D SHOPPING MALLS FINANCE P.L.C.

ANNUAL REPORT
For the year ended 31 December 2020

Company registration no: C 87809

Company Information

Directors :	Ms Diane Izzo Mr Karl Izzo Mr Edwin Pisani Mr Joseph C Schembri Mr Francis Gouder (resigned on 30 March 2020) Mr Francis Cassar (resigned on 5 November 2020) Dr Kevin Deguara (appointed on 19 November 2020)
Secretary :	Dr Ian Vella Galea
Company number :	C 87809
Registered office :	Dizz Buildings, Carob Street, St. Venera
Auditors :	KSi Malta 6, Villa Gauci Mdina Road Balzan BZN 9031

D SHOPPING MALLS FINANCE P.L.C.

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D SHOPPING MALLS FINANCE P.L.C.

Report of the Directors
For the year ended 31 December 2020

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Incorporation

D Shopping Malls Finance P.L.C. (hereinafter referred to as the "Company") was incorporated on 13 August 2018. The Company is a fully owned subsidiary of D Shopping Malls Limited (hereinafter referred to as the "Guarantor" or the "Parent"). The two companies form part of D Shopping Malls Group (hereinafter referred to as the "Group").

Principal Activity

The principal activity of D Shopping Malls Finance P.L.C. (the Company) is to act as a finance company and its business is limited to the raising of capital and the lending of such capital to D Shopping Malls Limited (the Parent or the Guarantor), the collection of interest from the Guarantor and the settlement of interest payable on capital raised from third parties. The activities of the Company are expected to remain consistent for the foreseeable future.

Review of Business

The COVID-19 pandemic has disrupted business on a global level. Despite this, the pandemic did not have a direct impact on the business of the Company, given that the Company is a finance company and generates its revenue in line with the loan agreement entered into with its parent D Shopping Malls Limited on 28 October 2018. In fact, the Company generated a profit before taxation of € 15,622 (2019 - € 14,116), based on revenue of € 476,503 (2019 - € 551,338), composed of interest receivable from the its Parent of € 416,503 (2019 - € 491,338) and management fees of € 60,000 (2019 - € 60,000). It is envisaged that the income stream of the Company will remain relatively constant in accordance with the loan agreement.

Principal Risks and Uncertainties

The Company's main objective is that of a finance company. Given that the Company does not carry out any trading activities, it is dependent on the receipt of income from D Shopping Malls Limited in relation to Bond proceeds which it has advanced in the form of a loan. Therefore, the Company is dependant on the business prospects of the D Shopping Malls Limited, and inerehently, the operating results of D Shopping Malls Limited have a direct effect on the Company's financial position and performance, including the ability of the Company to services its payment obligations under the issued bonds. The Company and its Parent are also inherently economically dependent on the wider Dizz Group (Dizz Group of Companies Limited and its subsidiaries) which they also form part of, whose core operations operating retail and catering outlets.

The Company's main assets consist of loans receivable issued to related companies forming part of the Group. Therefore, the ability of these companies to effect payments to the Company under such loans will depend on their respective cash flows and earnings which may be restricted by:

- loss of tenants
- decrease in rental rates
- changes in applicable laws and regulations;
- the terms contained in the agreements to which they are or may become party, including the indenture governing their existing indebtedness, if any; or
- other factors beyond the control of the Company.

Report of the Directors (continued)
For the year ended 31 December 2020

Principal Risks and Uncertainties (continued)

In this respect, the Parent, intends to continue to manage the properties in order to ensure optimal utilisation thereof and achieve positive and sustainable financial results. The directors monitor closely the impact of events and the ability of the parent to honour its financial commitments. To this regard, the directors are of the view that the amount receivable from the parent by the Company is recoverable.

Dividends and Reserves

The Directors do not recommend the payment of a dividend.

Future Developments

The Directors intend to continue to operate in line with the current business plan.

Financial Risk Management

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. These are further analysed in Note 19 of these financial statements.

Events Subsequent to the Statement of Financial Position Date

There were no particular important events affecting the Company which occurred since the end of the accounting period, except for the ongoing effects of COVID-19 on the performance of the Company and economy as a whole.

Directors

The following have served as Directors of the Company during the year under review:

Ms Diane Izzo	
Mr Karl Izzo	
Mr Edwin Pisani	
Mr Joseph C Schembri	
Mr Francis Gouder	(resigned on 30 March 2020)
Mr Francis Cassar	(resigned on 5 November 2020)
Dr Kevin Deguara	(appointed on 19 November 2020)

In accordance with the Company's Articles of Association the present Directors remain in office.

Directors' Interest

The Directors do not hold direct shares in D Shopping Malls Finance P.L.C. as at 31 December 2020, however Ms Diane Izzo and Mr Karl Izzo, are also the Ultimate Beneficial Owners of the Group.

Statement of Directors' Responsibilities

The Companies Act (Cap. 386) requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these financial statements, the Directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- select suitable accounting policies and apply them consistently from one accounting year to another;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting year on accruals basis; and
- value separately the components of asset and liability items on a prudent basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors, through oversight of management, are responsible to ensure that the Company establishes and maintains internal control, to provide reasonable assurance with regards to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Statement by the Directors on the Financial Statements and Other Information included in the Annual report

In pursuant to Prospects MTF Rules the directors declare that to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

Report of the Directors (continued)
For the year ended 31 December 2020

Going Concern Statement

After making enquiries and having taken into consideration the future plans of the Company, the Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopted the going concern basis in the preparation of the financial statements. The Directors intend to continue to operate in line with the current business plan.

Auditors

KSi Malta have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

Ms Diane Izzo Director	Mr Joseph C Schembri Director

15 April 2021

Corporate Governance - Statement of Compliance
For the year ended 31 December 2020

The Prospect MTF Rules issued by the Malta Stock Exchange require qualifying companies admitted to Prospects MTF to observe relevant corporate governance standards, in this case the Code of Principles of Good Corporate Governance (the "**Code**").

Although the adoption of the Code is not obligatory, companies are required by Prospects MTF Rules to include, in their Annual Report, a Directors' Statement of Compliance which deals with the extent to which the company has adopted the Code and the effective measures that the company has taken to ensure compliance with the Code, accompanied by a report of the auditors thereon.

Part 1: Compliance with the Code

The Board of Directors (the "**Board**") of the Company believe in the adoption of the Code and has endorsed it except where the size and/or particular circumstances of the Company are deemed by the Board not to warrant the implementation of specific recommendations. In this context it is relevant to note that the Company has issued bonds to the public and has no employees. Accordingly, some of the provisions of the Code are not applicable whilst others are applicable to a limited extent.

Principle 1 and 4: The Board

The Board of Directors is responsible for devising a strategy and setting policies of the Company. It is also responsible for reviewing internal control procedures, financial performance and business risks facing the Company, ensuring that these are adequately identified, evaluated, managed and minimised. The Board is also responsible for decisions relating to the redemption of the Bond, and for monitoring that its operations are in conformity with the Company Admission Document and all relevant rules and regulations.

Clear internal and external reporting lines are established with a view to ensuring that the Board can properly discharge its obligation to take decisions in the best interests of the Company.

The Company has a structure that ensures a mix of executive and non-executive Directors and that enables the Board to have direct information about the Company's performance and business activities. All Directors have access to independent professional advice, at the expense of the Company, should they so require.

Principle 3: Composition of the Board

The Board is composed of three executive Directors and three non-executive Directors. The combined and varied knowledge, experience and skills of the Board members provides the balance of competences that are required and adds value to the functioning of the Board and gives direction to the Company.

The Board is made up as follows:

Ms Diane Izzo – Executive Director and Chairperson
Mr Karl Izzo – Executive Director
Mr Edwin Pisani – Executive Director
Mr Francis Gouder – Non-Executive Director (resigned on 30 March 2020)
Mr Joseph C Schembri – Non-Executive Director
Mr Francis Cassar – Non-Executive Director (resigned on 5th November 2020)
Dr. Kevin Deguara – Non-Executive Director (appointed on 19th November 2020)
Dr Ian Vella Galea acts as secretary to the Board of Directors

Corporate Governance - Statement of Compliance (continued)
For the year ended 31 December 2020

Part 1: Compliance with the Code (continued)

Principle 3: Composition of the Board (continued)

In accordance with the provisions of the Company's Articles of Association, the appointment of Directors to the Board is exclusively reserved to the Company's shareholders, except in so far as appointment is made by the Board to fill a casual vacancy, which appointment would be valid until the conclusion of the next Annual General Meeting of the Company following such an appointment. In terms of the Articles of Association, a Director shall hold office for a period of one year, at the end of which term they may stand again for re-election. The Articles of Association of the Company clearly set out the procedures to be followed in the appointment of Directors.

The non-executive directors, Mr Joseph C Schembri, Mr Francis Gouder (resigned on 30 March 2020), Mr Francis Cassar (resigned on 5th November 2020) and Dr. Kevin Deguara (appointed on 19th November 2020) are independent within the meaning provided by the Code. Each non-executive director has submitted a declaration to the Board declaring their independence as stipulated under the Code Provision 3.4.

Principle 5: Board Meetings

Board meetings concentrate mainly on strategy, operational performance and financial performance of the Company. After each Board meeting and before the next, Board minutes that faithfully record attendance, key issues and decisions are sent to the Directors.

The Board meets as often as required in line with the nature and demands of the business of the Company. Directors attend meetings on a frequent and regular basis and dedicate the necessary time and attention to their duties as Directors of the Company. The Board met six times during the year under review. The number of board meetings attended by Directors for the year under review is as follows:

	Meetings held
Ms Diane Izzo	6 of 6
Mr Karl Izzo	6 of 6
Mr Edwin Pisani	6 of 6
Mr Francis Cassar – resigned on 5th November 2020	5 of 6
Mr Francis Gouder – resigned on 30 March 2020	1 of 1
Mr Joseph C Schembri	6 of 6
Dr. Kevin Deguara – appointed on 19th November 2020	1 of 1

Principle 6: Information and Professional Development

Each director is made aware of the Company's on-going obligations in terms of the Companies Act, the Prospects MTF Rules and other relevant legislation. The Company ensures that it provides Directors with relevant information to enable them to effectively contribute to board decisions.

Corporate Governance - Statement of Compliance (continued)
For the year ended 31 December 2020

Part 1: Compliance with the Code (continued)

Part 8: Committees

Audit Committee

The Audit Committee's primary objective is to assist the board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board.

Although the Audit Committee is set up at the level of the Company its main tasks are also related to the activities of that of its parent company which, together form part of the D Shopping Malls Group.

The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with. The Audit Committee establishes internal procedures and monitors these on a regular basis. The terms of reference for the Audit Committee are designed both to strengthen this function within the Company and to widen the scope of the duties and responsibilities of this Committee. The Committee also has the authority to summon any person to assist it in the performance of its duties, including the Company's external auditors.

During the financial year under review, the Audit Committee met six times. The Audit Committee is composed of a mixture of executive and non-executive Directors as follows:

Executive Director

Ms Diane Izzo – appointed on 30 March 2020

Non Executive Directors

Mr Joseph C Schembri – Chairman of the Audit Committee
Mr Francis Gouder – resigned on 30 March 2020
Mr Francis Cassar – resigned on 5 November 2020
Dr. Kevin Deguara – appointed on 19 November 2020

The Board considers the Chairman of the Audit Committee to be independent and competent in accounting and/or auditing. Such determination was based on Mr Joseph Schembri's substantial experience in various audit, accounting and risk management roles throughout his career.

Internal Controls

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to achieve business objectives and to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses or fraud.

Authority to manage the business of the Group, including the Company is delegated to the Group Chief Executive Officer within the limits set by the Board of Directors. Systems and procedures are in place for the Company to control, report, monitor and assess risks and their financial implications, and to take timely corrective actions where necessary. Regular financial budgets and strategic plans are prepared, and performance against these plans is actively monitored and reported to the Directors on a regular basis.

Principle 9: Relations with Shareholders and with the Market

The Company has communicated effectively with the market through company announcements and financial information published by the Company.

Corporate Governance - Statement of Compliance (continued)
For the year ended 31 December 2020

Part 1: Compliance with the Code (continued)

Principle 10: Institutional Shareholders

The Directors are of the view that this Principle is not applicable to the Company.

Principle 11: Conflicts of Interest

Ms Diane Izzo, Mr Karl Izzo and Mr Edwin Pisani are executive officers of the Company. Ms Diane Izzo and Mr Karl Izzo have a direct beneficial interest in the share capital of the Company, and as such are susceptible to conflicts arising between the potentially diverging interests of the shareholders and the Company. During the financial year under review, no private interests or duties unrelated to the Company were disclosed by the Directors which were or could have been likely to place any of them in conflict with any interests in, or duties towards, the Company.

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company. Furthermore, in accordance with the provisions of article 145 of the Companies Act (Cap. 386 of the Laws of Malta), every Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company is under the duty to fully declare his interest in the relevant transaction to the Board at the first possible opportunity and he will not be entitled to vote on matters relating to the proposed transaction and only parties who do not have any conflict in considering the matter will participate in the consideration of the proposed transaction (unless the Board finds no objection to the presence of such Director with conflict of interest).

Principle 12: Corporate Social Responsibility

The Company seeks to adhere to sound Principles of Corporate Social Responsibility in its management practices and is committed to enhance the quality of life of all stakeholders and of the employees of the Company and the Group.

Part 2: Non-Compliance with the Code

Principle 2: Chairman and Chief Executive

The roles of Chairman and Chief Executive Officer of the Group are both occupied by Ms Diane Izzo. Although the Code recommends that the role of Chairman and Chief Executive Officer are kept separate, the Directors believe that Ms Diane Izzo should occupy both positions, particularly in view of the experience she brings to both the Board and executive management team of the Company. In terms of Principle 3.1, which calls for the appointment of a senior independent Director where the roles of Chairman and Chief Executive Officer are carried out by the same person, the Board has appointed Mr Joseph C Schembri as the indicated senior independent Director.

Principle 7: Evaluation of the Board's Performance

At present, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of the Issuer's shareholders, the market and the rules by which the Issuer is regulated.

Corporate Governance - Statement of Compliance (continued)
For the year ended 31 December 2020

Part 2: Non-Compliance with the Code (continued)

Principle 8: Committees

The Board of Directors considers that the size and operation of the Issuer does not warrant the setting up of nomination and remuneration committees. Given that the Issuer does not have any officers or employees other than the Directors and the company secretary, it is not considered necessary for the Issuer to maintain a remuneration committee and a nomination committee.

Appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the Memorandum and Articles of Association. The Issuer considers that the members of the Board provide the level of skill, knowledge and experience expected in terms of the Code.

Signed on behalf of the Board of Directors on 15 April 2021 by:

Mr Joseph C Schembri
Director and Chairman of Audit Committee

D SHOPPING MALLS FINANCE P.L.C.

Independent Auditors' Report

To the shareholders of D Shopping Malls Finance P.L.C.

Report on the Audit of the Financial Statements

We have audited the financial statements of D Shopping Malls Finance P.L.C. (the Company), set out on pages 15 to 38, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the fact that the Company forms part of a wider Group (Dizz Group of Companies Limited) that operates in the retail and catering industry. Due to the COVID-19 outbreak, these industries were negatively affected and had to deal with government-imposed restrictions on all operations. The Company's principal activity is to act as a finance company to D Shopping Malls Limited that is itself dependent on the financial performance of the wider Dizz Group of Companies and its ability to operate as a going concern.

We draw attention to Note 3.1.1, Going Concern, which describes the directors' assessment of the impact of COVID-19 on the Group's results and financial position. This matter is considered to be of fundamental importance to the understanding of the financial statements, due to its nature and significance. Our opinion is not modified in respect of this matter.

D SHOPPING MALLS FINANCE P.L.C.

Independent Auditors' Report (continued)

Key Audit Matters

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

Bond

As at 31 December 2020 the Company held Euro 7,500,000 in Bonds having a coupon rate of 5.35% to the general public through Prospects MTF markets and these were fully subscribed.

During the audit process we ascertained ourselves that the proceeds from the Bond were being utilised as per the admission document. The results of our testing were satisfactorily and we concur that the Bond proceeds and usage are disclosed in the audited accounts accordingly.

Amounts due from related companies

As at 31 December 2020 the Company held Euro 8,782,164 (2019 - Euro 8,324,246) as receivables from related companies. Part of the proceeds of the public bond issue made in 2018 by D Shopping Malls Finance P.L.C. was used to forward loans to related companies for their business operations.

During the audit process we ascertained ourselves that the related company's audited financial statements disclose such amounts due to D Shopping Malls Finance P.L.C. The results of our testing were satisfactorily and we concur that the amounts due from related companies are disclosed in the audited accounts of each individual company.

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, the Statement of Directors' Responsibilities and the Corporate Governance Statement of Compliance. Our opinion on the financial statements does not cover this information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Report on Corporate Governance

The Prospects MTF Rules issued by the Malta Stock Exchange require the Directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting year with those Principles.

Independent Auditors' Report (continued)

Report on Corporate Governance (continued)

The Prospects MTF Rules also require the auditor to include a report on the Statement of Compliance prepared by the Directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the annual return.

We are not required to, and we do not, consider whether the board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 5 to 9 has been properly prepared in accordance with the requirements of the Prospects MTF Rules issued by the Malta Stock Exchange.

We also read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

With respect to the Report of the Directors, we also considered whether the Report of the Directors includes the disclosures required by Article 177 of the Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Report of the Directors has been prepared in accordance with the Companies Act (Cap. 386).

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

Responsibilities of the Directors

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KSi Malta

D SHOPPING MALLS FINANCE P.L.C.

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements

We have responsibilities under the Companies Act (Cap. 386) enacted in Malta to report to you if, in our opinion:

- The information given in the report of the Directors is not consistent with the financial statements.
- Adequate accounting records have not been kept.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of Directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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

Joseph Gauci (Partner) for and on behalf of
KSi Malta
Certified Public Accountants

Balzan
Malta

15 April 2021

D SHOPPING MALLS FINANCE P.L.C.

Statement of Comprehensive Income
For the year ended 31 December 2020

	Note	2020 €	2019 (16 ½ months) €
Finance income	5	416,503	491,338
Finance cost	6	(420,589)	(482,930)
Net interest (loss)/income		(4,086)	8,408
Other Income	7	60,000	60,000
Administrative expenses		(40,292)	(54,292)
Profit before tax	4	15,622	14,116
Tax expense	8	-	-
Profit for the year/period - total comprehensive income		15,622	14,116
Earnings per share	16	0.31	0.28

The notes on pages 19 to 38 are an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2020

	Note	2020 €	2019 €
Assets			
Loans receivable	9	7,417,230	7,417,230
Total non-current assets		7,417,230	7,417,230
Trade and other receivables	10	1,360,086	907,016
Cash and cash equivalents		4,848	-
Total current assets		1,364,934	907,016
Total assets		8,782,164	8,324,246
Equity			
Issued capital	11	50,000	50,000
Retained earnings	12	29,738	14,116
Total equity		79,738	64,116
Liabilities			
Borrowings	13	7,435,235	7,426,958
Total non-current liabilities		7,435,235	7,426,958
Trade and other payables	15	1,267,191	822,753
Borrowings	13	-	10,419
Total current liabilities		1,267,191	833,172
Total liabilities		8,702,426	8,260,130
Total equity and liabilities		8,782,164	8,324,246

The financial statements on pages 15 to 38 were approved and authorised for issue by the Board on 15 April 2021 and were signed on its behalf by:

Ms Diane Izzo
Director

Mr Joseph C Schembri
Director

Statement of Changes in Equity
For the year ended 31 December 2020

	Issued capital €	Retained earnings €	Total €
Changes in equity for 2019			
Issue of share capital	50,000	-	50,000
Profit for the period	-	14,116	14,116
Balance at 31 December 2019	50,000	14,116	64,116
Changes in equity for 2020			
Balance at 1 January 2020	50,000	14,116	64,116
Profit for the year	-	15,622	15,622
Balance at 31 December 2020	50,000	29,738	79,738

D SHOPPING MALLS FINANCE P.L.C.

Statement of Cash Flows
For the year ended 31 December 2020

	Note	2020 €	2019 (16 ½ months) €
Cash flows from operating activities			
Profit before tax		15,622	14,116
Adjustments for:			
Amortisation of bond issue costs		8,277	9,728
Bond interest payable		401,250	471,606
Interest receivable		(416,503)	-
Operating profit before working capital changes:		8,646	495,450
Movement in receivables		(44,986)	(14,425)
Movement in payables		28,327	18,803
Cash (used in)/generated from operations		(8,013)	499,828
Net cash (used in)/generated from operating activities		(8,013)	499,828
Cash flows from financing activities			
Proceeds on issue of shares		-	50,000
Net loans from/(to) related companies		424,530	(7,576,227)
Net proceeds from bond issue		-	7,417,230
Bond interest paid		(401,250)	(401,250)
Net cash generated from/(used in) financing activities		23,280	(510,247)
Net movement in cash and cash equivalents		15,267	(10,419)
Cash and cash equivalents at beginning of year/period		(10,419)	-
Cash and cash equivalents at end of year/period	17	4,848	(10,419)

1 REPORTING ENTITY AND OTHER INFORMATION

D Shopping Malls Finance P.L.C. is a limited liability company domiciled and incorporated in Malta. The company's registered office is Dizz Buildings, Carob Street, St. Venera. The company is to act as a finance, investment and property-holding company for lease to third parties and related companies. The financial statements are presented in Euro, which is the Company's functional currency.

1.1 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of Directors and authorised for issue on 15 April 2021.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Standards and interpretations applied during the current year

Amendments and interpretations applicable for the first time in 2020 shown here under have been implemented. The application of the below standards and interpretations do not have an impact on the financial statements of the Company.

Standard	Subject of amendment	Effective date
IFRS 3 Business Combinations	Amendments to clarify the definition of a business	1 January 2020
IFRS 7 Financial Instruments- Disclosures	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2020
IFRS 9 Financial Instruments	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2020
IFRS 16 Leases	Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	1 June 2020
IAS 1 Presentation of Financial statements	Amendments regarding the definition of material	1 January 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Amendments regarding the definition of material	1 January 2020
IAS 39 Financial Instruments: Recognition and Measurement	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2020
IAS 41 Agriculture	Amendments resulting from *Annual Improvements to IFRS Standards 2019–2020* (taxation in fair value measurements)	1 January 2020

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard	Subject of amendment	Effective date
IFRS 1 First-time Adoption of International Financial Reporting Standards	Amendments resulting from *Annual Improvements to IFRS Standards 2018–2020* (subsidiary as a first-time adopter)	1 January 2022
IFRS 3 Business Combinations	Amendments updating a reference to the *Conceptual Framework*	1 January 2022
IFRS 4 Insurance Contracts	Amendments regarding replacement issues in the context of the IBOR reform	1 January 2021
	Amendments regarding the expiry date of the deferral approach	1 January 2023
IFRS 7 Financial Instruments: Disclosures	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2021
IFRS 9 Financial Instruments	Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2021
	Amendments resulting from *Annual Improvements to IFRS Standards 2018–2020* (fees in the '10 per cent' test for derecognition of financial liabilities)	1 January 2022
IFRS 16 Leases	Amendments regarding replacement issues in the context of the IBOR reform	1 January 2021
IFRS 17 Insurance Contracts	Original issue	1 January 2023
	Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	1 January 2023
IAS 1 Presentation of Financial statements	Amendments regarding the classification of liabilities	1 January 2023
	Amendment to defer the effective date of the January 2020 amendments	1 January 2023

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

Standards issued but not yet effective (continued)

IAS 16 Property, Plant and Equipment	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	Amendments regarding the costs to include when assessing whether a contract is onerous	1 January 2022
IAS 39 Financial Instruments: Recognition and Measurement	Amendments regarding replacement issues in the context of the IBOR reform	1 January 2021

The Directors are of the opinion that the adoption of these Standards (where applicable) will not have a material impact on the financial statements.

3 ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act (Cap. 386). The financial statements have been prepared under the historical cost convention, except for those assets and liabilities that are measured at fair value.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. 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 Directors, 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.

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 year presented, unless otherwise stated.

3.1.1 GOING CONCERN

The Company's principal activity is to act as a finance company. The Company in itself does not have substantial assets and is a special purpose vehicle set up to act as the finance company for the D Shopping Malls Group. Since the Company does not carry out any trading activities itself, it is economically dependent on the business prospects of the D Shopping Malls Group, which is inherently economically dependent on the wider Dizz Group (Dizz Group of Companies Limited and its subsidiaries) which it also forms part of, whose core operations are leasing of retail outlets, as well as operating retail and catering outlets. In preparing these financial statements, given that the Company is economically dependent on the operations carried out by the group companies, the directors of the Company have taken into consideration the potential impact of the outbreak of COVID- 19 on the D Shopping Malls Group as well as the wider Dizz Group.

Due to the Covid19 outbreak, all the operations of the wider Dizz Group were negatively affected and had to deal with government-imposed restrictions on all operations, which measures were introduced in an effort to curb the pandemic. In light of the situation, the Government of Malta announced several support measures to mitigate the negative effects brought about by the pandemic. The Dizz Group applied for the COVID-19 Wage Supplement Scheme, the Electricity Refund Scheme and the Rental Refund Scheme made available by Malta Enterprise. Furthermore, during the year under review the Dizz Group applied for bank finance with a subsidised interest rate to aid in the liquidity management of the Group.

The Dizz Group shall continue to closely monitor the situation and constantly assess the impact of the COVID-19 pandemic on its operations. The Dizz Group acknowledges that there is still a high degree of uncertainty, however the directors will continue to take appropriate actions, as they have already done, and consider the Group resilient enough to be able to sustain the current conditions.

Taking into consideration all of the above factors and circumstances, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

3 ACCOUNTING POLICIES

3.2 REVENUE RECOGNITION

The Company recognises revenue from the following major sources as detailed here under:

3.2.1 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

3.3 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

3 ACCOUNTING POLICIES (continued)

3.4 TAXATION

The income tax expense represents the sum of the tax currently payable and deferred tax.

3.4.1 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

3.4.2 Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

3 ACCOUNTING POLICIES (continued)

3.4 TAXATION (continued)

3.4.2 Deferred Tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3.4.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.5 IMPAIRMENT OF TANGIBLE ASSETS

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3 ACCOUNTING POLICIES (continued)

3.6 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.7 FINANCIAL ASSETS

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3 ACCOUNTING POLICIES (continued)

3.7 FINANCIAL ASSETS (continued)

Write off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime Expected Credit Losses (ECL) for trade receivables, contract assets and lease receivables.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3 ACCOUNTING POLICIES (continued)

3.7 FINANCIAL ASSETS (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.8 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

3 ACCOUNTING POLICIES (continued)

3.8 FINANCIAL LIABILITIES (continued)

Loans and borrowings (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 13.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.9 PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.10 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. Dividends are recognised as liability in the year in which they are declared.

Notes to the Financial Statements (continued)
For the year ended 31 December 2020

4 PROFIT BEFORE TAX

	2020	2019 (16 ½ months)
	€	€
Operating profit is stated after charging:		
Auditors' remuneration	8,000	8,000
Directors' remuneration	2,500	8,167

5 FINANCE INCOME

	2020	2019 (16 ½ months)
	€	€
Bank interest	-	3,142
Interest from related companies	416,503	488,196
	416,503	491,338

6 FINANCE COSTS

	2020	2019 (16 ½ months)
	€	€
Interest payable on bonds	401,250	471,606
Amortisation of bond expenses (note 14)	8,277	9,728
Bank charges	910	1,125
Bank interest	192	-
Other charges	9,960	471
	420,589	482,930

7 OTHER INCOME

	2020	2019 (16 ½ months)
Management fees	€ 60,000	€ 60,000

8 INCOME TAX

The tax expense for the year/period consists of:

	2020	2019 (16 ½ months)
	€	€
Malta Income Tax at 35% on taxable income for the year/period	-	-
Deferred tax expense in respect of the year/period	-	-

Tax on proft for the year/period differs from the theoretical tax expense that would apply on the company's loss for the year/period before tax using the applicable tax rate in Malta of 35% as follows:

	2020	2019 (16 ½ months)
	€	€
Profit before tax	15,622	14,116
Theoretical tax at 35%	5,468	4,941
Tax effect of expenses not subject to tax:		
Disallowable expenses	3,282	3,963
Group gross relief	(8,750)	(8,904)
Income tax expense recognised in profit or loss	-	-

9 LOANS RECEIVABLE

<u>Amounts falling due after more than one year:</u>		
Amounts due from parent company (note)	€ 7,417,230	€ 7,417,230

Note –

The loan from the parent company carries an interest rate of 5.6% and is repayable according to a specified loan agreement.

10 TRADE AND OTHER RECEIVABLES

	2020	2019
	€	€
<u>Amounts falling due within one year:</u>		
Other receivables	14,411	7,521
Prepayments	45,000	6,904
Amounts due from related companies (note)	1,300,675	892,591
	1,360,086	907,016

Note –

Amounts due from related companies are unsecured, interest free and repayable on demand.

11 ISSUED CAPITAL

	2020	2019
	€	€
Authorised		
49,999 ordinary A shares of €1 each	49,999	49,999
1 ordinary B share of €1 each	1	1
	50,000	50,000
Called-up, issued and fully paid		
49,999 ordinary A shares of €1 each	49,999	49,999
1 ordinary B share of €1 each	1	1
	50,000	50,000

As per the Company Admission document, the shareholders are not entitled to dividends in the first three years.

12 RETAINED EARNINGS

The profit and and loss account balance represents total retained profits to year end.

13 BORROWINGS

	2020	2019
	€	€
Amounts falling due within one year:		
Bank overdraft	-	10,419
Total borrowings within one year	-	10,419
Amounts falling after more than five years:		
5.35% Bonds 2028 (note 14)	7,435,235	7,426,958
Total borrowings due after five years	7,435,235	7,426,958
Total borrowings	7,435,235	7,437,377

The exposures to interest rates of the Company's borrowings were as follows:

	2020	2019
At fixed rates	5.35%	5.35 %

The average interest rates on the Company's borrowings were as follows:

	2020	2019
Bonds	5.35%	5.35 %

14 BONDS

	2020 €	2019 €
Proceeds from 5.35% Bonds 2028	7,500,000	7,500,000
Gross amount of bond issue costs	82,770	82,770
Amortisation of gross amount of bond issue costs:		
Amortisation brought forward	9,728	-
Amortisation for the year/period	8,277	9,728
Accumulated amortisation at end of year/period	18,005	9,728
Unamortised bond issue costs	64,765	73,042
Amortised cost and closing carrying amount	7,435,235	7,426,958

On 27 September 2018, the Company issued a Company Admission Document for the issue of Euro 7,500,000 5.35% Unsecured Bonds having a nominal value of Euro 100 each. The Bonds were issued in one tranche of Euro 7,500,000 on 1 October 2018 and were fully subscribed. Trading on the bond issue commenced on 14 November 2018.

The Bonds are redeemable at par on 28 October 2028. Interest on the bond issued is payable annually in arrears on 28 October.

The net proceeds from the bond issue was advanced to the Guarantor, who then passed it on to group companies or external parties to develop the properties as below.

- Pay the final payment of the acquisition of the Laguna property;
- Pay an upfront rent to Sliema Wanderers Football Club regarding the lease of immovable property;
- Finish off D Mall Property situated in Tigne Point Sliema and Center Parc Retail Hub in Triq Hal-Qormi c/w, Triq it-Tigrija, Qormi;
- Acquire property in Qui-Si-Sana.

The Bonds constitute the general, direct, unconditional, unsecured, unsubordinated obligations of the Company, and rank equally without any priority or preference with other present and future unsecured and unsubordinated obligations of the Company.

15 TRADE AND OTHER PAYABLES

	2020 €	2019 €
<u>Amounts falling due within one year:</u>		
Trade payables	-	10,804
Other payables	39,131	-
Accruals	78,355	78,356
Amounts due to related companies (note)	1,149,705	733,593
	1,267,191	822,753

Note:
Amounts due to related companies are unsecured, interest free and repayable on demand.

16 EARNINGS PER SHARE

Earnings per share is calculated by dividing the results attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year/period.

	2020 €	2019 €
Profit for the year/period	15,622	14,116
Weighted number of ordinary shares	50,000	50,000
Earnings per share	0.31	0.28

17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	2020 €	2019 €
Cash at bank	4,848	-
Bank balance overdrawn	-	(10,419)
	4,848	(10,419)

The cash and cash equivalents are disclosed net of unrealised differences on exchange.

18 RELATED COMPANIES

18.1 Parent Company

The Company is a wholly-owned subsidiary of D Shopping Malls Limited which in turn is a fully owned subsidiary of Dizz Group of Companies Limited, the Group's parent Company. The registered office of the ultimate parent Company is situated at Dizz Buildings, Carob Street St. Venera.

It is the responsibility of Dizz Group of Companies Limited to prepare consolidated financial statements of the Group.

18.2 Directors' transactions

The share capital of the Company is subscribed as to 1 share held by Dizz Group of Companies Limited and 49,999 shares held by D Shopping Malls Limited. Key management personnel have control over the financial and operating policies of the Company.

Balances with related companies are set out in notes 9, 10 and 15 to these financial statements. Other transactions with related companies are included in the statement of cash flows.

18.3 Related party transactions and balances

		Transaction value year/period ended 31 December		Balance outstanding as at 31 December	
		2020	2019	2020	2019
		€	€	€	€
	Note				
Revenue					
Management fee		60,000	60,000	-	-
Financing transaction					
Loan due from parent company	18.4	-	7,417,230	7,417,230	7,417,230
Amount due from related companies	18.5	408,084	892,591	1,300,675	892,591
Amount due to related companies	18.5	416,112	733,593	1,149,705	733,593

18.4 The loan from parent company carries an interest rate of 5.6% and is repayable according to a specified loan agreement (see note 9).

8.5 The amounts due from/(to) related companies are unsecured, interest-free and repayable on demand (see note 10 and 15).

19 FINANCIAL INSTRUMENTS

The Company's activities potentially expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk); credit risk; and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial year.

19.1 Market risk

Cash flow and fair value interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows.

As at the reporting date, the Company has fixed interest bearing liabilities. Fixed interest-bearing liabilities consist of 5.35% Bonds issued to the general public.

Based on the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting year to be immaterial.

19.2 Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables and committed transactions (notes 9, 10 and 17).

The maximum exposure to credit risk at the end of the reporting year in respect of the financial assets mentioned above is equivalent to their carrying amount. The Company does not hold any collateral as security in this respect. The majority of the Company's income streams are derived from related companies and some of the Directors have control over the related company's operations.

The maximum credit risk exposure to risk at the end of the reporting year in respect of these financial assets was as follows –

	2020 €	2019 €
Loan due from parent company	7,417,230	7,417,230
Amounts due from related companies	1,300,675	892,591
Other receivables	14,411	7,521
	8,732,316	8,317,342

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

The Company 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 end of the reporting year.

19 FINANCIAL INSTRUMENTS (continued)

19.3 Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (notes 13, 14 and 15). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's obligations and ensuring that alternative funding is available when the bonds are due for repayment.

The Company's liquidity risk is managed actively by the Company in view of the fact that the Company's financial assets and liabilities mainly consist of balances with company undertakings.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted contractual cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amounts €	Contractual cash flows €	1-12 months €	1-5 years €	After 5 years €
At 31 December 2019					
Bank balance overdrawn	10,419	10,419	10,419	-	-
Trade and other payables	89,160	89,160	89,160	-	-
Bonds	7,426,958	11,111,250	401,250	1,605,000	9,105,000
	7,526,537	11,210,829	500,829	1,605,000	9,105,000
At 31 December 2020					
Trade and other payables	117,486	117,486	117,486	-	-
Bonds	7,435,235	10,710,000	401,250	1,605,000	8,703,750
	7,552,721	10,827,486	518,736	1,605,000	8,703,750

19.4 Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
- to maintain an optimal capital structure to reduce the cost of capital; and
- to comply with requirements of the Company Admission Document issued in relation to the 5.35% Bond.

19 FINANCIAL INSTRUMENTS (continued)

19.4 Capital risk management (continued)

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of business. The board of Directors monitor the return on capital, which the Company defines as the profit for the year/period divided by total equity. The board of Directors also monitors the level of dividends that may be available to ordinary shareholders.

19.4.1 Gearing ratio

The Company's gearing ratio at the end of the reporting year/period was as follows:

	2020 €	2019 €
Debt (i)	7,435,235	7,437,377
Net debt	7,435,235	7,437,377
Equity (ii)	79,738	64,116
Net debt to equity ratio	93%	99%

Notes:

(i) Debt is defined as long-and short-term borrowings.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.