/(loss)	**6,446,815**	5,180,313
Adjustments for:		
Depreciation of property, plant and equipment (Note 4)	**5,219,588**	2,163,383
Amortisation of intangible assets (Note 5)	**241,756**	241,756
Deferred Government grants	**(8,821)**	(8,821)
Changes in working capital:		
Inventories	**(246,241)**	(17,769)
Trade and other receivables	**(3,878,323)**	427,139
Trade and other payables	**6,125,742**	1,511,298
Cash generated from operations	**13,900,516**	9,497,299

30. Commitments

Capital commitments

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

	2015	2014
	€	€
Contracted but not provided for	**1,300,000**	14,685,000

The above commitments were entered into by Hotel San Antonio Limited with respect to the extension of the hotel and refurbishment of its hotel rooms.

Operating lease commitments – where group undertakings act as lessee

Future minimum lease payments payable under non-cancellable operating lease rentals are as follows:

	2015	2014
	€	€
Less than one year	**102,828**	125,972
Between one and five years	**353,919**	397,961
More than five years	**2,559,205**	2,618,839
	3,015,952	3,142,772

Operating lease commitments – where a group undertaking is a lessor

A subsidiary undertaking had outstanding receivables under non-cancellable operating leases, as follows:

	2015	2014
	€	€
Less than one year	**111,445**	106,370
Between one and five years	**46,667**	40,000
More than five years	**-**	19,151
	158,112	165,521

31. Business combinations

During the preceding financial year, on 27 December 2013, the group acquired 100% shareholding and consequently control of Hotel San Antonio Limited, an existing associate of the group (see Notes 6 and 7) for a total consideration of €11,470,875. Through such acquisition, SD Holdings Limited became the holder of 50% ordinary shares, 50% preference 'A' shares and 100% preference 'B' shares in Hotel San Antonio Limited. The remaining 50% of the ordinary shares and the preference 'A' shares are held through Seabank Hotel and Catering Limited.

Accordingly, amounts previously disclosed within investments in associates (Note 7) were transferred to investments in subsidiaries (Note 6) and the respective investment was consequently treated as a subsidiary undertaking and consolidated in accordance with Accounting policy 1.2 "Consolidation".

The assets and liabilities as of 27 December 2013 arising from the acquisition of Hotel San Antonio Limited were as follows:

	Acquiree's fair value
	€
	restated
Property, plant and equipment (Note 4)	31,814,347
Deferred tax asset (Note 8)	887,155
Inventories	78,714
Trade and other receivables	649,031
Cash and cash equivalents	(125,214)
Bank loans	(14,406,630)
Trade and other payables	(2,258,377)
Deferred income arising on long term rights of use sales	(2,493,407)
Net assets acquired	14,145,619
Financed by:	
Consideration (Note 6)	11,470,875
Fair value of the previously held equity interest (Note 7)	2,674,744
	14,145,619

The consideration disclosed above includes shareholders' contributions amounting to €2,015,404 advanced to Hotel San Antonio Limited in prior years and an amount of €4,000,000 which is payable by December 2016 (refer to Note 16).

Comparative period information with respect to the business combination acquired during the preceding financial year has been revised to reflect new information obtained about facts and circumstances that existed as of the acquisition date. As a result, the group has restated the prior period information and recognised separately liabilities amounting to €2,493,408 relating to deferred income arising on long term rights of use sales, which had been previously netted-off within the fair value of the acquired property, plant and equipment. This adjustment did not have any effect on profit or loss items or on the components of equity of the preceding financial year.

32. Contingencies

At 31 March 2015, the group's and the company's major contingent liabilities were:

a. Undertakings given by the parent company to provide the necessary financial support to group undertakings and associates so as to enable these entities to meet their liabilities and any other obligations as they fall due and to continue as a going concern.
b. Uncalled share capital amounting to €5,590 (2014: €5,590) relating to shares subscribed in associates by a group undertaking and uncalled share capital amounting to €1,920 (2014: €960) relating to shares subscribed in subsidiaries by the parent company.
c. A special hypothec granted by a group undertaking to a third party in respect of certain units allocated to timeshare amounting to €3,000,000 (2014: €2,246,561).
d. Guarantees of up to a maximum of €54,076 (2014: €55,041) issued by a group undertaking to various third parties for a beach concession.
e. A guarantee of €18,635 (2014: €18,635) issued by a group undertaking in favour of the Malta Environment and Planning Authority.

33. Related party transactions

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over the other party in making financial and operating policy decisions.

The entities constituting the Seabank Group are ultimately owned by members of the Debono family. Accordingly, the members of the Debono family, all entities owned or controlled by the members of the Debono family, the associates of the group and the group's key management personnel are the principal related parties of the Seabank Group.

In the ordinary course of their operations, group entities provide services to associates and other related parties mentioned above for trading services; and in turn group entities also purchase services from such related parties. The group's related party transactions also include financing transactions, principally advances with associates and other related parties.

In the opinion of the director, disclosure of related party transactions, which are generally carried out on commercial terms and conditions, is only necessary when the transactions effected have a material impact on the operating results and financial position of the group. The aggregate invoiced amounts in respect of a considerable number of transaction types carried out with related parties are not considered material and accordingly they do not have a significant effect on these financial statements.

Except for transactions disclosed or referred to previously, which were carried out on commercial terms, no further significant operating transactions have a material effect on the operating results and financial position of the group and the company.

Year-end balances with related parties, arising principally from the transactions referred to previously, are disclosed in Notes 10, 16 and 18 to these financial statements. Such balances are unsecured, interest free and repayable on demand unless otherwise stated in the respective notes.

Key management personnel comprise the director of the parent company and the directors of the other group undertakings. Key management personnel compensation, in addition to director's remuneration as disclosed in Note 28, amounted to €30,077 (2014: €29,933).

34. Statutory information

SD Holdings Limited is a limited liability company and is incorporated in Malta.

35. Comparative Information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.

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