DIZZ GROUP OF COMPANIES LIMITED
(GROUP ACCOUNTS)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

Holding Company Information

Directors :	Ms Diane Izzo Ms Daniela Bonello Ms Denise Bonello Mr Jean Paul Muscat Mr Edwin Pisani
Secretary :	Ms Diane Izzo
Company number :	C 64435
Registered office :	Dizz Buildings, Triq il-Harruba, Santa Venera
Auditors :	KSi Malta Villa Gauci Mdina Road Balzan, BZN 9031 Malta
Bankers :	Bank of Valletta plc Costitution Road, Mosta Banif Bank Malta plc 125-126, Main Street, St Julians HSBC Bank Malta plc 121, St Joseph Road, Hamrun

Contents

Report of the Directors
For the year ended 31 December 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

Principal activity

Dizz Group of Companies Limited (the 'Company') together with its subsidiaries (the 'Subsidiaries' and together with the company the 'Group') is involved in the sale of fashion-related items and food and beverages. The Group includes a subsidiary which is a public limited company whose primary objective is to act as an investment company mainly in investment property. The public limited company issued Euro 8,000,000 5% Unsecured Bonds on 28 September 2016, repayable at par on 7 October 2026.

Review of business

During the year under review the Group registered a profit before taxation of € 774,018 (2015 restated - €492,681).

During the year the Group secured and acquired the following brands: Guess, Paul & Shark, Harmont & Blaine, Brooks Brothers, Trussardi, Max & Co., Golden Point, Elisabetta Franchi and Pinko. The Group operates thirty-two outlets across Malta.

Dividends and reserves

The directors do not recommend the payment of a dividend and propose to transfer the profit for the year to retained earnings.

Post Balance Sheet Events

The Directors evaluated subsequent events from 1 January 2017 through 12 April 2017, the date the consolidated financial statements are approved. The Group concluded that no subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements.

Directors

The following have served as directors of the holding company during the year under review:

Ms Diane Izzo
Ms Daniela Bonello
Ms Denise Bonello
Mr Jean Paul Muscat
Mr Edwin Pisani

In accordance with the company's Articles of Association the present directors remain in office.

Directors' interest

The directors' beneficial interest in the shares of the Company at 31 December 2016 is equal to 1,645,000 ordinary share having a nominal value of €1 held by Ms Diane Izzo.

Report of the Directors (continued)
For the year ended 31 December 2016

Statement of directors' responsibilities

The Companies Act, 1995 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 group as at the end of the financial year and of the profit or loss of the Group 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 group will continue in business;
- select suitable accounting policies and apply them consistently from one accounting period to another;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period 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 Group and holding company and to enable them to ensure that the financial statements comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the Group and holding 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 Group establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

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	Ms Denise Bonello
Director	Director

12 April 2017

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS

Independent Auditors' Report

To the shareholders of Dizz Group of Companies Limited

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dizz Group of Companies Limited (the Group), set out on pages 7 to 51, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 consolidated financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated 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 for 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 Group 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.

Other Matter

The financial statements of the Company and the Group for the year ended 31 December 2015, were audited by another auditor who expressed an unmodified opinion on those statements on 11 March 2016.

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.

Independent Auditors' Report (continued)

Key Audit Matters (continued)

Inventory valuation and provisions

We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of the inventory and any provisions by:

- Checking the effectiveness of key inventory controls operating across the Group.
- Attending inventory counts.
- Cross checking a sample of units from the stock lists against the stores/shelves and vice versa.
- Checking for a sample of individual products that invoiced costs have been correctly recorded.
- Reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year in relation to stock loss.

The results of our testing were satisfactory and we concur that the level of inventory valuation and provisions is appropriate.

Other Information

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

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

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

Responsibilities of the Directors

The directors are responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements

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

- The information given in the directors' 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 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

12 April 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016

		Group			Company	
		2016	2015 (restated)	2015	2016	2015
	Notes	€	€	€	€	€
Revenue	5	10,155,753	6,299,207	6,299,207	-	-
Cost of sales		(4,873,137)	(2,830,911)	(2,830,911)	-	-
Gross profit		5,282,616	3,468,296	3,468,296	-	-
Investment income	6	104,888	-	-	-	-
Other gains and losses	7	624,259	282,433	-	-	-
Marketing expenses		(50,383)	(186,555)	(186,555)	-	-
Administration expenses		(4,800,950)	(2,943,229)	(2,943,229)	(16,400)	(3,400)
Finance costs	8	(386,412)	(128,264)	(128,264)	-	-
Profit/(Loss) before tax	9	774,018	492,681	210,248	(16,400)	(3,400)
Income tax	11	(181,122)	(161,702)	(51,437)	-	-
Profit/(Loss) for the year		592,896	330,979	158,811	(16,400)	(3,400)
Profit/(Loss) for the year		€ 592,896	€ 330,979	€ 158,811	€ (16,400)	€ (3,400)
Other comprehensive income, net of income tax						
Property revaluation		-	76,101	358,534	-	-
Deferred tax		-	(41,075)	(151,340)	-	-
Other comprehensive income for the year, net of income tax		€ -	€ 35,026	€ 207,194	€ -	€ -
Total comprehensive income/(loss) for the year		€ 592,896	€ 366,005	€ 366,005	€ (16,400)	€ (3,400)

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)
For the year ended 31 December 2016

		Group			Company	
		2016	2015 (restated)	2015	2016	2015
	Notes	€	€	€	€	€
Profit/(Loss) for the year attributable to:						
Owners of Company	24	605,381	304,704	132,536	(16,400)	(3,400)
Non-controlling interest	25	(12,485)	26,275	26,275	-	-
		€ 592,896	€ 330,979	€ 158,811	€ (16,400)	€ (3,400)
Total comprehensive income for the year attributable to:						
Owners of Company		605,381	339,730	339,730	(16,400)	(3,400)
Non-controlling interest		(12,485)	26,275	26,275	-	-
		€ 592,896	€ 366,005	€ 366,005	€ (16,400)	€ (3,400)
Earnings per share	12	0.18	0.13	0.05	-	-

Consolidated Statement of Financial Position
As at 31 December 2016

		Group			Company	
		2016	2015 (restated)	2015	2016	2015
	Notes	€	€	€	€	€
Assets						
Property, plant and equipment	13	7,697,543	3,075,480	3,075,480	-	-
Investment property	14	3,062,165	1,296,900	1,296,900	-	-
Intangible asset	15	1,079,429	279,842	279,842	-	-
Investment in subsidiaries	16	-	-	-	3,357,020	2,342,700
Deferred tax	11	36,817	14,185	14,185	-	-
Other financial assets	17	100,092	-	-	-	-
Other assets	18	792,942	131,650	131,650	-	-
Total non-current assets		12,768,988	4,798,057	4,798,057	3,357,020	2,342,700
Inventories	19	2,018,804	565,206	565,206	-	-
Trade and other receivables	20	1,651,156	151,280	151,280	-	-
Cash and bank balances	21	600,404	7,634	7,634	-	-
Total current assets		4,270,364	724,120	724,120	-	-
Total assets		€17,039,352	€5,522,177	€5,522,177	€3,357,020	€2,342,700
Equity						
Issued capital	22	3,290,000	2,280,000	2,280,000	3,290,000	2,280,000
Other reserves	23	512,909	512,909	685,077	-	-
Retained earnings	24	801,898	196,517	24,349	(22,600)	(6,200)
Equity attributable to owners of the Company		4,604,807	2,989,426	2,989,426	3,267,400	2,273,800
Non-controlling interest	25	57,598	53,603	53,603	-	-
Total equity		4,662,405	3,043,029	3,043,029	3,267,400	2,273,800

Consolidated Statement of Financial Position (continued)
As at 31 December 2016

		Group			Company	
		2016	2015 (restated)	2015	2016	2015
	Notes	€	€	€	€	€
Liabilities						
Borrowings	26	7,762,843	722,959	722,959	69,820	65,500
Deferred tax	11	194,183	151,340	151,340	-	-
Total non-current liabilities		7,957,026	874,299	874,299	69,820	65,500
Borrowings	26	1,073,725	912,336	912,336	-	-
Trade and other payables	27	3,186,754	658,344	658,344	19,800	3,400
Current tax liabilities	11	159,442	34,169	34,169	-	-
Total current liabilities		4,419,921	1,604,849	1,604,849	19,800	3,400
Total liabilities		12,376,947	2,479,148	2,479,148	89,620	68,900
Total equity and liabilities		€17,039,352	€5,522,177	€5,522,177	€3,357,020	€2,342,700

The consolidated financial statements on pages 7 to 51 were approved by the board of directors on 12 April 2017 and were signed on its behalf by:

Ms Diane Izzo
Director

Ms Denise Bonello
Director

Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

Group

	Issued capital €	Retained earnings €	Properties revaluation reserve €	Non-controlling interest €	Total €
Changes in equity for 2015					
Balance at 1 January 2015	468,076	(92,856)	477,883	9,799	862,902
Profit for the year	-	132,536	-	26,275	158,811
Share of loss upon acquisition of subsidiary	-	(15,331)	-	1,529	(13,802)
Other comprehensive income for the year net of tax	-	-	207,194	-	207,194
Issue of ordinary shares	1,811,924	-	-	16,000	1,827,924
Balance at 31 December 2015 (as original)	2,280,000	24,349	685,077	53,603	3,043,029
Prior year adjustment (note 30)	-	172,168	(172,168)	-	-
Balance at 31 December 2015 (as restated)	2,280,000	196,517	512,909	53,603	3,043,029

Consolidated Statement of Changes in Equity (continued)
For the year ended 31 December 2016

Group

	Issued capital €	Retained earnings €	Properties revaluation reserve €	Non-controlling interest €	Total €
Changes in equity for 2016					
Balance at 1 January 2016	2,280,000	196,517	512,909	53,603	3,043,029
Profit for the year	-	605,381	-	(12,485)	592,896
Issue of ordinary shares	1,010,000	-	-	16,480	1,026,480
Balance at 31 December 2016	€ 3,290,000	€ 801,898	€ 512,909	€ 57,598	€ 4,662,405

Consolidated Statement of Changes in Equity
For the year ended 31 December 2016

Company

	Issued capital €	Retained earnings €	Total €
Changes in equity for 2015			
Balance at 1 January 2015	468,076	(2,800)	465,276
Loss for the year		(3,400)	(3,400)
Issue of ordinary shares	1,811,924	-	1,811,924
Balance at 31 December 2015	2,280,000	(6,200)	2,273,800
Changes in equity for 2016			
Balance at 1 January 2016	2,280,000	(6,200)	2,273,800
Loss for the year	-	(16,400)	(16,400)
Issue of ordinary shares	1,010,000	-	1,010,000
Balance at 31 December 2016	€ 3,290,000	€ (22,600)	€ 3,267,400

Consolidated Statement of Cash Flows
For the year ended 31 December 2016

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Cash flows from operating activities					
Profit/(Loss) for the year	592,896	330,979	158,811	(16,400)	(3,400)
Adjustments for:					
Income tax expense recognized in profit and loss	181,122	161,702	51,437	-	-
Finance cost recognized in profit or loss	182,077	-	-	-	-
Gain on disposal of property, plant and equipment	(23,654)	-	-	-	-
Gain arising on changes in fair value of investment property	(600,605)	(282,433)	-	-	-
Depreciation of non-current assets	694,920	316,028	316,028	-	-
Amortisation of intangible assets	90,413	43,663	3,663	-	-
	1,117,169	569,939	569,939	(16,400)	(3,400)
Movements in working capital:					
Increase in trade and other receivables	(1,499,240)	(83,733)	(83,733)	-	-
Increase in inventories	(1,453,598)	(11,503)	(11,503)	-	-
Increase/(Decrease) in trade and other payables	2,527,774	(129,261)	(129,261)	16,400	600
Cash generated from/(used in) operations	692,105	345,442	345,442	-	(2,800)
Interest paid	(182,077)	-	-	-	-
Income tax paid	(35,638)	(116,422)	(116,422)	-	-
Net cash generated from/(used in) operating activities	474,390	229,020	229,020	-	(2,800)

Consolidated Statement of Cash Flows (continued)
For the year ended 31 December 2016

		Group			Company	
		2016	2015 (restated)	2015	2016	2015
	Note	€	€	€	€	€
Cash flows from investing activities						
Acquisition of subsidiaries		-	-	-	(1,014,320)	(1,026,000)
Receipts/(Payment) to related party		-	(876,922)	(876,922)	4,320	(783,124)
Payments for property, plant and equipment		(5,391,329)	(873,675)	(873,675)	-	-
Proceeds from disposal of property, plant and equipment		98,000	-	-	-	-
Payments for investment property		(1,164,660)	(955,870)	(955,870)	-	-
Deposits on investment property		(661,293)	(131,650)	(131,650)		
Payments to acquire financial assets		(100,092)	-	-	-	-
Payments for intangible assets		(890,000)	(45,000)	(45,000)	-	-
Net cash used in investing activities		(8,109,374)	(2,883,117)	(2,883,117)	(1,010,000)	(1,809,124)
Cash flows from financing activities						
Proceeds from issue of shares		1,026,480	1,811,924	1,811,924	1,010,000	1,811,924
Proceeds from borrowings		7,762,843	218,051	218,051	-	-
Payments of borrowings		(976,082)	-	-	-	-
Net cash generated from financing activities		7,813,241	2,029,975	2,029,975	1,010,000	1,811,924
Net movement in cash and cash equivalents		178,257	(624,122)	(624,122)	-	-
Cash and cash equivalents at beginning of year		(651,578)	(27,456)	(27,456)	-	-
Cash and cash equivalents at end of year	21	€ (473,321)	€ (651,578)	€ (651,578)	€ -	€ -

Notes to the Consolidated Financial Statements
For the year ended 31 December 2016

1 GENERAL INFORMATION

Dizz Group of Companies Limited (the Company) is a limited liability company incorporated in Malta. Its ultimate controlling parties are Diane Izzo and Karl Izzo. The address of its registered office is disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in note 16. The principal places of business are as follows:

The following is a list of retail outlets that operates within the Group:

Brand	Subsidiary	Address
Liu - Jo	DK Fashion Co. Limited	Republic Street Valletta
Liu - Jo	DK Fashion Co. Limited	Tigne Point Mall, Pjazza Tigne Sliema
Liu - Jo	DK Fashion Co. Limited	Bay Street Complex, St George's Road St Julians
Liu - Jo	DK Fashion Co. Limited	Malta International Airport, Gudja
Terranova	Dizz Limited	Bay Street Complex, St George's Road St Julians
Terranova	Dizz Limited	Tigne Point Mall, Pjazza Tigne Sliema
Terranova	Dizz Limited	Triq il-Kappilan Mifsud, St Venera
Terranova	Dizz Limited	Main Street Complex, Antoine De Paul's Square, Paola
Terranova	Dizz Limited	Dun Karm Street, Birkirkara ByPass, Iklin
Terranova	Dizz Limited	Embassy Complex, St Lucia Street Valletta
Terranova	Dizz Limited	Zabbar Road Fgura
Guess	DK G Limited	Tigne Point Mall, Pjazza Tigne Sliema
Guess	DK G Limited	Bay Street Complex, St George's Road St Julians
Guess	DK G Limited	Zabbar Road Fgura
Guess	DK G Limited	Bisazza Street, Sliema
Brooks Brothers	DK Fashion Co Limited	Republic Street, Valletta
Calliope	Dizz Limited	Bay Street Complex, St George's Road St Julians
Calliope	Dizz Limited	Tigne Point Mall, Pjazza Tigne Sliema
Paul & Shark	DK V & Co Limited	Tigne Point Mall, Pjazza Tigne Sliema
Paul & Shark	DK V & Co Limited	St John's Square, Valletta
Harmont & Blaine	DK V & Co Limited	Tigne Point Mall, Pjazza Tigne Sliema
Trussardi	DK V & Co Limited	Bay Street Complex, St George's Road St Julians

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

1 GENERAL INFORMATION (continued)

The following is a list of retail outlets that operates within the Group (continued):

Brand	Subsidiary	Address
Trussardi	DK V & Co Limited	Tigne Point Mall, Pjazza Tigne Sliema
Max & Co	DK Max Limited	Republic Street, Valletta
Elisabetta Franchi	D3 Fashion Limited	Bisazza Street, Sliema
Golden Point	D'S Limited	Bay Street Complex, St George's Road St Julians
You Vee	DVA Limited	Tigne Point Mall, Pjazza Tigne Sliema
Make-up Store	DVA Limited	Tigne Point Mall, Pjazza Tigne Sliema
Caffe' Pascucci	DKM Limited	Triq il-Kappilan Mifsud, St Venera
Caffe' Pascucci	DKM Limited	Dragonara Road, Paceville, St Julians
Caffe' Pascucci	DKM Limited	Bay Street Complex, St George's Road St Julians
Caffe' Pascucci	DKM Limited	Tigne Point Mall, Pjazza Tigne Sliema
Caffe' Pascucci	Dal Café Limited	10, Triq Santa Tereza, Cospicua

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

The following new and revised Standards issued by the International Accounting Standards Board (IASB) have been adopted (where applicable) in the current period financial statements:

Standard	Subject of amendment	Effective date
IFRS 1 First-time Adoption of International Financial Reporting Standards	Amendments resulting from *Annual Improvements 2016–2016 Cycle* (removing short-term exemptions)	1 January 2018
IFRS 2 Share-based Payment	Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 4 Insurance Contracts	Amendments regarding the interaction of IFRS 4 and IFRS 9	1 January 2018
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Amendments resulting from September 2016 Annual Improvements to IFRSs	1 January 2016
IFRS 7 Financial Instruments: Disclosures	Amendments resulting from September 2016 Annual Improvements to IFRSs	1 January 2016
IFRS 9 Financial Instruments	Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	1 January 2018
IFRS 10 Consolidated Financial Statements	Amendments regarding the application of the consolidation exception Amendments deferring the effective date of the September 2016 amendments	1 January 2016 1 January 2016
IFRS 11 Joint Arrangements	Amendments regarding the accounting for acquisition of an interest in a joint operation	1 January 2016
IFRS 12 Disclosure of Interests in Other Entities	Amendments regarding the application of the consolidation exception Amendments resulting from *Annual Improvements 2016–2016 Cycle* (clarifying scope)	1 January 2016 1 January 2017
IFRS 14 Regulatory Deferral Accounts	Original Issue	1 January 2016

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

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

Standard	**Subject of amendment**	**Effective date**
IFRS 15 Revenue from Contracts with Customers	Original Issue Amendments to defer the effective date to January 2018 Clarifications to IFRS 15	1 January 2018 1 January 2018 1 January 2018
IFRS 16 Leases	Original Issue	1 January 2019
International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)	Amendments as the result of the first comprehensive review	1 January 2017
IAS 1 Presentation of Financial Statements	Amendments resulting from the disclosure initiative	1 January 2016
IAS 7 Statement of Cash Flows	Amendments as result of Disclosure initiative	1 January 2017
IAS 12 Income Taxes	Amendments regarding the recognition of deferred tax assets for unrealised losses	1 January 2017
IAS 16 Property, Plant and Equipment	Amendments regarding the clarification of acceptable methods of depreciation and amortisation Amendments bringing bearer plants into scope of IAS 16	1 January 2016 1 January 2016
IAS 19 Employee Benefits	Amendments resulting from September 2016 Annual Improvements to IFRSs	1 January 2016
IAS 27 Separate Financial Statements	Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements	1 January 2016
IAS 28 Investments in Associates and Joint Ventures	Amendments regarding the application of the consolidation exception Amendments deferring the effective date of the September 2016 amendments Amendments resulting from *Annual Improvements 2016–2016 Cycle* (clarifying certain fair value measurements)	1 January 2016 1 January 2016 1 January 2018

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

Standard	Subject of amendment	Effective date
IAS 34 Interim Financial Reporting	Amendments resulting from September 2016 Annual Improvements to IFRSs	1 January 2016
IAS 38 Intangible Assets	Amendments regarding the clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 40 Investment Property	Amendments to clarify transfers or property to, or from, investment property	1 January 2018
IAS 41 Agriculture	Amendments bringing bearer plants into the scope of IAS 16	1 January 2016

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

3 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 year presented, unless otherwise stated.

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, 1995. 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 and the Group'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.

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated profit or loss and other comprehensive income from the date the Company gains controls until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3 ACCOUNTING POLICIES (continued)

3.3 GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is amortised and is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.4 REVENUE

Revenue is measured at the fair value of the consideration received or receivable.

3.4.1 Sale of fashion-related items

Revenue from sale of fashion-related items is recognised when the items are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the fashion-related items sold;
- the amount of revenue can be measured reliably;
- it is probable that future economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3 ACCOUNTING POLICIES (continued)

3.4 REVENUE (continued)

3.4.2 Dividends and interest income

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group 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.

3.4.3 Rental Income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease on the annual income received.

3.5 LEASING

3.5.1 The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.6 FOREIGN CURRENCY AMOUNTS

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise.

3.7 BORROWING COSTS

Borrowing costs are recognised in profit or loss in the period in which they are incurred except for borrowings costs directly related to property, plant and equipment as per IAS 32.

3 ACCOUNTING POLICIES (continued)

3.8 CURRENT TAX

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

3.9 DEFERRED TAX

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

The carrying amount of deferred tax assets are reviewed at the end of each reporting period 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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale.

3.10 PROPERTY, PLANT AND EQUIPMENT

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

3 ACCOUNTING POLICIES (continued)

3.10 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties' revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end with the effect of any changes in estimate accounted for on a prospective basis.

The annual rates used, which are consistent with those applied in previous years are:

	%
Improvements to premises	1-10
Air-conditioning	16.66
Furniture and fixtures	10
Motor vehicles	20
Office equipment	25
Computer hardware and software	25
Electrical plumbing	6.99

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3 ACCOUNTING POLICIES (continued)

3.11 INVESTMENT PROPERTY

Investment properties are properties held to earn rentals. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held to earn rentals are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.12 INTANGIBLE ASSETS

3.12.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.13 IMPAIRMENT

The carrying amounts of the Group's assets, other than investment property, inventories and deferred tax assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3 ACCOUNTING POLICIES (continued)

3.13 IMPAIRMENT (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount in such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. 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.

3.14 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on average cost basis. Net realisable value represent the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.15 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognized 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 Company will not be able to collect all amounts due according to the original terms of the receivables 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 in the consolidated Statement of Profit or loss and Other Comprehensive Income.

3.16 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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 ACCOUNTING POLICIES (continued)

3.17 FINANCIAL ASSETS

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', held to maturity investments, 'available for sale financial assets' and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.17.1 Available for sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables, held to maturity investments or financial assets through profit or loss.

Listed redeemable shares held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

3.17.2 Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3.18 FINANCIAL LIABILITIES

The Group recognised 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 the 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 recognises a financial liability from its consolidated statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

3.19 BORROWINGS

Borrowings are recognised as liabilities at fair value less attributable transactions costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings at an effective interest rate.

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 period.

3 ACCOUNTING POLICIES (continued)

3.20 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 period in which they are declared.

3.21 TRADE AND OTHER PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only the period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgments in applying accounting policies

4.1.1 Control over D'S Limited

Note 18 describes that D'S Limited is a subsidiary of the Group even though the Group has 50% ownership interest and has 50% of the voting rights in D'S Limited. The directors of the Group assessed whether or not the Group has control over D'S Limited. After assessment, the directors concluded that the Group has total control on the operations of the Company.

4.1.2 Deferred taxation on investment properties

For the purpose of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held for capital accretion and achieve rental income. Deferred tax was calculated according to the applicable tax rate on the fair value of property.

4.2 Key sources of estimation uncertainty

4.2.1 Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent that it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 15, 16, 17 and 19.

5 REVENUE

The following is an analysis of the Group's revenue for the year (excluding investment income – see Note 6)

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Sale of fashion-related items	9,395,943	5,925,656	5,925,656	-	-
Sale of food and beverages	759,810	358,751	358,751	-	-
Reimbursements		14,800	14,800		
	€ 10,155,753	€ 6,299,207	€ 6,299,207	€ -	€ -

6 INVESTMENT INCOME

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Rental income from investment property	103,072	-	-	-	-
	€ 103,072	€ -	€ -	€ -	€ -
Dividends from equity investments	€ 1,816	€ -	€ -	€ -	€ -
Total	€ 104,888	€ -	€ -	€ -	€ -

The following is an analysis of investment income by category of income:

	Group	
	2016	2015
Dividend income earned on available for sale financial assets	€ 1,816	€ -

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

7 OTHER GAINS AND LOSSES

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Gain on disposal of property, plant and equipment	23,654	-	-	-	-
Gain arising on changes in fair value of investment property	600,605	282,433	-	-	-
	€ 624,259	€ 282,433	€ -	€ -	€ -

8 FINANCE COSTS

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Interest on bank overdraft and loans	88,927	43,972	43,972	-	-
Interest on bonds	93,150	-	-	-	-
Bank charges	198,680	84,292	84,292	-	-
Amortisation of bond expenses	5,655	-	-	-	-
	€ 386,412	€ 128,264	€ 128,264	€ -	€ -

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

9 PROFIT/(LOSS) BEFORE TAX

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Profit/(Loss) before tax is stated after charging:					
Auditors' remuneration	67,400	9,895	9,895	2,000	1,400
Directors' remuneration	158,686	70,588	70,588	-	-
Staff costs (note 10)	1,221,794	637,837	637,837		
Depreciation of property, plant and equipment	694,920	316,028	316,028	-	-
Amortisation of goodwill	90,413	43,663	43,663	-	-

10 STAFF COSTS

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Wages and salaries	1,118,779	595,917	595,917	-	-
Social security costs	103,015	41,920	41,920	-	-
	€ 1,221,794	€ 637,837	€ 637,837	€ -	€ -

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
The average number of employees employed by the Group were as follows:					
Operational	12	4	4	-	-
Administration	132	89	89	-	-
	144	93	93	-	-

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

11 INCOME TAXES

11.1 Income tax recognised in profit or loss

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Current tax:					
In respect of current year	160,911	63,078	63,078	-	-
Deferred tax:					
In respect of current year	20,211	98,624	(11,641)	-	-
Total income tax expense recognized in the current year	€ 181,122	€ 161,702	€ 51,437	€ -	€ -

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Profit/(Loss) before tax	774,018	492,681	210,248	(16,400)	(3,400)
Theoretical taxation expense at 35%	270,906	172,438	73,587	(5,740)	(1,190)
Effect of expenses that are not deductible in determining taxable profit	98,324	17,617	17,617	-	-
Effect of income that is exempt from taxation	(9,246)	-	-	-	-
Effect of income with different tax of rate (note)	(11,493)	-	-	-	-
Revaluation gain on investment property	(167,369)	(14,207)	-	-	-
Other movements	-	(14,146)	(39,767)	5,740	1,190
	€ 181,122	€ 161,702	€ 51,437	€ -	€ -

The Group has opted to pay the 15% final withholding tax on rental income.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

11 INCOME TAXES (continued)

11.2 Income tax recognised in other comprehensive income

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
Deferred tax:					
Property revaluations	€ -	€ 41,075	€ 151,340	€ -	€ -

11.3 Current tax liabilities

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
Current tax liabilities					
Income tax payable	€ 159,442	€ 34,169	€ 34,169	€ -	€ -

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

11 INCOME TAXES (continued)

11.4 Deferred tax balances

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Deferred tax assets	36,817	14,185	14,185	-	-
Deferred tax liabilities	(194,183)	(151,340)	(151,340)	-	-
	€ (157,366)	€ (137,155)	€ (137,155)	€ -	€ -

The Group's deferred tax can be analysed as follows:

	Opening balance €	Recognised in profit or loss €	Recognised in other comprehensive income €	Closing balance €
2016				
Property, plant and equipment	(41,075)	-	-	(41,075)
Investment property	(110,265)	(42,843)		(153,108)
	(151,340)	(42,843)	-	(194,183)
Tax losses	226	25,680	-	25,906
Others	13,959	(3,048)	-	10,911
	€ (137,155)	€ (20,211)	€ -	€ (157,366)
2015				
Property, plant and equipment	-	-	(41,075)	(41,075)
Investment property	-	(110,265)	-	(110,265)
	-	(110,265)	(41,075)	(151,340)
Tax losses	-	226	-	226
Others	2,544	11,415	-	13,959
	€ 2,544	€ (98,624)	€ (41,075)	€ (137,155)

12 EARNINGS PER SHARE

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
Basic earnings per share	€ 0.18	€ 0.13	€ 0.05	€ -	€ -

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

13 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land and buildings €	Improvements to premises €	Air-conditioning €	Furniture & fittings €	Motor vehicles €	Office equipment €	Computer hardware €	Electrical plumbing €	Payments on account €	Total €
Cost/Revalued amount										
At 1 January 2015	745,399	326,851	74,600	2,745,980	214,001	33,522	119,146	69,640	-	4,329,139
Upon acquisition	-	-	-	94,025	-	-	5,748	-	-	99,773
Additions	-	418,286	-	369,487	-	2,156	23,889	-	59,857	873,675
Revaluation	76,101	-	-	-	-	-	-	-	-	76,101
At 31 December 2015	821,500	745,137	74,600	3,209,492	214,001	35,678	148,783	69,640	59,857	5,378,688
At 1 January 2016	821,500	745,137	74,600	3,209,492	214,001	35,678	148,783	69,640	59,857	5,378,688
Reclassifications	-	-	-	59,857	-	-	-	-	(59,857)	-
Additions	675,380	1,060,086	57,331	3,365,664	78,491	687	71,463	82,227	-	5,391,329
Disposals	-	-	-	(85,877)	(27,666)	-	-		-	(113,543)
At 31 December 2016	1,496,880	1,805,223	131,931	6,549,136	264,826	36,365	220,246	151,867	-	10,656,474
Depreciation										
At 1 January 2015	-	16,234	59,873	1,539,825	201,802	23,110	93,041	34,994	-	1,968,879
Upon acquisition	-	-	-	15,863	-	-	2,438	-	-	18,301
Charge for the year	-	11,635	5,774	269,710	2,000	4,919	17,115	4,875	-	316,028
At 31 December 2015	-	27,869	65,647	1,825,398	203,802	28,029	112,594	39,869	-	2,303,208
At 1 January 2016	-	27,869	65,647	1,825,398	203,802	28,029	112,594	39,869	-	2,303,208
Charge for the year	-	54,862	14,065	558,959	18,598	3,635	34,229	10,572	-	694,920
Release on disposal	-	-	-	(11,531)	(27,666)	-	-	-	-	(39,197)
At 31 December 2016	-	82,731	79,712	2,372,826	194,734	31,664	146,823	50,441	-	2,958,931
Carrying amounts										
At 31 December 2016	€ 1,496,880	€ 1,722,492	€ 52,219	€ 4,176,310	€ 70,092	€ 4,701	€ 73,423	€ 101,426	€ -	€ 7,697,543
At 31 December 2015	€ 821,500	€ 717,268	€ 8,953	€ 1,384,094	€ 10,199	€ 7,649	€ 36,189	€ 29,771	€ 59,857	€ 3,075,480

13 PROPERTY, PLANT AND EQUIPMENT (continued)

13.1 Fair value measurement of the Group's land and buildings

The Group's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses. The fair value measurement of the Group's land and buildings as at 31 December 2016 and 31 December 2015 were performed by Kurt Vella, independent valuer not related to the Group. The fair value of the land and building was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

Group	Fair value €
2016	
Office:	
Carob Street – St Venera	254,500
Shop:	
Kappilan Mifsud Street – St Venera	567,000
Land:	
The Hub-Land - Mriehel	675,380
	€ 1,496,880
2015	
Office:	
Carob Street – St Venera	254,500
Shop:	
Kappilan Mifsud Street – St Venera	567,000
	€ 821,500

13.2 Assets pledged as security

Land and buildings with a carrying amount of approximately €1,496,880 have been pledged to secure borrowings of the Group. The land and buildings have been pledged as security for bank overdraft. The Group is not allowed to pledge these assets as security for other borrowings or to sell any of them to other entities.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

14 INVESTMENT PROPERTY

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Balance at beginning of year	1,296,900	-	-	-	-
Additions	1,164,660	1,014,467	1,014,467	-	-
Gain on property revaluation	600,605	282,433	282,433	-	-
Balance at close of year	€ 3,062,165	€ 1,296,900	€ 1,296,900	€ -	€ -

14.1 Fair value measurement of the Group's investment property

The Group's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses. The fair value measurement of the Group's land and buildings as at 31 December 2016 and 31 December 2015 were performed by Kurt Vella, independent valuer not related to the Group. The fair value of the land and building was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

Group / Company	Fair value €
<u>2016</u>	
<u>Residential units situated at</u>:	
Apartment 912, Tas-Sellum – Mellieha	216,500
Apartment 2, Church Street – St Julians	262,500
Maisonette 1, St Joseph Street – St Venera	189,500
Apartment Savoy Gardens – Gzira	260,000
Apartment Corner View – Swieqi	368,400
Qui Si Sana Penthouse	1,490,588
Aquarius Maisonette & Garage – Swieqi	274,677
	€ 3,062,165
<u>2015</u>	
<u>Residential units situated at:</u>	
Apartment 912, Tas-Sellum – Mellieha	216,500
Apartment 2, Church Street – St Julians	262,500
Maisonette 1, St Joseph Street – St Venera	189,500
Apartment Savoy Gardens – Gzira	260,000
Apartment Corner View – Swieqi	368,400
	€ 1,296,900

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

15 INTANGIBLE ASSET

Group	Goodwill €
Cost	
At 1 January 2015	400,808
Acquisition	157,114
Additions	45,000
At 31 December 2015	602,922
At 1 January 2016	602,922
Additions	890,000
At 31 December 2016	1,492,922
Amortisation	
At 1 January 2015	251,917
Acquisitions	27,500
For the year	43,663
At 31 December 2015	323,080
At 1 January 2016	323,080
For the year	90,413
At 31 December 2016	413,493
Carrying amount	
At 31 December 2016	€ 1,079,429
At 31 December 2015	€ 279,842

16 INVESTMENTS IN SUBSIDIARIES

The investment in group undertakings is as follows:

	Company €
Cost	
At 1 January 2015	1,316,700
Additions	1,026,000
At 31 December 2015	2,342,700
At 1 January 2016	2,342,700
Additions	1,014,320
At 31 December 2016	€ 3,357,020

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

16 INVESTMENTS IN SUBSIDIARIES (continued)

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting power held	
			2016	2015
D3 Fashion Ltd	Retail	Dizz Buildings Carob Street St. Venera	100%	100%
Dizz Finance PLC	Property/Finance	Dizz Buildings Carob Street St. Venera	100%	100%
Dizz Franchises Ltd	Management of franchises	Dizz Buildings Carob Street St. Venera	100%	-
Dizz Labs Ltd	To operate as a cost centre	Dizz Buildings Carob Street St. Venera	60%	-
Dizz Ltd	Retail	Dizz Buildings Carob Street St. Venera	100%	100%
Dizz Manufacturing Ltd	Production of fashion-related items	Dizz Buildings Carob Street St. Venera	100%	100%
DK Fashion Ltd	Retail	Dizz Buildings Carob Street St. Venera	100%	100%
DK G Ltd	Retail	Dizz Buildings Carob Street St. Venera	100%	-
DK Max Ltd	Retail	Dizz Buildings Carob Street St. Venera	100%	-
DKV & Co. Ltd	Retail	Dizz Buildings Carob Street St. Venera	100%	100%
D's Ltd	Retail	Dizz Buildings Carob Street St. Venera	50%	50%
DVA Ltd	Operation of make up store	Dizz Buildings Carob Street St. Venera	100%	100%

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

16 INVESTMENTS IN SUBSIDIARIES (continued)

Dizz Limited has another subsidiary as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting power held	
			2016	2015
DKM Ltd	Sale of food and beverages	Dizz Buildings Carob Street St. Venera	51%	51%

DKM Limited has another subsidiary as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting power held	
			2016	2015
Dal Cafe Limited	Sale of food and beverages	Dizz Buildings Carob Street St. Venera	60%	-

Financial Support:

During the year ended 31 December 2016, Dizz Finance p.l.c. issued 5% unsecured bonds to the general public. These bonds were fully subscribed and listed on the Malta Stock Exchange accordingly. These funds were used to finance the purchase of property, plant and equipment within group companies and to finance the operations of group companies. Interest rates charged within the Group on such loans amounts to 8%.

17 OTHER FINANCIAL ASSETS

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
Available-for-sale investment					
Shares	€ 100,092	€ -	€ -	€ -	€ -

The Group has acquired investments on the Malta Stock Exchange during the year under review. The Group holds 2,130 ordinary shares in Bank of Valletta plc (having a nominal value of Euro1 per share) and 26,761 ordinary shares in HSBC Bank Malta plc (having a nominal value of Euro 0.30 per share). Such investments were disposed of in the beginning of 2017.

Notes to the Consolidated Financial Statements (continued)
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18 OTHER ASSETS

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
Advance deposits on property acquisitions	€ 792,942	€ 131,650	€ 131,650	€ -	€ -

19 INVENTORIES

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
Goods held for resale	€ 2,018,804	€ 565,206	€ 565,206	€ -	€ -

The inventories as at 31 December 2016 stated above do not include goods held on consignment by the Group.

20 TRADE AND OTHER RECEIVABLES

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Trade receivables	250,154	15,540	15,540	-	-
Other receivables	582,520	54,288	54,288	-	-
Prepayments and deferred costs	818,482	81,452	81,452	-	-
	€ 1,651,156	€ 151,280	€ 151,280	€ -	€ -

21 CASH AND CASH EQUIVALENTS

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Cash at bank	228,142	7,134	7,134	-	-
Cash in hand	372,262	500	500	-	-
Bank overdrafts	(1,073,725)	(659,212)	(659,212)	-	-
	€ (473,321)	€ (651,578)	€ (651,578)	€ -	€ -

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

22 ISSUED CAPITAL

	Company	
	2016	2015
Authorised		
3,290,000 (2,280,000 – 2015) ordinary shares of €1 each	€ 3,290,000	€ 2,280,000
Called-up, issued and fully paid		
3,290,000 (2,280,000 – 2015) ordinary shares of €1 each	€ 3,290,000	€ 2,280,000

23 OTHER RESERVES

Group

Properties Revaluations Reserve	€
At 1 January 2015	477,883
Increase arising on revaluation of properties	207,194
At 31 December 2015 (as original)	685,077
Prior year adjustment (note 30)	(172,168)
At 31 December 2015 (as restated)	€ 512,909
At 1 January 2016/31 December 2016	€ 512,909

Note:

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings.

24 RETAINED EARNINGS

Group

	€
At 1 January 2015	(92,856)
Losses acquired upon acquisition of subsidiaries attributable to owners	(15,331)
Profits for the year attributable to owners	132,536
At 31 December 2015 (as original)	24,349
Prior year adjustment (note 30)	172,168
At 31 December 2015 (as restated)	€ 196,517

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

24 RETAINED EARNINGS (continued)

Group (continued)

	€
At 1 January 2016	196,517
Profits for the year attributable to owners	605,381
At 31 December 2016	€ 801,898

Company

At 1 January 2015	(2,800)
Loss for the year	(3,400)
At 31 December 2015	€ (6,200)
At 1 January 2016	(6,200)
Loss for the year	(16,400)
At 31 December 2016	€ (22,600)

25 NON-CONTROLLING INTEREST

	€
At 1 January 2015	9,799
Non-controlling interest in increase in share capital	16,000
Non-controlling interest upon acquisition of new subsidiaries	1,529
Share of profit for the year	26,275
At 31 December 2015	€ 53,603
At 1 January 2016	53,603
Non-controlling interest in increase in share capital	16,480
Share of losses for the year	(12,485)
At 31 December 2016	€ 57,598

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2016

26 BORROWINGS

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Amounts falling due after one year:					
Bank loans (i)	-	722,959	722,959	-	-
5% Bonds 2026 (iii)	7,762,843	-	-	-	-
Amounts due to related party (iv)	-	-	-	69,820	65,500
	€ 7,762,843	€ 722,959	€ 722,959	€ 69,820	€ 65,500
Amounts falling due within one year:					
Bank loans (i)	-	253,124	253,124	-	-
Bank overdraft (ii)	1,073,725	659,212	659,212	-	-
	€ 1,073,725	€ 912,336	€ 912,336	€ -	€ -
Total borrowings	€ 8,836,568	€ 1,635,295	€ 1,635,295	€ 69,820	€ 65,500

26.1 Summary of borrowing arrangements

(i) The bank loans are secured by a general hypothec over the Group's assets, by a special hypothec over property owned by the Group and by personal guarantees of the directors and shareholders. The annual interest rate on loan range from 4.15% - 5.65%. The bank loans were repaid in full during 2016.

(ii) The Group enjoys bank overdraft facilities with its bankers. These facilities are secured by general hypothecs over the Group's assets, by a special hypothecs over properties of the Group, by pledges taken over various insurance policies and by personal guarantees of the directors and shareholders. The annual interest rate on bank overdrafts range from 4.15% - 4.9%.

(iii) During the year ended 31 December 2016, Dizz Finance p.l.c. issued €8,000,000, 5% unsecured bonds to the general public. These bonds were fully subscribed and listed on the Malta Stock Exchange. Total proceeds from these bonds amounted to €8,000,000. Total costs incurred by the Group to issue the bonds amounted to €242,811. These costs are being amortised in profit or loss over the period of the bond.

(iv) Amounts due to related parties are unsecured, interest free, with no fixed date of repayment.

Notes to the Consolidated Financial Statements (continued)
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27 TRADE AND OTHER PAYABLES

	Group			Company	
	2016	2015 (restated)	2015	2016	2015
	€	€	€	€	€
Amounts falling due within one year:					
Trade payables	2,111,051	457,249	457,249	-	-
Other payables	820,828	189,035	189,035	-	-
Accruals	254,875	12,060	12,060	19,800	3,400
	€ 3,186,754	€ 658,344	€ 658,344	€ 19,800	€ 3,400

The average credit period of the Group is 4 months. No interest is charged on any outstanding balances. The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

28 FINANCIAL INSTRUMENTS

28.1 Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern, while maximising the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2015.

The capital structure of the Group consist of net debts (borrowings as detailed in notes 26 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 22 to 25).

28.1.1 Gearing ratio

The Group's gearing ratio at the end of the reporting period was as follows:

	Group	
	2016	2015
	€	€
Debt (i)	8,836,568	1,635,295
Cash and bank balances	(600,404)	(7,634)
Net debt	8,236,164	1,627,661
Equity (ii)	4,662,405	3,043,029
Net debt to equity ratio	177%	53%

28 FINANCIAL INSTRUMENTS (continued)

28.1 Capital Management (continued)

28.1.1 Gearing ratio (continued)

Note:

(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.

28.2 Categories of financial instruments

	Group	
	2016	2015
	€	€
Financial assets		
Cash and bank balances	600,404	7,634
Available for sale financial assets	100,092	-

28.3 Financial risk management objectives

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group'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 Group did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial period.

28.4 Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Group has no significant currency risk since substantially all assets and liabilities are denominated in Euro.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financial position and cash flows. As at the reporting date, the Group has fixed and variable interest-bearing liabilities. Fixed interest-bearing liabilities consists of 5% Bonds issued to the general public whilst exposure to variable interest- bearing liabilities consists of bank overdrafts. As at the consolidated statement of financial position date, the Group's exposure to changes in interest rates on bank overdrafts held with financial institutions was limited as the level of borrowings with variable interest-bearing liabilities is immaterial with the level of borrowing with a fixed rate interest rate.

28 FINANCIAL INSTRUMENTS (continued)

28.5 Credit risk

Credit risk arises from credit exposure to customers and amounts held with financial institutions (notes 20 and 21). The maximum credit exposure to credit risk at the reporting date in respect of the financial assets was as follows:

	Group	
	2016 €	2015 €
Trade and other receivables	1,651,156	151,280
Cash at bank	600,404	7,634
	€ 2,251,560	€ 158,914

Amounts receivable arising from rental income – the Group assesses on an ongoing basis the credit quality of the third party tenants, taking into account financial position, past experience and other factors. The Group manages credit limits and exposures actively in a practical manner such that there are no material past due amounts receivable from third party tenants as at the reporting date. The Group has no significant concentration of credit risk arising from third parties. As at 31 December 2015 and 2016, no trade receivables were impaired.

28.6 Liquidity risk

The Group 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 26 and 27). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Group's obligations and ensuring that alternative funding is available when the bonds are due for repayment.

The following table analyses the Group'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 cash flows. Balance due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amounts €	Contractual cash flows €	On demand €	Within one year €	Between two and five years €	After five years €
At 31 December 2016						
Bank overdrafts	1,073,725	1,073,725	1,073,725	-	-	-
Trade and other payables	3,186,754	3,186,754	3,186,754	-	-	-
Bonds	7,762,843	12,000,000	-	400,000	1,600,000	10,000,000
	€ 12,023,322	€ 16,260,479	€ 4,260,479	€ 400,000	€ 1,600,000	€10,000,000

28 FINANCIAL INSTRUMENTS (continued)

28.6 Liquidity risk (continued)

	Carrying amounts €	Contractual cash flows €	On demand €	Within one year €	Between two and five years €	After five years €
At 31 December 2015						
Bank loans	976,083	1,449,483	278,436	278,436	1,171,047	-
Bank overdrafts	659,212	659,212	659,212	659,212	-	-
Trade and other payables	457,249	457,249	457,249	457,249	-	-
Bank overdrafts	€ 2,092,544	€ 2,565,944	€ 1,394,897	€ 1,394,897	€ 1,171,047	€ -

The Group continues to assess its funding requirements to ensure that adequate funds are in place to meet its financial liabilities when they fall due.

29 RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

29.1 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	Group 2016	Group 2015
Directors' remuneration	€ 158,686	€ 70,588

29.2 Loans to related parties

	Company 2016	Company 2015
Shareholders loan	€ 69,820	€ 65,500

30 PRIOR YEAR ADJUSTMENT

In the year 2015 the Company accounted for deferred tax on investment property through the equity and other comprehensive income. Such treatment was revised in the year 2016 and deferred tax on investment property was accounted through the income statements accordingly.

Notes to the Consolidated Financial Statements (continued)
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31 COMMITMENTS FOR EXPENDITURE

	Group	
	2016	2015
Commitments for the acquisition of property, plant and equipment	€ 2,507,291	€ 1,044,000

During the year under review the Group had contracted capital commitments with regards to purchase of immovable property for the aggregate amount of Euro 2,507,291. During the year under review the Group had Euro 792,942 (2015 - Euro 131,650) as deposits paid on account on such immovable property.

32 CONTINGENT LIABILITIES

At year end, the Group had bank guarantees for €1,305,436 in favour of third parties. Moreover the Group also has a letter of credit totaling €350,000 (2015: €50,000) in favour of third parties. These guarantees have arisen in the ordinary course of the Group's business and no material losses are anticipated.

33 REPORTING ENTITY

Dizz Group of Companies Limited (Parent Company) is a limited liability company domiciled and incorporated in Malta.