EDEN FINANCE p.l.c.

A Member of Eden Leisure Group Limited

Report and Financial Statements

for the year ended 31st December 2014

Company No. C-26843

EDEN FINANCE p.l.c.

CONTENTS

Directors' Report

The directors present their report, together with the audited financial statements of the Company for the financial year ended 31st December 2014.

Principal Activity

The principal activity of Eden Finance p.l.c. was set up to raise financial resources from the capital market to finance the capital project of the companies forming part of the Eden Leisure Group.

Review of Business Development

During the financial year, interest income earned on advances to the parent company, Eden Leisure Group Limited totalled €988,962, while interest payable to the bondholders amounted to €932,168. Additionally in terms of the Listing Rules and according to the prospectus governing the bond issue, the Company has cancelled 1,490 bonds at a nominal value of €100 each, in line with the sinking fund requirements of the bond issue.

During the year, the Company registered a profit before taxation amounting to €28,064. After deducting taxation thereon, the profit for the year amounted to €18,242.

Statement pursuant to Listing Rule 5.68 issued by the Listing Authority

We confirm that to the best of our knowledge:

1. The financial statements give a true and fair view of the financial position of the Company as at 31st December 2014, and of its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

2. The annual report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

Directors

Mr. Ian De Cesare (Chairman)
Mr. Kevin De Cesare (Deputy Chairman)
Mr. Walter Camilleri – resigned on 21 May 2014
Mr. Paul Mercieca – appointed on 21 May 2014
Dr. Andrea Gera de Petri
Mr. David Vella

In accordance with the company's articles of association, all remaining directors retire from the board and are eligible for re-election.

Statement pursuant to Listing Rule 5.64 issued by the Listing Authority

We confirm that direct shareholdings of the Company are as follows:

Eden Leisure Group Limited Registration Number C 4529	499,999 ordinary shares
Eden Entertainment Limited Registration Number C 26701	1 ordinary share

REPORT OF THE DIRECTORS

Indirect shareholdings of the Company through the shares held in Eden Leisure Group Limited are as follows:

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

The directors confirm that as at 31st December, 2014, there were no holders of 6.6% Eden Finance plc debt securities who have special control rights and that there were no restrictions or limitations on voting rights.

Going concern

As required by Listing Rule 5.62 issued by the listing Authority, the Directors confirm that, having reviewed the Group's budget and forecast for 2015, and as described in the notes to the financial statements 2.1.1 they consider that the Company has adequate resources to continue in operation and existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Events after the balance sheet date

No adjusting or significant non-adjusting events have occurred between the balance sheet date and the date of authorisation on 30 April 2015 by the board.

Principal risks and uncertainties faced by the company

The Company is essentially a special purpose vehicle set up for financial transactions of Eden Leisure Group of Companies. It raised such finance through the issue of bonds which are quoted on the Malta Stock Exchange and guaranteed by Eden Leisure Group Limited, to whom the proceeds from such issues have been advanced.

Contracts of significance with the parent company

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

Statement of Directors' Responsibilities

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

- Adopt the going concern basis unless it is inappropriate to presume that the company will continue in the business;
- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Account for income and charges relating to the accounting period on the accruals basis;
- Value separately the components of asset and liability items; and
- Report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386), enacted in Malta. This responsibility includes designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint VCA Certified Public Accountants as auditor of the Company will be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors and authorised for issue on 30 April 2015 and signed on its behalf by:

Mr. Ian De Cesare
Chairman

Mr. Kevin De Cesare
Deputy Chairman

Eden Place, St. Augustine Street, St. Julians.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Pursuant to Appendix 5.1 of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority, Eden Finance p.l.c. (the Company) is hereby reporting on the extent of its adoption of the code of principles of good corporate governance contained in the listing rules.

The board of directors resolved to adopt the Code. Eden Finance p.l.c. has been in compliance with the Code, except where, given particular circumstances, the implementations of specific recommendations were not deemed to be applicable because of the inherent non-operational function of the Company.

The Company acts as a finance company to the Eden Leisure Group Ltd and as such has minimal operations emanating from this task. Its primary function is the lending and monitoring of the proceeds of bonds issued to the public to its parent company. The Company has no employees other than the directors and the company secretary.

The Board
The board of directors is responsible for the company's affairs, in particular in giving direction to the Company and being actively involved in overseeing the systems of control and financial reporting. The board has discussed the code and all directors are aware of their responsibilities as such.

The board of directors meets regularly to discuss policy decisions and to discuss the operations of the parent company, Eden Leisure Group Ltd. The board is made up of 5 Directors, 2 of which are completely independent from the Company or any related companies. During the financial year ended 31 December 2014 the board of directors met on 3 occasions.

Executive Directors
Mr. Ian De Cesare (Chairman)
Mr. Kevin De Cesare (Deputy Chairman)
Mr. David Vella

Non-Executive Directors
Mr. Walter Camilleri – resigned on 21 May 2014
Mr. Paul Mercieca – appointed on 21 May 2014
Dr. Andrea Gera de Petri

Secretary to the Board
Mr. Simon De Cesare

There is no CEO role required in the Company due to the nature of the Company and as such the board carries out the policy decisions regarding the Company.

The Memorandum and Article of Association set out the procedures to be followed in the appointment of directors in a very extensive manner. Shareholders, having voting rights and owning no less than 20% of the share capital of the Company, are entitled to appoint one director for every such 20% holding. Appointed directors hold office for a period of one year on the lapse of which period, they are eligible for re-election.

Board Committees

Audit Committee
In accordance with Listing Rules 5.117 to 5.134, Eden Finance p.l.c. established an audit committee. The terms of reference of the audit committee have been formally set out in a separate charter. The audit committee is composed of two non-executive directors and an executive director. The following directors sit on the committee:
Chairman – Mr. Walter Camilleri (Non-Executive Director) – resigned on 21 May 2014
Chairman – Mr. Paul Mercieca (Non-Executive Director) – appointed on 21 May 2014
Member – Dr. Andrea Gera de Petri (Non-Executive Director)
Member – Mr. David Vella (Executive Director)

The committee's primary objective is to assist the board in fulfilling the oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The audit committee reports directly to the board of directors. During the financial year ended 31 December 2014 the committee met on 3 occasions.

Remuneration Committee

Due to the nature of the Company's restricted operational functions, the Board does not consider it necessary to set up a remuneration committee. The directors received in aggregate €6,142 for services rendered during 2014. This remuneration has been approved by the directors. The board has resolved to disclose these fees in aggregate rather than as separate figures for each director as recommended by the code.

Evaluation of the board's performance

Under the present circumstances, the board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the board's performance is always under the scrutiny of the shareholders.

Commitment to Maintain an Informed Market

The Company communicates with bondholders by way of the Annual Report and Financial statements. The Company also communicates with bondholders via company announcements made through the Malta Stock Exchange as well as by entertaining queries and requests made by individual bondholders on an ad hoc basis.

The board has gone further in requesting that the parent company's board, Eden Leisure Group Ltd., meet with financial intermediaries and institutional investors on an annual basis to update them on the performance of the parent company thereby giving significant details on the prospects of the Company as a "going concern" as well as offering information that they can make their buying decisions on.

The board has also continued to implement the annual investor relations program, which aims at giving bond holders rewards to be used within the Company to foster loyalty.

Institutional Shareholders

The Company has no institutional shareholders.

Conflicts of Interest

The directors always act in the interest of the Company and its shareholders. If any director has a conflict of interest he is not allowed to vote on the matter.

Corporate Social Responsibility

The Group adheres to accepted principles of corporate social responsibility in its day to day practices by supporting and promoting sport and charitable causes.

Internal Control System

The company's internal control system is designed to ensure, as much as possible, transparency, independence and segregation of duties. The process is also designed to ensure reliable financial reporting, effective and efficient operations and compliance with applicable laws and regulations.

Whilst the board of directors is responsible for an effective internal control system, it relies on its effectiveness on the Group's financial controller and the audit committee. The Group's management is responsible for the identification and evaluation of key risks applicable to their respective areas of business. Through these channels, the board of directors has reasonable assurance that risk factors are managed properly and that material misstatements in the financial statements are not likely to occur.

Risk Management

The objective of the risk management function of the Company is to minimise the cost of risk and to maximise return on assets.

The Company endeavours to achieve this objective through a procedure that involves a co-ordinated approach across the operations of the Group, designed to identify and measure potential risks. Appropriate action is taken to mitigate these risks.

In order to manage the above mentioned risks, quarterly risk management reports are compiled by the financial controller and presented to the audit committee. These periodic reports comment on areas likely to have elements of risk, highlighting any weaknesses or possible threats.

The audit committee makes recommendations, as necessary, to the Board.

Dealings by Directors and Senior Officers in the Company's Bonds

Conscious of its responsibility for monitoring dealings by directors and senior officers in the Company's bonds, the board approved a code of conduct for the transactions by directors and senior officers in compliance with the listing rules. The structured code of dealing which includes names of directors and senior officials who have to comply with the code has been filed with the listing authority at the Malta Financial Services Authority.

The information as provided above is a fair summary of the Eden Finance p.l.c. adoption of the code of good corporate governance. Overall, the Company has broadly implemented the code where the board believes that it would add value to the stakeholders. In certain areas, it was felt that the code was more suited to companies who held equity on the exchange and therefore, its implementation would not be useful for a limited operating company like Eden Finance p.l.c.

The board will continue to monitor the code in future years and will decide on an annual basis if the position stated above will apply.

Approved by the board of directors on 30 April 2015 and signed on its behalf by:

Mr. Ian De Cesare
Chairman

Mr. Kevin De Cesare
Deputy Chairman

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CERTIFIED PUBLIC ACCOUNTANTS

EDEN FINANCE p.l.c.

INDEPENDENT AUDITORS' REPORT ON THE STATEMENT OF COMPLIANCE WITH THE PRINCPLES OF GOOD CORPORATE GOVERNANCE

To the members of Eden Finance p.l.c. pursuant to the Malta Financial Services Authority listing rules.

The Malta Financial Services Authority Listing Rules 5.94 and 5.97, require the Company's Directors to include in their Annual Report a Statement of Compliance to 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 with those Principles.

Our responsibility, as auditors of the Company, is laid down by the Malta Financial Services Authority listing rule 5.98, which requires us to include a report on the Statement of Compliance.

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

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

In our opinion, the Statement of Compliance set out on pages 4 to 6 has been properly prepared in accordance with the requirements of the Malta Financial Services Authority Listing Rules 5.94 and 5.97.

MICHAEL CURMI
VCA CERTIFIED PUBLIC ACCOUNTANTS
Finance House, First floor, Princess Elizabeth Street, Ta' Xbiex, XBX 1102.

30 April 2015

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Report of the Custodian

To the Malta Financial Services Authority

On compliance of Eden Finance p.l.c. (the "Issuer") with the requirements of the Sinking Fund for the year ended 31 December 2014

Pursuant to Section 6.16 of the Prospectus dated 10 May 2010 relating to €15 million 6.6% Eden Finance p.l.c. Bonds 2017-2020 (the "**Prospectus**"), the Issuer set up in December 2012 the Eden Finance p.l.c. Sinking Fund Reserve (the "**Sinking Fund**") and appointed Charts Investment Management Service Limited to hold and administer the Sinking Fund (the "**Custodian**").

We, in our capacity as Custodian, have carried out procedures to enable us to report whether, in our opinion:

- The Issuer fulfilled its obligation to make a yearly payment to the Sinking Fund;
- The assets within the Sinking Fund have been managed within the parameters set in the Prospectus.

During the year ended 31 December 2014, the funds transferred by the Issuer to the Sinking Fund were fully utilised to buy back and cancel a nominal value of €149,000 6.6% Eden Finance p.l.c. Bonds 2017-2020.

The above contribution to the Sinking Fund was lower than in prior years, and below the amount included in the Issuer's financial projections dated May 2010. The principal reason for such reduction relates to a *circa* €22 million two-year capital expenditure programme which the Group embarked upon in FY2014. The Eden Group acquired, in October 2014, a property adjacent to the InterContinental Malta to be developed into a new internationally branded hotel. It is anticipated that the new property will initiate operations in the first semester of FY2016. Furthermore, the Group has commenced construction of a number of suites forming part of the InterContinental Malta which are due for completion in the third quarter of FY2016.

Due to the above cash outflows, contributions to the Sinking Fund are expected to remain relatively low till FY2016. Thereafter, the Directors expect transfers to the Sinking Fund to increase substantially as a result of further growth in current operations as well as from cash inflows generated by the new hotel and suites. As such, it is projected that by 15 June 2020, being the redemption date of the 6.6% Bonds 2017-2020, the Issuer would have accumulated in the Sinking Fund at least 50% of the nominal value of said Bonds.

In our opinion,

- The Issuer has complied with the Sinking Fund obligations in accordance with the terms of the prospectus dated 10 May 2010; and
- The Sinking Fund proceeds have been properly applied in accordance with the Prospectus.

Wilfred Mallia (Director) for and on behalf of
Charts Investment Management Service Limited
as Custodian

17 February 2015

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EDEN FINANCE p.l.c.

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

We have audited the accompanying financial statements of Eden Finance p.l.c. on pages 11 to 24, which comprise the statement of financial position of the Company as at 31st December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cashflows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Director's responsibility for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 the requirements of the Companies Act, (Chap.386) enacted in Malta and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements give a true and fair view of the financial position of Eden Finance p.l.c. as at 31st December 2014, and of its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and have been properly prepared in accordance with the Companies Act (Chap. 386), enacted in Malta.

Report and other legal and regulatory requirements

Matters on which we are required to report by exception

We also have responsibilities under the Companies Act, (Chap 386), 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.
- The financial statements are not in agreement with the accounting records.
- 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.

MICHAEL CURMI
VCA CERTIFIED PUBLIC ACCOUNTANTS
Finance House, First floor, Princess Elizabeth Street, Ta' Xbiex, XBX 1102.
30 April 2015

EDEN FINANCE p.l.c.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2014

	Notes	2014 €	2013 €
Finance income	4	**988,962**	*1,005,288*
Finance costs	5	**(932,168)**	*(947,572)*
Gross profit		**56,794**	*57,716*
Administrative expenses		**(28,730)**	*(30,316)*
Profit before taxation	6	**28,064**	*27,400*
Income tax expense	7	**(9,822)**	*(9,590)*
Total comprehensive income		**18,242**	*17,810*
Earnings per share		**3c64**	*3c56*

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2014

	Notes	2014 €	2013 €
Non-current assets			
Loans owed by parent company	8	**13,984,000**	*14,133,000*
Held-to-maturity investments	9	**1,164,687**	*1,164,687*
Deferred tax asset	11	**19,927**	-
		15,168,614	*15,297,687*
Current assets			
Trade and other receivables	10	**1,015,612**	*1,020,305*
Cash and cash equivalents		**1,188**	*873*
		1,016,800	*1,021,178*
Total Assets		**16,185,414**	*16,318,865*
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	**1,164,687**	*1,164,687*
Retained earnings		**402,473**	*384,231*
		1,567,160	*1,548,918*
Non-Current liabilities			
Debt securities in issue	12	**13,984,000**	*14,133,000*
Current liabilities			
Trade and other payables	13	**634,254**	*636,947*
Total Liabilities		**14,618,254**	*14,769,947*
Total Equity and Liabilities		**16,185,414**	*16,318,865*

These financial statements were approved and authorised for issue by the Board of Directors on 30 April 2015 and were signed on its behalf by:

Mr. Ian De Cesare
Chairman

Mr. Kevin De Cesare
Deputy Chairman

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2014

	Share Capital €	Retained Earnings €	Total €
At 1 January 2013	1,164,687	366,421	1,531,108
Total comprehensive income for the year	-	17,810	17,810
At 31 December 2013	1,164,687	384,231	1,548,918
Total comprehensive income for the year	-	18,242	18,242
At 31 December 2014	1,164,687	402,473	1,567,160

EDEN FINANCE p.l.c.

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2014

	Notes	2014 €	2013 €
Cash flows from operating activities			
Profit before taxation		**28,064**	*27,400*
Adjustments for:			
Interest expense		**932,168**	*947,572*
Interest income		**(988,962)**	*(1,005,288)*
Operating loss before working capital movements		**(28,730)**	*(30,316)*
Movement in receivables		**-**	*6,528*
Movement in payables		**2,847**	*(11,031)*
Cash flows used in operations		**(25,883)**	*(34,819)*
Cash flows from investing activities			
Funds received from parent company		**118,666**	*460,760*
Interest received		**989,310**	*1,037,444*
Net cash flows from investing activities		**1,107,976**	*1,498,204*
Cash flows from financing activities			
Cancellation of bonds		**(149,000)**	*(498,000)*
Interest paid to bond holders		**(932,778)**	*(965,645)*
Net cash flows used in financing activities		**(1,081,778)**	*(1,463,645)*
Net movement in cash and cash equivalents		**315**	*(260)*
Cash and cash equivalents at the beginning of the year		**873**	*1,133*
Cash and cash equivalents at the end of the year	*15*	**1,188**	*873*

1. Reporting Entity

Eden Finance p.l.c. (the 'Company') is a limited liability company incorporated and domiciled in Malta. The registered office of the company is Eden Place, St. Augustine Street, St. George's Bay, St. Julians. These financial statements were approved for issue by the board of directors on 30 April 2015.

2. Basis of Preparation

These financial statements are prepared under the historical cost convention, as modified to include fair values where it is stated in the accounting policies below. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Companies Act, (Chap. 386), enacted in Malta.

The preparation of financial statements in conformity with International Financial Reporting Standards as adopted by the EU requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Standards, interpretations and amendments to published standards effective in 2014

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

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the company's accounting periods beginning after 1 January 2015. The company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis and on the going concern basis.

2.1.1 Going concern basis

During the financial period ended 31 December, 2010, the Company issued 150,000 6.6% redeemable bonds of €100 each to the public. The proceeds received there from were advanced to Eden Leisure Group Limited, the parent company, at annual interest rate of 7.0%.

The ability of Eden Finance p.l.c. to meet its obligations, both in terms of servicing of its debt and ultimately repaying the bond holders on the redemption date is thus dependent on the ability of Eden Leisure Group Limited to meet its obligations towards Eden Finance p.l.c.

Borrowing arrangements made with the lenders of Eden Leisure Group Limited, namely HSBC Bank (Malta) p.l.c. and Lombard Bank Malta p.l.c are in place and all obligations to date have been met.

In 2014 the Group bought back and cancelled €149,000 of Eden Finance Bonds as part of its sinking fund obligations and expects to continue the process of setting aside assets to eventually be in a position to redeem 50% of the outstanding €15million bond in 2020 or earlier as per the prospectus.

2.1.1 Going concern basis (continued)

The directors are satisfied that the Group has sufficient funds in order to meet its commitments in the foreseeable future and it is therefore appropriate to continue to adopt the going concern assumption in the preparation of these financial statements. These financial statements do not include any adjustments should the above strategies not materialise.

2.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS's as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The financial statements are presented in Euro which is the company's functional currency.

3. Principal accounting policies

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(i) Trade and other receivables

Trade receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

(ii) Investments
The Company's investments are classified into the following categories – held-to-maturity investments and loans and receivables. The classification depends on the purpose for which the investments were acquired.

Non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity other than those that upon initial recognition meet the definition of loans and receivables are classified as held-to-maturity investments.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the year end of the reporting period. These are classified as non-current assets.

After initial recognition, held-to-maturity investments and loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process. Discounting is omitted where the effect of discounting is immaterial.

(iii) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

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

(iv) Trade and other payables

Trade payables are classified with current liabilities and are stated at their nominal value.

(v) Shares issued by the Company

Ordinary shares issued by the Company are classified as equity instruments.

Impairment
All assets are tested for impairment. At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

For loans and receivables, if there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the assets's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

For loans and receivables, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised; the previously recognised impairment loss is reversed directly.

3. Principal accounting policies (continued)

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

Revenue recognition
Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Borrowing costs
Borrowing costs include the costs incurred in obtaining external financing. Borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Taxation
Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, including deferred tax assets for the carry forward of unused tax losses and unused tax credits, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. Principal accounting policies (continued)

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

4. Finance income

	2014	2013
	€	€
Interest receivable on loans advanced to a group company (note i)	**988,962**	*1,005,288*

(i) Eden Finance p.l.c. receives interest on the loan amount at the rate of 7.0% per annum which shall be received annually in arrears.

5. Finance costs

This amount represents interest payable on the debt securities in issue, as set out in note 10 to these financial statements.

6. Profit before taxation

Profit before taxation is stated after the total auditors' remuneration amounting to €2,360 (2013: €2,360) for the audit of the financial statements and directors' remuneration amounting to €6,142 (2013: €8,386).

7. Taxation

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

	2014	2013
	€	€
Tax charge for the year:		
Current tax expense	**9,822**	*9,590*

The income tax expense for the year is calculated on the Company's taxable income at the rate of 35% applicable in Malta, the Company's country of incorporation.

	2014	2013
	€	€
The tax expense and the tax charge using the statutory Income tax rate of 35% are reconciled as follows:		
Profit before taxation	**28,064**	*27,400*
Tax charge at 35%	**9,822**	*9,590*

8. Loans owed by parent company

	Security	Interest Rate	Repayable by	2014 €	2013 €
Loan	NONE	7.00	31 May 2020	**13,984,000**	*14,133,000*

This represents the funds raised by the bond issue which have been advanced to the Eden Leisure Group Limited at an annual interest rate of 7.0% per annum. On 12th December 2014 the Company received €149,000 towards the loan receivable from Eden Leisure Group Limited. The loan will be repaid in full by the 31 May 2020. Eden Leisure Group Limited, the guarantor in respect of the company's bond issue has undertaken to pay all amounts of principal and interest that will become due and payable by the company to bondholders under the bonds.

These loans rank pari passu without any priority or preference within all other present and future unsecured and unsubordinated obligations of the parents company to which the loans have been advanced.

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

9. Held-to-maturity investment

	2014 €	2013 €
Investment in a group company	**1,164,687**	*1,164,687*

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

10. Trade and other receivables

	2014 €	2013 €
Accrued income (i)	**530,226**	*535,876*
Amounts owed by parent company (ii)	**480,931**	*479,974*
Prepayments	**4,455**	*4,455*
	1,015,612	*1,020,305*

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

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

11. Deferred taxation

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

	2014	*2013*
	€	*€*
At the beginning of the year	-	-
Movement in absorbed tax losses and capital allowances	19,927	-
At the end of the year	19,927	-

	2014	*2013*
Effect recognised in:		
Deferred tax movements recognised in profit or loss	(9,822)	-
Transfer of tax losses through group loss relief	29,749	-
	19,927	-

The following amounts are shown in the balance sheet:

	2014	*2013*
	€	*€*
Deferred tax assets		
Unabsorbed tax losses and capital allowances	19,927	-

12. Debt securities in issue

	Interest Rate	Repayable by	2014 €	*2013 €*
Bond	6.6%	15 June 2020	**13,984,000**	*14,133,000*

Eden Finance p.l.c. has debt securities in issue amounting to an aggregate principal amount of €13,984,000 (2013: €14,133,000) Bonds (2017-2020), having a nominal value of €100 each, bearing interest at 6.6%. These bonds are unsecured pursuant and subject to the terms and conditions in the prospectus dated 10th May 2010. The quoted market price as at 31st December 2014 for the 6.6% Bonds 2017-2020 was €105.50 (2013:€103.60).

In accordance with the requirements of the prospectus, the Company is required to, with effect from the end of the financial year 2014; build a sinking fund the value of which will by the redemption date be equivalent to 50% of the value of the issued Bonds. This is expected to create a cash reserve from the guarantor's annual surplus to meet part of the redemption proceeds on the redemption date.

The sinking fund proceeds shall only be applied for the purpose of redeeming the equivalent amount of outstanding Bonds on the redemption date. Prior to the redemption date the Group may request the Custodian to use the proceeds of the sinking fund:-

a) for the purpose of buying back Bonds for cancellation in terms of section 6.9 of the Securities Note; or

b) for investing in debt securities issued or guaranteed by any sovereign state within the Eurozone or which is a member of the OECD or other debt securities which are rate as AAA by a recognised international rating agency, without incurring exchange risk, at the lower of cost and market value; or

c) for investing in as balanced and diversified a portfolio of assets as can reasonably be considered practicable by the Custodian in the then current market and overall economic conditions

On 5th December 2012 the Group engaged Charts Investment Management Services Limited as Sinking Fund Custodian. The Group cancelled the following bonds through a buy back of these bonds by the Company:

i) On 27th December 2012 the Group cancelled 3,690 bonds with a nominal value of €100 each.

ii) On 12th June 2013 the Group cancelled 4,980 Bonds with a nominal value of €100 each.

iii) On 12th December 2014 the Group cancelled 1,490 Bonds with a nominal value of €100 each.

13. Trade and other payables

	2014 €	*2013 €*
Trade payables	**90**	*241*
Bond interest accrued	**499,713**	*505,255*
Other accruals	**134,451**	*131,451*
	634,254	*636,947*

14. Called up issued share capital

	2014	2013
	€	€
Authorised Share Capital		
500,000 Ordinary Shares of €2.329373 each	**1,164,687**	*1,164,687*
Issued and Fully Paid Up		
500,000 Ordinary Shares of €2.329373 each	**1,164,687**	*1,164,687*

15. Cash and cash equivalents

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

	2014	2013
	€	€
Cash at bank	**1,188**	*873*

16. Fair values of financial assets and financial liabilities

At 31 December 2014 and 2013, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities.

The fair value of non-current financial assets and non-current financial liabilities that are not measured at fair value are not materially different from their carrying amounts.

17. Financial risk management

Overview

The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives and policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

17.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the loans advanced to the Parent company, and accrued interest charges thereon.

The Board retains direct responsibility for affecting and monitoring the investments made by the Company, and in this capacity it has adjourned itself periodically on the financial affairs of Eden Leisure Group Limited, the guarantors of the bonds.

After considering the above, the directors believe that the credit risk on such loans and receivables, which are not impaired, is limited when considering the state of the financial affairs of the Parent company.

17.2 Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally debt securities in issue and trade and other payables disclosed in notes 12 and 13. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meeting the Company's obligations.

The Company forms part of Eden Leisure Group. The Company has advanced amounts borrowed by way of bonds to its parent company. This implies that the Company will have received settlement of interest receivable from the parent company in order to be able to meet its interest payable as they fall due.

The Directors monitor liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period, in order to ensure that adequate funding is in place in order for the Group to be in a position to meet its commitments as and when they will fall due.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the
contractual undiscounted cash flows.

	2014	2013
	€	€
Within one year		
Trade and other payables	**134,541**	*131,692*
Debt securities in issue	**922,944**	*932,778*
	1,057,485	*1,064,470*
Between 2 and 5 years		
Debt securities in issue	**3,691,776**	*3,731,112*
Between 6 and 10 years		
Debt securities in issue	**14,729,527**	*15,788,385*
	19,478,788	*20,583,967*

17.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

17.4 Interest rate risk

In view of the nature of its activities, the Company's transactions mainly consist of earning interest income on the loan affected from the proceeds of the secured bonds issue and servicing its borrowings. However, the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's principal interest-bearing financials instruments, which consist of a loan to a group undertaking and secured bonds issued to financial institutions and the general public, are subject to fixed interest rates. The Company has secured a spread between the return on its investments and its cost of borrowings. Also these instruments have similar terms and maturity profiles as disclosed in Notes 8 and 12 to these financial statements.

17.5 Capital Risk Management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure consists of items presented within equity in the statement of financial positions.

The company's directors manage the company's capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the company balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The company's overall strategy remains unchanged from the prior year.

18. Related party transactions

Related party transactions are entered into on a commercial basis with entities which are related by way of common shareholders who are able to exercise significant influence over the Company's operations.
Transactions with these companies principally include advances affected by the Company out of the bond issue proceeds as disclosed in Note 8 to the financial statements. Interest receivable earned from these transactions is disclosed in Note 4 and year end balances in this respect are disclosed in Note 10 to the financial statements.

19. Parent company

The Company is a subsidiary of Eden Leisure Group Limited, the registered office of which is situated at Eden Place, St. Augustine Street, St. Julians, Malta.
Consolidated financial statements are prepared by Eden Leisure Group Limited.