PAVI SHOPPING COMPLEX p.l.c.

Annual Report and Consolidated Financial Statements
30 April 2012

Company Registration Number: C41962

Directors' report

The directors present the annual report and the audited consolidated financial statements for the year ended 30 April 2012.

Principal activities

The group's principal activities are the management and operation of the 'PAVI Shopping Complex' situated in Qormi, Malta. This comprises the operation of supermarket activities including the management of shared activities within the retailing operations and the concessions of commercial areas that compliment the complex. Within the supermarket operations, certain bakery and confectionary activities are conducted by PAVI Bakery Limited.

Review of the business

During the year under review the Group continued to register further revenue growth in line with the increasing popularity of the PAVI Supermarket. This was largely driven by competitive prices and special offers which complemented the various positive attributes of the amenities of the Complex to yield a truly rewarding shopping experience to our customers. The Group has also registered further improvement in operating margin as a result of effective retail management. Consequently, the operating profit rose by 18% to €2,416,346 (2011: €2,045,530) on turnover of €29,872,819 (2011: €28,832,151).

Financial costs decreased by 9% to €781,535 (2011: €859,638) following the acquisition and cancellation of €1.3 million bonds during the previous financial year. The continued improvement in operating profit, coupled with the reduction in financial costs, resulted in a net profit of €1,071,296 (2011: €786,259) an increase of 36.3%.

Outlook for financial year ending 30 April 2013

The performance of the group after year end to the date of these financial statements continued to improve when compared with results obtained in the same period last year. The directors are confident that, save for unforeseeable circumstances, the company's results will continue to improve in the foreseeable future on the back of innovative ways of exceeding customer expectations.

Dividends and Reserves

The statements of comprehensive income are set out on page 14. During the year, the directors declared a net final dividend of €1,099,997 (2011: interim dividend of €752,098).

Retained earnings amounting to €549,674 for the Company and €739,103 for the Group are being carried forward.

Directors' report - continued

Directors

The directors of the company who held office during the period were:

Alfred Lupi – Chairman
Paul Gauci
Victor Grech
David Grech
Lawrence Zammit
William Spiteri Bailey

The company's Articles of Association do not require any directors to retire.

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 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 company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act, 1995. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Pavi Shopping Complex p.l.c. for the year ended 30 April 2012 are included in this annual report, which is published in hard-copy printed form and made available on the group'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 group'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.

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 company have adequate resources to continue operating for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing these financial statements.

Directors' report - continued

Auditors

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

On behalf of the board

Alfred Lupi
Chairman

Victor Grech
Director

Paul Gauci
Director

Registered office:
PAVI Shopping Complex
Manuel Dimech Street
Qormi
Malta

30 August 2012

Corporate governance - Statement of compliance

Introduction

Pursuant to the requirements of the Listing Rules issued by the Malta Financial Services Authority, PAVI Shopping Complex p.l.c. ('the company') is hereby reporting on the extent to which it has adopted the Code of Principles of Good Corporate Governance as well as the measures taken to ensure compliance therewith.

The company holds title to the land and buildings that constitute the PAVI Shopping Complex in Qormi, Malta. PAVI Shopping Complex p.l.c. is also the principal shareholder of PAVI Supermarkets Limited, the operator of the shopping complex which in turn is also the principal shareholder of PAVI Bakery Limited, the operator of the PAVI bakery whose sales are made to its immediate parent company, collectively referred to as the group. The group's principal activity is the operation of the PAVI Shopping Complex, and the renting out of parts of the said property to third parties. The company therefore exercises full control over and is the beneficial owner of all the profit and net cash flow streams arising from the operation of the complex, in part by way of rental payments and in part through dividend and other transfers.

In deciding on the most appropriate manner in which to implement the Principles, the board of PAVI Shopping Complex p.l.c. ('the board') has taken cognisance of the size of the group which inevitably impacts on the structures required to implement the Principles without diluting the effectiveness thereof. The company does not have any employees.

Subject to the foregoing, the board considers that the company has been in compliance with the code throughout the year.

Roles and responsibilities

The board acknowledges its statutory mandate to conduct the administration and management of the company. The board, in fulfilling this mandate and discharging its duty of stewardship of the company, assumes responsibility for:

- the group's strategy and decisions with respect to the proper administration of its investments, and the servicing and redemption of its bonds;

- reviewing and approving of the shopping complex operational business plan and targets and implementation of such plans;

- identifying the principal business risks of the group and overseeing the implementation and monitoring of appropriate risk management systems;

- monitoring that its operations are in conformity with its commitments towards bondholders, shareholders and all relevant laws and regulations;

- ensuring that the group installs and operates effective internal control and management information systems;

Corporate governance - Statement of compliance - continued

Roles and responsibilities - continued

- assessing the performance of the group's senior officers, including monitoring the establishment of appropriate systems of succession planning and for approving the compensation levels of such officers;

- ensuring that the group has a policy in place to enable it to communicate effectively with the market.

The board delegates authority and vests accountability for the group's day to day operational business with the company's subsidiaries organisational structures. PAVI Supermarkets Limited and PAVI Bakery Limited have their own management structure, accounting systems and internal controls, and are governed by their own board, whose members include executive directors of PAVI Shopping Complex p.l.c. The supermarket and bakery management team are led by their respective directors who are involved in the day to day business operations and are supported by group officers designated to the different functional roles within the complex operations.

Board of Directors

The company has six directors who were appointed by its principal shareholders, Yvonvi Limited and PG Holdings Limited.

During the year under review, there were no changes in the composition of the board of directors. Two of the six directors, David Grech and Alfred Lupi, occupy senior executive positions within the PAVI group of companies. The rest of the members of the board serve in a non-executive capacity. Lawrence Zammit and William Spiteri Bailey, serve on the board of the company as independent non-executive directors whereas Victor Grech and Paul Gauci who also serve as non-executive directors are not considered to be independent as they are the ultimate beneficial owners of the group. The Chairman was appointed in terms of the articles of association of the company to assume responsibility in an executive capacity for the strategic leadership of the group. The company has not designated a group Chief Executive Officer and instead day-to-day management is delegated to the group General Manager who, together with the group Chief Financial Officer report to the board of directors of the company and are also invited to attend group board of directors meetings. The position of the Chairman of the Company and that of the General Manager of the Group are occupied by different individuals and therefore both roles are kept separate and distinct from each other.

The composition of the board has the right mix of executive and non-executive directors, including two independent board members, thereby ensuring good corporate governance through the proper exercise of responsibility of each individual director who plays a full and constructive role in the affairs of the company.

The exercise of the role of the board

The activities of the board are exercised in a manner designed to ensure that it can function independently of management and effectively supervise the operations of the group and protect the interests of bondholders and shareholders.

Apart from setting the strategy and direction of the group, the board retains direct responsibility for approving and monitoring:

Corporate governance - Statement of compliance - continued

The exercise of the role of the board - continued

- direct supervision, supported by expert professional advice as appropriate, on the issue and listing of bonds;
- that the proceeds of the bonds are applied for the purposes for which they were sanctioned for as specified in the prospectus dated 28 September 2007;
- proper utilisation of the group's resources, and financing opportunities, through budgets and annual plans for the supermarket operations and property rentals;
- approval of the annual report and financial statements and of relevant public announcements and for the company's compliance with its continuing listing obligations.

Meetings of the board, chaired by Alfred Lupi, are held regularly. Individual directors, apart from attending to formal board meetings, participate in other informal meetings during the year as may be required. The board members are notified of forthcoming meetings by the company secretary with the issue of an agenda and supporting documents as necessary.

During the year under review the board held four formal meetings, which were attended by all the directors.

The group has been effectively constituted since the commencement of the retailing operation in 2006 and proper reporting structures are now defined. Regular operational review board meetings are held whereby management present the board with performance reviews on supermarket and complex operations.

The company has instituted a remuneration committee and an audit committee. The board does not consider it necessary to institute further separate committees, such as the Nomination Committee, as would be appropriate in a larger corporate set-up.

Audit Committee

The audit committee assists 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 responsible, amongst others, for reviewing the company's internal procedures, assessing the effectiveness of the group's internal control and risk management systems and monitoring the integrity and effectiveness of the group's financial reporting. During the year under review the audit committee met every quarter. Meetings may be convened at the request of any of its members or at the request of the external auditors. The group's external auditors may be invited to attend meetings of the audit committee on a regular basis. The members of the audit committee are William Spiteri Bailey as chairman and Lawrence Zammit and Alfred Lupi as members. William Spiteri Bailey was appointed by the board in terms of Listing Rule 5.115 in view of the fact that he is a Certified Public Accountant and holder of a practising certificate in auditing. Mr. Spiteri Bailey is deemed as independent, due to not having had any executive role within the Group, nor any family ties with its shareholders or senior executives, or any business relationship with the Group.

Corporate governance - Statement of compliance - continued

The exercise of the role of the board - continued

Remuneration Committee

The remuneration committee has as its primary purpose the functions of devising the appropriate packages needed to attract, retain and motivate executive directors and senior employees with the right qualities and skills for the proper management of the group. The remuneration committee makes proposals to the directors on the remuneration policy of executive directors and senior management and reviews the ongoing appropriateness and relevance of the group's remuneration policy. It is also responsible for reviewing the wider remuneration policy across the PAVI group and to make recommendations to the directors on any changes it considers appropriate in employee remuneration and benefit structures throughout the PAVI group.

The members of the remuneration committee are Lawrence Zammit (Chairman) and William Spiteri Bailey and David Grech. Committee meetings are held on an *ad hoc* basis. During the year under review the committee proposed a revision to four of the directors' and two of the senior management remuneration packages. This proposal was approved by the board.

As required by the Maltese Companies Act, 1995 and the Malta Financial Services Authority Listing Rules, the financial statements of PAVI Shopping Complex p.l.c. are subject to annual audit by its external auditors. Moreover, the board has direct access to the external auditors of the group, who attend board meetings at which the group's and company's financial statements are approved. Moreover, in ensuring compliance with other statutory requirements and with continuing listing obligations, the board is advised directly, as appropriate, by its appointed broker, legal advisor and the external auditors. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the group's expense.

Internal control and risk management systems in relation to financial reporting

The Group maintains a system of internal controls which is designed to ensure proper checks over the operations of the Group and the complete and accurate reporting of transactions. The system is monitored on a regular basis by management and reviewed periodically by the board through the audit committee. The system provides for the proper organisation and processes aimed at promoting the necessary control environment throughout its operations.

The management is responsible for the ongoing identification and management of the principal risks affecting the business and these are considered by the board during the review of the financial results and projections of the Group.

Relations with bondholders and the market

Pursuant to the company's statutory obligations in terms of the Maltese Companies Act, 1995 and the Malta Financial Services Authority Listing Rules, the Annual Report and Financial Statements, the election of directors and approval of directors' fees, the appointment of the auditors and the authorisation of the directors to set the auditors' fees, and other special business, are proposed and approved at the company's Annual General Meeting.

Corporate governance - Statement of compliance - continued

Relations with bondholders and the market - continued

The company communicates with its bondholders by way of the Annual Report and Financial Statements. The board publishes its results every six months through its interim and annual reports. The board feels that it is providing the market with adequate information about its activities through these channels.

The board considers that the company has been in compliance with the principles throughout the year as befits a company of this size and nature.

Approved by the board on 30 August 2012 and signed on its behalf by:

Alfred Lupi	Victor Grech	Paul Gauci
Chairman	Director	Director

Remuneration Statement

The board has set up a Remuneration Committee, with the primary role of making recommendations to the board on the remuneration policy of executive directors and senior management and reviews the ongoing appropriateness and relevance of the group's remuneration policy.

Remuneration Policy - Directors

The board determines the remuneration of both executive and non-executive directors of the company. Victor Grech, David Grech, Alfred Lupi and Paul Gauci each hold an indefinite full-time contract of service with PAVI Supermarkets Limited. Notice period on termination is as provided for by law and no termination benefits are payable under the said contracts of service. William Spiteri Bailey and Lawrence Zammit receive an annual remuneration for the service rendered which is payable by the company.

The remuneration policy for directors has been consistent since inception, in that the company does not allow any profit-sharing or share option arrangements, pension benefits or early retirement schemes. The remuneration is fixed and without any variable component or any non-cash benefits.

No compensation was paid during the financial year to Caroline Grech, a former executive director, upon termination of her activities on 17 March 2011.

In accordance with the company's articles of association, the total emoluments payable to all directors, whether as fees and/or salaries by virtue of holding employment with the group is subject to shareholder approval at the annual general meeting.

For the financial year under review the aggregate remuneration of the directors of the Group was as follows:

Fixed remuneration from Company	€7,804
Fixed remuneration from Subsidiary	€356,320

Remuneration Policy - Senior Management

Reference to senior management shall mean the General Manager and Chief Financial Officer, who report to the board of directors of the company and regularly attend board meetings. The remuneration policy for senior management is similar to that for directors.

For the financial year under review the aggregate remuneration of senior management of the Group was as follows:

Fixed remuneration from Subsidiary	€123,020

pwc

Independent auditor's report

To the Shareholders of PAVI Shopping Complex p.l.c.

Report on the Financial Statements for the year ended 30 April 2012

We have audited the consolidated and stand-alone parent company financial statements of PAVI Shopping Complex p.l.c. on pages 12 to 49 which comprise the consolidated and parent company statements of financial position as at 30 April 2012, and the consolidated and parent company statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the financial statements

- give a true and fair view of the financial position of the group and the company as at 30 April 2012, and of their financial performance and their cash flows for the year then ended in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Maltese Companies Act, 1995.

Report on Other Legal and Regulatory Requirements

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.

pwc

Independent auditor's report - continued

Report on Other Legal and Regulatory Requirements - continued

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 considered 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 4 to 8 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

We also read other information contained in the annual report and considered whether it is consistent with the audited financial statements. The other information comprises only the Directors' report. Our responsibilities do not extend to any other information.

We also have responsibilities:

- Under the Maltese Companies Act, 1995 to report to you if, in our opinion:
  - The information given in the Directors' report is not consistent with the financial statements.
  - Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
  - The financial statements are not in agreement with the accounting records and returns.
  - We have not received all the information and explanations we require for our audit.
  - Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

- Under the Listing Rules, to review the statement made by the directors, set out on page 2, that the business is a going concern together with supporting assumptions or qualifications as necessary.

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

PricewaterhouseCoopers

167 Merchants Street
Valletta
Malta

Simon Flynn
Partner

30 August 2012

Statements of financial position

		As at 30 April			
		Group		**Company**	
		2012	2011	**2012**	2011
	Notes	**€**	€	**€**	€
ASSETS					
Non-current assets					
Property, plant and equipment	4	**20,024,699**	20,227,657	**-**	-
Investment property	5	**-**	-	**19,509,307**	19,408,703
Investments in subsidiaries	6	**-**	-	**1,863,499**	1,863,499
Available-for-sale financial assets	7	**312,930**	-	**312,930**	-
Total non-current assets		**20,337,629**	20,227,657	**21,685,736**	21,272,202
Current assets					
Inventories	8	**2,007,631**	1,940,266	**-**	-
Trade and other receivables	9	**4,803,320**	5,609,170	**67,145**	67,145
Current tax asset		**-**	-	**-**	5,048
Cash and cash equivalents	10	**621,402**	77,525	**27,726**	33,399
Total current assets		**7,432,353**	7,626,961	**94,871**	105,592
Total assets		**27,769,982**	27,854,618	**21,780,607**	21,377,794

Statements of financial position - continued

		As at 30 April			
		Group		**Company**	
		2012	2011	**2012**	2011
	Notes	**€**	€	**€**	€
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	**8,386,908**	8,386,908	**8,386,908**	8,386,908
Fair value reserve	12	**1,680**	-	**1,680**	-
Retained earnings		**739,103**	767,804	**549,674**	299,810
Total equity		**9,127,691**	9,154,712	**8,938,262**	8,686,718
Non-current liabilities					
Borrowings	15	**10,145,667**	10,118,382	**10,145,667**	10,118,382
Deferred tax liabilities	13	**1,305,120**	1,312,137	**1,257,862**	1,257,862
Total non-current liabilities		**11,450,787**	11,430,519	**11,403,529**	11,376,244
Current liabilities					
Trade and other payables	14	**5,470,148**	5,034,922	**1,418,517**	1,314,832
Borrowings	15	**1,166,336**	1,816,249	**-**	-
Current tax liabilities		**555,020**	418,216	**20,299**	-
Total current liabilities		**7,191,504**	7,269,387	**1,438,816**	1,314,832
Total liabilities		**18,642,291**	18,699,906	**12,842,345**	12,691,076
Total equity and liabilities		**27,769,982**	27,854,618	**21,780,607**	21,377,794

The notes on pages 18 to 49 are an integral part of these financial statements.

The financial statements on pages 12 to 49 were authorised for issue by the board on 30 August 2012 and were signed on its behalf by:

Alfred Lupi	Victor Grech	Paul Gauci
Chairman	Director	Director

Income statements

		Year ended 30 April			
		Group		**Company**	
		2012	2011	**2012**	2011
	Notes	**€**	€	**€**	€
Revenue	16	**29,872,819**	28,832,151	**1,060,000**	1,060,000
Cost of sales	17	**(26,722,748)**	(26,067,923)	**-**	-
Gross profit		**3,150,071**	2,764,228	**1,060,000**	1,060,000
Selling and distribution expenses	17	**(362,657)**	(274,268)	**-**	-
Administrative expenses	17	**(1,012,611)**	(971,725)	**(36,315)**	(40,446)
Other income	19	**641,543**	527,295	**-**	-
Operating profit		**2,416,346**	2,045,530	**1,023,685**	1,019,554
Investment income	20	**-**	-	**1,692,303**	450,000
Finance income	21	**4,860**	8,914	**64**	64
Finance costs	22	**(781,535)**	(859,638)	**(749,762)**	(812,300)
Profit before tax		**1,639,671**	1,194,806	**1,966,290**	657,318
Tax expense	23	**(568,375)**	(408,547)	**(616,429)**	(158,299)
Profit for the year		**1,071,296**	786,259	**1,349,861**	499,019
Earnings per share (cents)	25	**29.8**	21.8	**37.5**	13.9

Statements of comprehensive income

		Year ended 30 April			
		Group		**Company**	
		2012	2011	**2012**	2011
	Note	**€**	€	**€**	€
Profit for the year		**1,071,296**	786,259	**1,349,861**	499,019
Other comprehensive income:					
Change in fair value of available-for-sale financial assets	7	**1,680**	**-**	**1,680**	**-**
Total other comprehensive income for the year		**1,680**	-	**1,680**	-
Total comprehensive income for the year		**1,072,976**	786,259	**1,351,541**	499,019

The notes on pages 18 to 49 are an integral part of these financial statements.

Statements of changes in equity

Group

	Notes	Share capital €	Fair value reserve €	Retained earnings €	Total €
Balance at 1 May 2010		8,386,908	-	733,643	9,120,551
Comprehensive income					
Profit for the year		-	-	786,259	786,259
Transactions with owners					
Dividends for 2011	26	-	-	(752,098)	(752,098)
Balance at 30 April 2011		**8,386,908**	-	**767,804**	**9,154,712**
Balance at 1 May 2011		8,386,908	-	767,804	9,154,712
Comprehensive income					
Profit for the year		-	-	1,071,296	1,071,296
Other comprehensive income: Change in fair value of available-for-sale financial assets	7	-	1,680	-	1,680
Total comprehensive income		-	1,680	1,071,296	1,072,976
Transactions with owners					
Dividends for 2012	26	-	-	(1,099,997)	(1,099,997)
Balance at 30 April 2012		**8,386,908**	**1,680**	**739,103**	**9,127,691**

Statements of changes in equity - continued

Company

	Notes	Share capital €	Fair value reserve €	Retained earnings €	Total €
Balance at 1 May 2010		8,386,908	-	552,889	8,939,797
Comprehensive income					
Profit for the year		-	-	499,019	499,019
Transactions with owners					
Dividends for 2011	26	-	-	(752,098)	(752,098)
Balance at 30 April 2011		**8,386,908**	-	**299,810**	**8,686,718**
Balance at 1 May 2011		8,386,908	-	299,810	8,686,718
Comprehensive income					
Profit for the year		-	-	1,349,861	1,349,861
Other comprehensive income:					
Change in fair value of					
available-for-sale financial assets	7	-	1,680	-	1,680
Total comprehensive income		-	1,680	1,349,861	1,351,541
Transactions with owners					
Dividends for 2012	26	-	-	(1,099,997)	(1,099,997)
Balance at 30 April 2012		**8,386,908**	**1,680**	**549,674**	**8,938,262**

The notes on pages 18 to 49 are an integral part of these financial statements.

Statements of cash flows

		Year ended 30 April			
		Group		Company	
		2012	2011	**2012**	2011
	Notes	**€**	€	**€**	€
Cash flows from operating activities					
Cash generated from operations	27	**4,165,123**	2,529,227	**1,127,370**	2,623,047
Interest received		**4,860**	8,914	**64**	64
Interest paid		**(754,250)**	(836,364)	**(722,477)**	(789,026)
Tax (paid)/received		**(438,588)**	(141,560)	**1,224**	(4,546)
Net cash generated from operating activities		**2,977,145**	1,560,217	**406,181**	1,829,539
Cash flows from investing activities					
Proceeds from disposal of property plant and equipment		**-**	2,795	**-**	-
Payments for property, plant and equipment		**(372,108)**	(143,028)	**(100,604)**	(34,675)
Payment for available-for-sale investments		**(311,250)**	-	**(311,250)**	
Dividends received		**-**	-	**1,099,997**	292,500
Net cash (used in)/generated from investing activities		**(683,358)**	(140,233)	**688,143**	257,825
Cash flows from financing activities					
Redemption of bonds		**-**	(1,327,791)	**-**	(1,327,791)
Contribution to bond redemption fund		**(55)**	(54)	**(55)**	(54)
Dividends paid		**(1,099,997)**	(752,098)	**(1,099,997)**	(752,098)
Net cash used in financing activities		**(1,100,052)**	(2,079,943)	**(1,100,052)**	(2,079,943)
Net movement in cash and cash equivalents		**1,193,735**	(659,959)	**(5,728)**	7,421
Cash and cash equivalents at beginning of the year		**(1,763,985)**	(1,104,026)	**8,138**	717
Cash and cash equivalents at end of the year	10	**(570,250)**	(1,763,985)	**2,410**	8,138

The notes on pages 18 to 49 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these 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

The consolidated financial statements include the financial statements of PAVI Shopping Complex p.l.c. and its subsidiaries. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act, 1995. The financial statements are prepared under the historical cost convention as modified by the fair valuation of property, plant and equipment, investment property and available-for-sale investment, except as disclosed in the accounting policies below.

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

Standards, interpretations and amendments to published standards effective in 2012

In 2012, the group adopted new standards, amendments and interpretations to existing standards that are mandatory for the group's accounting period beginning on 1 May 2011. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the group's accounting policies.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the group's accounting periods beginning after 1 May 2011. The group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the group's financial statements in the period of initial application.

1.2 Consolidation

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. 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

1. Summary of significant accounting policies - continued

1.2 Consolidation - continued

The group applies 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 to the former owners of the acquiree 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 (identifiable net assets) 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 recognised amounts of the acquiree’s identifiable 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.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

A listing of the group’s principal subsidiaries is set out in Note 6 to these financial statements.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in these consolidated financial statements 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 and company’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.

All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘administrative expenses’.

1. Summary of significant accounting policies - continued

1.4 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost.

Land and buildings, are shown at fair value based on valuations by directors and external independent valuers, less subsequent depreciation for buildings. Valuations are carried out periodically unless the directors consider it appropriate to have an earlier revaluation on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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.

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

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Buildings	2
Plant, machinery and catering equipment	6.67 – 25
Furniture, fixtures and fittings	10 – 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 (note 1.7).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised in profit or loss When revalued assets are sold, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1. Summary of significant accounting policies - continued

1.5 Investment property

The company owns investment property, principally comprising the PAVI Shopping Complex, which is held for long-term rental yields and is not occupied by the company but rented out to its subsidiary.

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.

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 company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

These valuations are reviewed annually by the company directors with periodic reference to valuation reports prepared by external independent valuers. 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 company 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 company decides to dispose of an investment property without development, the company continues to treat the property as an investment property. Similarly, if the company begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment.

1. Summary of significant accounting policies - continued

1.5 Investment property - continued

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 Investments in subsidiaries

In the company's financial statements, investments in subsidiaries, which represent shares in subsidiaries, are accounted for by the cost method of accounting. The dividend income from such investments is included in profit or loss in the accounting year in which the company's rights to receive payment of any dividend is established. The company gathers objective evidence that an investment is impaired using the same process disclosed in Note 1.8.3. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1.7 Impairment of non-financial assets

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

1.8 Financial assets

1.8.1 Classification

The group classifies its financial assets (other than investments in associates, and, only in the company's case, investments in subsidiaries) in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

1. Summary of significant accounting policies - continued

1.8 Financial assets - continued

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (Notes 1.10 and 1.11).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale assets. They are included in non-current assets unless the asset matures or management intends to dispose of it within twelve months from the end of the reporting period.

1.8.2 Recognition and measurement

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

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

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

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. The other changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss within 'investment income'.

1. Summary of significant accounting policies - continued

1.8 Financial assets - continued

1.8.2 Recognition and measurement - continued

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss within 'investment income'. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

1.8.3 Impairment

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

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

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

(a) Assets carried at amortised cost

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

(b) Assets classified as available-for-sale

For debt securities, the group uses the criteria referred to in (a) above. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also considered an indicator that the assets are impaired. If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity to profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

Impairment testing of trade receivables is described in Note 1.10.

1. Summary of significant accounting policies - continued

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of inventories comprises the invoiced value of goods and, in general, includes transport and handling costs. Net realisable value is the estimate of the selling price in the ordinary course of business less selling expenses.

1.10 Trade and other receivables

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

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

1.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdraft. In the statement of financial position, the bank overdraft is included within borrowings in non-current and current liabilities.

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.

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

1.13 Current and deferred tax

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

1. Summary of significant accounting policies - continued

1.13 Current and deferred tax - continued

Deferred taxation is recognised using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income 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 income tax asset is realised or the deferred income tax liability is settled.

Under this method the group is required to make provision for deferred income taxes on the revaluation of certain property assets, available-for-sale investments and provisions on the difference between the carrying values for financial reporting purposes and their tax base. Such deferred tax is charged or credited directly to the respective reserve.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the unutilised investment tax credits, tax losses and unabsorbed capital allowances can be utilised.

Deferred income 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 income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.14 Trade and other payables

Trade payables are 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.

1.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Issue costs incurred in connection with the issue of the secured bonds include professional fees, publicity, advertising, printing, listing, registration, underwriting, management fees, trustee fees and other miscellaneous costs.

Borrowings are classified as current liabilities unless the group and company have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement 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. **Summary of significant accounting policies** - continued

1.17 Provisions

Provisions for legal claims 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 not recognised for future operating losses.

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 interest expense.

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.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below.

(a) Sales of goods - retail

Sales of goods are recognised when the group sells a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue includes credit card fees payable for the transaction. Such fees are included in 'direct operating expenses'.

It is the group's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

(b) Sales of goods - wholesale

Sales of goods are recognised when a subsidiary has delivered products to the customer, the customer has accepted the products and collectability of the related trade and other receivables is reasonably assured. Products are often sold with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

(c) Sales of services

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

(d) Property related income

Rentals receivable, short-term lets receivable and premia charged to tenants of immovable property are recognised in the period when the property is occupied. Premia are taken to profit or loss over the period of the leases to which they relate.

1. Summary of significant accounting policies - continued

1.19 Leases

Leases in which a significant portion of the risk and rewards of ownership are 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 Borrowings costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying non-current assets or property inventories 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 profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during 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 currency risk, cash flow interest rate risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group does not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

The board provides policies for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective group's functional currency. The group is not exposed to foreign exchange risk as its purchases are primarily in euro. Management does not consider foreign exchange risk attributable to recognised liabilities arising from other purchase transactions to be significant since balances are settled within very short periods in accordance with the negotiated credit terms. Also foreign exchange risk attributable to future transactions is not deemed to be material since the group manages the risk by reflecting, as far as is practicable, the impact of exchange rate movements registered with respect to purchases in the respective sales prices.

All the group's investments, loans and receivables, cash and cash equivalents, borrowings and payables are denominated in euro.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Market risk - continued

(i) Foreign exchange risk - continued

Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

(ii) Cash flow and fair value interest rate risk

The group's income and operating cash flows are substantially independent of changes in market interest rates. The group's interest rate risk arises from borrowings. Borrowings issued at variable rates, comprising bank borrowings (refer to Note 13), expose the group to cash flow interest rate risk. The group's borrowings are subject to an interest rate that varies according to revisions made to the Bank's Base Rate. Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on. Interest rates on these financial instruments are linked with the Central Intervention Rate issued by the European Central bank. Borrowings issued at fixed rates, consist primarily of secured bonds which are carried at amortised cost (refer to Note 13), and do not expose the group to cash flow and fair value interest rate risk.

Based on the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. Up to the end of the reporting period the group did not have any hedging arrangements with respect to the exposure of floating interest rate risk.

(iii) Price risk

The group is exposed to commodity price risk in relation to purchases of certain goods. The company enters into contractual arrangements for the procurement of these goods and products at variable market prices but at the end of the reporting period, there were no outstanding contractual commitments in this respect. Management does not consider the potential impact of a defined shift in commodity prices on profit or loss to be significant, particularly in view of the weighting of purchases of such products in relation to the group's total purchases.

(b) Credit risk

Credit risk arises on investments, cash and cash equivalents, deposits with banks, loans and receivables, intra-group receivables as well as credit exposures to customers, including outstanding receivables and committed transactions. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		**Company**	
	2012	2011	**2012**	2011
	€	€	**€**	€
Carrying amounts				
Available-for-sale financial assets (Note 7)	**312,930**	-	**312,930**	-
Trade and other receivables (Note 9)	**4,803,320**	5,609,170	**67,145**	67,145
Cash and cash equivalents (Note 10)	**621,402**	77,525	**27,726**	33,399
	5,737,652	5,686,695	**407,801**	100,544

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

The group banks and invests only with local financial institutions or entities with high quality standing or rating. The group's operations are carried out in Malta. The group has no concentration of credit risk that could materially impact the sustainability of its operations.

The group sales are mainly generated from retail customers and are made in cash or via major credit cards. Despite credit sales are limited, the group has policies in place to ensure that sales of products and services on credit are effected to customers with an appropriate credit history.

As of 30 April 2012, trade receivables of €265,374 (2011: €118,406) were fully performing.

Impairment provisions of €9,036 (2011: €9,036) were present at year end in respect of trade and other receivables that were overdue and that were not expected to be recovered. Other overdue trade debts that were not impaired amounted to €75,544 (2011: €111,817). The group holds no security against these debts. The unsecured overdue amounts consisted of €45,892 (2011: €79,547) that were less than three months overdue and €29,652 (2011: €32,270) that were greater than three months.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Group	
	2012	2011
	€	€
At beginning of year	**9,036**	8,135
Increase in impairment provision for the year	**-**	901
At 30 April	**9,036**	9,036

The allowance accounts in respect of trade receivables are used to record impairment losses unless the group is satisfied that no recovery of the amount owing is possible; at the point the amounts are considered irrecoverable these are written off against trade receivables directly.

The group's receivables include significant amounts due from related parties forming part of groups owned by the ultimate shareholders of the companies including its ultimate shareholding companies (refer to Note 9). The group's treasury monitors related party credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The group assesses the credit quality of all the related parties taking into account financial position, performance and other factors. The group takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

(c) Liquidity risk

The group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings (refer to Notes 14 and 15). 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 obligations.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk - continued

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period detailed by the group's operations to ensure that no additional financing facilities are expected to be required over the coming year.

Moreover, annual cash flow projections are prepared to assess the matching of cash inflows and outflows arising from expected maturities of financial instruments. The group manages its liquidity risk through this continuous assessment, coupled with the group's committed borrowing facilities (that it can access) to meet liquidity needs as referred to previously.

The following tables analyse the group's and company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

Group

	Carrying Amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
30 April 2012					
Borrowings	1,166,336	1,166,336	1,166,336	-	-
Secured bond 2014 – 2017	10,145,667	15,612,784	722,335	2,889,341	12,001,108
Trade and other payables	5,470,148	5,470,148	5,470,148	-	-
	16,782,151	**22,249,268**	**7,358,819**	**2,889,341**	**12,001,108**
30 April 2011					
Borrowings	1,816,249	1,816,249	1,816,249	-	-
Secured bond 2014 – 2017	10,118,382	16,335,119	722,335	2,889,341	12,723,443
Trade and other payables	5,034,922	5,034,922	5,034,922	-	-
	16,969,553	**23,186,290**	**7,573,506**	**2,889,341**	**12,723,443**

Company

	Carrying amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
30 April 2012					
Secured bond 2014 - 2017	10,145,667	15,612,784	722,335	2,889,341	12,001,108
Trade and other payables	1,418,517	1,418,517	1,418,517	-	-
	11,564,184	**17,031,301**	**2,140,852**	**2,889,341**	**12,001,108**
30 April 2011					
Secured bond 2014 - 2017	10,118,382	16,335,119	722,335	2,889,341	12,723,443
Trade and other payables	1,314,832	1,314,832	1,314,832	-	-
	11,433,214	**17,649,951**	**2,037,167**	**2,889,341**	**12,723,443**

2. Financial risk management - continued

2.2 Fair values of financial instruments

Fair values of instruments not carried at fair value

The carrying amounts of receivables (net of impairment provisions, if any) and payables are assumed to approximate their fair values. The fair value of financial liabilities 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.

As at the end of the reporting period, the fair values of financial assets and liabilities approximate the carrying amounts shown in the statement of financial position.

Fair values estimation in relation to financial instruments carried at fair value

The group's financial instruments which are carried at fair value include and investments designated as available-for-sale financial assets (Note 7).

The group is required to disclose fair value measurements by level of the following fair value measurement hierarchy for financial instruments that are measured in the statement of financial position at fair value:

- 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 i.e. as prices, or indirectly i.e. derived from prices (level 2).
- Inputs for the asset that are not based on observable market data i.e. unobservable inputs (level 3).

The following table presents the assets that are measured at fair value at 30 April:

	Group and Company	
	2012	2011
	€	€
Assets - Level 1		
Available-for-sale financial assets	**312,930**	-

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

2. Financial risk management - continued

2.3 Capital risk management

The capital of the group is managed with a view of maintaining a controlled relationship between capital and structural borrowings in order to maintain an optimal capital structure which reduces the cost of capital. To maintain or adjust its capital structure, the group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

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 group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Structural borrowings include all borrowings, less available-for-sale instruments (Note7) and cash and cash equivalents. Borrowings include secured bonds issued by the group.

The gearing ratios at 30 April 2012 and 2011 were as follows:

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Total borrowings (Note 15)	**11,312,003**	11,934,631	**10,145,667**	10,118,382
Less:				
Available-for-sale investments	**(312,930)**	-	**(312,930)**	-
Cash and cash equivalents	**(621,402)**	(77,525)	**(27,726)**	(33,399)
Net borrowings	**10,377,671**	11,857,106	**9,805,011**	10,084,983
Total equity	**9,127,691**	9,154,712	**8,938,262**	8,686,718
Total capital	**19,505,362**	21,011,818	**18,743,273**	18,771,701
Gearing	**53.2%**	56.4%	**52.3%**	53.7%

3. Critical accounting estimates and judgements

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

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

4. Property, plant and equipment

	Land and buildings €	Plant, machinery and catering equipment €	Furniture, fixtures and fittings €	Total €
Group				
At 1 May 2010				
Cost	19,374,028	3,022,777	401,690	22,798,495
Accumulated depreciation	(530,976)	(1,447,779)	(117,253)	(2,096,008)
Net book amount	18,843,052	1,574,998	284,437	20,702,487
Year ended 30 April 2011				
Opening net book amount	18,843,052	1,574,998	284,437	20,702,487
Additions	34,675	21,228	81,956	137,859
Disposals	-	(4,887)	-	(4,887)
Depreciation charge	(178,530)	(382,856)	(49,837)	(611,223)
Depreciation released on disposal	-	3,421	-	3,421
Closing net book amount	18,699,197	1,211,904	316,556	20,227,657
At 30 April 2011				
Cost	19,408,703	3,039,118	483,646	22,931,467
Accumulated depreciation	(709,506)	(1,827,214)	(167,090)	(2,703,810)
Net book amount	18,699,197	1,211,904	316,556	20,227,657
Year ended 30 April 2012				
Opening net book amount	18,699,197	1,211,904	316,556	20,227,657
Additions	100,604	151,706	113,948	366,258
Depreciation charge	(180,543)	(329,954)	(58,719)	(569,216)
Closing net book amount	**18,619,258**	**1,033,656**	**371,785**	**20,024,699**
At 30 April 2012				
Cost	19,509,307	3,190,824	597,594	23,297,725
Accumulated depreciation	(890,049)	(2,157,168)	(225,809)	(3,273,026)
Net book amount	18,619,258	1,033,656	371,785	20,024,699

The group's land and buildings are presented and disclosed as investment property in the company's financial statements (refer to Note 5).

4. Property, plant and equipment - continued

The directors assessed the valuation in respect of the group's land and buildings on valuation reports prepared by a professionally qualified valuer issued in 2007. This valuation was confirmed by the same valuer for the financial year 2011. Valuations were made on the basis of open market value after considering the returns being attained by the property and its intrinsic value.

During 2012, the directors reassessed this valuation and in their opinion the carrying amount of property, plant and equipment as at year end does not differ materially from that which would be determined using fair values.

Bank borrowings are secured by the group's property, plant and equipment (Note 15).

The charge for depreciation of property, plant and equipment is included in profit or loss as follows:

	Group	
	2012	2011
	€	€
Direct operating expenses	**450,053**	428,954
Selling and distribution expenses	**10,490**	14,620
Administrative expenses	**108,673**	167,649
Total depreciation charge (Note 17)	**569,216**	611,223

5. Investment property

	Company	
	2012	2011
	€	€
Opening net book amount	**19,408,703**	19,374,028
Additions	**100,604**	34,675
Closing net book amount	**19,509,307**	19,408,703

In accordance with the group's accounting policy, investment property is valued annually on 30 April at fair value, comprising open market value, determined by the directors on the basis of current property values in the area and location and after considering the returns being attained by the property. This amount is also backed by valuation reports prepared by professional valuers issued periodically.

The above property has been leased out by the company under an annual operating lease to its subsidiary in accordance with the operating lease agreement. Consequently, as disclosed in Note 4, this property is classified and measured in the group financial statements as property, plant and equipment in accordance with the requirements of IAS 16.

5. Investment property - continued

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

	Company	
	2012	2011
	€	€
At 30 April		
Cost	**19,509,307**	19,408,703
Accumulated depreciation	**(890,049)**	(709,506)
Net book amount	**18,619,258**	18,699,197

Borrowings are secured by the company's investment property (Note 15).

6. Investments in subsidiaries

	Company	
	2012	2011
	€	€
Closing cost and net book amount	**1,863,499**	1,863,499

The subsidiaries at 30 April, all of which are unlisted, are shown below:

	Registered office	Class of shares held	Effective percentage of shares held	
			2012	2011
PAVI Supermarkets Limited	PAVI Supermarkets Manuel Dimech Street Qormi	Ordinary	**100**	100
PAVI Bakery Limited	PAVI Supermarkets Manuel Dimech Street Qormi	Ordinary	**100**	100

7. Available-for-sale financial assets

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Year ended 30 April				
Opening carrying amount	**-**	-	**-**	-
Additions	**311,250**	-	**103,750**	-
Transfer from subsidiaries	**-**	-	**207,500**	-
Net gains from changes in fair value	**1,680**	-	**1,680**	-
Closing carrying amount	**312,930**	-	**312,930**	-
Cost	**311,250**	-	**311,250**	-
Fair value gains	**1,680**	-	**1,680**	-
Net book value	**312,930**	-	**312,930**	-

Available-for-sale financial assets relate to listed debt securities issued by the Government of Malta with a fixed interest of 4.25% and maturing in 2017. The credit quality of these financial assets that are neither past due nor impaired was assessed by reference to external credit ratings about counterparty default rates which as at year end was rated A (Moody's Investors Service). These financial assets are all denominated in euro. The maximum exposure to credit risk at the reporting date is equivalent to the carrying value of the debt securities classified as available for sale.

It is the intention of the directors to pledge the above investments in favour of the trustee of the issued bonds pursuit to the terms and conditions stated in the prospectus dated 28 September 2007.

8. Inventories

	Group	
	2012	2011
	€	€
Goods held for resale	**1,869,543**	1,796,240
Raw materials	**46,186**	50,485
Finished goods	**25,086**	22,416
Other inventories and consumables	**66,816**	71,125
	2,007,631	1,940,266

The amount of inventory write-downs recognised as an expense by the group during the year included under cost of sales total €46,739 (2011: €74,242).

9. Trade and other receivables

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Current				
Trade receivables	**340,918**	230,223	**-**	-
Amounts owed by shareholders	**1,277,350**	1,177,351	**67,145**	67,145
Amounts owed by related parties	**2,875,196**	3,959,543	**-**	-
Prepayments and accrued income	**309,856**	242,053	**-**	-
	4,803,320	5,609,170	**67,145**	67,145

Amounts owed by shareholders and related parties are unsecured, interest free and repayable on demand. As at 30 April 2012 and 2011, these amounts were fully performing and hence do not contain impaired assets. The company does not hold any collateral as security.

Trade and other receivables are stated net of provision for impairment charges as follows:

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Trade receivables	**9,036**	9,036	**-**	-

The group's and company's exposure to credit and currency risks and impairment losses relating to trade and other receivables is disclosed in Note 2. The other classes within trade and other receivables do not contain impaired assets.

10. Cash and cash equivalents

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

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Cash at bank and in hand	**621,402**	77,525	**27,726**	33,399
Bond redemption reserve account	**(25,316)**	(25,261)	**(25,316)**	(25,261)
	596,086	52,264	**2,410**	8,138
Bank overdraft	**(1,166,336)**	(1,816,249)	**-**	-
Cash and cash equivalents	**(570,250)**	(1,763,985)	**2,410**	8,138

As disclosed above, cash and cash equivalents exclude the contribution to the bond redemption reserve held in bank accounts which use is restricted pursuit to the terms and conditions stated in the prospectus dated 28 September 2007.

11. Share capital

	Company	
	2012	2011
	€	€
Authorised		
5,000,000 ordinary 'A' shares of €2.329373 each	**11,646,865**	11,646,865
5,000,000 ordinary 'B' shares of €2.329373 each	**11,646,865**	11,646,865
	23,293,730	23,293,730
Issued and fully paid		
1,800,250 ordinary 'A' shares of €2.329373 each	**4,193,454**	4,193,454
1,800,250 ordinary 'B' shares of €2.329373 each	**4,193,454**	4,193,454
	8,386,908	8,386,908

12. Fair value reserve

The fair value reserve reflects the cumulative net changes in fair value of available-for-sale financial assets held by the Group and Company.

13. Deferred tax

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
At beginning of year	**1,312,137**	1,318,008	**1,257,862**	1,257,862
Deferred tax on temporary differences arising on:				
depreciation of property, plant and equipment (Note 23)	**(7,017)**	(17,085)	**-**	-
provision for impairment of receivables (Note 23)	**-**	(316)	**-**	-
Movement in unabsorbed tax credits (Note 23)	**-**	11,530	**-**	-
At 30 April	**1,305,120**	1,312,137	**1,257,862**	1,257,862

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2011: 35%), except for temporary differences on immovable property that are calculated under the liability method using a principal tax rate of 12% (2011: 12%) on the carrying amounts of property.

Deferred taxation is principally composed of deferred tax liabilities which are to be settled after more than twelve months.

13. **Deferred tax**- continued

The balance at 30 April represents temporary differences on or attributable to:

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Provision for impairment of receivables	**(3,163)**	(3,163)	**-**	-
Depreciation on property, plant and equipment	**50,421**	57,438	**-**	-
Transactions with related parties	**1,257,862**	1,257,862	**1,257,862**	1,257,862
	1,305,120	1,312,137	**1,257,862**	1,257,862

14. Trade and other payables

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Current				
Trade payables	**3,965,907**	3,272,101	**-**	-
Amounts owed to subsidiaries	**-**	-	**933,393**	853,666
Capital creditors	**10,214**	16,064	**-**	-
Other payables	**42,272**	185,958	**16,479**	27,184
Other taxation and social security	**96,080**	127,638	**43,065**	45,402
Accruals and deferred income	**1,355,675**	1,433,161	**425,580**	388,580
Trade and other payables	**5,470,148**	5,034,922	**1,418,517**	1,314,832

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

The group's and company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 2.

15. Borrowings

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Non-current				
7% secured bonds	**10,145,667**	10,118,382	**10,145,667**	10,118,382
Current				
Bank overdraft	**1,166,336**	1,816,249	**-**	-
Total borrowings	**11,312,003**	11,934,631	**10,145,667**	10,118,382

The group's banking facility as at 30 April 2012 and 2011 amounted to €2,300,000.

The group's bank borrowings are secured by:

(a) hypothecs over the group's assets;
(b) guarantees provided by shareholders and related parties;

The secured bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds, using the effective yield method as follows:

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Face value of the secured bonds	**10,319,076**	10,319,076	**10,319,076**	10,319,076
Issue costs	**275,391**	275,391	**275,391**	275,391
Accumulated amortisation	**(101,982)**	(74,697)	**(101,982)**	(74,697)
Closing net book amount	**173,409**	200,694	**173,409**	200,694
Amortised cost	**10,145,667**	10,118,382	**10,145,667**	10,118,382

By virtue of a prospectus dated 28 September 2007, on 15 October 2007, the company issued 50,000 secured bonds with a face value of Lm100 each. The secured bonds are redeemable at par (€232.937 for each bond) and are due for redemption on 26 October 2017 but are redeemable in whole or in part, at the option of the company on each of 26 October 2014, 26 October 2015 and 26 October 2016 (the optional redemption dates). The bonds are secured by a first special hypothec over the company's property, namely the 'PAVI Shopping Complex', pursuant to and subject to the terms and conditions in the prospectus.

The secured bonds have been admitted on the Alternative Company Listing of the Malta Stock Exchange on 29 October 2007. The quoted market price as at 30 April 2012 for the secured bonds was 105.1 (2011: 100), which in the opinion of the directors fairly represents the fair value of these financial liabilities.

15. Borrowings - continued

During financial year 2011, the company acquired bonds on the market for a total nominal value of €1,327,791 in accordance with the terms and conditions set in the Company Prospectus dated 28 September 2007. These bonds have been cancelled by the company as set in the company announcement dated 14 October 2010.

The interest rate exposure of the borrowings of the group and company were as follows:

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Total borrowings:				
At fixed rates	**10,145,667**	10,118,382	**10,145,667**	10,118,382
At floating rates	**1,166,336**	1,816,249	**-**	-
	11,312,003	11,934,631	**10,145,667**	10,118,382

Effective interest rates as at the end of the reporting period:

	Group		Company	
	2012	2011	**2012**	2011
	%	%	**%**	%
Bank overdraft	**4.45**	4.45	**-**	-
Secured bonds 2014 - 2017	**7.00**	7.00	**7.00**	7.00

This note provides information about the contractual terms of the group's and company's borrowings. For more information about the group and company's exposure to interest rate, foreign currency and liquidity risk refer to Note 2.

16. Revenue

The group's revenue principally arises from the management of the 'PAVI Shopping Complex', which is engaged in supermarket operations including the management of shared activities and the concessions of commercial areas within the complex. Certain bakery and confectionary activities are performed by PAVI Bakery Limited. All the activities are conducted locally. To this effect, the directors consider the group's operation as one business segment.

The company's revenue is derived from the renting of the 'PAVI Shopping Complex' land, buildings and integral property to PAVI Supermarkets Limited, in accordance with an annual lease agreement.

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
By category:				
Rental income	**-**	-	**1,025,000**	1,025,000
Retail sales	**29,872,819**	28,832,151	**-**	-
Management fee	**-**	-	**35,000**	35,000
	29,872,819	28,832,151	**1,060,000**	1,060,000

Income relating to concession activities is disclosed under other income in Note 19.

17. Expenses by nature

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Employee benefit expense (Note 18)	**2,062,732**	2,178,794	**7,804**	7,804
Depreciation of property, plant and equipment (Note 4)	**569,216**	611,223	**-**	-
Purchases of goods and consumables	**23,317,629**	22,687,395	**-**	-
Movement in inventories	**(67,365)**	169,212	**-**	-
Utilities costs	**506,575**	509,910	**-**	-
Bank transactions and card charges	**185,813**	179,632	**-**	-
Advertising and promotion costs	**273,498**	179,239	**-**	-
Increase in provision for impairment of trade receivables	**-**	901	**-**	-
Operating leases on equipment	**69,881**	69,882	**-**	-
Gain on disposal of property, plant and equipment	**-**	(1,329)	**-**	-
Operating leases on property	**6,056**	6,056	**-**	-
Differences on exchange	**(469)**	(2,277)	**-**	-
Other expenses	**1,174,450**	725,278	**28,511**	32,642
Total cost of sales, selling and distribution and administrative expenses	**28,098,016**	27,313,916	**36,315**	40,446

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 30 April 2012 and 2011 relate to the following:

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Annual statutory audit	**27,735**	22,400	**7,300**	5,900
Other assurance services	**3,000**	2,950	**-**	2,250
Tax advisory and compliance services	**600**	500	**100**	100
	31,335	25,850	**7,400**	8,250

18. Employee benefit expense

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Wages and salaries (including directors' remuneration)	**1,962,100**	2,059,954	**-**	-
Social security costs	**100,632**	118,840	**-**	-
	2,062,732	2,178,794	**-**	-
Recharged from subsidiary	**-**	-	**7,804**	7,804
	2,062,732	2,178,794	**7,804**	7,804

The average number of persons employed by the group and company during the year are analysed as follows:

	Group	
	2012	2011
Operational	**92**	117
Selling and distribution	**6**	7
Administration	**16**	16
	114	140

19. Other income

	Group	
	2012	2011
	€	€
Concession fees and marketing contribution	**263,972**	274,373
Recharges of expenses to retail operators	**377,571**	252,922
	641,543	527,295

20. Investment income

	Company	
	2012	2011
	€	€
Dividends received	**1,692,303**	450,000

21. Finance income

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Bank interest receivable	**4,860**	247	**64**	64
Interest on amounts due by shareholder	**-**	8,667	**-**	-
	4,860	8,914	**64**	64

22. Finance costs

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Coupon interest payable on secured Bonds	**722,367**	788,713	**722,367**	788,713
Amortisation of bond issue costs (Note 15)	**27,285**	23,274	**27,285**	23,274
Bank interest payable	**17,081**	43,218	**-**	121
Other finance charges	**14,802**	4,433	**110**	192
	781,535	859,638	**749,762**	812,300

Interest costs have been charged against income without restriction. No borrowing costs have been capitalised.

23. Tax expense

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Current tax expense:				
on taxable profit subject to tax at 35%	**574,677**	414,418	**616,429**	158,299
on taxable profit subject to tax at 15%	**715**	-	**-**	-
Deferred tax income (Note 13)	**(7,017)**	(5,871)	**-**	-
Tax expense	**568,375**	408,547	**616,429**	158,299

23. Tax expense - continued

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	
	2012	2011	**2012**	2011
	€	€	**€**	€
Profit before tax	**1,639,671**	1,194,806	**1,966,290**	657,318
Tax on profit at 35%	**573,885**	418,182	**688,202**	230,061
Tax effect of:				
maintenance allowance on rental income	**(71,750)**	(71,750)	**(71,750)**	(71,750)
expenses not deductible for tax purposes	**67,942**	67,413	**-**	-
income subject to a reduced rate of tax	**(1,702)**	(12)	**(23)**	(12)
under provision of deferred tax in prior year	**-**	11,442	**-**	-
over provision of current tax in prior year	**-**	(14,506)	**-**	-
other	**-**	(2,222)	**-**	-
Tax expense	**568,375**	408,547	**616,429**	158,299

24. Directors' remuneration

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Directors' remuneration	**364,124**	279,682	**-**	-
Recharged emoluments	**-**	-	**7,804**	7,804
	364,124	279,682	**7,804**	7,804

The company's directors' remuneration attributable to the independent directors are recharged from PAVI Supermarkets Limited (a subsidiary). The company's executive and other non-executive directors are not remunerated by the company but by its subsidiary. Directors' remuneration are included within employee benefit expense in Note 18.

25. Earnings per share

Earnings per share is based on the profit after taxation attributable to the owners of the company divided by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2012	2011	**2012**	2011
Net profit attributable to shareholders	**€1,071,296**	€786,259	**€1,349,861**	€499,019
Weighted average number of ordinary shares in issue (Note 11)	**3,600,500**	3,600,500	**3,600,500**	3,600,500
Earnings per share (cents)	**29.8**	21.8	**37.5**	13.9

26. Dividends

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Dividends paid on ordinary shares:				
Gross	**1,692,303**	909,598	**1,692,303**	909,598
Tax at source	**(592,306)**	(157,500)	**(592,306)**	(157,500)
Net	**1,099,997**	752,098	**1,099,997**	752,098
Dividends per share (cents)	**30.6**	20.9	**30.6**	20.9

27. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Operating profit	**2,416,346**	2,045,530	**1,023,685**	1,019,554
Adjustments for:				
Depreciation charge (Note 4)	**569,216**	611,223	**-**	-
Provision for impairment of trade and other Receivables	**-**	901	**-**	-
Gain on disposal of property, plant and Equipment	**-**	(1,329)	**-**	-
Changes in working capital:				
Inventories	**(67,365)**	172,017	**-**	-
Trade and other receivables	**805,850**	(383,184)	**-**	795,041
Trade and other payables	**441,076**	84,069	**103,685**	808,452
Cash generated from operations	**4,165,123**	2,529,227	**1,127,370**	2,623,047

28. Commitments

Operating lease commitments - where the company is the lessee

The future minimum lease payments payable under non-cancellable operational equipment operating leases are as follows:

	Group	
	2012	2011
	€	€
Not later than 1 year	**69,882**	69,882
Later than 1 year and not later than 5 years	**279,525**	279,525
Later than 5 years	**29,115**	98,996
	378,522	448,403

29. Contingencies

At 30 April 2011, the group had contingent liabilities mainly relating to guarantees and letters of credit amounting to €535,180 issued by the bank on behalf of a subsidiary, in favour of third parties in the ordinary course of business.

29. **Contingencies** - continued

At 30 April 2011, the company had contingent liabilities mainly relating to guarantees of €2,831,614 given by the company to local banks in respect of a subsidiary's banking facilities. The guarantees are supported by various hypothecs over the company's assets.

30. Related party transactions

The directors consider all companies ultimately controlled by the shareholders, together with their holding companies, subsidiaries and associates to be related parties. Trading transactions during the year with these related parties included:

	Group		Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Subsidiary				
Management fees	**-**	-	**35,000**	35,000
Rental income	**-**	-	**1,025,000**	1,025,000
Recharged directors' emoluments payable	**-**	-	**(7,804)**	(7,804)
Related party				
Interest income	**-**	8,667	**-**	-

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in Note 24.

Amounts receivable from and payable to shareholders, subsidiaries and related parties are disclosed accordingly in Notes 9 and 14 to the financial statements.

Transfers of available-for-sale financial assets from subsidiaries are disclosed in Note 7 to these financial statements.

31. Statutory information

PAVI Shopping Complex p.l.c is a public company and is incorporated in Malta.

The ultimate controlling companies of PAVI Shopping Complex p.l.c. are PG Holdings Limited, a company registered in Malta, with its registered address at 'Ta Clara Farmhouse', Ramla Road, Maghtab, Malta and Yvonvi Limited, a company registered in Malta, with its registered address at 'Yvonne', il-Prinjoli Road, Iklin, Malta. PG Holdings Limited is ultimately controlled by Paul Gauci, while Yvonvi Limited is ultimately controlled by the Grech family.