TIGNÉ MALL p.l.c.
(formerly known as TIGNÉ MALL LIMITED)

Annual Report and Financial Statements
31 December 2013

Company Registration Number: C 35139

	Pages
Directors' report	1 - 5
Corporate Governance – Statement of compliance	6 - 15
RemNom Committee Report	16 - 17
Independent auditor's report	18 - 19
Statement of financial position	20
Income statement	21
Statement of comprehensive income	21
Statement of changes in equity	22
Statement of cash flows	23
Notes to the financial statements	24 - 48

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2013.

Principal activities

The company's principal activity, which is unchanged since last year, is the ownership and management of 'The Point Shopping Mall'.

Admission to listing on the Listing Authority

Following the Combined Offering made by Tigné Mall p.l.c. (formerly known as Tigné Mall Limited) (''the company'') pursuant to the Prospectus dated 20 March 2013, the company announced on 15 May 2013 that 56,400,000 ordinary shares of a nominal value of €0.50 each fully paid have been allotted and were admitted to listing on the Malta Stock Exchange on 2 May 2013.

Review of the business

For the fourth consecutive year since the opening of The Point Shopping Mall, the company has exceeded its targets for footfall and tenant sales. This has had a positive effect on the financial results of the company for the year.

In the year ended 31 December 2013 the company registered a profit before tax of €1.9 million as compared to a profit of €1.1million in 2012. The strategy for The Point Shopping Mall is to offer a varied collection of brands and a strong shopping experience. The increases in footfall and tenant sales and the effect this has had on rental income have strengthened the financial results of the company. As a result of the initial public offering, the company's equity has been increased to €28.7M (2012: €21.2M), its level of borrowings reduced and its overall gearing improved.

The company's profit after tax for the current financial year exceeded the result projected in the initial public offering prospectus by 16%.

At 31 December 2013, the company's current liabilities exceeded its current assets by €183,515 (2012: €1,024,561). The company is managing this shortfall through an active liquidity management programme, and has been able to anticipate its bank repayment commitments.

The Directors expect that the level of activity in 2014 will continue, at least, at the current levels.

Directors' report - continued

Results and dividends

The financial results are set out on page 21. The Directors recommend the payment of a final net dividend of €705,000. During the year a distribution of €174,946 was made to the previous Shareholders in respect of the profits for the period 1 January till 30 April 2013, in accordance with what was prospected in the initial public offering document.

Directors

The Directors of the company who held office during the current financial year were:

Dr Alec A. Mizzi
David Demarco
John L. Bonello (appointed 2 January 2013)
Albert P. Mamo (appointed 2 January 2013)
Marzena Formosa (appointed 7 January 2013)

In accordance with the company's Articles of Association, the Directors retire from office at the Annual General Meeting and are eligible for re-election or re-appointment.

Statement of Directors' responsibilities for the financial statements

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

In preparing the financial statements, the Directors are responsible for:

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

The Directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act, 1995. They 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.

The financial statements of Tigné Mall p.l.c. for the year ended 31 December 2013 are included in the Annual Report 2013, which is published in hard-copy printed form and may be made available on the company's website. The Directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Directors' report - continued

The Directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the company as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union on the basis explained in note 1 to the financial statements; and
- the Annual Report includes a fair review of the development of the business and the position of the company, together with a description of the principal risks and uncertainties that the company face.

Information pursuant to Listing Rule 5.64

Structure of Capital

The company has an authorised share capital of 60,000,000 ordinary shares of €0.50 each and issued and fully paid up share capital of 56,400,000 ordinary shares with a nominal value of €0.50 each. The Ordinary Shares rank *pari passu* amongst each other for all purposes. Each Ordinary Share is entitled to 1 vote. There are currently no different classes of Ordinary Shares in the company and accordingly all Ordinary Shares have the same rights, voting rights and entitlements in connection with any distribution whether of dividends or capital (on a winding up or otherwise). All the shares are freely transferable and have been admitted to trading on the Malta Stock Exchange.

Appointment and removal of Directors

Article 95 of the company's Memorandum and Articles of Association states that at each Annual General Meeting of the company all the Directors shall retire from office. A Director retiring from office shall retain office until the dissolution of such Meeting and a retiring Director shall be eligible for re-election or re-appointment. The Directors shall be elected as provided in Article 99 of the Memorandum and Articles of Association that is a maximum of 5 Directors shall be elected at each Annual General Meeting (or at an Extraordinary General Meeting convened for the purpose of electing Directors). Voting shall take place on the basis that every Member shall have 1 vote in respect of each ordinary share held by him. A Member may use all his votes in favour of one candidate or may split his votes in any manner he chooses amongst any two or more candidates. The Chairman of the Meeting shall declare elected those candidates who obtain the greater number of votes on that basis. The company's Articles of Association contain a provision whereby the Directors are entitled to appoint additional directors to the Board where this would be to the benefit of the company in view of their commercial knowledge and experience.

Powers of Directors

The Directors are empowered to act on behalf of the company and in this respect have the authority to enter into contracts, sue and be sued in representation of the company. In terms of the Memorandum and Articles of Association they may transact all business of whatever nature not expressly reserved by the Memorandum and Articles of Association to the shareholders in general meeting or by any provision contained in any law for the time being in force.

Directors' report – continued

Information pursuant to Listing Rule 5.64 - continued

General Meetings

The company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year and not more than 15 months shall elapse between the date of 1 Annual General Meeting of the company and that of the next. All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists as provided by the Companies Act. Any 2 Members of the company may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

A General Meeting of the company shall be called by not less than 21 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of meeting, the proposed agenda for the Meeting and in case of special business, the general nature of the business to be considered as well as other information.

A notice calling an Annual General Meeting shall specify the meeting as such and a notice convening a meeting to pass an Extraordinary Resolution as the case may be shall specify the intention to propose the resolution as such and the principal purpose thereof. A notice of General Meeting called to consider extraordinary business shall be accompanied by a statement regarding the effect and scope of any proposed resolution in respect of such extraordinary business.

Any Member or Members holding not less than 5% in nominal value of all the shares entitled to vote at the meeting may:

(a) request the company to include items on the agenda of the General Meeting, provided that each item is accompanied by a justification or a draft resolution to be adopted at the Annual General Meeting; and

(b) table draft resolutions for items included in the agenda of a General Meeting. The request to put items on the agenda of the General Meeting or the tabling of draft resolutions to be adopted at the General Meeting shall be submitted to the company (in hard copy or in electronic form to an email address provided by the company for the purpose) at least 46 days before the date set for the General Meeting to which it relates and shall be authenticated by the person or persons making it.

An "Ordinary Resolution" means a resolution taken at a General Meeting of the company passed by a Member or Members having the right to attend and vote at such meeting holding in the aggregate more than 50% in nominal value of the shares represented and entitled to vote at the meeting. An "Extraordinary Resolution" means a resolution taken at a General Meeting of the company of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principal purpose thereof has been duly given and passed by a number of Members having the right to attend and vote at such meeting holding in the aggregate not less than 75% in nominal value of the shares represented and entitled to vote at the meeting and at least 51% in nominal value of all the shares entitled to vote at the meeting.

Directors' interests in the company's share capital

The company's Directors do not have any direct or indirect interests in the share capital of the company, except for a holding of 100,000 ordinary shares by John L. Bonello.

Directors' report - continued

Information pursuant to Listing Rule 5.64 - continued

Registered Shareholders with 5% or more of the company's share capital

The following are the shareholders holding more than 5% of the share capital of the company.

	As at 31 December 2013		**As at 7 April 2014**	
	Ordinary Shares	% Holding	Ordinary Shares	% Holding
MSV Life p.l.c.	20,000,000	35.46%	20,000,000	35.46%
HSBC Bank Malta p.l.c. as Custodian for HSBC Life Assurance (Malta) Ltd	11,260,000	19.96%	11,260,000	19.96%
Bank of Valletta p.l.c.	9,654,500	17.12%	9,654,500	17.12%
HSBC Bank Malta p.l.c. As Custodian for Ammt Sicavs Malta	4,768,500	8.45%	3,456,000	6.13%

Other matters

The company has nothing to report in relation to the requirements of Listing Rules 5.64.4, 5.64.5, 5.64.6, 5.64.7 and 5.64.10 since they do not apply to the company. Information relating to the requirements of Listing Rule 5.64.11 is reflected in the RemNom Report on page 16.

Going Concern

The Directors, as required by Listing Rule 5.62 have considered the company's operational performance, the statement of financial position as at year-end as well as the business plans for the coming year, and they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis in preparing the financial statements.

Auditors

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

On behalf of the board

Dr Alec A. Mizzi
Chairman

John L. Bonello
Director

Registered office:
The Point Shopping Mall
Management Suite
Tigné Point
Sliema TP01
Malta

7 April 2014

Corporate Governance – Statement of Compliance

A. INTRODUCTION

Tigné Mall p.l.c. (the "company") is required to include a statement of compliance with the Code of Principles of Good Corporate Governance (the "Code") contained in Appendix 5.1 of the Listing Rules issued by the Malta Financial Services Authority. This statement is made in terms of Listing Rules 5.94 and 5.97.

The Board of Directors ("the Board") believes that the adoption of these principles is in the best interest of the company, its shareholders and other stakeholders, since compliance with the Code is expected by investors on the Malta Stock Exchange and further evidences the Directors' and the company's commitment to a high standard of corporate governance.

Good corporate governance is the responsibility of the Board, and in this regard, the Board has carried out a review of the company's compliance with the Code. It has taken measures for the company to comply with the requirements of the Code to the extent that this is considered appropriate and complementary to the size, nature and operations of the company. Notwithstanding the fact that the Principles of Good Corporate Governance are not mandatory, the Board has endorsed them and ensured their adoption, save as indicated within the section entitled Non-Compliance with Code where the Board indicates and explains the instances where it has departed from or where it has not applied the Code.

B. COMPLIANCE WITH THE CODE

Principle 1: The Board

The Directors believe that for the period under review the company has complied with the requirements of this principle.

The overall management and policy setting of the company is vested in the Board consisting of a Chairman and four (4) Directors. The Board has provided the necessary leadership in the overall direction of the company and at the same time has adopted systems whereby it obtains timely information from the Chief Executive Officer (the "CEO") to ensure an open dialogue between the CEO and Directors on an ongoing basis and not only at meetings of the Board.

All the Directors, individually and collectively, are of the appropriate calibre and have the necessary skills and experience to contribute effectively to the decision-making process. The Board delegates specific responsibilities to a number of committees, notably the Supervisory Committee, the Audit Committee and the RemNom Committee, each of which operates under formal terms of reference approved by the Board.

Principle 2: Chairman and Chief Executive

In line with the requirements of Principle 2, the company has segregated the functions of the Chairman and the CEO. These positions have been defined with specific roles rendering them completely separate from one another and are occupied by Dr. Alec A. Mizzi and Mr. Edwin Borg respectively.

The Chairman is responsible to lead the Board and to set its agenda, ensuring that the Board's discussions on any issue put before it go into adequate depth, encouraging the involvement of all Directors, and ensuring that all the Board's decisions are supported by precise, timely and objective information. The Chairman, together with the Supervisory Committee, ensures that the CEO implements a strategy that is agreed to by the Board.

Corporate Governance – Statement of Compliance - continued

B. COMPLIANCE WITH THE CODE - continued

Principle 2: Chairman and Chief Executive - continued

The Board has delegated specific authority to the CEO to manage activities within the company which include, amongst others:

- Implementation of policies as set by the Board;
- Working towards objectives established by the Board;
- Putting into effect plans to organise, direct and manage the human resources available to attain the highest possible profitability and results in the interest of the company's shareholders and all other stakeholders.

The role of the CEO is to plan, co-ordinate and control the daily operations of the company through the leadership and direction of the company's human resources. The CEO reports regularly to the Board on the performance and affairs of the company.

Together with the Chairman of the Board, the CEO represents the company with third parties.

Principle 3: Composition of the Board

The size of the Board, whilst not being large as to be unwieldy, is appropriate for the requirements of the company's business and conducive to good corporate governance. The combined and varied knowledge, experience and skills of the Board members provides a robust framework for efficient decision-making, supports the effective control and management of the company's affairs and contributes to the functioning of the Board and its direction to the company. The Board is composed entirely of non-executive Directors, including independent non-executives, each of whom is able to add value and to bring independent judgement to bear on the decision-making process.

The CEO attends all Board meetings, albeit without a vote, providing direct input into the Board's deliberations and gaining in-depth understanding of the Board's policy and strategy in the process.

Corporate Governance – Statement of Compliance - continued

B. COMPLIANCE WITH THE CODE - continued

Principle 3: Composition of the Board - continued

The following Directors served on the Board during the period under review:

Chairman
Dr Alec. A. Mizzi

Non-Executive Directors
David Demarco
John L. Bonello (appointed on 2 January 2013)
Albert P. Mamo (appointed on 2 January 2013)
Marzena Formosa (appointed on 7 January 2013)

Subsequent to the issuance of shares to the public, the Chairman is considered to be independent despite the fact that he has served on the Board for a significant number of consecutive years; the fact that entities in which the Chairman has beneficial interests are tenants of the shopping mall is not deemed to give rise to significant business relationships between such entities and the company. John L. Bonello and Albert P. Mamo are considered to be independent non-executive Directors; the former's holding of 100,000 ordinary shares issued by the company is not deemed to give rise to independence issues taking cognisance of the level of the company's ordinary share capital. Marzena Formosa and David Demarco, both non-executive Directors are considered not be independent by virtue of their employment relationship with a major Shareholder.

Pursuant to generally accepted practice, as well as the company's Articles of Association, the appointment of Directors to the Board is reserved to the company's shareholders, except in so far as an appointment is made to fill a vacancy on the Board, or the Board is of the opinion that it would be of benefit to the company if additional Directors are appointed in view of their commercial knowledge and experience. Unless appointed for a shorter period, a Director shall hold office from the end of one Annual General Meeting to the end of the next and a retiring Director shall be eligible for re-election or re-appointment.

Every Shareholder owning twenty per cent (20%) of the ordinary share capital is entitled to appoint one director for each twenty per cent (20%) shareholding. Furthermore, any excess fractional shareholding not so utilised may participate in the voting for the election of other directors. Shareholders who own less than twenty per cent (20%) of the ordinary share capital participate in the election of the Directors on the basis that each shareholder shall have one vote in respect of each ordinary share held. The Chairman is elected from amongst the Directors of the company by a simple majority of the Directors.

Principle 4: The Responsibilities of the Board

In fulfilling its mandate within the terms of the company's Memorandum and Articles of Association, the Board of Directors assumes responsibility to:

a) establish corporate governance standards;
b) review, evaluate and approve the business plan and targets submitted by management and work with management towards their successful implementation;
c) identify the principal business risks for the company and oversee the implementation and monitoring of appropriate risk management systems;
d) ensure that effective internal control systems are in place and to review their effectiveness;
e) review, evaluate and approve the overall corporate organisation structure, the assignment of management responsibilities, the performance of senior management and plans for senior management development including succession planning;
f) review, evaluate and approve compensation strategy for senior management;

Corporate Governance – Statement of Compliance - continued

B. COMPLIANCE WITH THE CODE - continued

Principle 4: The Responsibilities of the Board – continued

g) Review periodically the company's objectives and policies relating to social, health and safety and environmental responsibilities; and
h) ensure that the company has in place a policy that enables it to communicate effectively with shareholders, stakeholders and the public in general.

The Board supervises compliance with the Listing Rules, including those pertaining to the preparation and publication of the Annual Report and Financial Statements. It approves the Financial Statements for submission to the General Meeting of the shareholders and accordingly retains direct responsibility for approving and monitoring:

(i) the Business Plan for the company;
(ii) the Annual Financial Plans including capital budgets;
(iii) the Annual Financial Statements;
(iv) proposals to increase the issued capital and to materially increase or decrease the company's funding; and
(v) other resolutions which the Board may determine to be subjected to its approval from time to time.

Any meeting that a Director wishes to initiate may be arranged through the Company Secretary. A Director of the company has access to the advice from internal and external sources which are deemed necessary for carrying out the respective roles and responsibilities and the company will bear the related expenses.

Principle 5: Board Meetings

The Board of Directors is committed to meet at least every quarter and on other occasion as may be necessary. Further to attending formal Board meetings, individual Directors participate in other *ad hoc* meetings during the year as may be required. They are also active in Board sub-committees, either to assure good corporate governance or to contribute to the company's decision-making process. Board meetings are presided over by the Chairman and all Directors are allowed equal opportunity to voice and express their views on matters relating to the company and its business.

Eight meetings of the Board of Directors were held during 2013 and attendance was as follows:

Board member	*Attended*
Dr Alec A. Mizzi	8
David Demarco	8
John L. Bonello (appointed 2 January 2013)	8
Albert P. Mamo (appointed 2 January 2013)	7
Marzena Formosa (appointed 7 January 2013)	7

Corporate Governance – Statement of Compliance - continued

B. COMPLIANCE WITH THE CODE - continued

Principle 6: Information and Professional Development

The CEO is appointed by the Board and enjoys its full support and confidence. The recruitment and selection of senior management is the responsibility of the CEO in consultation with the Board. Likewise, the CEO consults with the Board on matters relating to succession planning for senior management within the company. The Board considers and discusses succession planning measures at all senior management levels taking into account the size and depth of the management team of the company, with reliance on a limited number of officers.

Newly appointed Directors are provided with briefings by the CEO, the Company Secretary and also by other members of management in respect to the operations of the company. A comprehensive information pack is handed over to a new Director following his appointment and this usually incorporates the Memorandum and Articles of the company, relevant legislation as well as rules and regulations. The Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are adhered to. Additionally, Directors may seek independent professional advice on any matter at the company's expense.

The company ensures the personal development of Directors, management and employees by recommending attendance to seminars, conferences as well as training programmes that are designed to help improve the potential of its staff members whilst furthering the company's competitiveness. During the year under review the Directors and senior management attended sessions specifically designed to enable them to discharge their functions effectively and in line with the standards expected.

Principle 7: Evaluation of Board's Performance

During the year under review, the Board carried out an evaluation of its own performance together with that of the Committees, the Chairman, the individual Directors and the CEO. Under the direction of the Chairman of the RemNom Committee, the evaluation process was conducted through a comprehensive board effectiveness questionnaire, the results of which were discussed by the Chairman of the RemNom Committee and the Chairman of the Board. The review has not resulted in any material changes in the company's internal organisation or in its governance structures.

Principle 8: Committees

The Board has appointed the following Committees:

<u>Audit Committee</u>

For the year under review, the Audit Committee was composed of three non-executive Directors: Mr. John L. Bonello (Chairman of the Committee), Ms. Marzena Formosa and Mr. Albert P. Mamo. In terms of Listing Rule 5.118, Mr. John L. Bonello F.C.A., C.P.A., FIA. is the Director whom the Board considers as competent in accounting and auditing. John L. Bonello is an independent non-executive Director and is considered independent because he is free from any significant business, family or other relationship with the company or its management that may create a conflict of interest such as to impair his judgement.

The Audit Committee is a committee appointed by the Board and is directly responsible and accountable to the Board. The Audit Committee's primary purpose is to:

Corporate Governance – Statement of Compliance - continued

B. COMPLIANCE WITH THE CODE - continued

Principle 8: Committees - continued

(a) protect the interests of the company's shareholders; and
(b) assist the Directors in conducting their role effectively so that the company's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

The Board has set formal terms of reference for the Audit Committee that establishes its composition, role and function. The Board may change these terms of reference from time to time.

The main role and responsibilities of the Audit Committee are to:

(a) review procedures and assess the effectiveness of the internal control systems, including financial reporting;

(b) assist the Board in monitoring the integrity of the financial statements, the internal control structures, the financial reporting processes and financial policies of the company;

(c) make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor following appointment by the shareholders in General Meeting;

(d) monitor and review the external audit functions, including the external auditor`s independence, objectivity and effectiveness;

(e) establish internal procedures and to monitor these on a regular basis;

(f) review and challenge where necessary, the actions and judgements of management, in relation to the interim and annual financial statements before submission to the Board, focusing particularly on:

(i) critical accounting policies and practices and any changes in them;

(ii) decisions requiring a major element of judgement;

(iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;

(iv) the clarity of disclosures and compliance with International Financial Reporting Standards;

(v) significant adjustments resulting from the audit;

(vi) compliance with relevant local legal requirements; and

(vii) reviewing the company's statement on Corporate Governance prior to endorsement by the Board;

(g) gain an understanding of whether significant internal control recommendations made by the external auditors have been implemented by management;

(h) monitor the statutory audit of the annual accounts;

Corporate Governance – Statement of Compliance - continued

B. COMPLIANCE WITH THE CODE - continued

Principle 8: Committees - continued

(i) discuss company policies with respect to risk assessment and risk management, review contingent liabilities and risks that may be material to the company;
(j) vet and approve related party transactions; and
(k) consider other matters that are within the general scope of the Committee that are referred to it by the Board.

The Audit Committee met formally four times. The CEO, the Financial Controller and the External Auditors were invited to attend relevant parts of such meetings. Attendance at the meetings was as follows:

Member	Attended
John L. Bonello	4
Marzena Formosa	4
Albert P. Mamo	4

Supervisory Committee

The Board delegates specified authority and accountability for the company to the Supervisory Committee, which is composed of Mr. David Demarco (Chairman of the Committee), Ms. Marzena Formosa and Mr. Edwin Borg. The Supervisory Committee supervises the management of the company, to ensure the attainment of its strategy and objectives.

The Supervisory Committee typically meets every month and the terms of reference of the Committee envisage the execution of policy matters delegated by the Board to ensure the attainment of the company's objectives.

RemNom Committee

A separate "RemNom Committee Report" features elsewhere in the Annual Report in compliance with the relevant Code provisions of the Principles of Good Corporate Governance.

Principle 9 & 10: Relations with Shareholders and with the Market, and Institutional Investors

The company recognises the importance of maintaining a dialogue with its shareholders and of keeping the market informed to ensure that its strategies and performance are well understood. In the Board's view, the company communicates effectively with shareholders by publishing its results on a six-monthly basis during the year, by way of half yearly and annual reports and financial statements, through Interim Directors' Statements, through periodical Company Announcements and through press releases in the local media to the market in general. The financial results are available on the company's website www.thepointmalta.com, in the Investors Relations Section. Within seven months of the end of the financial year, the annual general meeting of the shareholders is convened to consider the annual financial statements, the Directors' and auditors' reports for the year, to decide on any dividends recommended by the Board, to elect Directors, appoint auditors and to set their remuneration. A presentation is given by the CEO of the company showing how the company operated in the light of prevailing economic and market conditions, and an assessment on future prospects is given. More information on Annual General Meetings is disclosed in the Directors' Report.

The Chairman arranges for all Directors to attend the Annual General Meeting. As outlined below, the Board has adopted rules whereby Directors having conflicts of interest on any matters being discussed at

Corporate Governance – Statement of Compliance - continued

B. COMPLIANCE WITH THE CODE – continued

Principle 9 & 10: Relations with Shareholders and with the Market, and Institutional Investors - continued

Board level, disclose the conflict in a timely manner to the Board and the Director so conflicted will not be allowed to vote on such matters.

The company holds meetings with stockbrokers and financial intermediaries at least once a year, which meeting usually coincides with the publication of financial statements.

Principle 11: Conflicts of Interest

The Directors are fully aware of their responsibility to act in the interest of the company and its shareholders at all times and of their obligation to avoid conflicts of interest. Such conflicts of interest affecting Board members may, and do, arise on specific matters from time to time. In these instances, by virtue of the Memorandum and Articles of Association:

- a director is obliged to make full disclosure with respect to any matter where there is a potential or a real conflict of interest, whether such conflict arises from personal interests or the interests of the companies in which such person is a director or an officer;
- the said director is excused from the meeting and consequently not involved in the Board's discussion on the matter; and
- the said director does not vote on such matter.

The Memorandum and Articles of Association state that if any question arises at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, then such question shall be referred to the Audit Committee and their ruling shall be final and conclusive.

Potential conflicts of interest may principally arise in relation to the leasing out of retail space and the procurement of certain services.

In the event of a prospective lease the Chief Executive Officer negotiates with the prospective tenant to ensure that a superior standard and type of tenant is taken on at the best possible terms and conditions.
The Supervisory Committee is responsible for the supervision of such process. In particular it is responsible for approving prospective tenants in principle, assisting and directing the CEO in negotiations with tenants. Accordingly, leases for retail space within the mall are approved by the Board on the advice of the Supervisory Committee.

All contracts for goods and services and any other purchases are based upon the principle of competitive bidding. The CEO negotiates with suppliers in order to ensure that the best quality goods and services are procured by the company at the best possible price. The Supervisory Committee is responsible to supervise such procurement processes by assisting and directing the CEO in negotiations with contractors, suppliers and service providers.

The company has also implemented a clear and detailed policy in respect of dealings of Directors in the company's shares, which policy is based on timely and comprehensive disclosures and notices, where and if applicable in terms of the Listing Rules.

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the company.

Corporate Governance – Statement of Compliance - continued

B. COMPLIANCE WITH THE CODE - continued

Principle 12: Corporate Social Responsibility

The company recognises the importance of its role in the corporate social responsibility (CSR) arena and works to meet the expectations of the community in this respect. Amongst the initiatives taken during the year under review, the company has endeavoured to meet its CSR obligations, in particular through:

- its support for fundraising events for charitable institutions;
- participation in recognised student-exchange programmes for the benefit of both local and foreign students;
- waste recycling initiatives; and
- energy conservation initiatives.

C. NON-COMPLIANCE WITH THE CODE

Principle 3: Composition of the Board

The Board is composed entirely of non-executive Directors, including independent non-executives. However the Board holds the opinion that it is of an adequate size and that the balance of skills and experience is appropriate for the requirements of the company. The attendance of the CEO at Board meetings and his position as a member of the Supervisory Committee is deemed a sufficiently effective measure to ensure a balance of executive and non-executive participation.

Principle 4: Succession policy for the future composition of the Board (Code Provision 4.2.7)

The Board notes that pursuant to the company's Memorandum and Articles of Association of the company, the appointment of Directors to serve on the Board of Directors is a matter which is entirely reserved to the shareholders of the company. Thus, the Board does not consider it practical to develop a succession policy for the future composition of the Board. However, as indicated in the statement of compliance, all newly appointed Directors are given an adequate induction course in the operations, activities and procedures of the company to be able to carry out the function of a Director in an effective manner.

Principle 9: Relations with Shareholders and with the Market (Code Provision 9.3)

There are no procedures disclosed in the company's Memorandum or Articles as recommended in Code Provision 9.3, to resolve conflicts between minority shareholders and controlling shareholders. No such conflicts have arisen during the year under review.

D. INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Board is ultimately responsible for the company's system of internal control and risk management and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide a reasonable, as opposed to absolute assurance against material misstatement or loss.

The company operates through the Board of Directors and the Supervisory Committee with clear reporting lines and delegation of powers. The Board of Directors has adopted and implemented appropriate policies and procedures to manage risks and internal control. The Supervisory Committee plans, executes, controls and monitors business operations in order to achieve the set objectives.

Corporate Governance – Statement of Compliance - continued

D. INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE FINANCIAL REPORTING PROCESS - continued

The Directors, with the assistance of Management, are responsible for the identification, evaluation and management of the key risks to which the company may be exposed. The company has clear and consistent procedures in place for monitoring the system of internal financial controls. The Directors also receive periodic management information giving comprehensive analysis of financial and business performance including variances against the company's set targets. This process is applicable specifically in relation to the company's financial reporting framework.

The Audit Committee reviews and assesses the effectiveness of the internal control systems, including financial reporting, and determines whether significant internal control recommendations made by the Auditors have been implemented. The Committee plays an important role in initiating discussions with the Board with respect to risk assessment and risk management, reviews contingent liabilities and risks that may be material to the company.

Dr Alec A. Mizzi
Chairman

John L. Bonello
Director

7 April 2014

RemNom Committee Report

The Board considers the role and function of the Remuneration Committee and that of the Nomination Committee as both being important, however in view of the size of the company, the Board deemed it fit to merge these two committees into one hereinafter referred to as the RemNom Committee. The Committee is composed of Mr. Albert P. Mamo (Chairman of the Committee), Mr. John L. Bonello and Mr. David Demarco. As outlined previously, the Chairman of the Committee is considered independent.

Terms of Reference

The RemNom Committee's terms of reference have been established by the Board.

In its function as Remuneration Committee, the Committee is charged with the oversight of the remuneration policies implemented by the company with respect to its management and employees. Its objectives are those of deciding a remuneration policy aimed to attract, retain and motivate Directors as well as senior management with the right qualities and skills for the benefit of the company. It is responsible for making proposals to the Board on the individual remuneration packages of Directors and senior management and is entrusted with monitoring the level and structure of remuneration of the non-executive Directors. The Committee is also required to evaluate, recommend and report on any proposals made by the CEO relating to executive management remuneration and conditions of service. Moreover, the Chairman of the RemNom Committee oversees the self-assessment process of the Board members referred to earlier on under Principle 7.

In its function as nomination committee, the committee's task is to propose to the Board candidates for the position of director, including persons considered to be independent in terms of the Listing Rules, whilst also taking into account any recommendation from shareholders. It is to periodically assess the structure, size, composition and performance of the Board and make recommendations to the Board regarding any changes, as well as consider issues related to succession planning. It is also entrusted with reviewing the Board's policy for selection and appointment of senior management.

The function as a nomination committee is influenced significantly by the requirements within the Memorandum and Articles of Association in relation to nomination of Directors. In accordance with the company's Memorandum and Articles of Association, shareholders are entitled to submit nominations for election to the office of Director pursuant to a notice published in at least two (2) daily newspapers. Shareholders have fourteen (14) days to submit such nominations to the company.

The RemNom Committee held five meetings during the period under review and the attendance to the meetings were as follows:-

Member	Attended
Albert P Mamo (Chairman)	5
John L Bonello	5
David Demarco	4

The CEO attended two (2) of these meetings.

Management and staff remuneration policy

During the period under review the RemNom Committee discussed and proposed a new remuneration package for senior management consisting of both a fixed salary as well as bonus based on pre-determined targets. A bonus system for all staff has also been put in place. Some of these changes came into effect during the period under review whilst most will take effect from 1 January 2014. The Committee had access to external expert advice on this matter; such changes are intended to motivate all levels of employees in achieving positive results for the company.

The term 'senior management' shall comprise the Chief Executive Officer and the Chief Financial Officer.

RemNom Committee Report - continued

Directors' remuneration policy

It is the company's policy to engage its senior management on the basis of indefinite contracts of employment after a period of probation, rather than on fixed term contracts. Accordingly, the applicable notice periods, after probation, are those provided for in the relevant legislation. The terms and conditions of employment of senior management are specified in their respective indefinite contracts of employment. The company's policy is such that none of the company's senior management is entitled to any share options, profit sharing arrangements or pension benefits.

Mr. Edwin Borg (CEO) is entitled to the equivalent of a full year's pay, as severance payment, should within three years following a change in control, his employment be terminated by the company other than for any of the specific causes set out in the contract of employment or by the executive himself in the cases set out in the contract. The CEO is entitled to the use of a company car.

The individual contracts of employment of the other senior management and staff do not contain provisions for termination payments and/or other payments linked to early termination other than as may be applicable in accordance with legal requirements. All employees of the company are entitled to health and life insurance, whilst senior management is entitled to reimbursement of telephone expenses.

Remuneration payable to senior management during the financial year ended 31 December 2013, which comprises mainly fixed remuneration as per contractual arrangements, has not been disclosed as the information is deemed to be commercially sensitive taking into account the fact that the senior management team is composed of two individuals.

The maximum annual aggregate emoluments payable to the Directors for 2013 was fixed at €90,000 by the shareholders of the company at the Annual General Meeting held on the 28 March 2013. This was set to reflect the time committed by the Directors to company affairs, including the different Board committees of which Directors are members, and their responsibilities in these roles.

Emoluments paid to the Directors during the current financial year amounted to €57,246, consisting entirely of fees or fixed remuneration stipulated by reference to agreements or contracts. No variable remuneration is payable to the non-executive Directors and it is confirmed that none of the Directors are entitled to profit sharing, share options, pension benefits or any other remuneration.

Albert P. Mamo
Chairman, RemNom Committee

7 April 2014

Independent auditor's report

To the Shareholders of Tigné Mall p.l.c.

Report on the Financial Statements for the year ended 31 December 2013

We have audited the financial statements of Tigné Mall p.l.c. on pages 20 to 48, which comprise the statement of financial position as at 31 December 2013, and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements
As explained more comprehensively in the Statement of Directors' responsibilities for the financial statements on page 2, the Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, 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 the company as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Maltese Companies Act, 1995.

Independent auditor's report - continued

Report on Other Legal and Regulatory Requirements

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

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

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

In our opinion, the Statement of Compliance set out on pages 6 to 15 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

Matters on which we are required to report by exception
We also have responsibilities under:

- the Maltese Companies Act, 1995 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.

- the Listing Rules to review the statement made by the Directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

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

PricewaterhouseCoopers

78 Mill Street
Qormi
Malta

F Axisa

Fabio Axisa
Partner

7 April 2014

Statement of financial position

	Notes	As at 31 December 2013 €	2012 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	**56,752,950**	58,026,791
Current assets			
Trade and other receivables	5	**2,335,946**	4,913,135
Cash and cash equivalents	6	**571,538**	131,821
Total current assets		**2,907,484**	5,044,956
Total assets		**59,660,434**	63,071,747
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	**27,766,888**	20,000,000
Revaluation reserve	8	**-**	1,062,209
Retained earnings		**878,746**	176,775
Total equity		**28,645,634**	21,238,984
Non-current liabilities			
Trade and other payables	9	**827,687**	890,787
Borrowings	10	**25,476,067**	33,531,779
Deferred tax liabilities	11	**1,620,047**	1,340,680
Total non-current liabilities		**27,923,801**	35,763,246
Current liabilities			
Trade and other payables	9	**2,559,852**	2,761,544
Current tax liabilities		**447,343**	307,974
Borrowings	10	**83,804**	2,999,999
Total current liabilities		**3,090,999**	6,069,517
Total liabilities		**31,014,800**	41,832,763
Total equity and liabilities		**59,660,434**	63,071,747

The notes on pages 24 to 48 are an integral part of these financial statements.

The financial statements on pages 20 to 48 were authorised for issue by the Board on 7 April 2014 and were signed on its behalf by:

Dr Alec A. Mizzi
Director

John L. Bonello
Director

Income statement

	Notes	Year ended 31 December 2013 €	2012 €
Revenue	12	**5,032,093**	4,553,010
Cost of sales	13	**(1,456,364)**	(1,491,071)
Gross profit		**3,575,729**	3,061,939
Administrative and other expenses	13	**(372,231)**	(277,848)
Operating profit		**3,203,498**	2,784,091
Finance income	15	**83,369**	89,450
Finance costs	16	**(1,402,839)**	(1,775,084)
Profit before tax		**1,884,028**	1,098,457
Tax expense	17	**(869,320)**	(622,624)
Profit for the year		**1,014,708**	475,833
Earnings per share (Euro cents)	19	**1.96**	1.12

Statement of comprehensive income

	Notes	Year ended 31 December 2013 €	2012 €
Profit for the year		**1,014,708**	475,833
Other comprehensive income:			
Revaluation surplus on land and buildings arising during the year, net of deferred tax	4, 8	**-**	1,062,209
Other comprehensive income for the year, net of tax		**1,014,708**	1,062,209
Total comprehensive income for the year		**1,014,708**	1,538,042

The notes on pages 24 to 48 are an integral part of these financial statements.

Statement of changes in equity

	Notes	Share capital	Retained earnings/ (accumulated losses)	Revaluation reserve	Total
		€	€	€	€
Balance at 1 January 2012		20,000,000	(299,058)	-	19,700,942
Comprehensive income					
Profit for the year		-	475,833	-	475,833
Other comprehensive income:					
Revaluation surplus on land and buildings arising during the year, net of deferred tax	8	-	-	1,062,209	1,062,209
Total comprehensive income		-	475,833	1,062,209	1,538,042
Balance at 31 December 2012		**20,000,000**	**176,775**	**1,062,209**	**21,238,984**
Balance at 1 January 2013		20,000,000	176,775	1,062,209	21,238,984
Comprehensive income					
Profit for the year		-	1,014,708	-	1,014,708
Total comprehensive income		-	1,014,708	-	1,014,708
Transactions with owners					
Final net payment to former shareholders – distributions		-	(174,946)	-	(174,946)
Capitalisation of reserves	8	1,200,000	(137,791)	(1,062,209)	-
Issue of ordinary shares, net of share issue expenses - contributions	7	6,566,888	-	-	6,566,888
Total transactions with owners		7,766,888	(312,737)	(1,062,209)	6,391,942
Balance at 31 December 2013		**27,766,888**	**878,746**	**-**	**28,645,634**

The notes on pages 24 to 48 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 December 2013 €	2012 €
Cash flows from operating activities			
Cash generated from/(used in) operations	20	**6,816,729**	(1,665,380)
Interest paid	16	**(1,402,839)**	(1,775,084)
Interest received	15	**83,369**	89,450
Tax paid		**(450,583)**	(141,838)
Net cash generated from/(used in) operations		**5,046,676**	(3,492,852)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	**(26,993)**	(64,039)
Cash flows from financing activities			
Final net payment to former shareholders		**(174,946)**	-
Proceeds from the issue of share capital		**6,566,887**	-
Repayment of bank borrowings	10	**(7,971,908)**	(274,129)
(Repayment of)/proceeds from related party loans	10	**(2,999,999)**	2,999,999
Cash (used in)/generated from financing activities		**(4,579,966)**	2,725,870
Net movement in cash and cash equivalents		**439,717**	(831,021)
Cash and cash equivalents at beginning of year		**131,821**	962,842
Cash and cash equivalents at end of year	6	**571,538**	131,821

The notes on pages 24 to 48 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

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

1.1 Basis of preparation

Tigné Mall p.l.c. is a public limited liability company with its principal activity being to own and manage 'The Point Shopping Mall'. On 2 May 2013, the company's ordinary shares were admitted to listing on the Malta Stock Exchange.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act, 1995. They have been prepared under the historical cost convention, as modified by the fair valuation of the land and buildings class of property, plant and equipment.

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

As at 31 December 2013, the company's current liabilities exceeded its current assets by €183,515 (2012: €1,024,561). The Directors have been reviewing the financial arrangements of the company to ensure that it is in a position to meet its operational and cash flow commitments throughout the twelve month period subsequent to 31 December 2013. During the year the company's former parent offered for sale all the ordinary shares it held in Tigné Mall p.l.c. (formerly known as Tigné Mall Limited) and the company issued new shares which were offered to the public. The proceeds from this public offering increased significantly the capital of the company and contributed to a significant reduction in the company's borrowings. The Directors continue to adopt the going concern assumption in the preparation of the company's financial statements. In the opinion of the Directors, taking cognisance of the short-term funding arrangements together with the long-term liquidity and capital management programmes, there is no material uncertainty which may cast significant doubt on the company's ability to continue operating as a going concern.

Standards, interpretations and amendments to published standards effective in 2013

In 2013, the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2013. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the company's accounting policies impacting the company's financial performance and position

The company adopted the amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments).

The company adopted IFRS 13, 'Fair value measurement', which aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard requires extensive

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

1.1 Basis of preparation - continued

Standards, interpretations and amendments to published standards effective in 2013 - continued

disclosures about fair value measurements and this has a significant impact on the disclosures in the financial statements with respect to fair valuation of non-financial assets.

The company early adopted amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removes certain disclosures on the recoverable amount of Cash generating units ("CGUs") which had been included in IAS 36 through the issue of IFRS 13. The amendment is not mandatory for the company until 1 January 2014, however the company has decided to early adopt the amendment as of 1 January 2013.

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

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 2013, including IFRS 9, 'Financial instruments' amongst other pronouncements. The company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, except as disclosed above, 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.

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the company's functional and presentation currency.

(b) Transactions and balances

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

1.3 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings, comprising mainly 'The Point Shopping Mall, are shown at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

1. Summary of significant accounting policies - continued

1.3 Property, plant and equipment - continued

All other property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete, and is suspended if the development of the asset is suspended.

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Land and buildings are depreciated over the remaining term of the property interest. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	2013	2012
	%	%
Electrical and plumbing installations	**3 - 8**	3 - 8
Plant, machinery and operational equipment	**3 - 15**	3 - 15
Fixtures and fittings	**2 - 15**	2 - 15
Office and computer equipment	**10 - 33.33**	10 - 33.33

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each 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 (Note 1.4). Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with carrying amount and are recognised in profit or loss. When the revalued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1. Summary of significant accounting policies - continued

1.4 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.5 Financial assets

1.5.1 Classification

The company classifies its financial assets in the loans and receivables category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 1.6 and 1.7).

1.5.2 Recognition and measurement

The company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the company. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

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

1.5 Financial assets - continued

1.5.3 Impairment

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

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

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

1.6 Trade and other receivables

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

1.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

1.8 Share capital

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

1.9 Financial liabilities

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

1.10 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

1.11 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 (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

1.12 Current and deferred tax

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when 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 where there is an intention to settle the balances on a net basis.

1. Summary of significant accounting policies - continued

1.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of sales taxes, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met as set out below.

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

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

1.14 Operating leases

(a) Where the company is a lessee

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

(b) Where the company is a lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position and are accounted for in accordance with Note 1.3. They are depreciated over their expected useful lives on a basis consistent with similar owned assets. Rental income from operating leases is recognised in profit or loss on a straight line basis over the lease term.

1.15 Dividend distribution

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

2. Financial risk management

2.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

The company's revenues and operating expenditure together with its financial assets and liabilities, including financing, are predominantly denominated in euro. Accordingly, the company is not significantly exposed to foreign exchange risk. A sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

(ii) Cash flow and fair value interest rate risk

The company's significant instruments which are subject to fixed interest rates comprise the deposits affected under operating lease arrangements, related party loans and other balances with related parties (refer to Notes 9 and 10). In this respect, the company is potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost. The company's cash flow interest rate risk principally arises from bank borrowings issued at variable rates (Note 10). Management monitors the impact of changes in market interest rates on amounts reported in the income statement in respect of these instruments. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. The company's operating cash flows are substantially independent of changes in market interest rates and accordingly the level of interest rate risk is contained.

(b) Credit risk

Credit risk arises from cash and cash equivalents (Note 6) and trade and other receivables (Note 5), which constitute the company's loans and receivables category for IAS 39 categorisation purposes. The company's exposures to credit risk are analysed in the respective note to the financial statements. The maximum exposure to credit risk at the end of the reporting period in respect of these financial assets is equivalent to their carrying amount. The company does not hold any collateral as security in this respect.

2. **Financial risk management** - continued

2.1 **Financial risk factors** - continued

(b) Credit risk- continued

The company banks only with local financial institutions with high quality standard or rating. The company invoices its customers quarterly in advance and assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of services are effected to customers with an appropriate credit history. The company monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the company's receivables, taking into account historical experience in collection of accounts receivable. Management does not expect any material losses from non-performance by its debtors except as outlined below.

As at 31 December 2013, a trade receivable amounting to €232,817 was deemed impaired and a provision of €53,865 was registered during the current financial year in this respect. The impaired receivable relates to a customer who is not meeting repayment obligations. It was assessed that a significant portion of the receivable is expected to be recovered including through recovery of the deposit effected by customers.

As at the end of the reporting period, the company had past due, but not impaired, receivables amounting to €323,484 (2012: €402,163) which are overdue by three months. The company manages credit exposures actively in a practicable manner such that past due amounts receivable from customers are within controlled parameters. The company's trade receivables, which are not impaired financial assets, are principally debts in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers.

In view of the nature of the company's activities from the shopping mall, a limited number of customers account for a certain percentage of the entity's trade receivables (refer to Note 12).

The company's receivables include amounts owed by related parties. Management monitors related party credit exposures at individual entity level and ensures timely performance in the context of overall liquidity management. The company takes cognisance of the related party relationship with these debtors and management does not expect any losses from non-performance or default.

(c) Liquidity risk

The company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise interest-bearing borrowings (Note 10) and trade and other payables (Note 9). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the company's obligations.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows from operation of the 'The Point Shopping Mall'. This includes reviewing the matching or otherwise of expected cash inflows and outflows arising from expected maturities of financial instruments. On the basis of the forecasts, management ensures that no additional financing facilities are expected to be required. During the current financial year the company issued new shares which were subscribed by institutional investors and the public. The new share issue enhanced the financial capabilities of the company and contributed to a significant reduction in borrowings (Note 10).

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk – continued

As at 31 December 2013, the company's current liabilities exceeded its current assets by €183,515 (2012: €1,024,561). The Directors have been reviewing the financial arrangements of the company to ensure that it is in a position to meet its operational and cash flow commitments throughout the twelve month period subsequent to 31 December 2013.

The company's trade and other payables with the exception of certain liabilities (Note 9) are entirely repayable within one year from the end of the reporting period. The following table analyses the company's borrowings and deposits arising under operating leases classified as other payables into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount	Less than 1 year	Between 1 and 2	Between 2 and 5 years	Over 5 years	Total
	€	€	€	€	€	€
31 December 2013						
Other payables	827,687	324,687	215,899	79,121	296,884	916,592
Borrowings	25,559,871	1,204,250	2,269,500	6,808,500	25,026,970	35,309,220
	26,387,558	**1,528,937**	**2,485,399**	**6,887,621**	**25,323,854**	**36,225,812**
31 December 2012						
Other payables	890,787	25,967	324,687	287,527	329,740	967,921
Borrowings	25,559,871	4,127,458	3,287,304	12,959,069	26,100,705	46,474,536
	26,450,658	**4,153,425**	**3,611,991**	**13,246,596**	**26,430,445**	**47,442,457**

2.2 Capital risk management

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

The company's equity, as disclosed in the statement of financial position, constitutes its capital. The company maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. The adequacy of the company's capital level as at the end of the reporting period is reviewed in the context of the nature of the company's activities and the extent of borrowings or debt. During the year the company's former parent offered for sale all the ordinary shares it held in Tigné Mall p.l.c. (formerly known as Tigné Mall Limited) and the company issued new shares which were offered to the public. The proceeds from this public offering increased significantly the capital of the company and contributed to a significant reduction in the company's borrowings.

2. Financial risk management - continued

2.3 Fair values of financial instruments

The company is required to disclose fair value measurements and disclosures by level of a fair value measurement hierarchy for financial instruments (Level 1, 2 or 3). The different levels of the fair value hierarchy are defined as fair values using:

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

At 31 December 2013 and 2012 the carrying amounts of financial instruments, comprising cash at bank, receivables, payables, accrued expenses and short-term borrowings is equivalent to their fair values in view of the nature of the instruments or their short-term maturity. The fair value of the non-current financial liabilities comprising borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments. The estimated fair value of the company's bank borrowings (Note 10) as at the end of the reporting period is not materially different from the carrying amounts. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2.

3. Critical accounting estimates and judgements

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

In the opinion of the 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.

As referred to in Note 4 to the financial statements, the company's land and buildings category of property, plant and equipment is fair valued on 31 December on the basis of professional advice, which considers current market prices for the property. As furthermore referred to in Note 4, during the preceding financial year the company's Directors have reviewed and revised the estimated useful lives of the different classes of property, plant and equipment based on technical advice received.

4. Property, plant and equipment

	Land and buildings €	Plant and other integral assets €	Office equipment, furniture and fittings €	Total €
At 1 January 2012				
Cost	44,309,138	14,845,772	1,406,389	60,561,299
Accumulated depreciation	(1,344,645)	(1,334,005)	(158,733)	(2,837,383)
Closing net book value	42,964,493	13,511,767	1,247,656	57,723,916
Year ended 31 December 2012				
Opening net book amount	42,964,493	13,511,767	1,247,656	57,723,916
Additions	-	60,653	3,386	64,039
Reclassifications	(1,691,955)	1,554,957	136,998	-
Adjustments	-	(65,797)	-	(65,797)
Revaluation surplus arising during the year	1,634,169	-	-	1,634,169
Depreciation charge	(568,203)	(675,492)	(85,841)	(1,329,536)
Closing net book amount	42,338,504	14,386,088	1,302,199	58,026,791
At 31 December 2012				
Cost or valuation	42,338,504	16,395,585	1,546,773	60,280,862
Accumulated depreciation	-	(2,009,497)	(244,574)	(2,254,071)
Net book amount	42,338,504	14,386,088	1,302,199	58,026,791
Year ended 31 December 2013				
Opening net book amount	42,338,504	14,386,088	1,302,199	58,026,791
Additions	-	-	26,993	26,993
Depreciation charge	(568,203)	(675,491)	(57,140)	(1,300,834)
Closing net book amount	**41,770,301**	**13,710,597**	**1,272,052**	**56,752,950**
At 31 December 2013				
Cost or valuation	42,338,504	16,395,585	1,573,766	60,307,855
Accumulated depreciation	(568,203)	(2,684,988)	(301,714)	(3,554,905)
Closing net book amount	**41,770,301**	**13,710,597**	**1,272,052**	**56,752,950**

The company owns and operates The Point Shopping Mall, a fully serviced shopping mall, which activity extends beyond the mere leasing out of retail space. The extent of the services provided is deemed to be significant to the arrangement with the tenants as a whole. Accordingly the shopping mall is treated as property, plant and equipment under the requirements of IAS 16 rather than investment property under IAS 40.

4. **Property, plant and equipment** - continued

MIDI p.l.c. had granted the Property to the company by title of temporary sub-emphyteusis in October 2010, commencing from the date of the grant, for the remaining period out of the original period of 99 years which commenced from 15 June 2000. The annual sub-ground rent consists of a proportionate part of the original annual ground rent together with an increase of ground rent payable to MIDI p.l.c. The increase of ground rent payable to MIDI p.l.c. is a nominal amount. The proportionate part pertaining to the Property out of the original annual ground rent imposed on all of the land granted by the Emphyteutical Deed is currently €72,010. This original ground rent will increase in accordance with the terms of the Emphyteutical Deed on 1 April 2025 and on 1 April 2050. As security for the payment of the sub-ground rent and its proportionate share of the original ground rent, the company granted to MIDI p.l.c. a general hypothec on all its property present and future in general and a special privilege on the Property.

Based on technical advice received from RLF Optima, a UK firm of construction and property consultants, during 2012 the company's Directors have reviewed the estimated remaining useful life of the different classes of property, plant and equipment so as to reflect fairly the impact of depreciation periods in the company's financial statements. As a result of this process, the useful life of these assets has been revised (refer to accounting policy 1.3) with effect from 1 January 2012. The effect of this change in accounting estimate on the financial results of the company for the preceding financial year and on the financial position at the end of the preceding reporting period was a decrease in the company's depreciation charge of €355,984, and an equivalent increase in the net assets. The resultant decreased depreciation charge has been included in the determination of the financial results for the applicable financial year in accordance with the requirements of IAS 8. This change in accounting estimate affects the depreciation charge in each period during the remaining useful life of the assets by an equivalent amount and these impacts will be recognised in the appropriate financial periods accordingly.

Bank borrowings are secured on the company's property, plant and equipment (Note 10).

Fair value of land and buildings

The company's property (land and buildings together with all other integral assets together comprising The Point Shopping Mall) was revalued on 31 December 2012 by independent professionally qualified valuers. This valuation has been conducted jointly by KPMG (a partnership of Certified Public Accountants) and DeMicoli & Associates (a firm of architects). The book value of the property has been adjusted to the revaluation and the resultant surplus, net of applicable deferred income taxes, has been credited to the revaluation reserve in shareholders' equity (refer to Note 8). The Directors have reviewed the carrying amount of the property as at 31 December 2013 and no adjustments to the carrying amount were deemed necessary as at that date taking cognisance of developments that occurred during the current financial year.

The company is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

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

4. Property, plant and equipment - continued

The recurring property fair value measurement at 31 December 2013, in relation to The Point Shopping Mall, uses significant unobservable inputs and is accordingly categorised within Level 3 of the fair valuation hierarchy.

The company's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 31 December 2013.

A reconciliation from the opening balance to the closing balance of non-financial assets for recurring fair value measurements categorised within Level 3 of the value hierarchy, is reflected in the table above. The only movements reflect additions and depreciation charge for the year ended 31 December 2013.

Valuation processes

The valuation of the property is performed regularly on the basis of valuation reports prepared by independent and qualified valuers. At the end of every reporting period, the CFO (Chief Financial Officer) assesses whether any significant changes in actual circumstances, projected and registered income streams, results and developments have been experienced since the last external valuation. The CFO reports to the audit committee on the outcome of this assessment.

When an external valuation report is prepared, the information provided to the valuers – and the assumptions and the valuation models used by the valuers – are reviewed by the CFO. This includes a review of fair value movements over the period. When the CFO considers that the valuation report is appropriate, the valuation report is recommended to the audit committee. The audit committee considers the valuation report as part of its overall responsibilities.

Valuation techniques

The Level 3 fair valuation of The Point Shopping Mall was determined using discounted cash flow ("DCF") projections based on significant unobservable inputs. These inputs include:

Earnings before interest, tax, depreciation and amortisation (EBITDA)	based on contracted and projected rental income streams covering the remaining term of the sub-emphyteusis less operating expenditure necessary to manage the shopping mall, comprising mainly marketing, maintenance and similar expenses but prior to depreciation and financing charges;
Growth rate	based on management's estimated average growth of the company's EBITDA levels over the remaining term of the sub-emphyteusis, mainly determined by contractual and projected growth in rental income streams;
Discount rate	reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available to a REO for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium adjusted for entity-specific risk factor; estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.

4. Property, plant and equipment - continued

The property valuation as at 31 December 2012 was made on the basis of open market value. The valuation, which was prepared in line with the RICS Valuation - Professional Standards, was determined on the basis of market value by evaluating the property with reference to its trading potential as a fully equipped operational entity. The market value was based on the future income that a Reasonably Efficient Operator (REO) would expect to be able to realise from operation of the property. The expert valuation considered the free cash flows arising from the projected income streams that a REO could be expected to derive from the operation of the Property over the duration of the sub-emphyteutical period. These projected free cash flows were discounted to present value using an estimate of the weighted average cost of capital that would be available to a REO for financing such an operation.

Information about fair value measurements using significant unobservable inputs (level 3)

The significant unobservable inputs applied in the property valuation are the following:

- Projected EBITDA for 2014 estimated at the level of €4.8 million;

- Growth rate at an approximate average of 4% reflecting principally the estimated projected growth of the company's rental income streams;

- A discount rate of 8% applied in estimating the net present value of the projected future cash flows.

An increase in the projected levels of EBITDA and growth rate would result in an increased fair value of the property, whereas a higher discount rate would give rise to a lower fair value.

Historical cost of land and buildings

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2013	2012
		€
Cost	**42,617,183**	42,617,183
Accumulated depreciation	**(2,481,051)**	(1,912,848)
Net book amount	**40,136,132**	40,704,335

5. Trade and other receivables

	2013	2012
	€	€
Current		
Trade receivables - net of provisions for impairment	**333,195**	462,749
Trade receivables in respect of billing in advance	**1,455,560**	1,169,295
Amounts owed by former parent	**-**	2,770,347
Amounts owed by other related parties	**62,277**	120,696
Prepayments and accrued income	**484,914**	390,048
	2,335,946	4,913,135

5. Trade and other receivables - continued

Provisions for impairment as at 31 December 2013 amounted to €53,865 (2012: nil).

Amounts owed by former parent as at 31 December 2012 were unsecured, repayable within the next twelve month period and subject to a fixed effective interest rate of 5.5%. Amounts owed by other related parties are unsecured, interest free and repayable on demand.

6. Cash and cash equivalents

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

	2013	2012
	€	€
Cash at bank and in hand	**571,538**	131,821

7. Share capital

	2013	2012
	€	€
Authorised		
60,000,000 ordinary shares of €0.50 each (2012: 10,000,000 ordinary shares of €2.329373 each)	**30,000,000**	23,293,730
Issued		
56,400,000 ordinary shares of €0.50 each, fully paid up (2012: 8,586,000 ordinary shares of €2.329373 each)	**27,766,888**	20,000,000

On 1 March 2013, the company's share capital amounting to €20,000,000, divided into 8,586,000 ordinary shares of €2.329373 each was redenominated into 40,000,000 ordinary shares of €0.50 each. On the same date, 2,400,000 ordinary shares of €0.50 each were issued to the existing shareholders, MIDI p.l.c., and Tigné Contracting Limited, through capitalisation of retained earnings and revaluation reserve.

Following the Combined Offering made by the company, pursuant to the Prospectus dated 20 March 2013, MIDI p.l.c. and Tigné Contracting Limited effectively disposed of their shareholding and a further 14,000,000 ordinary shares of €0.50 each issued by Tigné Mall p.l.c. were allotted for cash consideration. The company's ordinary shares, 56,400,000 shares of €0.50 each fully paid up, were admitted to listing on the Malta Stock Exchange on 2 May 2013. The proceeds from the issue of equity securities have been utilised to reduce the level of the company's borrowings.

The authorised share capital was increased to €30,000,00 made up of 60,000,000 ordinary shares of €0.50 each. The amount presented in the statement of financial position as at 31 December 2013 in relation to issued share capital is net of share issue expenses amounting to €433,112.

In accordance with the company's Memorandum and Articles of Association, each ordinary share gives the right to one voting right, participates equally in profits distributed by the company and carries equal rights.

8. Revaluation reserve

	2013 €	2012 €
Revaluation of land and buildings		
At beginning of year	**1,062,209**	
Revaluation surplus arising during the year	**-**	1,634,169
Deferred income taxes on revaluation surplus arising during the year	**-**	(571,960)
Capitalisation into share capital	**(1,062,209)**	
At end of year	**-**	1,062,209

The tax impact relating to components of other comprehensive income is presented in the table above. The revaluation reserve is non-distributable.

9. Trade and other payables

	2013 €	2012 €
Current		
Trade payables	**179,405**	85,847
Payables in respect of capital expenditure	**50,934**	50,934
Amounts owed to former fellow subsidiaries	**-**	10,398
Amounts owed to related parties	**-**	87,107
Other payables	**227,208**	174,087
Indirect taxation	**447,051**	413,217
Accruals and deferred income	**349,265**	710,065
Deferred income in respect of billing in advance	**1,305,989**	1,229,889
	2,559,852	2,761,544
Non-current		
Other payables	**827,687**	890,787

Non-current other payables represent deposits affected under operating lease arrangements by a number of tenants at The Point Shopping Mall. These amounts are refundable at the end of the lease term and are subject to interest at 3% per annum. Amounts owed to related parties in this respect are disclosed in Note 22.

During the year ended 31 December 2012, amounts owed to former fellow subsidiaries were subject to a fixed effective interest rate of 5.5%. Amounts owed to other related parties were unsecured, interest free and repayable on demand.

10. Borrowings

	2013	2012
	€	€
Current		
Related party loans	**-**	2,999,999
Bank loans	**83,804**	-
	83,804	2,999,999
Non-current		
Bank loans	**25,476,067**	33,531,779
Total borrowings	**25,559,871**	36,531,778

The company's banking facilities as at 31 December 2013 amounted to 25,559,871 (2012: €33,531,778). Bank borrowings are secured by a general hypothec over all the company's assets and by a special hypothec for the amount of €33.5 million over the temporary sub utile dominium of 99 years which commenced on 15 June 2000 over the parcel of land developed into the shopping mall.

During the current financial year, the company prepaid an amount of €1,065,250 in excess of the scheduled bank loan repayments. This excess is deemed to fulfil partially the contracted repayments scheduled for 2014 and accordingly an equivalent amount is being presented as non-current borrowings.

Related party loans, granted by certain shareholders of the parent, were unsecured and have been repaid in full during the current twelve month period.

The company's bank borrowings are subject to floating interest rates and related party loans were subject to fixed interest rates.

The weighted effective interest rates as at the end of the reporting period are as follows:

	2013	2012
Related party loans	**-**	7%
Bank loans	**4.3%**	4.45%

	2013	2012
	€	€
Maturity of bank borrowings:		
Within one year	**83,804**	-
Between one and two years	**1,230,892**	1,425,521
Between two and five years	**4,024,611**	9,260,113
Over five years	**20,220,564**	22,846,145
	25,559,871	33,531,779

11. Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2012:35%). The movement on the deferred income tax account is analysed as follows:

	2013	2012
	€	€
At beginning of year	**1,340,680**	458,403
Charged to other comprehensive income – deferred income taxes on revaluation surplus arising during the year (Note 8)	**-**	571,960
Charged to profit or loss – deferred income taxes on temporary differences arising between tax base and carrying amount of property, plant and equipment (Note 17)	**279,367**	310,317
At end of year	**1,620,047**	1,340,680

The deferred tax liability as at 31 December represents:

	2013	2012
	€	€
Temporary differences arising on fair valuation of property	**571,960**	571,960
Temporary differences arising between tax base and carrying amount of property, plant and equipment	**1,048,087**	768,720
	1,620,047	1,340,680

The recognised deferred tax liabilities are expected to be settled principally after more than twelve months from the end of the reporting period.

12. Revenue

The company's revenue was principally derived from operating lease rental income attributable to retail outlets in 'The Point Shopping Mall' together with the provision of related services, which operation constitutes the sole operating segment of the company. Revenues from transactions with two customers, amount to €549,462 and €510,000, each representing more than 10% of the company's revenues whilst revenues from transactions with another single customer amounting to €446,760 reflect almost 10% of the company's revenues. Variable rents linked to tenant sale performance recognised in profit or loss during the current financial year amounted to €439,308.

13. Expenses by nature

	2013	2012
	€	€
Employee benefit expense (Note 14)	**65,926**	70,220
Directors' fees (Note 18)	**57,246**	11,500
Depreciation of property, plant and equipment (Note 4)	**1,300,602**	1,329,536
Audit fees	**10,000**	8,100
Advertising and business promotion expenses	**80,000**	95,896
Ground rent	**72,010**	62,912
Service charge expenditure - shortfall	**83,520**	98,623
Other expenses	**159,291**	92,132
Total cost of sales and administrative and other expenses	**1,828,595**	1,768,919

Motor vehicle operating lease charges and similar expenses, prior to amounts recharged to tenants as service charges, recognised in profit or loss during the current financial year amounted to €89,540.

<u>Auditor's fees</u>

Fees charged by the auditor for services rendered relate to the following:

	2013	2012
	€	€
Annual statutory audit	**10,000**	8,100
Other non-audit services	**15,020**	-
Tax compliance	**650**	650
	25,670	8,750

14. Employee benefit expense

	2013	2012
	€	€
Wages and salaries	**175,135**	183,521
Social security costs	**11,507**	11,478
	186,642	194,999
Less amounts recharged to tenants as service charges	**(120,716)**	(124,779)
	65,926	70,220

14. Employee benefit expense

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

	2013	2012
Operational	**2**	2
Administration	**4**	3
	6	5

15. Finance income

	2013 €	2012 €
Bank interest receivable	**7,008**	1,993
Interest charged to debtors on overdue balances	**19,695**	6,775
Interest on amounts owed by former parent company	**56,666**	80,682
	83,369	89,450

16. Finance costs

	2013 €	2012 €
Bank interest payable	**1,300,602**	1,554,454
Interest on related party loans	**69,041**	139,233
Interest on tenant deposits	**27,827**	27,028
Interest on amounts owed to former parent company	**-**	20,434
Other charges	**5,369**	33,935
	1,402,839	1,775,084

17. Tax expense

	2013 €	2012 €
Current tax expense	**589,953**	312,307
Deferred tax expense (Note 11)	**279,367**	310,317
	869,320	622,624

17. Tax expense - continued

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

	2013	2012
	€	€
Profit before tax	**1,884,028**	1,098,457
Tax on profit at 35%	**659,410**	384,460
Tax effect of:		
Expenses not deductible for tax purposes	**211,314**	213,156
Other adjustments	**(1,404)**	25,008
Tax expense	**869,320**	622,624

18. Directors' emoluments

	2013	2012
	€	€
Directors' fees	**57,246**	11,500

19. Earnings per share

	2013	2012
Net profit attributable to equity holders of the company	**€ 1,014,708**	€ 475,833
Weighted average number of ordinary shares in issue	**51,746,154**	42,400,000
Earnings per share (Euro cents)	**1.96**	1.12

The comparative information has been restated to reflect the changes effected to the number of shares in issue on 1 March 2013, referred to in Note 7, retrospectively. The weighted average number of ordinary shares in issue during the year ended 31 December 2013 has been adjusted to take into account the share issue affected on 2 May 2013.

The company has no instruments or arrangements which give rise to dilutive potential ordinary shares, and accordingly diluted earnings per share is equivalent to basic earnings per share.

20. Cash generated from/(used in) operations

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

	2013	2012
	€	€
Operating profit	**3,203,498**	2,784,091
Adjustment for:		
Depreciation of property, plant and equipment (Note 4)	**1,300,834**	1,329,536
Changes in working capital:		
Trade and other receivables	**2,577,189**	(624,380)
Trade and other payables	**(264,792)**	(5,154,627)
Cash generated from/(used in) operations	**6,816,729**	(1,665,380)

21. Commitments

Operating lease commitments - where the company is a lessor

The future minimum lease payments receivable under non-cancellable operating leases entered into by the company in relation to operations from The Point Shopping Mall are as follows:

	2013	2012
	€	€
Not later than 1 year	**3,779,573**	4,311,814
Later than 1 year and not later than 5 years	**8,370,218**	9,715,033
Later than 5 years	**12,652,153**	14,013,929
	24,801,944	28,040,776

The operating lease agreements entered into by the company with the tenants of the shopping mall typically run for a significant number of years. These contracts generally provide that the lease payments increase by a predetermined percentage every year, which increases have been reflected in the figures above. A significant number of these arrangements also provide for contingent rentals based on outlet turnover levels.

Operating lease commitments - where the company is a lessee

The future minimum lease payments payable under non-cancellable motor vehicle operating leases and minimum payments under similar arrangements (maintenance services) are as follows:

	2013	2012
	€	€
Not later than 1 year	**89,683**	85,396
Later than 1 year and not later than 5 years	**138,160**	190,000
Later than 5 years	**9,111**	-
	236,954	275,396

The company has other commitments as referred to in Notes 4 and 22.

22. Related party transactions

Subsequent to 30 April 2013, MSV Life p.l.c., HSBC Life Assurance Ltd and Bank of Valletta p.l.c., by virtue of the extent of their shareholding in the company, are considered to be related parties. All companies owned or controlled by these entities, together with all companies forming part of the same group companies of which the shareholders form part, are also deemed to be related parties. Tigné Mall Directors, close members of their families and all entities owned or controlled by these individuals, are considered to be related parties of Tigné Mall p.l.c.

As disclosed in Note 7, until April 2013, Tigné Mall p.l.c. formed part of the MIDI Group, which comprises the MIDI p.l.c. and its subsidiaries, as MIDI p.l.c. was the company's immediate and ultimate parent. MIDI p.l.c. has an interest in a jointly controlled entity, Solutions & Infrastructure Services Limited (SIS). Accordingly, all companies forming part of the MIDI Group and MIDI p.l.c.'s jointly controlled entity were considered by the Directors to be related parties. All entities controlled or owned by certain corporate shareholders of MIDI p.l.c. (referred to in Tigné Mall p.l.c.'s financial statements for the year ended 31 December 2012) and all entities forming part of the respective group of companies of which these corporate shareholders form part were considered by the Directors to be related parties by virtue of the shareholding of the companies referred to in MIDI p.l.c.

Principal balances with related parties

	31 December	
	2013	2012
	€	€
Bank borrowings:		
Non-current	**25,476,067**	33,531,779
Current	**83,804**	-
Other payables		
Non-current	**137,000**	102,778
Other borrowing from shareholders	**-**	2,999,999
Amounts owed by former parent	**-**	2,770,347
Amounts owed by related parties	**62,277**	120,696
Amounts owed to former fellow subsidiaries	**-**	10,398
Amounts owed to related parties	**-**	87,107

Principal transactions with parties mainly considered related parties also subsequent to 30 April 2013

	31 December	
	2013	2012
	€	€
Bank interest payable	**1,300,602**	1,554,454
Interest on related party loans	**69,041**	139,233
Rental income	**319,179**	294,692
Expenses relating to Combined Offering	**232,714**	-

22. **Related party transactions** - continued

Principal transactions with parties not considered related parties subsequent to 30 April 2013 (reflecting transactions up to 30 April 2013 with respect to current year figures)

	31 December	
	2013	2012
	€	€
Interest receivable from former parent	**56,666**	80,682
Interest payable to former parent company	**-**	20,434
Income attributable to parking	**20,967**	84,008
Rental income	**45,065**	170,693
HVAC, maintenance and related expenditure	**90,247**	398,032

Tigné Mall p.l.c. is party to an operational agreement with MIDI p.l.c.'s jointly controlled entity SIS. Through this agreement, SIS will operate the car park spaces underlying the company's Shopping Mall for a period of 20 years. The ambient temperature control of the shopping mall ("HVAC") is provided to the company by SIS by virtue of an agreement between the company and SIS regulating the provision of this service and covering a period of twenty years to 31 December 2030.

The company also enters into other transactions with other related parties, such as the placement of insurance risks, but the related transaction amounts are not considered to have a material impact on the financial results and financial position of the company.

In the opinion of the Directors, all related party transactions have been carried out on an arm's length basis taking cognisance of normal commercial terms.

23. Dividend

A net dividend in respect of the year ended 31 December 2013 of 1.25 Euro cents per share, amounting to €705,000, was proposed by the Board of Directors subsequent to the end of the reporting period. The financial statements do not reflect this proposed dividend. During the year a distribution of €174,946 (0.41 Euro cents per share) was made to the previous Shareholders in respect of the profits for the period 1 January till 30 April 2013, in accordance with what was prospected in the initial public offering document.

24. Statutory information

Tigné Mall p.l.c. is a public limited company and is domiciled and incorporated in Malta.