annual report 2017/18

FOR THE YEAR ENDED 31 JANUARY 2018

TRIDENT
ESTATES PLC

annual report 2017/18
FOR THE YEAR ENDED 31 JANUARY 2018

contents

TRIDENT ESTATES PLC

The Brewery, Mdina Road, Mrieħel, Birkirkara, BKR 3000, Malta

chairman's statement

IT GIVES ME MUCH PLEASURE TO PRESENT TO YOU MY FIRST STATEMENT AS CHAIRMAN OF TRIDENT ESTATES PLC ("TRIDENT") AS A LISTED COMPANY. PLANS FOR THE SPIN-OFF OF SIMONDS FARSONS CISK PLC'S ("FARSONS") NON-BREWERY PROPERTY ASSETS HAVE BEEN IN THE MAKING FOR A NUMBER OF YEARS. CLEARLY IT HAS BEEN A COMPLEX PROCESS WHICH REQUIRED SIGNIFICANT LOGISTICAL PREPARATION. THE RELOCATION OF A NUMBER OF OPERATIONS AT FARSONS, AS WELL AS FINANCIAL AND FISCAL AUTHORITY APPROVAL, OUR BANKER'S APPROVAL AND, NOT LEAST, THE CONSENT OF OUR SHAREHOLDERS.

The strategy of spinning off of properties worth €33 million was conceived to ensure that any new development of these assets and, in particular, the redevelopment of the old 1950 Mrieħel brewery building, was undertaken by a separately governed and funded entity. This will allow for dedicated management focus and allow the Board to maximise on the best possible return on the investments being made through securing the right blend of skills and expertise for what is essentially a very different business altogether from that of the food and beverage sector in which the Farsons Group operates.

Our newly appointed Chief Executive Officer (CEO), Charles Xuereb details in his CEO's Review the steps taken by your newly appointed Board of Directors along with the Board of Farsons to complete the spin-off, which culminated in the distribution by Farsons of an in-kind dividend to its shareholders amounting to €37.2 million on 21 December 2017. By virtue of this in-kind distribution, Farsons' entire shareholding in Trident was distributed to shareholders on a *pro rata* basis. The Trident shares were admitted to the Official List of the Malta Stock Exchange on 30 January 2018, and with this, the process for the establishment of a separately owned and listed entity was completed.

Charles Xuereb has been actively involved in the transactions and approval process having held the position of Chief Financial Officer of Farsons for the past 12 years. He is therefore well qualified and has the background knowledge to serve in his appointment as CEO of our newly listed Company. His task is now to consolidate his competent technical team which will be responsible for transforming the 1950 brewery building into a business park to be known as 'Trident Park'.

I can state that he is setting about his task with focus, vigour and determination, and, as he reports in his review, work on the project has commenced and is targeted to be open for business within three years.

The task of your Board of Directors is to ensure that the plans published in the Listing Prospectus remain on target, and that Trident Park is delivered to specification, on time and on budget. The Trident Park project is budgeted to cost in the region of €45 million, and is to be financed partly through (already arranged) bank funding and partly through a two-stage share capital rights issue that will take place during the last quarter of 2019 and in 2020. Our gearing ratio is forecast to be 35% at its peak, a conservative ratio for a development of this nature. Our business plan assumes that the office market will remain buoyant, although we do expect competition to intensify given the number of new developments currently under way or under consideration. It is always difficult to forecast market conditions three years down the line and accordingly, it is sensible to have a sound funding model in place.

As shareholders will recollect, due to unforeseen circumstances, we did have a delay in the granting of our planning permit for Trident Park. Quite unexpectedly, the Planning Authority Board indicated that, contrary to the Planning Directorate's recommendation, a majority of Board members would vote against the granting of the permit. This decision was reversed and the permit was unanimously approved at the next meeting after further technical submissions and representations were made to the relevant authorities.

Trident has a number of valuable and developable properties in prime locations. A number of these properties are leased out to Food Chain Limited (a Farsons Group subsidiary) and others to third parties. In his review, the CEO points out the strategic value of the Trident Group property in Marsa known as Trident House, which is currently housing the operations of Quintano Foods Limited and the restaurant support centre of Food Chain Limited. Your Board will in due course be looking at the available options for this sizeable site in a location that is becoming commercially more important.

The financial results for the Trident Group have been consolidated in the Income Statement of the Farsons Group accounts for the financial year ended January 2018 for the last time. In this Annual Report we reproduce the consolidated Trident Group results separately for the first time. Our total revenues for the year amounted to €796,000, administration and other costs amounted to €359,000 resulting in a net profit before taxation of €437,000. Our business plan for the Group indicates that going forward, the next three years' income from current leases will rise modestly, whereas administration costs will remain steady. Capital expenditure will build up over the next three years as the Trident Park development gathers pace .

Your Board has already indicated in the Prospectus that it intends to pay regular dividends if circumstances permit, even before Trident Park is fully operational. However, given that the spin-off and listing took place only a few months ago, no recommendation is being made for the payment of a dividend at the forthcoming Annual General Meeting.

The Board of Directors of Trident is composed of two members from each of the three main shareholding groups and two directors representing the public shareholders. Each of the main shareholding groups have proposed their directors who have been duly appointed. Company law stipulates that wherever a vacancy arises at board level during the year, the Board of Directors duly appoints a person to fill such a vacancy. Your Board appointed Mr Roderick Chalmers and Mr Charles Borg as Directors in September 2017 and March 2018 respectively. We are indeed privileged to have two gentlemen of their experience and calibre join our Board and we thank them for accepting directorship at this crucial time.

Although to a very large extent Farsons and Trident have common shareholders, they are now separate and distinct groups that are run independently. Clearly, any ongoing business between the Groups needs to be conducted on an arm's length basis and, as Chairman of both entities, you have my assurance that proper governance safeguards have been put in place.

We look forward to a successful completion of Trident Park and many years of success for the Trident Group and its stakeholders.

I wish to thank my Board colleagues for their support and contribution during this very busy year. My sincere thanks also goes to Charles Xuereb who works tirelessly to ensure that Trident moves ahead seamlessly, along with Chief Operations Officer, Christopher Ciantar and the technical team. Also, a word of thanks is due to our legal advisors Mamo TCV, our auditors PricewaterhouseCoopers and our financial intermediary Rizzo Farrugia for their continued valid advice.

directors, board committees and senior management

DIRECTORS

Louis A. Farrugia[1]
CHAIRMAN

Vincent Curmi[2]
VICE CHAIRMAN

Alberto Miceli Farrugia[3]

Prof Avv. Alberto Stagno d'Alcontres[4]
(APPOINTED 07/09/2017)

Charles Borg[5]
(APPOINTED 22/02/2018)

Charles Xuereb
(RESIGNED 07/09/2017)

Marcantonio Stagno d'Alcontres
(RESIGNED 07/09/2017)

Marquis Marcus John Scicluna Marshall[6]

Dr Max Ganado
(APPOINTED 07/09/2017 AND RESIGNED 22/02/2018)

Michael Farrugia[7]
(APPOINTED 07/09/2017)

Paul Micallef
(RESIGNED 07/09/2017)

Robert Farrugia
(RESIGNED 07/09/2017)

Roderick Chalmers[8]
(APPOINTED 07/09/2017)

Kenneth C. Pullicino[9]
COMPANY SECRETARY

SENIOR MANAGEMENT

Charles Xuereb
CHIEF EXECUTIVE OFFICER

Dr Ing. Christopher Ciantar
CHIEF OPERATIONS OFFICER

Andrea Mangion
FINANCIAL CONTROLLER

AUDIT COMMITTEE

Roderick Chalmers
CHAIRMAN

Charles Borg
(APPOINTED 22/02/2018)

Vincent Curmi

Alberto Miceli Farrugia
(APPOINTED 22/02/2018)

Prof Avv. Alberto Stagno d'Alcontres
(RESIGNED 22/02/2018)

RELATED PARTY TRANSACTIONS COMMITTEE

Vincent Curmi
CHAIRMAN

Charles Borg
(APPOINTED 20/02/2018)

Alberto Miceli Farrugia

REMUNERATION AND NOMINATION COMMITTEE

Louis A. Farrugia
CHAIRMAN

Alberto Miceli Farrugia
(RESIGNED 23/05/2018)

Dr Max Ganado
(RESIGNED 22/02/2018)

Marquis Marcus John Scicluna Marshall

Prof Avv. Alberto Stagno d'Alcontres
(APPOINTED 23/05/2018)

chief executive officer's review

DURING THE LAST FINANCIAL YEAR, A SERIES OF KEY MILESTONES WERE ACHIEVED ON THE RESTRUCTURING EXERCISE OF TRIDENT ESTATES PLC "***TRIDENT***" OR THE "***COMPANY***", PREVIOUSLY KNOWN AS 'TRIDENT DEVELOPMENTS LIMITED'.

The strategy to spin-off the property interests of Simonds Farsons Cisk plc ("***SFC***") was conceived a number of years ago, and has now culminated in the official listing of the ordinary shares of the Company on the Malta Stock Exchange. Trident is now operating as a fully independent entity, and is being equipped and resourced to enable it to clearly focus on maximising the value of its property portfolio.

Restructuring and Spin-off

In October 2017, the Directors approved an increase in share capital of Trident to 30 million shares with a nominal value each of €1. The increase was implemented as follows:

a) The re-designation of the issued share capital by sub-dividing the then existing 20,630 ordinary shares from a nominal value of €232.937339 each into 4,805,498 ordinary shares having a nominal value of €1 each, all fully paid-up;

b) Issuing of 25,194,502 new shares of a nominal value of €1 each, all fully paid-up and allotted in favour of SFC by way of (a) an issue for cash in the amount of €6,500,000, (b) the capitalisation of an amount of €6,502,447 due by Trident to SFC, and (c) the capitalisation of a further €12,192,055 out of reserves.

Subsequent to this restructuring, on 20 December 2017, the SFC Board declared an interim dividend amounting to €37.2 million to be settled 'in kind', through the distribution of SFC's entire shareholding in Trident Estates plc to SFC's shareholders *pro rata* to the number of shares held by the latter in SFC. The declaration of the interim dividend followed the approval by SFC shareholders, during the Annual General Meeting held in June 2017, for the spin-off of SFC's shareholding in Trident. Share transfer agreements were mailed to each shareholder, which qualified the SFC shareholder to become a shareholder of Trident once the said agreement was formally endorsed. Any shares that were not transferred, given that the respective share transfer agreements were not received by SFC, were settled in trust with Alter Domus Trustee Services (Malta) Limited. These shares will be transferred to the respective shareholders upon completion of the required documentation.

A Prospectus, prepared in conformity with the requirements of the Maltese Companies Act, (Cap. 386) the Financial Markets Act and the Listing Rules, was approved by the Listing Authority and published on 18 December 2017, thus authorising the admission to listing of the Trident shares on the Malta Stock Exchange. On 30 January 2018 Trident Estates plc was officially listed on the Exchange and trading commenced on the following day.

New Lease agreements with Food Chain Limited

Effective 1 February 2017, new lease agreements relating to the properties leased to and operated by SFC's subsidiaries were renegotiated.

Initially, most of the Trident Group's revenue is expected to be generated from properties leased out to SFC entities. This dependence on SFC is expected to diminish gradually over time as new sources of revenue are generated through our planned development projects.

Investments

The principal investment that took place during the year was the acquisition by Trident Park Limited (a subsidiary of Trident) of the Farsons Brewery façade, consisting of a land area of approximately 14,700 square meters. Another two assets were divested, namely a site of circa 7,000 square meters in Tal-Ħandaq by Sliema Fort Company Limited, and the temporary utile dominium of a block of buildings in Qormi.

Trident also entered into promise of sale agreements to acquire the remaining 50% shareholding in Sliema Fort Company Limited and to acquire the *utile dominium* of Fresco's from Food Chain Limited. The formal share transfer together with the acquisition of Fresco's are, *inter alia*, subject to the approval by the Commissioner of Lands.

Planning Permission for Trident Park

In May 2015, an application for a full development permit of Trident Park was submitted to the Planning Authority ("PA"). An unexpected delay was encountered when, in November 2017, the majority of the PA board members indicated their intention to reject the recommendation made by the Planning Directorate to grant the permit. In view of the significant uncertainty caused by this indicative decision of the PA, the SFC Board placed into abeyance the plan to spin-off the shareholding by SFC in Trident and the subsequent listing of the shares on the Malta Stock Exchange.

However, following further technical submissions and representations made to the Planning Authority, unanimous approval was granted by the Board of the Authority on 7 December 2017.

The Trident Park Project

Known as the Farsons' brewery and previously housing the brewery and bottling operations of SFC, Trident Park will involve the redevelopment of the iconic 1950 Brewery site into a state of the art office complex that will clearly establish the identity of the new Central Business District.

It is fitting to acknowledge the strategic aspirations of the SFC Board. Over a number of years, significant investment saw the Brewery's production facilities shift gradually to the south part of the Mriehel site. This shift released a significant area of land in a prime site for commercial development in line with the new 'commercial' zoning status of this area. The concept of a business park was formulated over time, and drew on the outcome of visits to a number of European countries by the Group's directors and management to analyse industrial property rehabilitation models of this nature.

The development will consist of seven state-of-the art low-rise buildings designed by internationally renowned British firm Ian Ritchie Architects assisted by the Maltese architectural firm TBA Periti, with extensive landscaped courtyard gardens and direct access to outdoor circulation space at each floor level. The development optimizes natural lighting and ventilation, minimising the carbon footprint while providing an efficient and contemporary working atmosphere. Great attention is being directed to the standards of construction and the efficiency of the systems to minimise resource consumption. The whole ambience is designed to be relaxed and the development is restrained, thus maintaining the integrity of the unique aesthetic quality of the structures and the surrounding built environment.

The Trident Park development will be a landmark development following best practices in terms of environmentally sustainable design and is aiming for BREEAM excellent certifications. While retaining the original and visually striking art-deco heritage façade and the prestigious entrance and boardroom in the centre of the building, the new office buildings will have a spacious interior, offering modern facilities which meet the strictest environmental codes and standards.

The design of the office blocks utilises the principle of a thermally activated building system (known as TABS) which relies on a combination of ventilation, delivered using a raised floor as a plenum, dehumidified fresh air supply, and cooled ceilings, thus providing a uniquely low-energy source of local cooling. Indoor temperatures will be controlled according to the established adaptive comfort approach and change of seasons. This approach responds both to the physiological and clothing adjustments that we make in response to seasonal changes and allows considerable savings in operational energy to be achieved, whilst delivering a very comfortable overall experience for occupants.

Each floor will provide an uninterrupted office floor receiving natural light and air from the adjoining gardens at either side. The Park will be flanked by the iconic SFC Brewhouse, a property owned by SFC, which will be converted and rehabilitated into a unique, mixed-use development offering a Visitor Centre attraction with a supporting range of food, beverage and other retail outlets that will provide a superb social lifestyle for tenants and visitors of Trident Park.

Office space demand

Unlike most other EU countries, there is limited publicly available information on the commercial real estate market in Malta. In cognisance of the lack of reliable market data, we commissioned office market studies to better understand supply and demand patterns in the local market. Currently, the Maltese office rental market is buoyant, with significant upward rate and price movements observed over recent years. Moreover, there are a significant number of new development projects in the pipeline.

Demand for office space is dependent on various macro and micro economic factors affecting the Maltese economy. Malta's real GDP growth rate has exceeded the EU-28 average growth over the last 10-year period. The success of our real estate market, particularly the commercial sector, is dependent on Malta's ability to continue to attract Foreign Direct Investment (FDI). The FDI stock position has increased over the years, with a significant proportion being attributable to financial and insurance activities, both service sectors that require quality office space.

Foreign investor enterprises will undoubtedly be a target market for Trident. However, we will also seek a diversified mix of tenants, and the local market will also feature prominently. In the current labour market conditions attracting and, more importantly, retaining employees is becoming ever more challenging. It is to be expected that local companies will seek to upgrade the quality of their workspace environment in an effort to offer a better overall working experience to their employees.

Employee well-being is strongly correlated to employee productivity and performance. Employees who enjoy their work environments are far more likely to be more engaged, productive, happy and healthy. Our vision is to provide a working environment that is second to none. We have allocated large areas, that could otherwise have offered further workspaces, to be used as courtyards/gardens and landscaping, with a general development approach that gave more weight to quality rather than quantity. We believe that the facilities and the greenery that will enhance the surrounding working spaces will give Trident Park a competitive edge in attracting businesses that are seeking quality and uniqueness.

"FOREIGN COMPANIES WILL UNDOUBTEDLY BE A TARGET MARKET. YET AS WE SEEK DIVERSIFICATION OF THE MIX OF TENANTS, THE LOCAL MARKET WILL ALSO FEATURE PROMINENTLY. IT IS A FACT THAT RECRUITING, AND MORE IMPORTANTLY, RETAINING EMPLOYEES IS BECOMING EVER MORE CHALLENGING. HENCE IT IS NATURALLY EXPECTED THAT LOCAL COMPANIES WOULD SEEK TO UPGRADE THEIR WORKSPACES TO OFFER A BETTER WORKING ENVIRONMENT TO THEIR EMPLOYEES."

Works on the Trident Park project

Works on the dismantling and clearing of the site is now complete, and the civil works package has been awarded to C&F Building Contractors Limited who took possession of the site in April 2018. Demolition and excavation are underway, with construction envisaged to commence during the last quarter of this year. Concurrently, the procurement process for the works package on mechanical and electrical services and plant is expected to be awarded during the last quarter of 2018. The finishes package is also being drafted and is expected to be published by the end of the year.

Funding

The development of Trident Park is being funded through an appropriate mix of own funds, debt and equity financing. The debt financing in the form of bank loan facilities are already in place. At the same time, the three principal shareholder groups have also signed an undertaking agreement to take up their proportionate share of a two-stage €15 million rights issue that is planned for 2019/2020 and which will part-finance the development of Trident Park.

Trident House

Trident House in Marsa is another property that the Board believes offers significant development potential. The SFC Group's food importation arm and the head office of the franchised foods business currently occupies approximately half of the footprint of this site, with the remaining part of the footprint currently vacant. Although a detailed study on the potential development of this site has yet to be undertaken, it is evident that much development is taking place in this neighbourhood.

Scotsman Pub

The lease of Scotsman Pub expired in April 2018, and a new tenant took over the property for a lease period of 10 years. Some works are being carried out and the premises is scheduled to be reopened well in time for the summer trade.

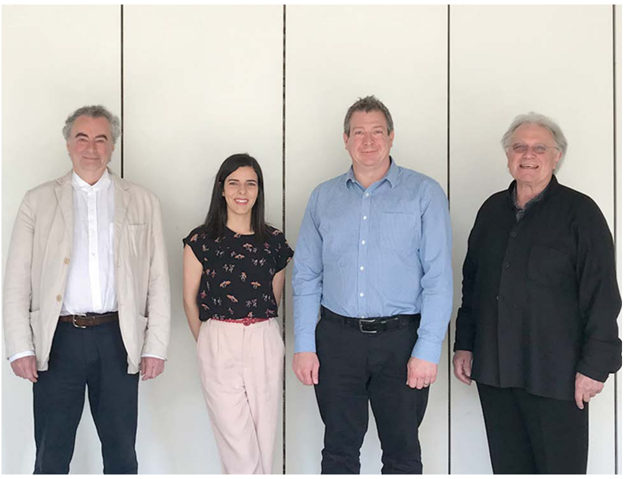
Corporate Identity

The Group's Corporate identity has been brought in line with a contemporary business look and provides a fresh and confident Group identity. Whilst being forward-looking and contemporary in style, the new identity draws on different elements that projects an unparalleled high-quality approach to our business.

TRIDENT
ESTATES PLC

TRIDENT PARK
NOTABILE GARDENS

First trading session on the MSE – 31 January 2018.



Ian Ritchie Architects – The design team behind Trident Park.

Conclusion

Trident is now well placed to leverage its property portfolio and to gradually establish itself as a leading developer and provider of high quality commercial space. The current portfolio of properties offers a diversified mix of redevelopment opportunities that are expected to yield long–term capital growth, together with mature properties that are expected to provide an ongoing rental income stream. This mix will provide the appropriate platform for implementing our strategic vision.

The many accomplishments achieved over the last year would not have been possible without the unwavering dedication of our team and that of our business partners. In particular, I would like to extend my gratitude to our Board of Directors, ably chaired by Louis Farrugia, for their continued guidance, and to all my team for the strong support throughout the year. A word of thanks is also due to the Farsons team, led by the Group Chief Executive Norman Aquilina, for their support in securing the smooth transition of separating Trident from SFC, to our legal advisors, Mamo TCV, our advisors and auditors PricewaterhouseCoopers, and our financial intermediary Rizzo Farrugia.

We are confident that we will rise to the challenges that await us, and are determined to hold service excellence as one of the core values that guide our endeavours. Our focus remains set on delivering a prestigious, efficient and distinctive project that will ensure maximum shareholder returns.

Trident Park Project Team

ANNUAL REPORT
2017/18

financial statements

FOR THE YEAR ENDED 31 JANUARY 2018

TRIDENT
ESTATES PLC

directors' report

The Directors present their report and the audited consolidated financial statements for the year ended 31 January 2018.

Principal activities

The Company is a property investment company that owns and manages, directly or indirectly through subsidiary companies, property for rental and investment purposes. As noted below, with effect from financial year 2019, the Group will also be involved in undertaking the major Trident Park development project.

Review of the business

TRADING PERFORMANCE

The Board of Directors is pleased to announce the Trident Group's (hereinafter "***Trident***") financial results for the year ended 31 January 2018.

Trident generated a profit before tax of €437,000, compared to a profit before tax of €5,081,000 registered during the previous year. Fair value gains of €165,000 recorded in the current year under review were significantly lower than the increase in the fair value of investment property held by the Group amounting to €4,667,000 included in the accounts for the year ended 31 January 2017. Revenues from rental income increased by 9.5% and stood at €796,000 (2017: €727,000) following the renegotiation of the lease agreements with Food Chain Limited effective 1 February 2017. Going forward, revenues are expected to increase following the acquisition of the control over the remaining 50% of the share capital of Sliema Fort Company Limited. Administrative expenses, primarily relating to payroll costs, increased compared to last year to reflect the new organisational setup of the Group.

In 2014 the board of Simonds Farsons Cisk plc (hereinafter "***SFC***") confirmed its intent to hive off the property interests from the other business activities, and eventually spin-off this segment into a separate and distinct public company. The restructuring process was completed during 2017 after SFC's shareholders approved the spin-off of Trident Estates plc during the Annual General Meeting held in June 2017. The entire shareholding held by SFC in Trident was transferred to SFC's shareholders as an interim dividend settled 'in kind' pro rata to the number of shares held on 21 December 2017.

Following the approval of the Prospectus by the Listing Authority and published on 18 December 2017, an application was made to the Listing Authority and the Malta Stock Exchange for admission of the Company's ordinary shares (the "***Shares***") to listing on the Malta Stock Exchange. The Shares were subsequently listed on the Malta Stock Exchange on 30 January 2018 and trading commenced on the following day.

INVESTMENTS AND PROPERTY INTERESTS

The principal highlight of the year was the acquisition of the Farsons Brewery façade. On 7 December 2017, the board of the Planning Authority unanimously approved the permit for the creation of a business park along Mdina Road, Mriehel consisting of International Grade A offices with landscaped courtyards, a naturally ventilated multi-level car park for approximately 700 cars, conference facilities and a gymnasium, which will be known as Trident Park. This €45 million development project will seek to include the transformation of a listed industrial building while following best practice in terms of environmentally sustainable design and aiming for BREEAM excellent certifications. The design has been crafted to produce an architecture that complements and enhances the scheduled portico as well as the memory of the industrial heritage and will provide high quality contemporary work spaces. The civil works contract has been awarded and development works commenced. The project is scheduled to be completed within 3 years.

The Company's three principal shareholder groups have signed an undertaking agreement to take up their proportional share of a two-stage rights issue of €15 million planned for 2019/2020, which will part-finance the development along with bank funding that has been secured.

Trident also divested itself of one property and entered into promise of sale agreements to acquire the remaining shareholding in Sliema Fort Company Limited and the *utile dominium* of a property from Food Chain Limited.

INFLUENCING FACTORS AND PERFORMANCE

The lease agreements with Food Chain Limited (a related party forming part of the SFC Group) were renegotiated and renewed on an arm's length basis. The agreements regulate terms typical of lease arrangements such as duration of the lease, use of premises, improvements and alterations, and rent payable.

OUTLOOK FOR FINANCIAL YEAR ENDING 31 JANUARY 2019

The development of the Trident Park project will be Trident's principal focus. The civil works contract has been awarded and soft stripping of the premises was completed in April 2018. Demolition and excavation works have commenced. The procurement process for the works package on mechanical and electrical services and plant is expected to be awarded shortly.

Financial risk management

The Group's and Company's activities expose it to a variety of financial risks, including market risk (including fair value and cash flow interest rate risk), credit risk and liquidity risk. Refer to Note 2 in these financial statements.

Property value risk and exposure to general market conditions

Property values, including the health of the commercial property rental market, are affected by changing demand, changes in general economic conditions, changing supply within a particular area of competing space and attractiveness of real estate relative to other investment choices. Other factors such as changes in planning and tax laws, and interest and inflation rate fluctuations would also have an impact on capital values and income streams of properties. The Company monitors all these factors, and seeks advice accordingly, as it manages its property portfolio.

Dividends and reserves

The income statements are set out on page 32.

The Board did not declare an interim dividend and will not be recommending the payment of a final dividend.

Retained profits carried forward at the reporting date amounted to €4.8 million (2017: €4.7 million) for the Group and €4.6 million (2017: €4.7 million) for the Company.

Directors

The Directors who held office during the year were:

Louis A. Farrugia – Chairman
Vincent Curmi – Vice Chairman
Alberto Miceli Farrugia
Prof Avv. Alberto Stagno d'Alcontres *(appointed on 7 September 2017)*
Charles Borg *(appointed on 22 February 2018)*
Charles Xuereb *(resigned on 7 September 2017)*
Marcantonio Stagno d'Alcontres *(resigned on 7 September 2017)*
Marquis Marcus John Scicluna Marshall
Dr Max Ganado *(appointed on 7 September 2017 and resigned on 22 February 2018)*
Michael Farrugia *(appointed on 7 September 2017)*
Paul Micallef *(resigned on 7 September 2017)*
Robert Farrugia *(resigned on 7 September 2017)*
Roderick Chalmers *(appointed on 7 September 2017)*

Statement of Directors' responsibilities for the financial statements

The Directors are required by the Maltese Companies Act, (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Parent 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 Group and the Parent Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal control as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act, (Cap. 386). They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Trident Estates plc for the year ended 31 January 2018 are included in the Annual Report 2018, which is published in hard-copy printed form and is available on the Parent 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 Parent 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.

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 Group and the Parent Company as at 31 January 2018, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and

- the Annual Report includes a fair review of the development and performance of the business and the position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that the Group and the Parent Company face.

Going concern basis

After making enquiries, the Directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the Group and the Parent Company have adequate resources to continue operating for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements.

Shareholder register information pursuant to Listing Rule 5.64

Share capital information of the Company is disclosed in Note 11 of the financial statements on pages 51 and 52.

The issued share capital consists of one class of ordinary shares with equal voting rights attached and freely transferable.

The list of shareholders holding five per cent (5%) or more of the equity share capital is disclosed in this annual report.

Every shareholder owning twelve per cent (12%) of the ordinary issued share capital of the Company or more shall be entitled to appoint one director for each and every twelve per cent (12%) of the ordinary share capital owned by such shareholder and such shareholder may remove, withdraw or replace such director at any time. Any appointment, removal, withdrawal or replacement of a director to or from the Board of Directors shall take effect upon receipt by the Board of Directors or the Company Secretary of a notice in writing to that effect from the shareholder owning twelve per cent (12%) of the ordinary issued share capital of the Company or more. Any remaining fractions will be disregarded in the appointment of the said directors but may be used in the election of further directors at an Annual General Meeting. The Chairman is appointed by the Directors from amongst the Directors appointed or elected to the Board.

The rules governing the appointment, election or removal of directors are contained in the Company's Articles of Association, Articles 93 to 101. An extraordinary resolution approved by the shareholders in the general meeting is required to amend the Articles of Association.

The powers and duties of directors are outlined in Articles 84 to 91 of the Company's Articles of Association. In terms of Article 12 of the said Articles of Association, the Company may, subject to the provisions of the Maltese Companies Act, (Cap. 386) acquire or hold any of its shares.

The Company does not have a Collective Agreement regulating redundancies, early retirement, resignation or termination of employment of employees. No employment contracts are in place between the Company and its directors, except as disclosed in the Remuneration Report.

It is hereby declared that, as at 31 January 2018, the Company is not party to any significant agreement pursuant to Listing Rules 5.64.10.

Furthermore, the Board declares that the information required under Listing Rules 5.64.5 and 5.64.7 is not applicable to the Company.

Auditors

The 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.

By order of the Board

Louis Farrugia

Louis A. Farrugia
Chairman

Vincent Curmi
Vice Chairman

Registered address:

The Brewery
Mdina Road
Mrieħel
BKR 3000
Malta

Telephone (+356) 2381 4293
Kenneth C. Pullicino
Company Secretary
23 May 2018

corporate governance statement

A. Introduction

This statement is being made by Trident Estates plc ("***TE***") pursuant to Listing Rules 5.94 and 5.97 issued by the Listing Authority of the Malta Financial Services Authority and sets out the measures taken to ensure compliance with the Code of Principles of Good Corporate Governance ("the Code") contained in Appendix 5.1 to Chapter 5 of the said rules. In terms of Listing Rule 5.94, TE is obliged to prepare a report explaining how it has complied with the Code. During the accounting period under review, TE was a fully owned subsidiary of Simonds Farsons Cisk plc, a listed entity on the Malta Stock Exchange and therefore directly subject to the Code during the year. TE was admitted to the Malta Stock Exchange on 30 January 2018. For the purposes of the Listing Rules, TE is hereby reporting on the extent that it intends to adopt the Code going forward.

TE acknowledges that the Code does not prescribe mandatory rules but recommends principles so as to provide proper incentives for the Board of Directors and TE's management to pursue objectives that are in the interests of the Company and its shareholders. TE adhered to generally accepted standards of good corporate governance encompassing the requirements for transparency, proper accountability and the fair treatment of shareholders. The Board of Directors has therefore endorsed the Code of Principles and adopted it.

As demonstrated by the information set out in this statement, together with the information contained in the Remuneration Report, TE believes that it has, save as indicated in the section entitled Non-compliance with the Code, applied the principles in compliance with the provisions of the Code. In the Non-compliance section, the Board indicates and explains the instances where it has departed from or where it has not applied the Code, as allowed by the Code.

B. Compliance with the Code

PRINCIPLE 1: THE BOARD

The Board's role and responsibility is to provide the necessary leadership, to set strategy and to exercise good oversight and stewardship. In terms of the Memorandum of Association of TE, the affairs of the Company are managed and administered by a board composed of eight directors.

The Board is in regular contact with the Chief Executive Officer through the Chairman in order to ensure that the Board is in receipt of timely and appropriate information in relation to the business of TE and management performance. This enables the Board to contribute effectively to the decision making process, whilst at the same time exercising prudent and effective controls.

Prior to each meeting, the Directors are provided with the necessary information and explanatory data as may be required by the particular item on the agenda. Comprehensive financial statements are also provided as necessary. The Company uses the services of external legal advisors. The Directors are entitled to seek independent professional advice at any time at the Company's expense, where necessary, for the proper performance of their duties and responsibilities.

The Board delegates specific responsibilities to a number of committees, notably the Related Party Transactions Committee, the Audit Committee and the Remuneration and Nomination Committee, each of which operates under formal terms of reference approved by the Board. Further detail in relation to the committees and the responsibilities of the Board is found in Principles 4 and 5 of this statement.

PRINCIPLE 2: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The statute of TE provides for the Board to appoint from amongst its Directors, a Chairman and a Vice Chairman.

The Chairman is responsible to lead the Board and set its agenda, ensure that the Directors of the Board receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company, ensure effective communication with shareholders and encourage active engagement by all members of the Board for discussion of complex or contentious issues.

PRINCIPLE 2: CHAIRMAN AND CHIEF EXECUTIVE OFFICER continued

The role of the Chief Executive Officer is to ensure effective overall management and control of Group business and proper co-ordination of the activities undertaken by the Group, and is responsible:

1. for the formulation and implementation of policies as approved by the Board;
2. to achieve the objectives of the Group as determined by the Board and accordingly;
3. to devise and put into effect such plans and to organise, manage, direct and utilise the human resources available and all physical and other assets of the Group so as to achieve the most economically efficient use of all resources and highest possible profitability in the interest of the shareholders and all other stakeholders.

The Chief Executive Officer reports regularly to the Board on the business and affairs of the Group and the commercial, economic and other challenges facing it. He is also responsible to ensure that all submissions made to the Board are timely, give a true and correct picture of the issue or issues under consideration, and are of high professional standards as may be required by the subject matter concerned.

The Chairman also chairs a weekly Executive Committee Meeting, during which operational issues are discussed.

The above arrangements provide sufficient delegation of powers to achieve effective management. The organisational structure ensures that decision making powers are spread wide enough to allow proper control and reporting systems to be in place and maintained in such a way that no one individual or small group of individuals actually has unfettered powers of decision.

PRINCIPLE 3: COMPOSITION OF THE BOARD

Each member of the Board offers core skills and experience that are relevant to the successful operation of the Company. Whilst relevance of skills is key, a balance between skills represented is sought through the work of the Remuneration and Nomination Committee to ensure that there is an appropriate mix of members with diverse backgrounds. This contributes to different viewpoints on key issues in line with the diversity policy implemented throughout the Company. Diversity is recognised as being more than a question of age, gender or educational and professional backgrounds.

The Board is composed of a Chairman, a Non-Executive Vice Chairman and six other Non-Executive Directors.

Executive Directors
Louis A. Farrugia – Chairman

Non-Executive Directors – before spin-off
Vincent Curmi – Vice Chairman
Alberto Miceli Farrugia
Charles Xuereb *(resigned on 7 September 2017)*
Marcantonio Stagno d'Alcontres *(resigned on 7 September 2017)*
Marquis Marcus John Scicluna Marshall
Paul Micallef *(resigned on 7 September 2017)*
Robert Farrugia *(resigned on 7 September 2017)*

Non-Executive Directors – after spin-off
Vincent Curmi – Vice Chairman
Alberto Miceli Farrugia
Prof Avv. Alberto Stagno d'Alcontres *(appointed on 7 September 2017)*
Charles Borg *(appointed on 22 February 2018)*
Marquis Marcus John Scicluna Marshall
Dr Max Ganado *(appointed on 7 September 2017 and resigned on 22 February 2018)*
Michael Farrugia *(appointed on 7 September 2017)*
Roderick Chalmers *(appointed on 7 September 2017)*

The Chief Executive Officer is invited to attend board meetings, in order to ensure his full understanding and appreciation of the Board's policy and strategy, and so that he can provide direct input to the Board's deliberations. The Board considers that the size of the Board, whilst not being large as to be unwieldy, is appropriate, taking into account the size of the Company and its operations. The combined and varied knowledge, experience and skills of the Board members provide a balance of competences that are required, and add value to the functioning of the Board and its direction to the Company.

It is in the interest of each of the three major shareholders (who are the original promoters of the Company) to nominate as directors, knowledgeable, experienced and diligent persons. Apart from this, informal arrangements, which do not infringe on their rights as shareholders, exist for consultation prior to any changes in the membership of the Board, as well as to assist in the identification of suitable persons who can be nominated for election by the other shareholders at general meetings, and who can bring in an independent viewpoint and particular knowledge to the deliberations of the Board.

All Directors are considered independent as no shareholder has a controlling interest and has no relationship with management.

The Board has taken the view that the length of service on the Board and the close family ties of the Chairman in the Company do not undermine any ability to consider appropriately the issues which are brought before the Board. Apart from possessing valuable experience and wide knowledge of the Company and its operations, the Board feels that the Chairman is able to exercise independent judgement and is free from any relationship which can hinder his objectivity.

PRINCIPLES 4 AND 5: THE RESPONSIBILITIES OF THE BOARD AND BOARD MEETINGS

The Board meets regularly every month apart from other occasions as may be needed. Individual directors, apart from attendance at formal board meetings, participate in other ad hoc meetings during the year as may be required, and are also active in board sub-committees as mentioned further below, either to assure good corporate governance, or to contribute more effectively to the decision-making process.

Meetings held:	7
Members Attended	
Louis A. Farrugia – Chairman	7
Vincent Curmi – Vice Chairman	7
Alberto Miceli Farrugia	6
Prof Avv. Alberto Stagno d'Alcontres *(appointed on 7 September 2017)*	6
Charles Xuereb *(resigned on 7 September 2017)*	1
Marcantonio Stagno d'Alcontres *(resigned on 7 September 2017)*	–
Marquis Marcus John Scicluna Marshall	6
Dr Max Ganado *(appointed on 7 September 2017)*	5*
Michael Farrugia *(appointed on 7 September 2017)*	5
Paul Micallef *(resigned on 7 September 2017)*	1
Robert Farrugia *(resigned on 7 September 2017)*	1
Roderick Chalmers *(appointed on 7 September 2017)*	6

* of which one meeting was attended by an alternate director

The Board, in fulfilling this mandate within the terms of the Company's Memorandum and Articles of Association, and discharging its duty of stewardship of the Company and the Group, assumes responsibility for the following:

- reviewing and approving the business plan and targets that are submitted by management, and working with management in the implementation of the business plan;
- identifying the principal business risks for the Group and overseeing the implementation and monitoring of appropriate risk management systems;
- ensuring that effective internal control and management information systems for the Group are in place;
- assessing the performance of the Group's executive officers, including monitoring the establishment of appropriate systems for succession planning, and for approving the compensation levels of such executive officers; and
- ensuring that the Group has in place a policy to enable it to communicate effectively with shareholders, other stakeholders and the public generally.

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material error, losses or fraud. Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls.

In fulfilling its responsibilities, the Board regularly reviews and approves various management reports as well as annual financial plans, including capital budgets. The strategy, processes and policies adopted for implementation are regularly reviewed by the Board using key performance indicators. To assist it in fulfilling its obligations, the Board has delegated responsibility to the Chief Executive Officer.

BOARD COMMITTEES

The Board has set up the following sub-committees to assist it in the decision-making process and for the purposes of good corporate governance. The actual composition of these committees are given in the annual report, but as stated earlier, each of the three major shareholders and the public shareholders are represented as far as possible.

AUDIT COMMITTEE

The **Audit Committee**'s primary objective is to protect the interests of the Company's shareholders and 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 Audit Committee is composed of four members – Mr Roderick Chalmers (who is also the chairman of the Audit Committee), Mr Vincent Curmi, Mr Alberto Miceli Farrugia and Mr Charles Borg – all being Non-Executive Directors.

All directors on the Audit Committee are independent and, in the opinion of the Board, are free from any significant business, family or other relationship with the Company, its shareholders or its management that would create a conflict of interest such as to impair their judgement. Mr Chalmers is a professional qualified accountant with competence in matters relating to accounting and auditing. The Audit Committee as a whole has extensive experience in matters relating to the Company's area of operations, and therefore has the relevant competence required under Listing Rule 5.118.

The Audit Committee oversees the conduct of the external audits and acts to facilitate communication between the Board, Management and the external auditors.

The external auditors are invited to attend specific meetings of the Audit Committee, and are also entitled to convene a meeting of the committee if they consider that it is necessary. The Chairman, the Chief Executive Officer and the Financial Controller are also invited to attend Audit Committee meetings. Members of management may be asked to attend specific meetings at the discretion of the Audit Committee.

PRINCIPLES 4 AND 5: THE RESPONSIBILITIES OF THE BOARD AND BOARD MEETINGS continued

REMUNERATION AND NOMINATION COMMITTEE

The **Remuneration and Nomination Committee** is chaired by Mr Louis A. Farrugia and is composed of two other members – Marquis Marcus John Scicluna Marshall and Prof Avv. Alberto Stagno d'Alcontres.

The Remuneration and Nomination Committee is entrusted with leading the process for board appointments, reviewing non-executive directors' remuneration and conditions of service of the Chairman, Chief Executive Officer and senior management and to report and make recommendations to the Board. In the case of the Chairman or of any remuneration to an individual Director for extra services, the interested Director concerned including the Chairman, apart from not voting in terms of the TE statute, does not attend the meeting during the discussion at committee or board level and decisions are therefore taken in his/her absence.

Any proposal for the appointment of a Director whether by the three major shareholders or by the general meeting of shareholders should be accompanied by a recommendation from the Board, based on the advice of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee is dealt with under Principle 8 under the Remuneration Report, which also includes the Remuneration statement in terms of Code Provisions 8.A.3 and 8.A.4.

RELATED PARTY TRANSACTIONS COMMITTEE

The **Related Party Transactions Committee** is presided over by the Vice Chairman and deals with and reports to the Board on all transactions with related parties. In the case of any director who is a related party with respect to a particular transaction, such director does not participate in the committee's deliberation and decision on the transaction concerned.

Control mechanisms relevant to the reporting of related party transactions are in place to ensure that information is vetted and collated on a timely basis, before reporting to the Related Party Transactions Committee for independent and final review of the transactions concerned.

PRINCIPLE 6: INFORMATION AND PROFESSIONAL DEVELOPMENT

The Chief Executive Officer is appointed by the Board and enjoys the full confidence of the Board. The Chief Executive Officer, although responsible for the recruitment and selection of senior management, consults with the Board on the appointment of, and on a succession plan for, senior management.

Training (both internal and external) of management and employees is a priority, coordinated through the office of the Chief Executive Officer.

On joining the Board, a Director is provided with briefings by the Chairman and the Chief Executive Officer on the activities of the Company's business areas. Furthermore, all new Directors are offered a tailored induction programme.

Directors may, where they judge it necessary to discharge their duties as directors, take independent professional advice on any matter at the Company's expense.

Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its committees and between senior management and non-executive directors, as well as facilitating induction and assisting with professional development as required.

Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring adherence to board procedures, as well as good information flows within the Board and its committees.

The Chairman ensures that board members continually update their skills and the knowledge and familiarity with the Company required to fulfil their role both on the Board and on board committees. The Company provides the necessary resources for developing and updating its directors' knowledge and capabilities.

The Company Secretary is responsible for advising the Board through the Chairman on all governance matters.

PRINCIPLE 7: EVALUATION OF THE BOARD'S PERFORMANCE

The Chairman is entrusted to deal with the Board's performance evaluation and identify ways how to improve the Board's effectiveness.

An evaluation exercise will be conducted every two years through a Board Effectiveness Questionnaire prepared by the Company Secretary in liaison with the Chairman. The Company Secretary discusses the results with the Chairman who then presents the same to the Board together with initiatives undertaken to improve the Board's performance. During the intermediate year, the Chairman undertakes to assess whether shortcomings identified during the Board performance evaluation process have been addressed and reported accordingly to the Board. The Non-Executive Directors are responsible for the evaluation of the Chairman of the Board.

PRINCIPLE 8: COMMITTEES

The Remuneration and Nomination Committee, chaired by the Chairman is entrusted with leading the process for board appointments and to make recommendations to it. Any proposal for the appointment of a Director whether by the three major shareholders or by the general meeting of shareholders should be accompanied by a recommendation from the Board, based on the advice of the Nomination Committee.

PRINCIPLE 8: COMMITTEES continued

Every shareholder owning twelve per cent (12%) ordinary issued share capital or more, is entitled to appoint and replace a Director for each and every twelve per cent (12%) of such shares, and the remaining ordinary shares not so utilised are entitled to fill the remaining unfilled posts of Directors. Thus, each of the three major shareholders who are named and whose holdings are listed on page 60, normally each appoint two directors for a total of six, the remaining two directors then being elected by the general public shareholders. Accordingly, no individual or small group of individuals will be in a position to dominate the Board. The interests of the Directors in the shares of the Company are disclosed in this annual report.

PRINCIPLES 9 AND 10: RELATIONS WITH SHAREHOLDERS AND WITH THE MARKET, AND INSTITUTIONAL SHAREHOLDERS

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. The Board will ensure the Company will communicate effectively with the market through a number of company announcements and press releases.

The Board endeavours to protect and enhance the interests of both the Company and its shareholders, present and future. The Chairman ensures that the views of shareholders are communicated to the Board as a whole.

The Board always ensures that all holders of each class of capital are treated fairly and equally. The Board also acts in the context that its shareholders are constantly changing and, consequently, decisions take into account the interests of future shareholders as well.

Shareholders appreciate the significance of participation in the general meetings of the Company and particularly in the election of directors. They hold directors to account for their actions, their stewardship of the Company's assets and the performance of the Company.

The agenda for general meetings of shareholders and the conduct of such meetings is arranged in such a manner to encourage valid discussion and decision-taking.

The Chairman and the Chief Executive Officer also ensure that sufficient contact is maintained with major shareholders to understand issues and concerns.

The Company also communicates with its shareholders through the Company's Annual General Meeting ("AGM") (further detail is provided under the section entitled General Meetings).

The Chairman makes arrangements for the chairmen of the Audit Committee and the Remuneration and Nomination Committee to be available to answer questions, if necessary.

Apart from the AGM, TE intends to communicate with its shareholders by way of publishing an Interim Report covering the first six months of the financial year and by publishing and sending the Annual Report and Financial Statements to the shareholders on an annual basis.

The Company's website (www.tridentestatesplc.com) also contains information about the Company and its business, including an Investor Relations section.

In addition, the Company holds a meeting for stockbrokers and financial intermediaries once a year to coincide with the publication of its financial statements.

The Company Secretary will maintain a two-way communication between the Company and its investors. Individual shareholders can raise matters relating to their shareholdings and the business of the Group at any time throughout the year, and are given the opportunity to ask questions at the AGM or submit written questions in advance.

In terms of Article 51 of the Articles of Association of the Company and Article 129 of the Maltese Companies Act, (Cap. 386) the Board may call an extraordinary general meeting on the requisition of shareholders holding not less than one tenth (1/10) of the paid-up share capital of the Company. Minority shareholders are allowed to formally present an issue to the Board of Directors.

In the event of conflicts arising between minority shareholders and the three major shareholders, who are also the original promoters of the Company, every effort shall be made to seek mediation.

PRINCIPLE 11: CONFLICTS OF INTEREST

The Directors are strongly aware of their responsibility to act at all times in the interest of the Company and its shareholders as a whole and of their obligation to avoid conflicts of interest. The latter may arise on specific matters. In such instances:

- a Director is obliged to make full and frank disclosure with respect to any matter where there is a potential or actual conflict, whether such conflict arises from personal interests or the interests of the companies in which such person is a Director or officer;
- the said Director is excused from the meeting and accordingly is not involved in the Company's board discussion on the matter; and
- the said Director does not vote on any such matter.

A Director having a continuing material interest that conflicts with the interests of the Company, is obliged to take effective steps to eliminate the grounds for conflict. In the event that such steps do not eliminate the grounds for conflict then the Director should consider resigning.

On joining the Board and regularly thereafter, the Directors are informed of their obligations on dealing in securities of the Company within the parameters of law, including the Listing Rules.

The Directors' interests in the share capital of the Company as at 31 January 2018 and as at 23 May 2018 are disclosed in the Shareholder Information on page 63.

PRINCIPLE 12: CORPORATE SOCIAL RESPONSIBILITY

The principle objective of the Company's commitment to Corporate Social Responsibility ("CSR") is to provide support where possible in aspects that include social, occupational, financial, cultural and historical values.

C. Non-compliance with the Code

PRINCIPLE 4 (CODE PROVISION 4.2.7):
This Code Provision recommends "the development of a succession policy for the future composition of the Board of Directors and particularly the executive component thereof, for which the Chairman should hold key responsibility".

In the context of the appointment of directors being a matter reserved exclusively to TE's shareholders (except where the need arises to fill a casual vacancy) as explained under Principle 3 in Section B, and on the basis of the Directors' non-executive role, the Company does not consider it feasible to have in place such a succession policy. However, the recommendation to have in place such a policy will be kept under review. An active succession policy is however in place for senior executive positions in the Company including that of the Group Chief Executive.

D. Internal control and risk management

The key features of the Group's system of internal control are as follows:

Organisation:
The Company and its subsidiaries have the same directors and the respective Company issues are discussed during Board meetings of the Company.

Control Environment:
The Group is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Group policies and employee procedures are in place for the reporting and resolution of fraudulent activities. The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group objectives.

Risk Identification:
Group management is responsible together with each company's management, for the identification, evaluation, control and reporting of major risks applicable to their areas of business.

Reporting:
The Group has implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties, reviews by management and internal audit.

On a monthly, basis the Board receives a comprehensive analysis of financial and business performance, including reports comparing actual performance with budgets as well as analysis of any variances.

E. General meetings

The manner in which the general meeting is conducted is outlined in Articles 49 to 52 of the Company's Articles of Association, subject to the provisions of the Maltese Companies Act, (Cap. 386).

Within seven months of the end of the financial year, an Annual General Meeting of shareholders is convened to consider the annual consolidated financial statements, the directors' and auditor's report for the year, to decide on dividends recommended by the Board, to elect the directors and appoint the auditors. Prior to the commencement of the Annual General Meeting, a presentation is made to shareholders on the progress made and strategies adopted during the year in light of prevailing market and economic conditions and the objectives set by the Board, and an assessment on future prospects is given. The Group's presence on the worldwide web (www.tridentestatesplc.com) contains a corporate information section.

Apart from the above, the Group will publish its financial results every six months and from time to time issues public notices regarding matters which may be of general interest or of material importance to shareholders and the market in general, or which may concern price sensitive issues.

At the time of the Annual General Meeting, the publication of the six-monthly report or significant events affecting the Group, public meetings are held to which institutional investors, financial intermediaries and inventory brokers are invited to attend. Press releases are also issued regularly on the business activities of the Group.

All shareholders registered in the Shareholders' Register on the Record Date as defined in the Listing Rules, have the right to attend, participate and vote in the general meeting. A shareholder or shareholders holding not less than five per cent (5%) of the voting issued share capital may request the Company to include items on the agenda of a general meeting and/or table draft resolutions for items included in the agenda of a general meeting. Such requests are to be received by the Company at least forty-six (46) days before the date set for the relative general meeting.

A shareholder who cannot participate in the general meeting can appoint a proxy by written or electronic notification to the Company. Every shareholder represented in person or by proxy is entitled to ask questions which are pertinent and related to items on the agenda of the general meeting and to have such questions answered by the Directors or such persons as the Directors may delegate for that purpose.

Approved by the Board of Directors on 23 May 2018 and signed on its behalf by:

Louis A. Farrugia
Chairman

Vincent Curmi
Vice Chairman

remuneration report

1. Terms of Reference and Membership

The Remuneration and Nomination Committee is presided over by the Chairman of the Company. Its terms of reference are to review from time to time and to report and make recommendations on the non-executive directors' remuneration generally as well as the conditions of service of the Chairman, Chief Executive Officer and senior management. In the case of the Chairman or of any remuneration to an individual director for extra services, the interested director concerned including the Chairman, apart from not voting in terms of the Trident Estates plc ("***TE***") statute, does not attend the meeting during the discussion at committee or board level and decisions are therefore taken in his/her absence.

2. Meetings

During the year, TE was a fully owned subsidiary of Simonds Farsons Cisk plc and admitted to Listing to the Malta Stock Exchange on 30 January 2018.

3. Remuneration Statement

3.1 SENIOR MANAGEMENT

For the purposes of this Remuneration Statement, references to 'senior management' shall mean the Chief Executive Officer, the Chief Operations Officer and the Financial Controller.

The Chief Executive Officer is responsible to carry out regular reviews of the compensation structure pertaining to senior management in light of the Group's performance, economic situation and market trends. One of the main objectives is to recruit and retain executives of high professional standards and competence who can enhance the Group's performance and assure the best operational and administrative practices.

The Chief Executive Officer reports and makes recommendations periodically to the Board on the remuneration package, including bonus arrangements for achieving pre-determined targets.

The Remuneration and Nomination Committee is required to evaluate, recommend and report on any proposals made by the Chief Executive Officer relating to management remuneration and conditions of service. The Committee considers that the current executive management remuneration packages are based upon the appropriate local market equivalents, and are fair and reasonable for the responsibilities involved. The Committee also believes that the remuneration packages are such as to enable the Company to attract, retain and motivate executives having the appropriate skills and qualities to ensure the proper management of the organisation.

The Committee is also charged with considering and determining any recommendations from the Chief Executive Officer on requests for early retirement.

The terms and conditions of employment of senior management are set out in their respective contracts of employment with the Company. As a general rule, such contracts do not contain provisions for termination payments and other payments linked to early termination.

Senior management is eligible for an annual performance bonus which is linked to agreed performance targets and their achievement.

In the case of the Chief Executive Officer, the Remuneration and Nomination Committee is of the view that the linkage between fixed remuneration and performance bonus is reasonable and appropriate.

There are no profit sharing, share options or pension benefit arrangements.

The Chief Executive Officer is eligible for an annual bonus entitlement by reference to the attainment of pre-established objectives and targets as approved by the Remuneration and Nomination Committee.

Non-cash benefits to which senior management are entitled are principally the use of a company car and health insurance.

3.2 DIRECTORS

The Board is composed of the Chairman and Non-Executive Directors. The determination of remuneration arrangements for board members is a reserved matter for the Board as a whole, following the submission of recommendations by the committee.

The Chairman and Directors are not employed or have a service contract with the Company or any of its subsidiaries.

The remuneration of the Chairman and other Directors is determined on the basis of their responsibilities, time committed to the Group's affairs, including attendance at regular board meetings, serving on boards of subsidiaries and work done in connection with the various sub-committees of which they are members.

There is no linkage between the remuneration and the performance of Directors.

No Director (including the Chairman) is entitled to profit sharing, share options or pension benefits, and there are no outstanding loans or guarantees provided by the Company or any of its subsidiaries to any Director.

No Director is entitled to any non-cash benefits.

3.3 TOTAL EMOLUMENTS

In accordance with the Company's Articles of Association, the maximum aggregate emoluments payable to all Directors in any one financial year and any increases thereto, shall be such amount as may from time to time be determined by the shareholders at a general meeting. During the financial year ended 31 January 2018, Directors and senior management received aggregate emoluments amounting to €132,700.

None of the Directors have a service contract providing for benefits upon termination of employment with the Company or any of its subsidiaries.

The following is an outline of the Directors' remuneration for the financial year under review:

Directors' fees: €3,500
Directors' other emoluments: None
Directors' salary: None

VARIABLE AND NON-VARIABLE EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

	Fixed Remuneration	Variable Remuneration	Share Options	Others
Senior Management	€128,000	€1,200	None	Non-cash benefits referred to above under 3.1
Directors	€3,500	None	None	Non-cash benefits referred to above under 3.2

Independent auditor's report

To the Shareholders of Trident Estates plc

Report on the audit of the financial statements

OUR OPINION

In our opinion:

- Trident Estates plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group's and the Parent Company's financial position as at 31 January 2018, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

Trident Estates plc's financial statements, set out on pages 30 to 62, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 January 2018;
- the Consolidated and Parent Company income statements for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group and the Parent Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Parent Company and its subsidiaries are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the Group and its subsidiaries, in the period from 1 February 2017 to 31 January 2018 are disclosed in Note 16 to the financial statements.

OUR AUDIT APPROACH

Overview

- Overall Group materiality: €199,000, which represents 0.5% of Total Assets

- The Group is composed of 5 reporting units all located in Malta.
- The Group engagement team carried out the audit of the financial statements of the Parent Company as well as the audit of the financial statements of all the subsidiaries of the Company.

- Valuation of investment property.

Independent auditor's report *continued*
To the Shareholders of Trident Estates plc

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	€199,000
How we determined it	0.5% of Total Assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the benchmark against which the underlying value of real estate companies is most commonly measured by users, and is a generally accepted benchmark. It is also a key measure which is used by the Board in assessing the Company's financial position. We chose 0.5%, which is within the range of asset-based materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €10,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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

Key audit matter	How our audit addressed the Key audit matter
Valuation of Investment property for Group and Company Refer to Note 5 The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and, where applicable, the expected future rentals for that particular investment property. For investment property being developed, factors taken into account include projected costs to completion, timing thereof and expected rental income. The valuers used by the Group have considerable experience in the local market, which is where the entire Group's investment property is situated.	We obtained, understood and evaluated the valuation models used. We agreed the property information utilised in the valuation to the underlying property records held by the Company. The audit team, including our valuation experts assessed the reasonableness of the unobservable inputs used in determining the valuations and the appropriateness of the resulting fair values. We compared the significant inputs used within the sales comparison approach, i.e. the sales price per cubic metre, to benchmarks for comparable properties located in proximity.

Independent auditor's report *continued*

To the Shareholders of Trident Estates plc

Key audit matter	How our audit addressed the Key audit matter
As disclosed in Note 5, the external valuations have been performed using a variety of methods, including the sales comparison approach, discounted cash flow approach and capitalised rentals approach. Each investment property was valued using the method considered by the external valuers to be the most appropriate valuation method for that type of property. The Board of Directors considered the valuation report as part of its overall responsibilities. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warrants specific audit focus in this area.	Where the capitalised rentals and the discounted cash flow approaches were used for commercial premises, we assessed the adequacy of the rental rate per square metre. We have also assessed the capitalisation rate by comparing the investment yields used by the valuers to an estimated range of expected yields, determined by reference to available benchmarks. For investment property under development, we assessed the unobservable inputs relating to development costs to completion, timing thereof, annualised net cashflows per square metre, the capitalisation rate and the reasonableness of projected occupancy rates. We held meetings with management, the audit committee and directors on the year-end valuations and found that they were able to provide explanations and refer to appropriate supporting evidence.

How we tailored our Group audit scope

The Group is composed of five reporting units all located in Malta. We tailored the scope of our audit in order to perform sufficient work on all components to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group audit team performed all of this work by applying the overall Group materiality, together with additional procedures performed on the consolidation. This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Chairman's Statement, the Chief Executive Officer's Review, the Directors' Report, the Remuneration Report and Shareholder Information (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the Directors' Report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

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

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

pwc

Independent auditor's report *continued*

To the Shareholders of Trident Estates plc

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

pwc

Independent auditor's report *continued*

To the Shareholders of Trident Estates plc

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 Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 17 to 22 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We also have responsibilities:

- under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:
  - 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.

- under 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.

APPOINTMENT

We were first appointed as auditors of the Company on 25 October 2000. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 17 years. The Company became listed on a regulated market on 30 January 2018.

PricewaterhouseCoopers
78, Mill Street
Qormi
Malta

David Valenzia
Partner
23 May 2018

statements of financial position

		GROUP		COMPANY		
		AS AT 31 JANUARY 2018	AS AT 31 JANUARY 2017	**AS AT 31 JANUARY 2018**	AS AT 31 JANUARY 2017	AS AT 1 FEBRUARY 2016
	NOTES	**€'000**	€'000	**€'000**	€'000 (RESTATED)	€'000 (RESTATED)
ASSETS						
Non-current assets						
Property, plant and equipment	4	**18**	13	**18**	13	18
Investment property	5	**33,043**	21,014	**9,180**	13,285	17,968
Investment in subsidiaries	6	**–**	–	**520**	261	594
Investment in associate	7	**–**	942	**–**	259	259
Total non-current assets		**33,061**	21,969	**9,718**	13,818	18,839
Current assets						
Trade and other receivables	8	**440**	3,578	**11,582**	3,639	3,315
Advance payment	6	**–**	–	**951**	–	–
Current tax assets		**–**	15	**–**	15	–
Cash and cash equivalents	9	**6,228**	20	**6,205**	–	–
		6,668	3,613	**18,738**	3,654	3,315
Assets classified as held for sale	10	**–**	2,545	**10,200**	8,640	–
Total current assets		**6,668**	6,158	**28,938**	12,294	3,315
Total assets		**39,729**	28,127	**38,656**	26,112	22,154

STATEMENTS OF FINANCIAL POSITION *continued*

		GROUP		COMPANY		
		AS AT 31 JANUARY 2018	AS AT 31 JANUARY 2017	**AS AT 31 JANUARY 2018**	AS AT 31 JANUARY 2017	AS AT 1 FEBRUARY 2016
	NOTES	**€'000**	€'000	**€'000**	€'000 (RESTATED)	€'000 (RESTATED)
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	11	**30,000**	4,805	**30,000**	4,805	4,805
Fair value gains reserve	12	**2,213**	14,047	**25**	12,007	8,493
Retained earnings		**4,841**	4,686	**4,634**	4,675	4,011
Total equity		**37,054**	23,538	**34,659**	21,487	17,309
Non-current liabilities						
Deferred tax liabilities	13	**2,228**	1,742	**918**	1,114	1,667
Other payables	14	**150**	–	**–**	–	–
Total non-current liabilities		**2,378**	1,742	**918**	1,114	1,667
Current liabilities						
Trade and other payables	14	**245**	2,516	**2,042**	2,516	3,094
Current tax liabilities		**52**	–	**17**	–	84
		297	2,516	**2,059**	2,516	3,178
Liabilities directly attributable to non-current assets held for sale	10	**–**	331	**1,020**	995	–
Total current liabilities		**297**	2,847	**3,079**	3,511	3,178
Total liabilities		**2,675**	4,589	**3,997**	4,625	4,845
Total equity and liabilities		**39,729**	28,127	**38,656**	26,112	22,154

The Notes on pages 36 to 62 are an integral part of these consolidated financial statements.

The financial statements on pages 30 to 62 were authorised for issue by the Board on 23 May 2018 and were signed on its behalf by:

Louis Farrugia

Louis A. Farrugia
Chairman

Vincent Curmi
Vice Chairman

income statements

YEAR ENDED 31 JANUARY

		GROUP		COMPANY	
		2018	2017	**2018**	2017
	NOTES	**€'000**	€'000	**€'000**	€'000 (RESTATED)
Revenue	15	**796**	727	**692**	634
Cost of sales	16	**(79)**	(106)	**(41)**	(43)
Gross profit		**717**	621	**651**	591
Administrative expenses	16	**(461)**	(51)	**(460)**	(64)
Operating profit		**256**	570	**191**	527
Fair value gains on investment property	5	**165**	4,667	**–**	3,957
(Loss)/Gain on disposal of subsidiaries	24	**–**	(61)	**–**	293
Net income on acquisition of investment	17	**11**	–	**–**	–
Share of results of associate	7	**20**	(23)	**–**	–
Finance income	18	**41**	22	**41**	50
Finance costs	19	**(56)**	(94)	**(56)**	(94)
Profit before tax		**437**	5,081	**176**	4,733
Tax income/(expense)	20	**76**	(724)	**(7)**	(555)
Profit for the year		**513**	4,357	**169**	4,178
Basic and diluted earnings per share for the year attributable to shareholders	22	**€0.045**	€0.907		

The Notes on pages 36 to 62 are an integral part of these consolidated financial statements.

statements of changes in equity

GROUP

	NOTES	SHARE CAPITAL €'000	FAIR VALUE GAINS RESERVE €'000	RETAINED EARNINGS €'000	TOTAL EQUITY €'000
Balance at 31 January 2016		4,805	10,555	3,821	19,181
Profit for the year		–	–	4,357	4,357
Net transfers of fair value movements on investment property, net of deferred tax	12	–	4,060	(4,060)	–
Net transfer of fair value movement related to investment property held by associate, net of deferred tax	12	–	(48)	48	–
Transfer of fair value gains upon disposal of subsidiary	12	–	(520)	520	–
Balance at 31 January 2017		4,805	14,047	4,686	23,538
Profit for the year		–	–	513	513
Net transfers of fair value movements on investment property, net of deferred tax	12	–	148	(148)	–
Transfer of fair value gains upon disposal of investment property	12	–	210	(210)	–
		–	358	155	513
Transactions with owners					
Issue of new shares	11	6,500	–	–	6,500
Capitalisation of amounts due to previous owners	11	6,503	–	–	6,503
Capitalisation of reserves	12	12,192	(12,192)	–	–
		25,195	(12,192)	–	13,003
Balance at 31 January 2018		**30,000**	**2,213**	**4,841**	**37,054**

COMPANY

	NOTES	SHARE CAPITAL €'000	FAIR VALUE GAINS RESERVE €'000	RETAINED EARNINGS €'000	TOTAL EQUITY €'000
Balance at 1 February 2016					
– as previously reported		4,805	–	3,123	7,928
– effect of change in accounting policy, net of deferred tax (Note 1.1.1)		–	8,493	888	9,381
– as restated		4,805	8,493	4,011	17,309
Profit for the year		–	–	4,178	4,178
Net transfers of fair value movements on investment property, net of deferred tax	12	–	3,514	(3,514)	–
		–	3,514	664	4,178
Balance at 31 January 2017		4,805	12,007	4,675	21,487
Balance at 31 January 2017					
– as previously reported		4,805	–	3,643	8,448
– effect of change in accounting policy, net of deferred tax (Note 1.1.1)		–	12,007	1,032	13,039
– as restated		4,805	12,007	4,675	21,487
Profit for the year		–	–	169	169
Transfer of fair value gains, net of deferred tax on disposal of investment property		–	210	(210)	–
		–	210	(41)	169
Transactions with owners					
Issue of new shares	11	6,500	–	–	6,500
Capitalisation of amounts due to previous owners	11	6,503	–	–	6,503
Capitalisation of reserves	12	12,192	(12,192)	–	–
		25,195	(12,192)	–	13,003
Balance at 31 January 2018		**30,000**	**25**	**4,634**	**34,659**

The Notes on pages 36 to 62 are an integral part of these consolidated financial statements.

statements of cash flows

YEAR ENDED 31 JANUARY

		GROUP		COMPANY	
		2018	2017	**2018**	2017
	NOTES	**€'000**	€'000	**€'000**	€'000 (RESTATED)
Cash flows from operating activities					
Cash generated from/(used in) operations	21	**2,522**	(343)	**(8,222)**	(370)
Interest received		**41**	22	**41**	50
Interest paid		**(56)**	(94)	**(56)**	(94)
Income tax paid		**(145)**	(211)	**(145)**	(212)
Net cash generated from/(used in) operating activities		**2,362**	(626)	**(8,382)**	(626)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(10)**	–	**(10)**	–
Purchase of investment property	5	**(10,764)**	–	**–**	–
Purchase of subsidiary	7	**–**	–	**(951)**	(20)
Acquisition of investment, net of cash acquired	24	**(928)**	–	**–**	–
Proceeds from disposal of investment property		**2,545**	–	**2,545**	–
Proceeds from disposal of subsidiaries	6	**–**	646	**–**	646
Net cash (used in)/generated from investing activities		**(9,157)**	646	**1,584**	626
Cash flows from financing activities					
Increase in share capital		**13,003**	–	**13,003**	–
Net cash generated from financing activities		**13,003**	–	**13,003**	–
Net movement in cash and cash equivalents		**6,208**	20	**6,205**	–
Cash and cash equivalents at beginning of year		**20**	–	**–**	–
Cash and cash equivalents at end of year	9	**6,228**	20	**6,205**	–

The Notes on pages 36 to 62 are an integral part of these consolidated financial statements.

notes to the consolidated financial statements

1. Summary of significant accounting policies

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

1.1 BASIS OF PREPARATION

These consolidated financial statements include the financial statements of Trident Estates plc and its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, (Cap. 386). They have been prepared under the historical cost convention, as modified by the fair valuation of investment property and except as disclosed in the accounting policies below. Unless otherwise stated, all financial information presented has been rounded to the nearest thousand.

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 Group's accounting policies (see Note 3 – Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2018

In 2018, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 February 2018. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's accounting policies.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1 February 2019. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Group's directors are of the opinion that, with the exception of the below pronouncements, there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

IFRS 9, 'Financial instruments', addresses the classification measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in July 2014 and is effective for accounting periods commencing on or after 1 January 2018. The Group will adopt the standard with a date of initial application of 1 February 2018.

IFRS 9 replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. Under IAS 39, all the Group's financial assets – which comprise trade and other receivables and cash and cash equivalents – are classified within the loans and receivables category of financial assets. The Group has determined that these financial assets meet the conditions set out in IFRS 9 to continue to be measured at amortised cost. Other than a mandatory reclassification from loans and receivables to financial assets held in 'hold to collect' business model, the adoption of IFRS 9 will have no impact on the Group's classification and measurement model for financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for issued financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 and have not been changed. The adoption of IFRS 9 will accordingly have no impact on the Group's financial liabilities.

The standard also introduces a new expected credit losses model for financial assets that replaces the incurred loss impairment model used in IAS 39. This generally results in accelerating provisions for impairment as compared to IAS 39.

The Group qualifies for certain simplifications afforded in IFRS 9 in recognising impairment losses. The Group's trade receivables do not contain significant financing components, and accordingly the Group is required under IFRS 9 to provide for lifetime expected credit loss for all trade receivables, irrespective of whether these have demonstrated a significant increase in credit risk; the Group will estimate the lifetime expected credit loss using a provisions matrix. The adoption of IFRS 9 is not expected to have a significant impact on the measurement of these receivables. The directors expect that impairment provisions on other trade receivables will increase upon the adoption of IFRS 9 as they currently do not attract a provision under IAS 39; the directors are presently assessing the resultant provision from the application of the provisions matrix.

1.1 BASIS OF PREPARATION continued

With respect to its amounts due from related parties, the Group will apply the general model in IFRS 9. In determining whether a significant increase in credit risk has occurred, the Group takes into account the third parties' performance and financial position, as well as expected future cash. With respect to these loans, the Group is in the process of assessing and evaluating the impact of IFRS 9.

The Group's cash and cash equivalents are held with local financial institutions with high quality standing or rating. The Group will apply the low credit risk simplification allowed by IFRS 9, through which such balances will be classified within 'stage 1' without the requirement to carry out an assessment of whether there has been a significant increase in credit risk. Under the practical expedient, the Group will estimate the 12-month expected credit loss. The directors have however determined that the high quality of the financial institutions is such that the adoption of IFRS 9 will not have a material impact on the net carrying amount of these financial assets.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Under IFRS 16, 'Leases', a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for period of time in exchange for consideration. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts; an optional exemption is available for certain leases whose term is of not more than one year, as well as leases of low-value assets. The standard is effective for annual periods beginning on or after 1 January 2019 and although earlier application is permitted, the Group does not intend to adopt the standard earlier than its mandatory effective date. The Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16. At this stage, the Group is still in the process of assessing and evaluating the impact of IFRS 16 on the Group's operating leases where the Group is the lessee.

1.1.1 VOLUNTARY CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

During the financial year 31 January 2018, the Company changed the accounting policy with respect to subsequent measurement of investment property whereby these assets will be subsequently measured at fair value at the end of each reporting period. Fair value is based on active markets prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair value of investment property policy has been applied retrospectively in accordance with the requirements of IAS 8, 'Accounting policies, changes in accounting estimates and errors'. Accordingly, the Company adjusted the opening balance of each affected component of equity for the earliest period presented in these financial statements and other comparative amounts disclosed for the comparative period presented as if the revised accounting policy has always been applied. Consequently, and in line with the requirements of IAS 1, three statements of financial position, being as at 1 February 2016, 31 January 2017 and 31 January 2018, are being presented.

Prior to the change in accounting policy, investment property was subsequently carried at historical cost less accumulated depreciation and accumulated impairment losses. The capitalised costs of building were amortised over 50 years at most, in accordance with their useful lives. The financial impacts of this change in accounting policy comprise the retrospective recognition of a fair value gain of €10.1 million (Note 5), of a deferred tax liability of €1.7 million (Note 13) and of the net resultant effect of €8.5 million within fair value gains reserve as at 1 February 2017 (Note 12). This change in accounting policy also neccessitated the reversal of accumulated depreciation on investment property. The retrospective derecognition of accumulated depreciation amounted to €1.1 million (Note 5). In accordance with the requirements of IAS 1, the Notes for investment property, deferred tax and the fair value gains reserve include information as at 31 January 2017 and 31 January 2018.

1.1.2 SIGNIFICANT TRANSACTIONS – RESTRUCTURING OF TRIDENT ESTATES PLC

Following the approval by the shareholders of Simonds Farsons Cisk (the Parent) at the Annual General Meeting held on 27 June 2017, its Board of Directors completed the necessary arrangements concerning the spin-off of Trident Estates plc to the Parent's shareholders.

On 26 October 2017, a number of property transfers forming part of the Group's restructuring were executed. These namely related to the acquisition of the façade by the Group (Note 5), the disposal of non-current assets held by the Group to its Parent (Note 10) and the acquisition of the remaining 50% shareholding in Sliema Fort Company Limited by the Company (Notes 6 and 24). On the same date, the Parent restructured the Company's shareholding to €30,000,000 to reflect its capital structure (Note 11) in preparation for the spin-off of the Group. The above transactions had a significant impact on the accounts of the Group and the Company.

Pursuant to the Listing Rules, on 18 December 2017, the Listing Authority authorised the admissibility to listing of the Trident Shares. On 20 December 2017, the Board of Directors of the Parent declared a net interim dividend of €37,211,000 (equivalent to €1.2403667 per share) that was settled in kind through the distribution of the Parent's entire shareholding in Trident Estates plc (being 30,000,000 ordinary shares of a nominal value of €1 per share) to the Parent's shareholders *pro rata* to the number of shares held by them in Simonds Farsons Cisk plc at close of business on 21 December 2017. The Trident shares were admitted to the Official List of the Malta Stock Exchange on 30 January 2018, and trading commenced on the following day.

1.2 CONSOLIDATION

(A) SUBSIDIARIES

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (Note 1.8).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A listing of the subsidiaries is set out in Note 27 to the financial statements.

(B) ASSOCIATES

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition net of any accumulated impairment loss. See Note 1.7 for the impairment of non-financial assets including goodwill.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

The sole associate of the Group is disclosed in Note 7 to the financial statements.

1.3 FOREIGN CURRENCY TRANSLATION

(A) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro which is the Group's presentation currency.

(B) TRANSACTIONS AND BALANCES

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

1.4 BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the Group, fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any preexisting equity interest in the subsidiary.

1.4 BUSINESS COMBINATIONS continued

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity; and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired, is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recorded at historical cost and is subsequently stated less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Group 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.

Depreciation 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:

- Motor vehicles 20%
- Computer equipment 25%

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 (see Note 1.8).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss.

1.6 INVESTMENT PROPERTY

Property that is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Group, is classified as investment property. Investment property comprises freehold and leasehold land and buildings, and land and buildings held under long-term operating leases.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. 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 investment property 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 annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

These valuations are reviewed annually. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

1.6 INVESTMENT PROPERTY continued

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes. When the Group decides to dispose of an investment property without development, the Group continues to treat the property as an investment property. Similarly, if the Group begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss; with any remaining increase recognised in other comprehensive income, directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged to other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

1.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation 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.

1.8 FINANCIAL ASSETS

1.8.1 CLASSIFICATION

The Group classifies its financial assets, (other than investments in associates) 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 Group 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 Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (Notes 1.9 and 1.11).

1.8.2 RECOGNITION AND MEASUREMENT

The Group 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 Group. 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.

Loans and receivables are initially recognised at fair value plus transaction costs and 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 Group has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

1.8.3 IMPAIRMENT

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ·
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.9 TRADE AND OTHER RECEIVABLES

Trade receivables comprise amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (Note 1.8.3). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

1.10 CURRENT AND DEFERRED TAX

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

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

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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; 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.

Under this method the Group is required to make a provision for deferred taxes on the fair valuation of certain non-current assets. Such deferred tax is charged or credited directly to the fair value gains reserve.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits 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 tax 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.

1.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statements of financial position at face value. In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

1.12 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale/disposal transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset. Non-current assets (classified as assets held for sale) are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

1.13 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. Incremental costs directly attributable to the issue of new shares or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

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

1.14 BORROWINGS

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried 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 Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.15 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

1.16 TRADE AND OTHER PAYABLES

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

1.17 FINANCIAL LIABILITIES

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

1.18 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.19 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 Group's activities. Revenue is shown net of value-added tax or other sales taxes, returns, rebates and discounts. Revenue is recognised as follows:

(A) PROPERTY-RELATED INCOME

Rental income from investment property is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(B) FINANCE INCOME

Finance income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as finance income.

1.20 OPERATING LEASES

Where a group is a lessor

Assets leased out under operating leases are included in investment property in the statements of financial position. These assets are fair valued annually on a basis consistent with similarly owned investment property.

1.21 BORROWING COSTS

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of the Group's interest-bearing borrowings.

1.22 EARNINGS PER SHARE

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the end of the period.

2. Financial risk management

2.1 FINANCIAL RISK FACTORS

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

(A) MARKET RISK

(i) Cash flow and fair value interest rate risk

As at 31 January 2018, the Group and Company have no significant interest-bearing assets that are subject to floating or fixed interest rates. In prior year, the Group's fixed interest instruments comprised of amounts due to the previous parent (Note 14), while besides the latter, the Company's fixed interest instruments included amounts due from subsidiaries (Note 8). These instruments were measured at amortised cost and accordingly the Group and the Company were not exposed to fair value interest rate risk. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ·
2. FINANCIAL RISK MANAGEMENT *continued*

(B) CREDIT RISK

The Group's and Company's credit risk arises from cash and cash equivalents, and amounts due from related parties and subsidiaries respectively. The carrying amount of these financial assets represents the maximum credit exposure, which at the end of the reporting period was:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Carrying amounts				
Trade and other receivables (Note 8)	**391**	3,568	**11,574**	3,632
Cash and cash equivalents (Note 9)	**6,228**	20	**6,205**	–
	6,619	3,588	**17,779**	3,632

The Group and the Company bank only with local financial institutions with high quality standing or rating.

The Group's and the Company's operations are principally carried out in Malta and their revenues originate from clients based in Malta. The Group presently has a small number of clients as tenants, these mainly relate to companies within the Farsons Group. The Group assessed the respective credit risk and concluded that despite this concentration, these tenants are able to honour their contractual commitments. However, in common with similar business concerns, the failure of specific large customers could have a material impact on the Group's results.

The Company's receivables include significant amounts due from subsidiaries and related parties forming part of the Farsons Group (see Note 8). The Group's senior management team monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Group assesses the credit quality of these related parties taking into account financial position, performance and other factors. The Group takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

(C) LIQUIDITY RISK

The Group and Company are exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables, amounts owed to related parties and subsidiaries respectively (refer to Note 14). 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 over a twelve month period and ensures that adequate financing facilities are in place for the coming year. The carrying amounts of the Group's and Company's assets and liabilities are all due within the next twelve months.

2.2 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital of the Group is not managed with a view of maintaining a controlled relationship between capital and borrowings since the Group does not have long-term borrowings and it is the directors' view that equity is considered to be the capital of the Company.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

2.3 FAIR VALUES OF INSTRUMENTS NOT CARRIED AT FAIR VALUE

At 31 January 2018 and 2017, the carrying amounts of cash at bank, trade and other receivables and trade and other payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of amounts owed by subsidiaries which are current or repayable on demand is equivalent to their carrying amount.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of the Group's non-current floating interest rate bank borrowings at the end of the reporting period is not significantly different from the carrying amounts.

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, except as disclosed in Note 5, are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4. Property, plant and equipment

GROUP AND COMPANY	2018	2017
	€'000	€'000
Year ended 31 January		
Opening net book amount	13	18
Additions	10	–
Depreciation	(5)	(5)
Closing net book amount	18	13
At 31 January		
Cost or valuation	34	24
Accumulated depreciation and impairment	(16)	(11)
Closing carrying amount	18	13

Depreciation charge for the financial year is included in operating expenses.

5. Investment property

GROUP	2018	2017
	€'000	€'000
Year ended 31 January		
Opening net book amount	**21,014**	20,047
Fair value gains	**165**	4,667
Additions (Note 1.1.2)	**10,764**	–
Acquisition of subsidiary (Note 24)	**1,100**	–
Disposals	**–**	(1,155)
Transfer to assets held for sale (Note 10)	**–**	(2,545)
Closing net book value	**33,043**	21,014
At 31 January		
Cost	**17,381**	5,517
Fair value gains	**15,662**	15,497
Net book amount	**33,043**	21,014

Property additions in 2018 relate to the transfer of the façade property from Simonds Farsons Cisk plc to the Group in the latter part of 2017 as part of the Group restructuring and the spin-off process of the Group.

COMPANY	2018	2017
	€'000	€'000
Year ended 31 January		
Opening carrying amount as previously reported	**4,409**	6,777
Effect of change in accounting policy (Note 1.1.1)	**8,876**	11,191
As restated	**13,285**	17,968
Fair value gains	**–**	3,957
Transfer to assets held for sale (Note 10)	**(4,105)**	(8,640)
Closing net book value	**9,180**	13,285
At 31 January		
Cost	**3,897**	4,409
Fair value gains	**5,283**	8,876
Net book amount	**9,180**	13,285

FAIR VALUE OF PROPERTY

The Group 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).

On 31 January 2018, the Directors approved the valuations of the Group's investment property after assessing the valuations made during 2018 by duly appointed independent chartered architectural firms. These valuations were determined on the basis of open market values after considering the intrinsic value of the property and net potential returns. In 2017, these valuations resulted in an increase in the value of property classified under investment property by €4.6 million. While in 2018, these valuations resulted in an increase in the value of property classified under investment property by €165,000.

All the recurring property fair value measurements at 31 January 2018 use significant unobservable inputs and are accordingly categorised within level 3 of the fair valuation hierarchy. The Group's policy is to recognise transfers in 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 January 2018.

A reconciliation from the opening balance to the closing balance of investment property for recurring fair value measurements categorised within level 3 of the fair value hierarchy, is reflected in the table above. Besides the above-noted fair value adjustments, the only movements in investment property reflect additions, disposals and transfers to non-current assets held for sale categories (Note 10).

VALUATION PROCESSES

The valuations of the properties are performed regularly on the basis of valuation reports prepared by independent and qualified valuers. These reports are based on both:

- information provided by the Group which is derived from the Group's financial systems and is subject to the Group's overall control environment; and
- assumptions and valuation models used by the valuers – the assumptions are typically market related. These are based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by the Chief Executive Officer (CEO). This includes a review of fair value movements over the period. When the CEO considers that the valuation report is appropriate, the valuation report is recommended to the Board of Directors. The Board of Directors considers the valuation report as part of its overall responsibilities.

VALUATION TECHNIQUES

The external valuations of the level 3 property have been performed using a variety of methods, including an adjusted sales comparison approach, capitalised rentals approach and the discounted cash flow approach. Each property was valued using the method considered by the external valuers to be the most appropriate valuation method for that type of property; the method, together with the fair value measurements, was approved by the Board of Directors as described above.

In view of the limited number of sales of similar properties in the local market, the valuations have been performed using unobservable inputs. The significant input to the sales comparison approach is generally a sales price per cubic meter related to transactions in comparable properties located in proximity to the Group's property, with significant adjustments for differences in the size, age, exact location and condition of the property.

In the case of the capitalised rentals approach, the significant unobservable inputs include a rental rate per square meter (also in respect of comparable properties as described in the case of the sales comparison approach) and a capitalisation rate (applied at 5 – 6.8%).

In the case of the façade property, the discounted projected cash flows approach was applied taking into consideration the proposed projected plans submitted to the relevant authorities and projected time frames. The significant unobservable inputs include annualised net cash inflows per square metre (driven by premium market rentable rates), an expected occupancy rate, a capitalisation rate (applied at 6.4%), and development costs (based on high quality finishes). The resulting gross development return has been split between development return (assumed at 11%) with the residual value attributed to the Company land value.

VALUATION TECHNIQUES continued

INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

GROUP				
DESCRIPTION BY CLASS BASED ON HIGHEST AND BEST USE	FAIR VALUE	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUT	RANGE OF UNOBSERVABLE INPUTS
	€'000			€
As at 31 January 2018				
Current use as commercial premises	**12,079**	Capitalised rentals approach	Rental rate per square meter	80 – 200
		Discounted cash flow approach	Rental rate per square meter	80 – 375
Developable land for mixed use/commercial use	**20,964**	Capitalised rentals approach	Rental rate per square meter	100 – 150
		Sales comparison approach	Sales price per cubic meter	175 – 250
		Discounted cash flow approach	Rental rate per square meter	175 – 300
As at 31 January 2017				
Current use as commercial premises	**10,814**	Capitalised rentals approach	Rental rate per square meter	80 – 200
		Discounted cash flow approach	Rental rate per square meter	100 – 350
Developable land for mixed use/commercial use	**10,200**	Capitalised rentals approach	Rental rate per square meter	100 – 150
		Sales comparison approach	Sales price per cubic meter	175 – 250

In the case of the sales comparison approach and the capitalised rentals approach, the higher the sales price per cubic metre or the rental rate per square metre, the higher the resultant fair valuation. Conversely, the lower the required development cost per square metre or the rental capitalisation rate, the higher the resultant fair valuation.

In respect of the discounted cash flow approach, the higher the annualized net cash inflows, and growth rate, the higher the fair value. Conversely, the lower the discount rate, the estimated development costs, and capitalisation rate used in calculating the annualized net cash inflows, the higher the fair value.

The highest and best use of properties which are developable for mixed use/commercial use differs from their current use. These assets mainly comprise properties which are currently partly used by the Group or which are currently vacant, and which would require development or refurbishment in order to access the maximum potential cash flows that may be generated from the properties' highest and best use.

VALUATION TECHNIQUES continued

The following amounts have been recognised in the income statements:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000 (RESTATED)
Rental income	**796**	727	**692**	634
Direct operating expenses arising from rental of investment property	**(79)**	(106)	**(41)**	(43)

If the investment property were stated on the historical cost basis, the carrying amounts would be stated as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
As at 31 January				
Cost	**17,381**	5,517	**3,897**	4,409
Accumulated depreciation	**(1,716)**	(978)	**(684)**	(605)
Net book amount	**15,665**	4,539	**3,213**	3,804

6. Investment in subsidiaries

COMPANY		
	2018	2017
	€'000	€'000
Year ended 31 January		
Opening net book amount	**261**	594
Additions	**-**	20
Transfer of investment in associate following stepped acquisition (Notes 7 and 24)	**259**	-
Disposal of investment	**-**	(353)
Closing net book amount	**520**	261
At 31 January		
Cost and carrying amount	**520**	261

During the financial year, the Company entered into a promise of sale agreement to acquire the remaining 50% shareholding in Sliema Fort Company Limited from Food Chain Limited (a related party). This agreement is subject to approval by the Lands Authority as landlord of the leasehold property owned by this associate. In terms of the share acquisition agreement, the management and control of this associate is effectively held by the Company and accordingly this investment is being treated as an investment in subsidiary in the books of the Company and consolidated on a line by line basis in the Group accounts. The Company has made an advance payment amounting to €951,000 with respect to this acquisition. This amount is disclosed as an advanced payment under current assets.

During financial year ending 31 January 2017, the Company disposed of its investments in Portanier Warehouses Limited and Galleria Management Limited to its ultimate parent for a consideration amounting to €646,000.

Furthermore, in financial year 2017, the Company subscribed on incorporation to 99.9% of the shares issued by Neptune Properties Limited and Trident Park Limited for an aggregate amount of €20,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

7. Investment in associate

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Year ended 31 January				
Opening and closing book amount	**942**	965	**259**	259
Share of results of associate	**20**	(23)	**–**	–
Effect of derecognition of investment in associate following stepped acquisition (Note 24)	**(11)**	–	**–**	–
Transfer of investment in associate following stepped acquisition (Notes 6 and 24)	**(951)**	–	**(259)**	–
Net book value	**–**	942	**–**	259

During the current financial year, the Group and Company entered into a promise of sale agreement to acquire the remaining 50% of shares in Sliema Fort Company Limited from a related party for a consideration amounting to €951,000, which was paid in advance. Details of the stepped acquisition are disclosed in Note 24.

Details of the former associate are shown below:

GROUP AND COMPANY	REGISTERED OFFICE	CLASS OF SHARES HELD	PERCENTAGE OF SHARES HELD	
			2018	2017
Sliema Fort Company Limited	The Brewery Mdina Road Mrieħel Malta	Ordinary shares	**100**	50

8. Trade and other receivables

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Current				
Amounts due from subsidiaries	**–**	–	**11,268**	1,132
Amounts due from related parties	**391**	3,568	**306**	2,500
Indirect taxation	**6**	–	**–**	–
Prepayments and accrued income	**43**	10	**8**	7
	440	3,578	**11,582**	3,639

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

In 2017, amounts due from subsidiaries included an amount equivalent to €466,000 that was subject to an interest rate of 4.75%. Interest on this balance ceased to be applied during the course of the year.

9. Cash and cash equivalents

For the purposes of the statements of cash flows, the cash and cash equivalents at the end of the reporting period comprise the following:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Cash at bank and in hand	**6,228**	20	**6,205**	–

10. Non-current assets (and related liabilities) held for sale

As at 31 January 2017, in preparation for the noted 'spin-off', the Group reclassified property and related liabilities to the non-current asset category as disclosed below. These classifications reflect the restructuring process approved by the Farsons Group aimed at spinning off its property segment which is incorporated within the Trident Group. On 1 March 2017, this property was transferred to the Company's previous Parent for a consideration amounting to €2.5 million.

GROUP		
	2018	2017
	€'000	€'000
Non-current assets		
At beginning of the year	**2,545**	–
Transfer from investment property	**–**	2,545
Disposals (see note below and Note 1.1.2)	**(2,545)**	–
Closing net book value	**–**	2,545
Liabilities classified as held for sale		
At beginning of the year	**331**	–
Deferred tax attributable to non-current assets held for sale (Note 13)	**–**	331
Release of deferred tax following disposal of non-current assets held for sale (Note 20)	**(331)**	–
Liabilities directly attributable to non-current assets held for sale	**–**	331

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ·
10.NON-CURRENT ASSETS (AND RELATED LIABILITIES) HELD FOR SALE *continued*

COMPANY	2018	2017
	€'000	€'000
Non-current assets		
At beginning of the year		
– as previously reported	2,932	–
– effect of change in accounting policy (Note 1.1.1)	5,708	–
As restated	8,640	–
Transfer from investment property (Note 5)	4,105	8,640
Disposals (see note below and Note 1.1.2)	(2,545)	–
Closing net book value	10,200	8,640
At 31 January		
Cost	1,524	2,932
Fair value movements	8,676	5,708
Carrying amount	10,200	8,640
Liabilities classified as held for sale		
At beginning of the year		
– as previously reported	–	–
– effect of change in accounting policy (Note 1.1.1)	995	–
As restated	995	–
Deferred tax attributable to non-current assets held for sale (Note 13)	390	995
Release of deferred tax following disposal of non-current assets held for sale (Note 20)	(365)	–
Closing net book value	1,020	995

During 2017, the Company's Board of Directors resolved to transfer additional investment property having a fair value of €6.1 million to one of its newly incorporated subsidiaries. In 2018, further investment property on the same site having a fair value of €4.1 million was also transferred to non-current assets held for sale as this property will also be transferred to the same subsidiary and accordingly, this property has been classified as non-current asset held for sale. These transfers are expected to be executed in the coming 12 months.

11. Share capital

GROUP AND COMPANY	2018	2017
	€'000	€'000
Authorised:		
20,630 ordinary shares of €232.937339 each	–	4,805
50,000,000 ordinary shares of €1 each	50,000	–
Issued and fully paid:		
20,630 ordinary shares of €232.937339 each	–	4,805
30,000,000 ordinary shares of €1 each	30,000	–

On 26 October 2017, as part of the restructuring process, which ultimately led to the spin-off on 30 January 2018 of Trident Estates Group from the Farsons Group, the following shareholder approved transactions were undertaken:

(i) re-designation of the issued share capital of the Company from 20,630 ordinary shares of a nominal value of €232.937339 each to 4,805,498 ordinary shares of a nominal value of €1 each;
(ii) increase of the authorised share capital of the Company to 50,000,000 ordinary shares of €1 each;
(iii) increase of the issued share capital of the Company to 30,000,000 ordinary shares of €1 each;
(iv) issue of 25,194,502 shares of €1 each in favour of Simonds Farsons Cisk plc by way of:

- a cash contribution amounting to €6.5 million;
- capitalisation of reserves amounting to €12.2 million mainly emanating from the fair valuation of the investment property held by the Company (Note 12);
- capitalisation of amounts due by the Company to Simonds Farsons Cisk plc amounting to €6.5 million.

12. Fair value gains reserve

GROUP	2018	2017
	€'000	€'000
Non-current assets		
At beginning of year, net of deferred tax	**14,047**	10,555
Release of fair value gains upon disposal of subsidiaries	**–**	(520)
Fair value movements on investment property, net of deferred tax	**148**	4,060
Fair value movement related to investment property held by associate	**–**	(48)
Release of fair value gain upon disposal of investment property	**210**	–
Capitalisation of reserves (Note 11)	**(12,192)**	–
At 31 January	**2,213**	14,047

COMPANY	2018	2017
	€'000	€'000
Non-current assets		
At beginning of the year, net of deferred tax as previously reported	**–**	–
Effect of change in accounting policy, net of deferred tax	**12,007**	8,493
As restated, net of deferred tax	**12,007**	8,493
Fair value gains for the year net of deferred tax	**–**	3,514
Release of fair value gains upon disposal of investment property	**210**	–
Capitalisation of reserves (Note 11)	**(12,192)**	–
At 31 January	**25**	12,007

The fair value gains reserve was created on the fair valuation of the Group's and Company's investment property and property classified as held for sale. Related deferred tax was debited to this reserve.

On 26 October 2017, the shareholders of the Company capitalised reserves amounting to €12.1 million as part of the capital restructuring process of the Company in lieu of the spin-off transaction (Note 11).

This reserve is a non-distributable reserve.

13. Deferred taxation

The movement in the deferred tax account is as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
At the beginning of the year				
as previously reported	**1,742**	1,466	**–**	–
effect of change in accounting policy	**–**	–	**1,114**	1,667
As restated	**1,742**	1,466	**1,114**	1,667
Acquisition of subsidiary (Note 24)	**427**	–	**–**	–
Debited to income statement (Note 20)	**59**	607	**194**	442
Transferred to liabilities classified as held for sale (Note 10)	**–**	(331)	**(390)**	(995)
At end of year	**2,228**	1,742	**918**	1,114

The balance at 31 January represents temporary differences on fair valuation of investment property and property classified as held for sale.

Deferred taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2017: 35%), with the exception of deferred taxation on the fair valuation of non-depreciable property which is computed on the basis applicable to disposals of immovable property, that is, a tax effect of 10% (2017: 10%) of the transfer value.

14. Trade and other payables

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Non-current				
Other payables (Note 24)	**150**	–	**–**	–
Current				
Trade payables	**66**	2	**26**	2
Amounts due to the ultimate parent	**–**	2,461	**–**	2,480
Amounts owed to subsidiaries	**–**	–	**1,899**	–
Indirect taxes and social security	**18**	20	**9**	13
Accruals and deferred income	**161**	33	**108**	21
	245	2,516	**2,042**	2,516
Total trade and other payables	**395**	2,516	**2,042**	2,516

Amounts owed to subsidiaries and related party are unsecured, interest free and are repayable on demand.

In prior year, amounts due to the ultimate were unsecured, repayable on demand and carried interest at 4.75%. Interest on this balance ceased to be applied during the course of the year.

Other payables amounting to €150,000 represent security deposits paid by a tenant which will be refunded upon termination of lease agreement.

15. Revenue

All the Group's revenue, which arises solely in Malta, is derived from rents receivable on properties rented out.

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Rental income	**796**	727	**692**	634

16. Expenses by nature

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Depreciation of property, plant and equipment	**5**	5	**5**	5
Employee benefit expense	**335**	14	**335**	14
Property rent	**79**	106	**41**	43
Other expenses	**121**	32	**120**	45
Total cost of sales and administrative expenses	**540**	157	**501**	107

Included in the above are expenses amounting to €370,000 (2017: €42,000) recharged from a related party in respect of payroll and other expenses. Directors' emoluments and senior managers' amounting to €132,700 (2017: €3,500) were included in the recharged amount.

AUDITOR'S FEES

Fees charged by the auditor for services rendered during the financial periods ended 31 January 2018 and 2017 relate to the following:

GROUP		
	2018	2017
	€'000	€'000
Annual statutory audit	**33**	24
Tax advisory and compliance services	**2**	1
Other assurance services	**11**	–
	46	25

17. Net income on acquisition of investment

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Excess of net assets acquired of the associate over consideration paid and carrying value of investment (Notes 7 and 24)	**11**	–	**–**	–

18. Finance income

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Interest on amounts owed by related party	**21**	–	**21**	–
Interest on amounts owed by fellow subsidiaries	**–**	–	**–**	28
Interest on amounts owed by associate	**20**	22	**20**	22
	41	22	**41**	50

19. Finance costs

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Interest on amounts due to related parties	**56**	94	**56**	94

20. Tax (income)/expense

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Current tax expense	**196**	117	**178**	113
Deferred tax expense (Note 13)	**59**	607	**194**	442
Deferred tax releases related to the disposals of non-current assets (Note 10)	**(331)**	–	**(365)**	–
	(76)	724	**7**	555

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

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000 (RESTATED)
Profit before tax	**437**	5,081	**176**	4,733
Tax on profit at 35%	**153**	1,778	**62**	1,657
Tax effect of:				
Maintenance allowance on rental income	**(51)**	(45)	**(46)**	(41)
Over provision from prior year	**–**	(37)	**–**	(37)
Tax exempt gains	**–**	–	**–**	(1,487)
Tax rules applicable to property values	**(272)**	(1,026)	**(170)**	442
Expenses not allowable for tax purposes	**94**	54	**161**	21
Tax (income)/expense	**(76)**	724	**7**	555

21. Cash generated from/(used in) operations

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

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000 (RESTATED)
Operating profit	**256**	570	**191**	527
Adjustments for:				
Depreciation of property, plant and equipment	**5**	5	**5**	5
Changes in working capital:				
Trade and other receivables	**5,071**	(1,562)	**(7,943)**	(324)
Trade and other payables	**(2,810)**	644	**(475)**	(578)
Cash generated from/(used in) operations	**2,522**	(343)	**(8,222)**	(370)

22. Earnings per share

Earnings per share is based on the profit for the financial year attributable to the shareholders of Trident Estates plc divided by the weighted average number of ordinary shares in issue during the year and ranking for dividend.

GROUP		
	2018	2017 (RESTATED)
Profits from operations excluding fair value movements (€'000)	**76**	297
Profits from fair value movements (€'000)	**437**	4,060
Profit attributable to shareholders (€'000)	**513**	4,357
Weighted average number of ordinary shares in issue (thousands)	**11,501**	4,805
Earnings per share attributable to profits excluding fair value movements	**€0.007**	€0.062
Earnings per share attributable to fair value movements	**€0.038**	€0.845
Earnings per share for the year attributable to shareholders	**€0.045**	€0.907

The weighted average number of ordinary shares for 2017 was restated to reflect the re-designation of ordinary shares as stated in Note 11.

23. Commitments

CAPITAL COMMITMENTS

Commitments for capital expenditure related to investment property not provided for in these financial statements are as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Authorised but not contracted	**45,000**	–	**–**	–

The above amount relates to the Trident Park project which is budgeted to cost in the region of €45 million. This project will be financed partly through bank funding which has been secured during the course of the year and partly through a two-stage share capital rights issue that will take place during the last quarter of 2019 and in 2020. The major shareholders (Note 25) have signed a letter of undertaking with the Company committing to take up their respective proportions of the aforementioned rights issues.

OPERATING LEASE COMMITMENTS – WHERE A GROUP AND COMPANY ARE A LESSOR

These leases principally relate to property rentals. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Not later than 1 year	**962**	133	**687**	82
Later than 1 year and not later than 5 years	**2,636**	380	**1,239**	75
Later than 5 years	**248**	210	**–**	–
	3,846	723	**1,926**	157

24. Business combinations

ACQUISITION OF ENTITIES (AS PART OF THE SPIN-OFF PROCESS)

Up to 25 October 2017, the Group held 50% of the share capital and control in Sliema Fort Company Limited. On 26 October 2017, the Group through the Parent Company, acquired the control over the remaining 50% of the share capital of Sliema Fort Company Limited, a company principally involved in the leasing of investment property (Note 6). Until the date control was obtained, the investment in Sliema Fort Company Limited was classified as an investment in associate and measured using the equity method (Note 7).

The following table summarises the estimated fair values of the consideration paid, previous held equity interest, the remaining 50% shareholding as well as the assets acquired and liabilities assumed at the date of acquisition.

	2018
	€'000
Consideration at date of acquisition	
Fair value of consideration paid (Note 1.1.2)	951
Fair value of previously held equity interest before the business combination	951
Total consideration	**1,902**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Investment property (Note 5)	1,100
Trade and other receivables	1,934
Cash and cash equivalents	23
Deferred tax (Note 13)	(427)
Trade and other payables	(688)
Current tax	(18)
Total identifiable net assets	**1,924**
Excess of net assets acquired over considerations paid	**22**

As a result of the acquisition, the Group is expecting to fully benefit from the lease of the Company's investment property located in a highly sought after area in the northern harbour region of Malta. This business combination resulted in a gain amounting to €22,000 because the fair value of assets and liabilities acquired exceeded the total fair value of the consideration paid. The Group recognised a loss of €11,000 as a result of measuring at fair value its 50% equity interest in this entity held before the business combination. The net gains are included under net income on acquisition of investment in the Group's income statements for the year ended 31 January 2018.

DISPOSAL OF ENTITIES (AS PART OF THE SPIN-OFF PROCESS)

In January 2017, the Group sold two of its subsidiaries namely Portanier Warehouses Limited and Galleria Management Limited for a total consideration of €646,000. These transactions form part of the Group restructuring process approved by the Farsons Group aimed at spinning off its property segment which is incorporated within the Trident Group.

The following table summarises the carrying value of the assets and liabilities disposed at the respective transaction date as well as the resulting surplus and shortfall after taking into account the above noted considerations.

	2017
	€'000
Carrying value of assets and liabilities disposed	
Investment property (Note 5)	1,155
Trade and other receivables	473
Trade and other payables	(921)
Net assets disposed	**707**
Consideration attributed to the disposal of subsidiaries	(646)
Net loss on disposal	**61**

The Group did not execute any further disposal of businesses or operations from the financial year-end up to the approval of these financial statements.

25. Related party transactions

Until 20 December 2017, Trident Estates Group formed part of the Farsons Group. On 20 December 2017, Simonds Farsons Cisk plc, the Company's former parent spun off its investment in the Company and, on 30 January 2018 the Company was listed on the Malta Stock Exchange. Until 20 December 2017, the Directors considered the Company's former parent Simonds Farsons Cisk plc and its subsidiaries including the Trident Estates Group, to be a Group until the date of spin-off. Following the spin-off date, these entities are considered to be related parties due to common directors and the common shareholding disclosed below. Furthermore, the following companies (and their respective subsidiaries and jointly-controlled entities) are considered to be related parties by virtue of their shareholding in the Company:

PERCENTAGE OF SHARES HELD		
	2018	2017
Farrugia Investments Limited	**26.50**	26.50
M.S.M. Investments Limited	**26.50**	26.50
Sciclunas Estates Limited	**26.32**	26.32

The remaining 20.68% of the shares are widely held.

Subsequent to the year-end and in line with Article 3.26 of the Listing Rules, the above shareholders have reduced their shareholdings as follows:

PERCENTAGE OF SHARES HELD SUBSEQUENT TO YEAR-END	
Farrugia Investments Limited	24.79
M.S.M. Investments Limited	25.06
Sciclunas Estates Limited	24.89

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ·
25. RELATED PARTY TRANSACTIONS *continued*

The following operational transactions were carried out with related parties:

	GROUP		COMPANY	
	2018	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000
Income from goods and services				
From fellow subsidiaries				
– Rental income	**–**	–	**–**	549
– Interest income	**–**	–	**–**	28
From associate and subsidiaries				
– Interest income	**–**	22	**20**	22
From related parties				
– Rental income	**721**	587	**617**	–
– Interest income	**21**	–	**21**	–
	742	609	**658**	599
Expenditure for goods and services				
From parent and related parties				
– Interest expense	**56**	94	**56**	94
– Recharged expenses	**370**	42	**370**	42
	426	136	**426**	136

Further to the above, the Group entered into significant transactions with its former parent and its Group as described in Note 1.1.2.

Key management personnel compensation for 2018 and 2017, consisting of directors' and senior management remuneration which was recharged from the Group's previous parent, is disclosed as follows:

GROUP		
	2018	2017
	€'000	€'000
Directors	**4**	4
Senior Management	**129**	–
	133	4

Amounts due from/to fellow subsidiaries are disclosed in Notes 8 and 14 of these financial statements.

26. Statutory information

Trident Estates plc is a public limited liability company incorporated in Malta.

27. Subsidiaries

Subsidiaries and jointly controlled entities with the Group as at 31 January 2018 and 2017 were the following:

GROUP AND COMPANY	REGISTERED OFFICE	PRINCIPAL ACTIVITIES	PERCENTAGE OF SHARES HELD	
			2018	2017
Mensija Catering Company Limited	The Brewery, Mdina Road, Mrieħel	Property leasing	**100**	100
Neptune Properties Limited	The Brewery, Mdina Road, Mrieħel	Non-operating	**100**	100
Trident Park Limited	The Brewery, Mdina Road, Mrieħel	Property development and leasing	**100**	100
Sliema Fort Company Limited	The Brewery, Mdina Road, Mrieħel	Property leasing	**100**	50

28. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation. The Company voluntarily changed its accounting policy on investment property, with effect from 1 February 2017. This has necessitated the restatement of the opening balances as at 1 February 2016. The comparative financial information for 2017 has been adjusted accordingly.

TRIDENT ESTATES PLC
SHAREHOLDER INFORMATION

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

	ORDINARY SHARES HELD AS AT 31 JANUARY 2018	ORDINARY SHARES HELD AS AT 23 MAY 2018
Vincent Curmi	7,854	Nil
Louis A. Farrugia	30,223	30,223
Michael Farrugia	5,552	5,552
Alberto Miceli Farrugia	16,996	Nil
Marquis Marcus John Scicluna Marshall	5,857	Nil
Prof. Avv. Alberto Stagno d'Alcontres	2,858	Nil

Directors' interests listed above are inclusive of shares held in the name of the relative spouse and minor children as applicable.

Mr Alberto Miceli Farrugia and Prof. Avv. Alberto Stagno d'Alcontres have a beneficial interest in M.S.M. Investments Limited. Mr Louis A. Farrugia has a beneficial interest represented by 1 share in Farrugia Investments Limited. Mr Louis A. Farrugia and Mr Michael Farrugia respectively have a beneficial interest in 25% and in 12.5% of the shares in Farrugia Holdings Limited which holds the rest of the shares in Farrugia Investments Limited apart from directly holding 42,916 shares in Trident Estates plc. Marquis Marcus John Scicluna Marshall has a beneficial interest in Sciclunas Estates Limited. There has been no movement in the above stated shareholdings during the period from 31 January 2018 to 23 May 2018.

SHAREHOLDERS HOLDING 5% OR MORE OF THE EQUITY SHARE CAPITAL AS AT 23 MAY 2018
Ordinary shares

	NUMBER OF SHARES	PERCENTAGE HOLDING
Farrugia Investments Limited	7,436,414	24.79
M.S.M. Investments Limited	7,516,611	25.06
Sciclunas Estates Limited	7,466,778	24.89

SHAREHOLDING DETAILS
As at 23 May 2018, the Company's issued share capital was held by the following shareholders:

	NUMBER OF SHAREHOLDERS
Ordinary shares at €1 each	1,462

The holders of the Ordinary shares have equal voting rights.

NUMBER OF SHAREHOLDERS AS AT 23 MAY 2018

	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE HOLDING
Ordinary shares of €1 each			
Up to 500	435	106,235	0.35%
501 – 1,000	292	216,682	0.72%
1,001 – 5,000	543	1,204,618	4.02%
More than 5,000	192	28,472,465	94.91%
	1,462	30,000,000	100.00%

Kenneth C. Pullicino
Company Secretary

The Brewery, Mdina Road, Mrieħel BKR 3000, Malta
Telephone (+356) 2381 4293

annual report

2017/18

FOR THE YEAR ENDED 31 JANUARY 2018

TRIDENT ESTATES PLC

The Brewery, Mdina Road, Mrieħel, Birkirkara, BKR 3000, Malta

TRIDENT
ESTATES PLC

The Brewery, Mdina Road, Mrieħel, Birkirkara, BKR 3000, Malta
Tel: +356 2381 4496   E-mail: info@tridentestatesplc.com

ISBN-13: 978-99957-1-287-7
9 789995 712877 90000