Annual Report 2018-19

FOR THE YEAR ENDED
31 JANUARY 2019

TRIDENT
ESTATES PLC

Contents

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

TRIDENT
ESTATES PLC

It is with pleasure and satisfaction that I report to you on the first year's trading results of Trident Estates plc ("Trident") since its listing on the Malta Stock Exchange in January 2018. As you are all aware, the entire shareholding previously held by Simonds Farsons Cisk plc was transferred to its shareholders as a dividend settled 'in kind'.

The profit before tax for the year under review for the Trident Group amounted to €1,091,000, which includes a fair value gain on investment property of €803,000. Now that the principal activity of the Group is that of a property investment company, this line item will feature in our results on a regular basis and will be dependent on how successful we are at developing our property portfolio and on market trends.

Chairman's Statement

The profit for the year, after a taxation charge €316,000, amounted to €775,000. Rental income from entities considered as related by virtue of the common shareholding is being accounted for at the 'normal' rates of 35% rather than the more beneficial 15% final withholding tax otherwise applied to rental income. Further discussions are underway with our advisers on how we can also benefit from this reduced rate.

The principal activity currently being undertaken by the Group, as outlined in the CEO's report, is that of the Trident Park project which commenced in May 2018. The project comprises the conversion of the existing Old Brewery façade along Mdina Road into a green office campus housing some 15,000 sq metres of international Grade A office accommodation as well as an above-the-ground car park, food and beverage amenities, gym and conference facilities.

As announced last year and further highlighted by the CEO in his report, this substantial investment is projected to reach the highest environmental standards and attain the BREEAM Excellent certification.

As the CEO outlines in his report, works to date are on target and within budget and contracts for the civil, mechanical and electrical and finishes packages have all been awarded within our forecast estimates.

The project is targeted to welcome its first tenants in the first quarter of 2021. Development works are being monitored and the project is being managed by a dedicated team of Trident personnel, backed by professional advisors from both architectural firms engaged by Trident, namely, Ian Ritchie Architects from London and TBA Periti from Malta together with other consultants from both the UK and Malta. The Board of Directors are provided with regular updates on the timeline to project completion and are satisfied that the issues that arise are being tackled and settled in a highly professional manner and in the best interests of the Company.

As already notified in previous company announcements, your Board is committed to a rights issue of €15 million which was initially intended to be raised in two stages. Following further consideration and professional advice, your Board has now decided to apply to the Listing Authority to issue the whole of the amount in one stage in the last quarter of 2019. This is considered to be a more cost-efficient option and avoids the complexities linked with a two-staged issue.

Given the results of our first yearly financial performance and the fact that the project is progressing well, your Board is recommending a dividend of €200,000.

Marketing Trident Park has now started in earnest and interest from prospective tenants has intensified. The feedback received so far has been very positive and the market is appreciative of the strengths of the location and the unique offerings and advantages of Trident Park.

I must thank Charles Xuereb, CEO, who leads a small number of senior executives who are working well as a team and ensuring that there is sufficient focus on the tasks at hand. This much needed focus has given a secure sense of direction to stakeholders of the project and of the Trident Group. This will help ensure that the decision to spin-off the Simonds Farsons Cisk plc property portfolio into a separately funded and governed entity, has been a correct decision which will enhance shareholder value over the medium to long-term.

The Trident Park project is being undertaken simultaneously with the conversion and rehabilitation of the Old Brewhouse, which is owned and project managed by Simonds Farsons Cisk plc. Clearly, the success of both projects are inter-dependent and strong coordination is needed to ensure that they are completed on schedule and within budget. Again, a careful approach is needed to manage the relationship and ensure that an arms-length principle is adopted by both parties in the interests of both sets of shareholders. In this regard, each of the respective Boards' "Related Party Committee" handle any conflicts of interest issues and I am pleased that this is working satisfactorily.

Emphasis in the coming year will also be directed towards the marketing and selling of the space available for rent. Our main selling proposition is the uniqueness of the offering. The open spaces and "campus-like" feel will, we are convinced, make Trident Park a special location.

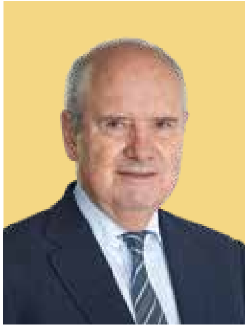
I should now thank our advisors Mamo TCV, our auditors PricewaterhouseCoopers and our financial intermediary Rizzo Farrugia for their valuable support during the setting up of the Company and during this past year of activity.

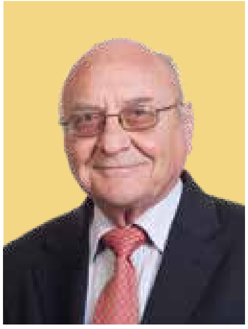
Finally, I therefore wish to thank my fellow Directors for their most valid and wise counsel throughout the year. Naturally the future of the Trident Group will be determined by such counsel and by careful management but we have, I believe, got off to a good start and this augurs well for the future.

Louis A. Farrugia
Chairman

Marketing Trident Park has now started in earnest and interest from prospective tenants has intensified. The feedback received so far has been very positive and the market is appreciative of the strengths of the location and the unique offerings and advantages of Trident Park.

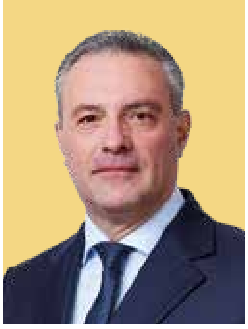
Directors, Board Committees and Senior Management


Louis A. Farrugia
CHAIRMAN


Vincent Curmi
VICE CHAIRMAN


Alberto Miceli Farrugia


Prof Avv. Alberto Stagno d'Alcontres


Charles Borg


Marquis Marcus John Scicluna Marshall


Michael Farrugia


Roderick Chalmers


Kenneth C. Pullicino
COMPANY SECRETARY

Dr Max Ganado **(RESIGNED 22/02/2018)**

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)

From LEFT to RIGHT – Lawrence Darmanin, Sacha Farrugia, Andrea Mangion, Charles Xuereb, Karl Borg, Paul Micallef, Christopher Ciantar

I am pleased to forward this report on this first anniversary of Trident Estates plc as a public limited company listed on the Malta Stock Exchange following last year's separation from Simonds Farsons Cisk plc.

The financial performance for the year has been positive, with the Trident Group registering an operating profit of €288,000, exceeding last year by 13% and a profit before tax of €1,091,000, an increase of €654,000 over last year. It is important to note that the profit for the year was also impacted by the uplift in the value of the property portfolio held by the Group, amounting to €803,000. Being a property development group, periodic movements in property values will feature regularly. The Group is as yet unleveraged with total assets amounting to €43 million and shareholders' equity of €38 million. It has been an eventful year, marked in particular by the commencement of works on the Company's first major development project – that of Trident Park.

Chief Executive Officer's Review

Our vision for Trident Park

This year under review has been characterised by the extensive works being undertaken on the Trident Park project, a landmark redevelopment of an iconic 1950 brewery heritage site into a state-of-the-art green office campus.

Inspired out of a great sense of respect and sensibility for the high quality architectural and engineering excellence of the building, Trident Park has been designed as a Class A destination, which not only pays tribute to the proud past of the pioneering brewery, but also adds value to the surrounding built environment and the development of Malta's product-offering.

The vision for this prestigious redevelopment is to create an exceptional and state-of-the-art work environment in which businesses can flourish and excel through enhanced employee collaboration, satisfaction and well-being. The development will consist of seven modern, low-density and low-rise buildings, terraced office blocks with extensive landscaped courtyard gardens and direct access to outdoor circulation space at each floor level. Each floor will feature uninterrupted natural light and air from the adjoining gardens on either side.

Designed to meet the strictest of environmental codes and aimed at attaining the BREEAM Excellent certification, this unique redevelopment will introduce the highest standard environmental technologies, including those for the cooling and heating of the buildings. It will also seek to optimise natural lighting and ventilation, while minimising the environmental footprint in order to create a genuine and vibrant green office campus and world-class business destination.

The Development

With a Built Area Ratio of just 43%, large areas that could otherwise have offered further workspaces will be used as courtyards/gardens and landscaping, with a general development approach that attaches more weight to quality rather than quantity within a low-density and recessed building. The facilities and the campus-like environment enhance the surrounding working spaces and, we believe, will give Trident Park a competitive and unique offering to those businesses that are seeking high quality, prestige and uniqueness.

All office blocks will be connected to a multi-level naturally ventilated car park with 700 car spaces, via walkways located outside the office spaces, thereby increasing the efficiency of the internal areas. The third and fourth floors of each office block will be recessed and provide terraces overlooking the gardens and the private driveway. Each floor will have balconies abutting the west side and overlook the gardens/courtyards.

The central building will house the main reception and will include the retained elegant former brewery board room, being converted into an exclusive business lounge and a 170-seat conference/meeting hall with supporting amenities, which will be available for use by tenants.

Six soft-landscaped gardens will each feature their unique character and dominant colours using carefully selected flora consisting of indigenous trees and plants. The gardens are situated between the office blocks, thus limiting the amount of internal solar gain and keeping the area shaded and cool.

The Brewhouse and amenities

Trident Park is flanked by the historic old Farsons Brewhouse, previously home to the brewing and bottling of many of Malta's iconic beverages and brands, which is contemporaneously being restored and rehabilitated by Simonds Farsons Cisk plc into a unique, mixed-use development. The facilities being offered will include food and beverage outlets, a micro-brewery, a Cisk Sky Bar, flexible industrial workspace, events spaces, and a visitors' experience and brand store. This will provide a quality social lifestyle environment and an enhanced employee experience for those working at Trident Park.

Trident Park will offer other amenities and support services to its community of users, including a large and well-equipped gym that will be complemented by a wellness area, and also a childcare centre.

Charles Xuereb
Chief Executive Officer

Sustainability

The design of the office blocks utilises the principle of a thermally activated building system (known as TABS) for air-conditioning purposes. This system 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. Pipework will be embedded within the concrete ceiling slabs to keep buildings comfortably cool. By circulating cool water through the pipes in the slabs, the absorbed heat will be continually removed, so that the concrete retains its capacity to continuously cool the space.

This system of air-conditioning which will be employed within this green office campus is innovative and unique to Malta. It is designed with the employee in mind in that comfort conditions are not jeopardized by unwanted draughts from fan coil units and areas of inconsistent temperatures. The cooling philosophy of Trident Park is that all employees can walk into an office which has optimum climate conditions at the start of the day because the heat would have been absorbed overnight through the concrete ceiling slab and will prevail during the day as the chilled water flow-rate in the slabs fluctuates according to the heat gains. The ventilation system has been designed to provide sufficient air to control indoor air quality and keep the offices feeling fresh.

"The vision for this prestigious redevelopment is to create an exceptional and state-of-the-art work environment in which businesses can flourish and excel through enhanced employee collaboration, satisfaction and well-being."

Works on Trident Park

Following the dismantling and decontamination of the old Farsons' bottling operations and administration offices in accordance with rigorous environmentally-supportive processes, including the careful separation and disposal of materials, the demolition and excavation processes commenced in May 2018. Preparation for the foundations started towards the end of August 2018.

A new 550m² basement space was created after the rock levels were found to be below that anticipated. Part of this area will be leased out and partly retained by Trident Park for storage purposes.

Civil Works

The civil works contract was awarded to C&F Contractors Limited. They have invested heavily in the project and acquired new vehicles and plant as well as introducing an innovative formwork system that is allowing for an efficient forming of walls, columns and slabs. The resulting finish of the concrete is exceptional.

Mechanical, electrical, plumbing and TABS works packages

The contract for mechanical, electrical and plumbing (MEP) works including the TABS (thermally activated building systems) has been awarded to Panta Contracting Limited. As at the time of writing this review, four roof slabs have been successfully cast with TABS, covering an area of circa 2,000m^2. According to the current works schedule, we expect full mobilisation in the last quarter of 2019.

Finishes Package

After an intense competitive bid process, the finishes works package has been awarded to Hal Mann Vella Group. Hal Mann have committed to delivering the International Grade A quality offices that we are aspiring to achieve. Resources are expected to be mobilised by the third quarter of this year.

Funding

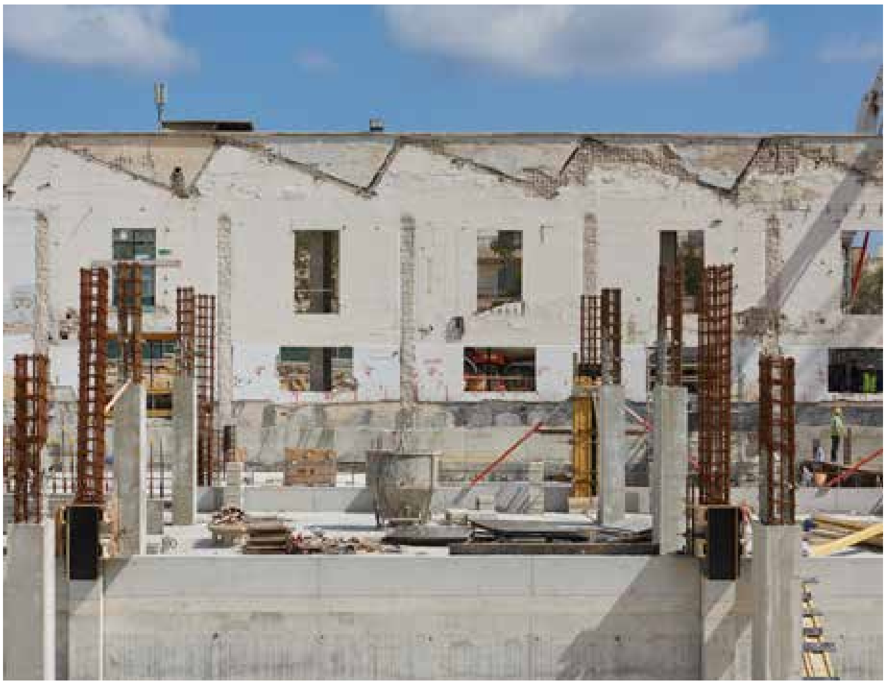
Funding for the development of the Trident Park project has been planned to incorporate an appropriate and prudent mix of own funds, debt and new equity financing. All funding arrangements are in place to finance the development of Trident Park. Whilst the debt financing in the form of term bank loans has been arranged with APS Bank plc, a €15 million new equity financing through a rights issue is being planned towards the last quarter of 2019. The three principal shareholders (who, together own 75% of the Company's shares) have signed an undertaking agreement to take up their proportionate share of this issue.

Trident's balance sheet boasts total assets of €43 million, of which the value of investment property amounts to €38 million. €23 million worth of the properties are free and unencumbered and can be used should any further financing support be needed.

The funding model used anticipates a resulting gearing ratio (net debt / total funding) that will not exceed 35%, which we believe represents an appropriately resilient and prudent funding model.

Scotsman Pub

The lease of the Scotsman Pub expired in April 2018 and the Company has entered into a new lease agreement for a period of 10 years. Following a refurbishment of the premises, the new tenant opened its doors in July 2018.



Conclusion

With the development of the Trident Park project well under way, our focus is now shifting to attracting tenants to this state-of-the-art green office campus. The number of enquiries and interest received to date has been encouraging, and we are looking forward to finalise an agreement with an anchor tenant within the coming months.

The achievements over the last year would not have been possible without the commitment and 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 A. Farrugia, for their continued guidance, and to all my team for the strong support throughout the year. A word of thanks is due to our consultants, Ian Ritchie Architects, TBA Periti, Resolve Consulting, Sphere Projects, Terracore, APM Solutions and our project partners, C&F Contractors, Panta Contracting and Hall Mann Vella. Thanks are also due to our legal advisors, Mamo TCV, our financial advisors and auditors PricewaterhouseCoopers, and our financial intermediary Rizzo Farrugia. Last but not least, I would like to thank our neighbouring residents and apologise for any inconvenience we may be causing during the construction of Trident Park. We shall continue in our endeavour to mitigate any inconvenience that may be caused during the development of the project.

We remain determined to deliver a prestigious project on schedule and within our established budgetary parameters.

Annual Report 2018-19

Financial Statements

FOR THE YEAR ENDED
31 JANUARY 2019

TRIDENT
ESTATES PLC

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 31 January 2019.

Principal activities

Trident Estates plc (the "Company") and its subsidiaries (the "Group") are property investment companies that own and manage property for rental and investment purposes. The present principal focus of the Group is the development of the Trident Park project.

Review of the business

TRADING PERFORMANCE

The Board of Directors is pleased to announce the Group's financial results for the year ended 31 January 2019.

The Group posted a net profit of €775,000 for the financial year ending 31 January 2019, an increase equivalent to 51% over the previous financial year.

Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to €298,000, an increase of 14% over last year. The Group remains ungeared as at year end and expects to begin drawing down available bank facilities during the next financial year. A banking facility of €28.5 million has already been secured with a reputable local bank in order to part-finance the Trident Park project in tandem with the upcoming rights issue which is planned for the last quarter of 2019.

INFLUENCING FACTORS AND SEGMENTAL PERFORMANCE

During the current year under review, a lease agreement expired and a new agreement with a new tenant was signed on terms that are in line with the prevailing property market conditions. An assessment of the investment property values was carried out by an independent architect, and movements in property values are being reflected in this year's results.

INVESTMENTS AND PROPERTY INTERESTS

Trident Park

The principal highlight of the year was, undoubtedly, the commencement in the second quarter of 2018 of works on a large-scale regeneration project which shall transform one of Malta's finest 20th century industrial buildings into a green office campus by the name of Trident Park. To date works are progressing on time and it is envisaged that Trident Park will welcome its first tenants in early 2021.

OUTLOOK FOR FINANCIAL YEAR ENDING 31 JANUARY 2020

The development of the Trident Park project will remain the Group's principal focus for the financial year ending 31 January 2020. Civil works are progressing as planned, whereas the contract for mechanical, electrical and plumbing (MEP) has been awarded. The finishes package has also been awarded and works are expected to commence in the third quarter of 2019.

The Trident Park project is on track to be delivered on time and within the approved budgets. The bulk of the project capital expenditure will begin to ramp up in the upcoming financial years as the major aforementioned contracted works begin to develop in parallel. The Group has the necessary financing arrangements and resources in place to ensure the successful completion of the project.

Having now launched the project on the market, the Group will continue to assess and entertain enquiries received from potential tenants. The interest received so far has been encouraging and indicative of the project's future success.

Financial risk management

The Group's and Company's activities expose it to a variety of financial risks, including market risk (including fair value interest rate risk 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 & reserves

The statements of comprehensive income are set out on page 30.

The Board of Directors (the "Board") did not declare an interim dividend but will be recommending the payment of a final dividend of €200,000 at the Annual General Meeting scheduled for 25 June 2019. If approved at the Annual General meeting, the final dividend will be paid on 26 June 2019 to those shareholders included on the Register of Members of the Company as at 26 May 2019.

Retained profits carried forward at the reporting date amounted to €4.9 million (2018: €4.8 million) for the Group and €4.6 million (2018: €4.6 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
Charles Borg *(appointed on 22 February 2018)*
Marquis Marcus John Scicluna Marshall
Dr Max Ganado LL.D. *(resigned on 22 February 2018)*
Michael Farrugia
Roderick Chalmers

Statement of Directors' responsibilities for the financial statements

The Directors are required by the Maltese Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the 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, 1995. 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 2019 are included in the Annual Report 2019, which is published in hard-copy printed form and is available on the Company's website. The Directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

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 2019, 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 page 47.

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

The list of shareholders holding 5% or more of the equity share capital is disclosed in this Annual Report.

Every shareholder owning twelve (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 shall take effect upon receipt by the Board 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, 1995 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 2019, 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
Mriehel
BKR 3000
Malta

Telephone (+356) 2381 4293

Kenneth C. Pullicino
Company Secretary

8 May 2019

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.

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

Directors are provided prior to each meeting 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.

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 Nominations 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
Vincent Curmi – *Vice Chairman*
Charles Borg *(appointed on 22 February 2018)*
Roderick Chalmers
Michael Farrugia
Dr Max Ganado *(resigned on 22 February 2018)*
Alberto Miceli Farrugia
Marquis Marcus John Scicluna Marshall
Prof Avv. Alberto Stagno d'Alcontres

The Chief Executive Officer attends all board meetings, albeit without a vote, 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 to be independent in that they do not hold any relationship with the Company, a controlling shareholder or their management which creates a conflict of interest such as to jeopardise exercise of their free judgement.

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:	10
Members Attended	
Louis A. Farrugia – *Chairman*	10
Vincent Curmi – *Vice Chairman*	10
Charles Borg *(appointed on 22 February 2018)*	9
Roderick Chalmers	9
Michael Farrugia	10
Dr Max Ganado *(resigned on 22 February 2018)*	1
Alberto Miceli Farrugia	10
Marquis Marcus John Scicluna Marshall	10
Prof Avv. Alberto Stagno d'Alcontres	8

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 is provided in the Annual Report, but as stated earlier, each of the three major shareholders and the public shareholders are represented as far as possible.

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 so to do. 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.

During the year ended 31 January 2019, the Audit Committee held four meetings.

Prior to being re-appointed as two Board committees on 8 May 2019, the **Remuneration and Nomination Committee** (Rem-Nom Committee), was chaired by Mr Louis A. Farrugia and was composed of two other members – Marquis Marcus 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 the conditions of service of the Chairman, Chief Executive Officer and senior management. The Committee also reports to and make recommendations to the Board. In the case of the Chairman and/or of any remuneration to an individual director for extra services, the interested director concerned (including the Chairman), does not attend the meeting during the discussion at Committee or board level and decisions are therefore taken in his/her absence.

The Chairman reviews the composition of the Board from time to time to ensure it meets the best interests of the Company. 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 is presided over by the Non-Executive 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 is 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 duties of the Remuneration Committee and Nomination Committee are as described on page 17 of the Corporate governance statement under Principles 4 and 5.

Every shareholder owning twelve percent (12%) ordinary issued share capital or more, is entitled to appoint and replace a director for each and every twelve (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 in the notes to the financial statements (page 53), 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 is of the view that during the period under review the Company has communicated 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 and Remuneration Committees to be available to answer questions, if necessary.

Apart from the AGM, TE communicates with its shareholders by way of the Annual Report and Financial Statements, by publishing and sending to the shareholders its results 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 maintains 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, 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.

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 2019 and as at 8 May 2019 are disclosed in the Shareholder Information.

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 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 Chief Executive Officer.

PRINCIPLE 7 (CODE PROVISION 7.1):

This Code provision recommends that "The Board should appoint a committee chaired by a Non-Executive Director in order to carry out a performance evaluation of its role". The appointment of a Board Performance Evaluation Committee is expected to be made shortly, in time for the conduct of the first evaluation scheduled to be held in January 2020.

PRINCIPLE 8 (CODE PROVISION 8.A.1)

The Code Provision recommends "The board of Directors should establish a Remuneration Committee composed of Non-Executive Directors with no personal financial interest other than as shareholders in the company, one of whom shall be independent and shall chair the Committee".

The Remuneration and Nomination Committee as it was originally set up, was chaired by the Chairman. The non-compliance subsisted up to 8 May 2019 when the Committee was re-appointed as two Board committees such that the Chairman was entrusted to lead the Nomination Committee whereas a Non-Executive Director was appointed to chair the Remuneration Committee.

D. Internal control and risk management Internal Control

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

Organisation:
The Company and 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 and reviews by management.

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, 1995.

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 the 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 publishes 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 brokers are invited to attend. Press releases are also issued from time to time on the business activities of the Group.

All shareholders in the Shareholders' Register on the Record Date as defined in the Listing Rules, have the right to attend, participate and vote at general meeting. A shareholder or shareholders holding not less than 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 8 May 2019 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 was presided over by the Chairman of the Company up to 8 May 2019, and by a Non-Executive Director since that date when it was re-appointed as a Remuneration Committee. 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 and/or of any remuneration to an individual director for extra services, the interested director concerned (including the Chairman), does not attend the meeting during the discussion at Committee or board level and decisions are therefore taken in his/her absence.

2. Meetings

The Remuneration and Nomination Committee did not meet during the financial year ended 31 January 2019.

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 the 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 executives 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 the achievement of agreed performance targets.

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 in place at this time.

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 Executives 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 jointly-controlled entities 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

The maximum annual aggregate emoluments that may be paid to the Directors is approved by the shareholders at the Annual General Meeting in terms of Article 81.1 of the Company's Articles of Association. This amount was fixed at an aggregate sum of €300,000 per annum at the 18th Annual General Meeting held on 27 June 2018.

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

Variable and Non-Variable Emoluments of Directors and Senior Management

	Fixed Remuneration	Variable Remuneration	Share Options	Others
Senior Management	€252,802	€45,617	None	Non-cash benefits referred to above under 3.1
Directors' fees	€197,000	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 2019, 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 28 to 55, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 January 2019;
- the Consolidated and Parent Company statements of comprehensive income 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 these Codes.

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 2018 to 31 January 2019, are disclosed in Note 17 to the financial statements.

OUR AUDIT APPROACH

Overview

- Overall Group materiality: €213,000, 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.

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	€213,000 (2018: €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. 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 €21,000 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 Group's and Company's investment property portfolio has a carrying amount of €38.3 million and €20.4 million respectively as at 31 January 2019. The valuation of the Group's and Company'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 evaluated the competence of the external valuers, which included due consideration of their qualifications and expertise. We discussed with the external valuers the valuation approach adopted, the key valuation assumptions and other judgements made in arriving at their conclusions with respect to the property valuations. We obtained an overall understanding of any changes in the valuation methodology adopted in any circumstance where the approach varied from prior years. We engaged our own in-house experts to review the valuation approach adopted and underlying assumptions applied in the property valuations in order to assess the reasonableness of the fair value assigned to the properties.

Key audit matter	How our audit addressed the Key audit matter
Valuation of Investment property for Group and Company	
As disclosed in Note 5 to the financial statements, as of 31 January 2019, the external valuations have been performed using the discounted cashflow approach. The board of directors considered the valuation report as part of its overall responsibilities. The valuation of the Group's and the Company's property portfolio is inherently subjective principally due to the judgemental nature of the factors mentioned above and the assumptions used in the underlying valuation models. 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.	We performed testing over source documentation provided by the Group/Company to the external valuers including reconciling this data to underlying current lease agreements. For investment property under development we analysed costs incurred to date with related supporting documentation and assessed that the carrying value as at year end is supported by the projected cash flows to the completion of the said development. We discussed the valuations with Group/Company management and the external valuers and concluded, based on our work, that the Group's and Company's property valuations were within an acceptable range of values. In addition, we evaluated the adequacy of the disclosures in Note 5 to the financial statements, including those regarding the key valuation assumptions applied in the property valuations.

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.

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 the 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.

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 15 to 20 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 18 years. The Company became listed on a regulated market on 30 January 2018.

PricewaterhouseCoopers
78, Mill Street
Qormi
Malta

David Valenzia
Partner

8 May 2019

Statements of financial position

		Year ended 31 January			
		Group		Company	
	Notes	2019 €'000	2018 €'000	2019 €'000	2018 €'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	21	18	21	18
Investment property:					
– held under development	5	15,214	10,764	–	–
– held as commercial property	5	12,387	12,079	9,696	9,180
– held for future development	5	10,695	10,200	10,695	–
Investment in subsidiaries	6	–	–	520	520
Total non-current assets		38,317	33,061	20,932	9,718
Current assets					
Trade and other receivables	8	431	440	17,728	11,582
Advance payment	6	–	–	951	951
Cash and cash equivalents	9	4,004	6,228	1	6,205
		4,435	6,668	18,680	18,738
Non-current assets classified as held for sale	10	–	–	–	10,200
Total current assets		4,435	6,668	18,680	28,938
Total assets		42,752	39,729	39,612	38,656

		Year ended 31 January			
		Group		Company	
		2019	2018	**2019**	2018
	Notes	**€'000**	€'000	**€'000**	€'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	**30,000**	30,000	**30,000**	30,000
Fair value gains reserve	12	**2,936**	2,213	**935**	25
Retained earnings		**4,893**	4,841	**4,566**	4,634
Total equity		**37,829**	37,054	**35,501**	34,659
Non-current liabilities					
Deferred tax liabilities	13	**2,308**	2,228	**2,039**	918
Other payables	14	**216**	150	**–**	–
Total non-current liabilities		**2,524**	2,378	**2,039**	918
Current liabilities					
Trade and other payables	14	**2,111**	245	**1,844**	2,042
Borrowings	15	**166**	–	**166**	–
Current tax liabilities		**122**	52	**62**	17
		2,399	297	**2,072**	2,059
Liabilities directly attributable to non-current assets held for sale	10	**–**	–	**–**	1,020
Total current liabilities		**2,399**	297	**2,072**	3,079
Total liabilities		**4,923**	2,675	**4,111**	3,997
Total equity and liabilities		**42,752**	39,729	**39,612**	38,656

The Notes on pages 34 to 55 are an integral part of these consolidated financial statements.

The financial statements on pages 28 to 55 were authorised for issue by the Board on 8 May 2019 and were signed on its behalf by:

Louis A. Farrugia
Chairman

Vincent Curmi
Vice-Chairman

Charles Xuereb
Chief Executive Officer

Statements of comprehensive income

		Year ended 31 January			
		Group		**Company**	
	Notes	**2019 €'000**	2018 €'000	**2019 €'000**	2018 €'000
Revenue	16	**1,076**	796	**710**	692
Operating and administrative expenses	17	**(788)**	(540)	**(595)**	(501)
Operating profit		**288**	256	**115**	191
Fair value gains on investment property	5	**803**	165	**1,011**	–
Net income on acquisition of investment	20	**–**	11	**–**	–
Share of results of associate	7	**–**	20	**–**	–
Finance income	21	**–**	41	**–**	41
Finance costs	22	**–**	(56)	**–**	(56)
Profit before tax		**1,091**	437	**1,126**	176
Tax (expense)/income	23	**(316)**	76	**(284)**	(7)
Profit for the year		**775**	513	**842**	169
Basic and diluted earnings per share for the year attributable to shareholders	25	**€0.026**	€0.045		

The Notes on pages 34 to 55 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 1 February 2017		4,805	14,047	4,686	23,538
Comprehensive income					
Profit for the year		–	–	513	513
Other comprehensive income:					
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)	–
Total comprehensive income		–	358	155	513
Transactions with owners					
Issue of new shares		6,500	–	–	6,500
Capitalisation of amounts due to previous owners		6,503	–	–	6,503
Capitalisation of reserves	12	12,192	(12,192)	–	–
Total transactions with owners		25,195	(12,192)	–	13,003
Balance at 31 January 2018		30,000	2,213	4,841	37,054
Comprehensive income					
Profit for the year		–	–	775	775
Other comprehensive income:					
Net transfers of fair value movements on investment property, net of deferred tax	12	–	723	(723)	–
Total comprehensive income		–	723	52	775
Balance at 31 January 2019		30,000	2,936	4,893	37,829

Company					
	Notes	Share capital €'000	Fair value gains reserve €'000	Retained earnings €'000	Total equity €'000
Balance at 1 February 2017		4,805	12,007	4,675	21,487
Comprehensive income					
Profit for the year		–	–	169	169
Other comprehensive income:					
Transfer of fair value gains, net of deferred tax on disposal of investment property		–	210	(210)	–
Total comprehensive income		–	210	(41)	169
Transactions with owners					
Issue of new shares		6,500	–	–	6,500
Capitalisation of amounts due to previous owners		6,503	–	–	6,503
Capitalisation of reserves	12	12,192	(12,192)	–	–
Total transactions with owners		25,195	(12,192)	–	13,003
Balance at 31 January 2018		30,000	25	4,634	34,659
Balance at 1 February 2018		30,000	25	4,634	34,659
Comprehensive income					
Profit for the year		–	–	842	842
Other comprehensive income:					
Transfer of fair value gains, net of deferred tax on disposal of investment property		–	910	(910)	–
Total comprehensive income		–	910	(68)	842
Balance at 31 January 2019		30,000	935	4,566	35,501

The Notes on pages 34 to 55 are an integral part of these consolidated financial statements.

Statements of cash flows

		Year ended 31 January			
		Group		Company	
	Notes	**2019 €'000**	2018 €'000	**2019 €'000**	2018 €'000
Cash flows from operating activities					
Cash generated from/(used in) operations	24	**1,078**	2,522	**781**	(8,222)
Interest received		**–**	41	**–**	41
Interest paid		**–**	(56)	**–**	(56)
Net income tax paid		**(166)**	(145)	**(138)**	(145)
Net cash generated from/(used in) operating activities		**912**	2,362	**643**	(8,382)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(13)**	(10)	**(13)**	(10)
Purchase of investment property including advanced payments		**(3,289)**	(10,764)	**–**	–
Purchase of subsidiary		**–**	–	**–**	(951)
Acquisition of investment, net of cash acquired		**–**	(928)	**–**	–
Proceeds from disposal of investment property		**–**	2,545	**–**	2,545
Increase in advances to subsidiary		**–**	–	**(7,000)**	–
Net cash (used in)/generated from investing activities		**(3,302)**	(9,157)	**(7,013)**	1,584
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		**(2,390)**	6,208	**(6,370)**	6,205
Cash and cash equivalents at beginning of year		**6,228**	20	**6,205**	–
Cash and cash equivalents at end of year	9	**3,838**	6,228	**(165)**	6,205

The Notes on pages 34 to 55 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 during the reporting period

During the financial year under review, 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. Other than changing its accounting policies for financial assets as a result of adopting IFRS 9, 'Financial Instruments', 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 impacting the Group's financial performance and position.

IFRS 9 – Financial Instruments

IFRS 9 replaced the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement; the Group adopted IFRS 9 on 1 February 2018, which is the date of initial application of the standard. IFRS 9 has resulted in changes in accounting policies related to the classification and measurement and impairment of financial assets. The Group has taken advantage of the exemption in IFRS 9 allowing it not to restate comparative information for prior periods with respect to classification and measurement and impairment charges.

(a) Classification of Financial assets under IFRS 9

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

The transition from IAS 39 to IFRS 9 did not have a material impact on the Group's measurement models applied to its financial assets; the differences between IAS 39 and IFRS 9 consists solely of reclassifications. Reclassification adjustments reflect the movement of balances between categories of financial assets with no impact to shareholders' equity. There is no change to the carrying value of financial instruments as a result of reclassifications.

The application of IFRS 9 resulted in the reclassification of all the Group's financial assets from the 'Loans and receivables' category in IAS 39 to 'Financial assets at amortised cost' under IFRS 9. These assets are trade and other receivables and cash and cash equivalents. The new classification requirements have not had a material impact on the Group's accounting for loans and receivables, which continued to be measured at amortised cost upon the adoption of IFRS 9, and they did not have an impact on the classification of the Group's financial liabilities.

The changes in classification accordingly had no impact on the Group's equity and tax balances.

(b) Impairment

From 1 February 2018 the Group has to assess on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. IFRS 9 replaced the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to the Group's financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the expected credit losses are immaterial.

The new policy is disclosed in more detail in Note 1.7.

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 that are mandatory for the Group's accounting periods beginning after 1 February 2018. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU.

The directors are of the opinion that with the exception of IFRS 16, 'Leases', there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

Under IFRS 16 a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a 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. The standard is effective for annual periods beginning on or after 1 January 2019.

The Group will apply the standard from its mandatory adoption date of 1 February 2019 and will apply the modified transition approach. As a result, the Group will not restate comparative amounts for the year prior to first adoption. Under this approach, the lease liability is measured at the present value of the remaining lease payments as at 1 February 2019, which management has estimated to amount to €3,930,000. Right-of-use assets at that date will be measured at an amount equivalent to this lease liability, adjusted for any prepaid or accrued operating lease expenses, with no adjustment to equity.

The adoption of IFRS 16 will also result in the replacement of lease expenditure by amortisation of the right-of-use asset, and an interest cost on the lease liability. On the basis of the lease arrangements in place at 1 February 2019, management estimates that lease costs of €196,000 for the year ending 31 January 2020 will be replaced by a notional interest charge that is expected to be in the region of €185,000, and an annual amortisation charge in the region of €75,000. This will therefore result in a reduction of approximately €64,000 in profitability for the year ending 31 January 2020. This reduction in profitability will be eventually reversed during the remaining term of the respective leases.

Rental payments under IFRS 16 are allocated between interest payments and a reduction in the lease liability, with a corresponding impact on the Group's statement of cash flows. The Group's policy is to present interest payments as operating cash flows. Accordingly, lease payments of €196,000 for the year ending 31 January 2020, representing lease payments allocated to a reduction in the lease liability, will be reported as a financing cash flow instead of an operating cash flow.

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 1.6).

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 30 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 statement of comprehensive income, 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.

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 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recorded at historical cost and is subsequently stated at historical cost 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 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 1.6).

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

1.5 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 property.

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. After initial recognition, investment property is carried at fair value representing open market value determined 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.

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.

1.6 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.

1.7 FINANCIAL INSTRUMENTS

Accounting policy applied from 1 February 2018

Classification

The Group and Company classify their financial assets as financial assets measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group and Company classifies their financial assets as at amortised cost only if both the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group and Company consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. 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 the risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

Interest income on debt instruments measured at amortised cost from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition of these instruments is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group's financial assets are subject to the expected credit loss model.

Expected credit loss model

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and it considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or issuer, or a breach of contract such as a default or being more than 90 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Accounting policy applied until 31 January 2018

Classification

The Group classified its financial assets, (other than investments in associates) in the loans and receivables category. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at initial recognition.

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. They arose when the Group provided money, goods or services directly to a debtor with no intention of trading the asset. They were included in current assets, except for maturities greater than twelve months after the end of the reporting period. These were classified as non-current assets. The Group's loans and receivables comprised 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (Notes 1.8 and 1.10).

Recognition and measurement

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

Loans and receivables were initially recognised at fair value plus transaction costs and were subsequently carried at amortised cost using the effective interest method. Amortised cost was the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method. Financial assets were derecognised when the rights to receive cash flows from the financial assets had expired or had been transferred and the Group had transferred substantially all risks and rewards of ownership or had not retained control of the asset.

Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was 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) had an impact on the estimated future cash flows of the financial asset or Group of financial assets that could be reliably estimated. The Group first assessed whether objective evidence of impairment existed. The criteria that the Group used to determine that there was objective evidence of an impairment loss included:

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

For financial assets carried at amortised cost, the amount of the loss was 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 was reduced and the amount of the loss was recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreased and the decrease could 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 was recognised in profit or loss.

1.8 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 expected credit loss allowance (Note 1.7).

Details about the Group's impairment policies and the calculation of loss allowance are provided in Note 1.7.

1.9 CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statements of comprehensive income 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 profit or loss.

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.

1.10 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, if any, are shown within borrowings in current liabilities in the statements of financial position.

1.11 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.

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

1.13 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.

1.14 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.

1.15 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.

1.16 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'). These financial liabilities 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 statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.17 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.

1.18 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.

1.19 OPERATING LEASES

Where the 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.

Where the Group is a lessee

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

1.20 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.

1.21 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 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 derivative 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 2019 and 2018, the Group and Company have no significant interest-bearing assets or liabilities that are subject to floating or fixed interest rates.

(b) Credit risk

The Group and Company measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss.

The Group's and Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below. The Group and Company's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Financial assets measured at amortised cost (classified as loans and receivables in 2018):				
Trade and other receivables (Note 8)	**66**	391	**17,719**	11,574
Cash and cash equivalents (Note 9)	**4,004**	6,228	**1**	6,205
	4,070	6,619	**17,720**	17,779

To measure the expected credit losses, trade receivables, other receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due.

The Company monitors the performance of its receivables on a regular basis to identify expected collection losses, which are inherent in the Group's receivables, taking into account historical experience.

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Group holds collateral in the form of cash deposits and other guarantees received from tenants totalling to €296,000 (2018: €150,000) as security for rents and leases due.

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 and Company assess the credit quality of its customers taking into account financial position, past experience and other factors. The loss allowances for financial assets are based on assumptions about risk of default and, with effect from 1 February 2018, expected loss rates. The Group and Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. 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 honor their contractual commitments. No loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Group and Company.

The Company's receivables comprise amounts due from subsidiaries which are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for instruments which have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. This assessment takes into consideration the financial positon, performance and other factors of the counterparty. Management monitors intra-group credit exposures on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Group and Company take cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

At 31 January 2019 and 31 January 2018, cash and short-term deposits are held with reputable European financial institutions. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Group.

(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 Group's and 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 liabilities are all due within the next twelve months, except for amounts disclosed as non-current on which the impact of discounting is not significant.

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 as at year end 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. This will be revised in the coming twelve months with the drawdown of sanctioned bank facilities and a rights issue.

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 2019 and 2018, 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.

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	
	2019	2018
	€'000	€'000
Year ended 31 January		
Opening net book amount	**18**	13
Additions	**13**	10
Depreciation	**(10)**	(5)
Closing net book amount	**21**	18
At 31 January		
Cost or valuation	**47**	34
Accumulated depreciation and impairment	**(26)**	(16)
Closing carrying amount	**21**	18

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

5. Investment property

	Group	
	2019	2018
	€'000	€'000
Year ended 31 January		
Opening net book amount	**33,043**	21,014
Additions	**4,450**	10,764
Fair value gains	**803**	165
Acquisition of subsidiary (Note 27)	**–**	1,100
Closing net book value	**38,296**	33,043
At 31 January		
Cost	**21,662**	17,212
Fair value gains	**16,634**	15,831
Net book amount	**38,296**	33,043

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. This property forms part of the development known as the Trident Park project which commenced during the year under review. Additions for the year relate to the respective assets in the course of construction.

	Group and Company	
	2019	2018
	€'000	€'000
Year ended 31 January		
Opening carrying amount	**9,180**	13,285
Fair value gains	**1,011**	–
Transfer from/(to) assets held for sale (Note 10)	**10,200**	(4,105)
Closing net book value	**20,391**	9,180
At 31 January		
Cost	**5,421**	3,897
Fair value gains	**14,970**	5,283
Net book amount	**20,391**	9,180

5. Investment property *continued*

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 2019, the Directors approved the valuations of the Group's and Company's investment property after assessing the valuations made during 2019 by a duly appointed independent chartered architectural firm. These valuations were determined on the basis of open market values after considering the intrinsic value of the property and net potential returns. In 2019, these valuations resulted in an increase in the value of property classified under investment property by €803,000 (2018:€165,000) in the case of the Group and by €1,011,000 (2018:€Nil) in the case of the company.

All the recurring property fair value measurements at 31 January 2019 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 2019.

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, from/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. This includes a review of fair value movements over the period. When the Chief Executive Officer considers that the valuation report is appropriate, the valuation report is recommended to the Board. The Board 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 the discounted cash flow approach, capitalised rentals approach and an adjusted sales comparison 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 as described above.

In the case of the discounted cashflow approach and 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 5.5% – 6.8%).

In the case of the façade property, the discounted projected cash flows approach was applied taking into consideration the development plan and projected time frames. The significant unobservable inputs include annualised net cash inflows per square meter (driven by premium market rentable rates), an expected occupancy rate, a capitalisation rate (applied at 6.5%), 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.

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 square 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.

Group

Description by class based	Fair value €'000	Valuation technique	Significant unobservable input	Range of unobservable inputs €
As at 31 January 2019				
Property under development	**15,214**	Discounted cash flow approach	Rental rate per square meter	60 – 280
Current use as commercial premises	**12,387**	Discounted cash low approach	Rental rate per square meter	120 – 357
Held for future development	**10,695**	Discounted cash flow approach	Rental rate per square meter	105 – 130
As at 31 January 2018				
Property under development	10,764	Discounted cash flow approach	Rental rate per square meter	60 – 280
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
Held for future development	10,200	Discounted cash flow approach	Rental rate per square meter	130
		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 following amounts have been recognised in the statements of comprehensive income:

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Rental income	**1,076**	796	**710**	692
Direct operating expenses arising from rental of investment property	**(196)**	(79)	**(29)**	(41)

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

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
As at 31 January				
Cost	**21,662**	17,212	**5,421**	3,897
Accumulated depreciation	**(1,839)**	(1,716)	**(792)**	(684)
Net book amount	**19,823**	15,496	**4,629**	3,213

6. Investment in subsidiaries

	Company	
	2019	2018
	€'000	€'000
Year ended 31 January		
Opening carrying amount	**520**	261
Transfer of investment in associate following stepped acquisition (Note 7)	**–**	259
Closing net book value	**520**	520
At 31 January		
Cost and carrying amount	**520**	520

During the financial year ended 31 January 2018, 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 in the statement of financial position.

The principal subsidiaries at 31 January 2019, all of which are unlisted, are disclosed in Note 30 to these financial statements.

7. Investment in associate

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Year ended 31 January				
Opening and closing book amount	**–**	942	**–**	259
Share of results of associate	**–**	20	**–**	–
Effect of de-recognition of investment in associate following stepped acquisition	**–**	(11)	**–**	–
Transfer of investment in associate following stepped acquisition (Note 6)	**–**	(951)	**–**	(259)
Net book value	**–**	–	**–**	–

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 (Note 6) for a total step up consideration of €1,902,000. The net identifiable assets at the time of acquisition totalled €1,924,000. These included investment property of €1,100,000 (Note 5) and deferred tax of €427,000 (Note 13). The excess of net assets acquired over considerations paid at the time of acquisition was €22,000.

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. 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 statement of comprehensive income for the year ended 31 January 2018 (Note 20).

8. Trade and other receivables

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Current				
Amounts due from subsidiaries	**–**	–	**17,704**	11,268
Amounts due from related parties	**66**	391	**15**	306
Indirect taxation	**34**	6	**–**	–
Advance payments to suppliers	**320**	–	**–**	–
Prepayments and accrued income	**11**	43	**9**	8
	431	440	**17,728**	11,582

Amounts due from subsidiaries and related parties are unsecured, interest free and are repayable on demand. As of 31 January 2019 and 2018 amounts owed by subsidiaries and related parties were fully performing and hence do not contain impaired assets. The Group's exposure to credit risk relating to trade and other receivables is disclosed in Note 2.

During the year under review, the Group and Company were required to revise their impairment methodology under IFRS 9 for all classes of assets. The amount of expected loss to be provided for in accordance with IFRS 9 was not deemed material and thus it was not reflected in the Group's and Company's financial statements.

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	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Cash at bank and in hand	**4,004**	6,228	**1**	6,205
Overdrawn bank balance (Note 15)	**(166)**	–	**(166)**	–
	3,838	6,228	**(165)**	6,205

During the year under review, the Group and Company were required to revise their impairment methodology under IFRS 9 for all classes of assets. The identified expected credit loss on cash and cash equivalents was not deemed material and thus it was not reflected in the Group's and Company's financial statements.

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 €2.5million.

	Group	
	2019 €'000	2018 €'000
Non-current assets		
At beginning of the year	**–**	2,545
Disposal	**–**	(2,545)
Closing net book value	**–**	–
Liabilities classified as held for sale		
At beginning of the year	**–**	331
Release of deferred tax following disposal of non-current assets held for sale (Note 23)	**–**	(331)
Liabilities directly attributable to non-current assets held for sale	**–**	–

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

	Company	
	2019	2018
	€'000	€'000
Non-current assets		
At beginning of the year	**10,200**	8,640
Transfer (to)/from investment property (Note 5)	**(10,200)**	4,105
Disposals	**–**	(2,545)
Closing net book value	**–**	10,200
At 31 January		
Cost	**–**	1,524
Fair value movements	**–**	8,676
Carrying amount	**–**	10,200
Liabilities classified as held for sale		
At beginning of the year	**1,020**	995
Deferred tax attributable to non-current assets held for sale (Note 13)	**–**	390
Transfer to deferred taxation (Note 13)	**(1,020)**	–
Release of deferred tax following disposal of non-current assets held for sale (Note 23)	**–**	(365)
Closing net book value	**–**	1,020

11. Share capital

	Company	
	2019	2018
	€'000	€'000
Authorised:		
50,000,000 ordinary shares of €1 each	**50,000**	50,000
Issued and fully paid:		
30,000,000 ordinary shares of €1 each	**30,000**	30,000

12. Fair value gains reserve

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Non-current assets				
At beginning of year, net of deferred tax	**2,213**	14,047	**25**	12,007
Fair value movements on investment property, net of deferred tax	**723**	148	**910**	–
Release of fair value gain upon disposal of investment property	**–**	210	**–**	210
Capitalisation of reserves	**–**	(12,192)	**–**	(12,192)
At 31 January	**2,936**	2,213	**935**	25

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.

This reserve is a non-distributable reserve.

13. Deferred taxation

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% (2018: 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% (2018: 10%) of the transfer value.

The movement in the deferred tax account is as follows:

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
At the beginning of the year	**2,228**	1,742	**918**	1,114
Acquisition of subsidiary (Note 7)	**–**	427	**–**	–
Debited to profit or loss (Note 23)	**80**	59	**101**	194
Transferred from/(to) liabilities – classified as held for sale (Note 10)	**–**	–	**1,020**	(390)
At end of year	**2,308**	2,228	**2,039**	918

The balance at 31 January represents temporary differences on fair valuation of investment property.

14. Trade and other payables

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Non-current				
Other payables	**216**	150	**–**	–
Current				
Trade payables	**430**	66	**11**	26
Amounts owed to related parties	**6**	–	**6**	–
Amounts owed to subsidiaries	**–**	–	**1,659**	1,899
Indirect taxes and social security	**10**	18	**–**	9
Accruals and deferred income	**1,665**	161	**168**	108
	2,111	245	**1,844**	2,042
Total trade and other payables	**2,327**	395	**1,844**	2,042

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

Other payables amounting to €216,000 (2018: €150,000) represent security deposits paid by a tenant which will be refunded upon termination of lease agreement.

Accruals include €1,500,000 development costs accrued for in relation to the Trident Park project.

The Group exposure to liquidity risk related to trade and other payables is disclosed in Note 2.

15. Borrowings

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Overdrawn bank balance	**166**	–	**166**	–

The Group has an unutilised banking facility in relation to the Trident Park project amounting to €28,500,000 (2018: €Nil).

16. Revenue

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

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Rental income	**1,076**	796	**710**	692

17. Expenses by nature

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Depreciation of property, plant and equipment	**10**	5	**10**	5
Directors remuneration	**197**	4	**197**	4
Employee benefit expense (Note 18)	**145**	335	**145**	335
Property rent and leases	**196**	79	**29**	41
Other expenses	**240**	117	**214**	116
Total operating and administrative expenses	**788**	540	**595**	501

Included in the above analyses are expenses amounting to €285,793 (2018: €370,000) recharged from a related party in respect of payroll and other expenses.

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 January 2019 and 2018 relate to the following:

	Group	
	2019	2018
	€'000	€'000
Annual statutory audit	**33**	33
Tax advisory and compliance services	**18**	2
Other assurance services	**14**	11
	65	46

18. Employee benefit expense

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Wages and salaries	157	–	157	–
Social security costs	4	–	4	–
	161	–	161	–
Recharged from related parties	286	335	51	335
Recharged to related parties	(21)	–	–	–
Recharged to subsidiaries	–	–	(67)	–
	426	335	145	335
Classified under:				
Statement of comprehensive income – Operating and administrative expenses	145	335	145	335
Statement of financial position – Investment property	281	–	–	–
	426	335	145	335

The average number of full time employees employed/recharged during the year.

	Group		Company	
	2019	2018	2019	2018
Administration	7	6	7	6

19. Directors' remuneration

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Amounts paid				
Fees	197	(4)	197	(4)

20. Net income on acquisition of investment

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Excess of net assets acquired of the associate over consideration paid and carrying value of investment (Note 7)	–	11	–	–

21. Finance income

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Interest on amounts owed by related party	**–**	21	**–**	21
Interest on amounts owed by associate	**–**	20	**–**	20
	–	41	**–**	41

22. Finance costs

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Interest on amounts due to related parties	**–**	56	**–**	56

23. Tax expense/(income)

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Current tax expense	**236**	196	**183**	178
Deferred tax expense (Note 13)	**80**	59	**101**	194
Deferred tax releases related to the disposals of non-current assets (Note 10)	**–**	(331)	**–**	(365)
	316	(76)	**284**	7

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	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Profit before tax	**1,091**	437	**1,126**	176
Tax on profit at 35%	**381**	153	**394**	62
Tax effect of:				
Expenses not allowable for tax purposes	**220**	94	**203**	161
Maintenance allowance on rental income	**(53)**	(51)	**(42)**	(46)
Income taxed at reduced rates	**(32)**	–	**(19)**	–
Tax rules applicable to property values	**(200)**	(272)	**(252)**	(170)
Tax expense/(income)	**316**	(76)	**284**	7

24. Cash generated from/(used in) operations

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

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Operating profit	**288**	256	**115**	191
Adjustments for:				
Depreciation of property, plant and equipment	**10**	5	**10**	5
Changes in working capital:				
Trade and other receivables	**379**	5,071	**851**	(7,943)
Trade and other payables	**401**	(2,810)	**(195)**	(475)
Cash generated from/(used in) operations	**1,078**	2,522	**781**	(8,222)

25. 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	
	2019	2018
Profit from operations excluding fair value movements (€'000)	**52**	365
Profit from fair value movements (€'000)	**723**	148
Profit attributable to shareholders (€'000)	**775**	513
Weighted average number of ordinary shares in issue (thousands)	**30,000**	11,501
Earnings per share attributable to profits excluding fair value movements	**€0.002**	€0.030
Earnings per share attributable to fair value movements	**€0.024**	€0.015
Earnings per share for the year attributable to shareholders	**€0.026**	€0.045

26. Commitments

Capital commitments

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

	Group		Company	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
Authorised and contracted	**14,413**	–	**–**	–
Authorised but not contracted	**30,825**	45,000	**–**	–

The above amount relates to the Trident Park project which is budgeted to cost in the region of €50 million. This project will be financed partly through bank funding amounting to €28.5 million which has been secured during the course of the year and partly through a share capital rights issue that will take place during the last quarter of 2019. The major shareholders (Note 28) have signed a letter of undertaking with the Company committing to take up their respective proportions of the aforementioned rights issues.

26. Commitments *continued*

Operating lease commitments – where 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	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Not later than 1 year	**1,125**	1,071	**736**	704
Later than 1 year and not later than 5 years	**2,669**	3,176	**1,444**	1,810
Later than 5 years	**506**	831	**341**	417
	4,300	5,077	**2,521**	2,931

Operating lease commitments – where Group and Company are a lessee

These leases principally relate to temporary leasehold property. The future minimum lease payments payable in relation to properties covered by a non-cancellable operating lease receivables are as follows:

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Not later than 1 year	**196**	162	**32**	29
Later than 1 year and not later than 5 years	**631**	693	**64**	96
Later than 5 years	**92**	227	**–**	–
	919	1,082	**96**	125

27. Dividends

At the forthcoming Annual General Meeting, a final net dividend of €200,000 (€0.007 per share) in respect of the financial year ended 31 January 2018 is to be proposed.

These financial statements do not reflect the proposed final dividend for 2019 of €200,000 which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 January 2020.

28. Related party transactions

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	
	2019	2018
Farrugia Investments Limited	**24.93**	26.50
M.S.M. Investments Limited	**25.06**	26.50
Sciclunas Estates Limited	**24.89**	26.32

The remaining 25.12% of the shares are widely held.

The Directors make particular reference to the fact that Simonds Farsons Cisk plc and its subsidiaries are considered to be related parties due to common directors and the common shareholding.

The following operational transactions were carried out with related parties:

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Income from goods and services				
From fellow subsidiaries				
– Recharged expenses	**–**	–	**51**	–
From associate and subsidiaries				
– Interest income	**–**	–	**–**	20
From related parties				
– Rental income	**687**	721	**612**	617
– Interest income	**–**	21	**–**	21
	687	742	**663**	658
Expenditure for goods and services				
From parent and related parties				
– Interest expense	**–**	56	**–**	56
– Recharged expenses	**286**	370	**51**	370

Key management personnel compensation for 2019 and 2018, consisting of directors' and senior management remuneration which was recharged from the Group's previous parent, is disclosed as follows:

	Group	
	2019	2018
	€'000	€'000
Directors	**197**	4
Senior Management	**298**	129
	495	133

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

29. Statutory information

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

30. Subsidiaries

The principal subsidiaries at 31 January 2019 are shown below:

	Registered office	Principal activities	Percentage of shares held	
			2019	2018
Mensija Catering Company Limited	The Brewery, Mdina Road, Mriehel	Property leasing	**100**	100
Neptune Properties Limited	The Brewery, Mdina Road, Mriehel	Non-operating	**100**	100
Trident Park Limited	The Brewery, Mdina Road, Mriehel	Property development and leasing	**100**	100
Sliema Fort Company Limited	The Brewery, Mdina Road, Mriehel	Property leasing	**100**	100

31. Comparative informaton

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.

Shareholder Information

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

	Ordinary Shares held	
	as at 31 January 2019	as at 8 May 2019
Louis A. Farrugia	30,223	30,223
Michael Farrugia	5,552	5,552
Prof. Avv. Alberto Stagno d'Alcontres	572	572

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 12.5% of the shares in Farrugia Holdings Limited which holds the rest of the shares in Farrugia Investments Limited. There has been no movement in the above stated shareholdings during the period from 31 January 2019 to 8 May 2019.

SHAREHOLDERS HOLDING 5% OR MORE OF THE EQUITY SHARE CAPITAL AS AT 8 MAY 2019

Ordinary shares

	Number of shares	Percentage holding
Farrugia Investments Limited	7,479,330	24.93
M.S.M. Investments Limited	7,516,611	25.06
Sciclunas Estates Limited	7,466,778	24.89

SHAREHOLDING DETAILS

As at 08 May 2018, the company's issued share capital was held by the following shareholders:

	Number of shareholders
Ordinary shares at €1.00 each	1,565

The holders of the Ordinary shares have equal voting rights.

NUMBER OF SHAREHOLDERS AS AT 8 MAY 2019

	Number of shareholders	Number of shares	Percentage holding
Ordinary shares of €1.00 each			
Up to 500 shares	472	114,616	0.38%
501 – 1,000	304	224,701	0.75%
1,001 – 5,000	582	1,307,173	4.36%
More than 5,000	207	28,353,510	94.51%
	1,565	30,000,000	100.00%

Kenneth C. Pullicino
Company Secretary

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