SD Finance plc

Unaudited Financial Statements
31 March 2017

Statement of financial position

	Notes	As at 31 March 2017 €
ASSETS		
Current assets		
Trade and other receivables	2	**277,847**
Total assets		**277,847**
EQUITY AND LIABILITIES		
Equity		
Share capital	3	**250,000**
Accumulated losses		**(2,515)**
Total equity		**247,485**
Current liabilities		
Trade and other payables	4	**30,362**
Total liabilities		**30,362**
Total equity and liabilities		**277,847**

The financial statements on pages 1 to 8 were authorised for issue by the board on 31 July 2017 and were signed on its behalf by:

Arthur Gauci
Director

Stephen Muscat
Director

Income statement

	Period from 20 January 2017 to 31 March 2017
	€
Administrative expenses	(2,515)
Loss for the period	**(2,515)**

Statement of changes in equity

	Note	Share capital €	Accumulated losses €	Total €
Issue of share capital	3	250,000	-	250,000
Loss for the period		-	(2,515)	(2,515)
Balance at 31 March 2017		**250,000**	**(2,515)**	**247,485**

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the accounting policies noted hereunder and they have been prepared under the historical cost convention. These financial statements have not been audited nor reviewed by the company's independent auditors.

The company was incorporated on 20 January 2017 in terms of the Maltese Companies Act (Cap 386). Accordingly, these financial statements have been prepared from the date of incorporation to 31 March 2017.

1.2 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 financial statements are presented in euro, which is the company'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.

1.3 Financial assets

1.3.1 Classification

The company classifies its financial assets in the loans and receivables category. 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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables in the statement of financial position (note 1.4).

1. **Summary of significant accounting policies** – continued

1.3 Financial assets – continued

1.3.2 Recognition and measurement

The company 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 are recognised on settlement date, which is the date on which an asset is delivered to or by the company.

Financial assets are initially recognised at fair value plus transaction costs. These 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 financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

1.3.3 Impairment

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a company 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 company first assesses whether objective evidence of impairment exists. The criteria that the company 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.

Assets carried at amortised cost

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 asset's carrying amount 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.

1. **Summary of significant accounting policies** - continued

1.4 Trade and other receivables

Trade and other receivables comprise amounts due from shareholder and prepayments. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at cost and subsequently remeasured at amortised cost to take cognisance of impairment losses. A provision for impairment is established when there is objective evidence that the company 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. Upon derecognition, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement.

1.5 Share capital

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

1.6 Financial liabilities

The company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The company'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 company 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.

1.7 Trade and other payables

Trade and other payables comprise amounts owed to fellow subsidiaries to pay for goods or services that have been acquired in the ordinary course of business. Trade and other payables 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.

2. Trade and other receivables

	2017 €
Amounts owed by parent company	**200,030**
Prepayments	**77,817**
	277,847

3. Share capital

	2017 €
Authorised	
250,000 ordinary shares of €1 each	**250,000**
Issued and fully paid	
250,000 ordinary shares of €1 each	**250,000**

4. Trade and other payables

	2017 €
Amounts owed to fellow subsidiary	**29,987**
Other payables	**375**
	30,362

5. Expenses by nature

	Period from 20 January 2017 to 31 March 2017 €
Directors' fees	**1,250**
License fees	**295**
Other expenses	**970**
	2,515

6. Events after reporting period

On 25 April 2017, the company issued an aggregate of €65,000,000 in bonds having a face value of €100 per bond, subject to a minimum holding of €2,000 in bonds. The bonds have a coupon interest rate of 4.35% per annum as stated in the prospectus dated 27 March 2017. These bonds were eventually admitted for listing on the Malta Stock Exchange on 4 May 2017.

In accordance with the provisions of the above noted prospectus, the proceeds from the bond issue have been advanced by the company to fellow subsidiaries forming part of the db Group for the purpose of re-financing existing bank facilities within the group, financing the redemption of redeemable preference shares of a fellow subsidiary and for the general corporate funding purposes of the group. These bonds are guaranteed by SD Holdings Limited who is the ultimate parent of the db Group.

7. Statutory information

SD Finance plc is a public limited liability company and was incorporated in Malta on 20 January 2017, with its registered address at Seabank Hotel, Marfa Road, Ghadira, Mellieha, Malta.

The immediate and ultimate parent company of SD Finance plc is SD Holdings Limited, a company registered in Malta, with its registered address at Seabank Hotel, Marfa Road, Ghadira, Mellieha, Malta.