



Santumas Shareholdings plc

Amalgamated

*with Marsascala Development Limited, Santumas Contractors Limited
and Calpabrin Properties (Investments) Limited*

Britannia House 1, 9 Old Bakery Street, Valletta VLT 1450, Malta G.C.

Telephones: (+356) 2123 1492 • 2125 0345 • 2122 1074 • Fax: (+356) 2123 9279

E-mail: santumas@maltanet.net

22nd August 2012

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Santumas Shareholdings plc pursuant to the Malta Financial Services Authority Listing Rules.

Quote

On the 21st August 2012 the Board of Directors of Santumas Shareholdings plc approved the attached Annual Report and Financial Statements for the year ended 30th April 2012.

The Annual Report and Financial Statements are alternatively available for viewing at the registered office of the Company at 1 Britannia House, 9 Old Bakery Street, Valletta VLT 1450, Malta.

Unquote

Michael Formosa Gauci
Company Secretary

SANTUMAS SHAREHOLDINGS plc
*is licenced as a Collective Investment Scheme
by the Malta Financial Services Authority*

*Directors: R. Frendo Randon LL.D. (Chairman), A. P. Demajo Jr.,
E. Firman B.A., M.B.A., F.C.M.A., P. P. Testaferrata Moroni Viani, C. Testaferrata Moroni Viani*

SANTUMAS SHAREHOLDINGS PLC

**Annual Report
and
Financial Statements**

30 April 2012

SANTUMAS SHAREHOLDINGS PLC
Annual Financial Statements for the year ended 30 April 2012

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SANTUMAS SHAREHOLDINGS PLC
Annual Financial Statements for the year ended 30 April 2012

DIRECTORS AND COMPANY INFORMATION

Registration

Santumass Shareholdings plc was registered as a public limited liability company under the Companies Act, Cap. 386 of the Laws of Malta on 24 December 1997 with company registration number C35. The Company holds a Collective Investment Scheme license from the Malta Financial Services Authority in terms of the Investment Services Act, Cap. 370 of the Laws of Malta.

Directors

Dr. Edward Firman, B.A., M.B.A., F.C.M.A., M.B.I.M., C.P.A.
"La Encantada," Mons. E. Debono Street, San Gwann, MALTA

Dr. Rene Frendo Randon, LL.D. (Chairman)
Villa Belveder, B'Kara Hill, St. Julians, MALTA

Mr. Peter Paul Testaferrata Moroni Viani
Casa Testaferrata, J. Howard Street, Naxxar, MALTA

Chev. Anthony P. Demajo Jnr.
41, G'Mangia Hill, Pieta, MALTA

Mr. Christopher Testaferrata Moroni Viani
Villa Ammermann, Mdina Road, Balzan, MALTA.

Secretary

Mr. Michael Formosa Gauci, B.A. (Acc.) Bus. Manag.
T6F10 Favray Court Tigne Point, Sliema, MALTA

Registered office

Britannia House /1, 9 Old Bakery Street, Valletta VLT 1450, MALTA

Auditor

Ernst & Young Malta Limited, Certified Public Accountants
Regional Business Centre, Achille Ferris Street, Msida MSD 1751, MALTA

Custodian

HSBC Bank Malta plc
233, Republic Street, Valletta VLT 1116, MALTA

Stockbrokers

HSBC Stockbrokers (Malta) Limited
80 Mill Street, Qormi QRM 3101, MALTA

SANTUMAS SHAREHOLDINGS PLC
Annual Financial Statements for the year ended 30 April 2012

DIRECTORS AND COMPANY INFORMATION - continued

Legal advisors

Dr. R. Frendo Randon & Associates
222, Merchant Street, Valletta, MALTA

Camilleri Preziosi Advocates
Level 3, Valletta Buildings, South Street, Valletta VLT 1103, MALTA

Manager

Mr. Michael Formosa Gauci, B.A. (Acc.) Bus. Manag.
T6F10 Favray Court Tigne Point, Sliema, MALTA

Investment Committee

Chev. Anthony P Demajo Jnr.
41, G'Mangia Hill, Pieta, MALTA

Mr. Christopher Testaferrata Moroni Viani
Villa Ammermann, Mdina Road, Balzan, MALTA.

Mr. Michael Formosa Gauci, B.A. (Acc.) Bus. Manag.
T6F10 Favray Court Tigne Point, Sliema, MALTA

Bankers

HSBC Bank Malta plc
233, Republic Street, Valletta VLT 1116, MALTA

Bank of Valletta plc
Republic Street, Valletta, MALTA

Background

The Company was formed as the Malta New Issues Investment Co. Limited on 29 April 1963. The Company's name was changed on 11 May 1965 to Malta Shareholdings Limited when the Company was converted to a public company with the objects of carrying on the business of a finance trust in all branches. The name was changed again on 29 September 1978 to Santumas Shareholdings Limited. The Company's objects also provided for property development, with the main property development being the Santumas Estate at Marsascala.

Calpabrin Properties (Investments) Limited merged into Santumas Shareholdings Limited on 2 April 1987 and Marsascala Development Limited and Santumas Contractors Limited merged into Santumas Shareholdings Limited on 15 December 1989.

On 9 May 1996, the Company was licensed as a Collective Investment Scheme under the Investment Services Act, Cap. 370 of the Laws of Malta by the Malta Financial Services Centre. The Company was registered as a public limited liability company under the Companies Act, Cap. 386 of the Laws of Malta on 24 December 1997, thereby changing its name to Santumas Shareholdings plc.

On 12 December 2003, the Company's shares were accepted for listing on the Malta Stock Exchange.

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended 30 April 2012.

Principal activity

The principal activity of the Company during the year continued to be the carrying out of investment activities as a Collective Investment Scheme as licensed by the Malta Financial Services Authority.

Results and dividends

The Statement of Comprehensive Income is set out on page 10. The current economic situation within the eurozone area and beyond, with austerity packages across the board being seen as the immediate solution to current woes, is inevitably having a downward effect on international equity markets. The Malta Stock Exchange has not been immune from the effects of this austerity led drive with a consequential reduction in the levels of demand for local listed Companies as investors look to government backed securities as a preferable safe haven for their money. This general downward pressure has adversely effected the value of the Company's equity holdings and the short term outlook does not appear to offer any real comfort with the potential for short term economic growth uncertain at best. With this in mind, the directors do not at this stage consider the payment of a dividend to be appropriate however the dividend position will be reviewed at the half year stage.

The loss before tax for the year amounted to EUR202,336 as compared to a profit before tax of EUR21,611 for the corresponding period last year. There was a tax charge of EUR88,349 as against a charge of EUR77,575 for the previous year. The income which is subject to tax consists in the main of investment income which has remained at much the same level to the previous year. The loss for the year did not result in a lesser income tax expense due to the fact that fair value gains and losses, which are unrealised, are not subject to tax. The net loss for the year ended 30 April 2012 was therefore EUR290,685 as against a loss of EUR55,964 for the year ended 30 April 2011.

Review of the business

With a fall in the MSE Index from 3,346.04 as at 30 April 2011 to 2,969.16 as at 30 April 2012 the local equity portfolio has seen a drop of EUR426,093 in its fair value. This is an unrealized loss and as such the Company, although aware that an immediate short term recovery is unlikely, retains full confidence in the long term viability of the local equity market.

Dividend and interest income over the twelve months has been broadly in line with the previous year's levels with interest income seeing a slight increase due to longer deposit time of the Company's term deposits.

Property

There has been no significant purchase or sale of property for the twelve months to 30 April 2012.

As required by the Company Prospectus, the Company's property holdings were last professionally revalued as at 30 April 2011.

Malta Stock Exchange

In line with previous years, trading in Company shares has been extremely thin throughout the twelve month period under review. As at 30 April 2012, the share price stood at EUR1.80 (2011: EUR2.57) and was still at this level as at 30 July 2012. Over the year, the share price traded at a high of EUR 2.50 and a low of EUR 1.80.

SANTUMAS SHAREHOLDINGS PLC
Annual Financial Statements for the year ended 30 April 2012

DIRECTORS' REPORT - continued

Net Asset Value

As at 30 April 2012, the Net Asset Value of the Company stood at EUR3.78 as compared to EUR3.95 at 30 April 2011. Although the change has been marginal the level of discount of the share price to the NAV has grown from 46.83% as at 30 April 2011 to 52.33% as at 30 April 2012. As with the previous years there are no objective reasons, other than market sentiment, for this disparity between the NAV and the share price.

Directors

The directors for the year ended 30 April 2012 were listed on page 2.

In accordance with Clause 1 of the Company's Articles of Association, the regulations contained in Part 1 of the First Schedule to the Companies Act, 1995 shall apply. Accordingly, Dr. Edward Firman and Chev. Anthony P. Demajo Jnr. are due to retire. Being eligible, they offer themselves for re-election.

Directors' Interests

As at 30 April 2012, the directors' interests, direct and indirect, in the ordinary share capital of the Company were:

Directors	Number of Shares	Nominal value of shareholding EUR	Percentage shareholding %
*Mr. P.P. Testaferrata Moroni Viani			
*Mr. C. Testaferrata Moroni Viani	578,258	336,744	34.73
Mr. A. Demajo	113,790	65,682	6.83
Dr. R. Frendo Randon	86,348	50,284	5.19
Mr. C. Testaferrata Moroni Viani	30,123	17,542	1.81
Mr. P.P. Testaferrata Moroni Viani	8,039	4,682	0.48
Totals	816,558	474,934	49.04

* The indirect interests of Mr. Peter Paul Testaferrata Moroni Viani and Mr. Christopher Testaferrata Moroni Viani shown above against their joint name arise due to shareholdings in the same companies that directly or indirectly have an interest in the number of shares shown.

No director has a contract of service with the Company. The Company has not entered into any commitments on behalf of, or made any loans to, the directors.

Statement of directors' responsibilities

The Companies Act, Cap. 386 of the Laws of Malta requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors are responsible for ensuring that:

- appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgments and estimates;
- the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements are prepared on the basis that the Company must be presumed to be carrying on its business as a going concern; and
- account has been taken of income and charges relating to the accounting year, irrespective of the date of receipt or payment.

DIRECTORS' REPORT - continued

Statement of directors' responsibilities - continued

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, Cap. 386 of the Laws of Malta. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Standard license conditions

In accordance with paragraph 2.15 Appendix II of Part B of the Investment Services Rules for Retail Collective Investment Schemes issued by the Malta Financial Services Authority, license holders are required to disclose any regulatory breaches of the standard license conditions in their annual report. During the year under review, there were no material breaches of the license conditions nor regulatory sanctions imposed by the Malta Financial Services Authority.

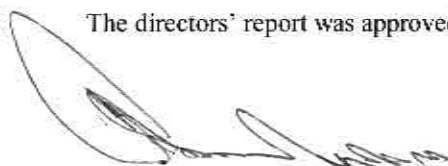
Auditors

Ernst & Young Malta Limited have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed to the Company at the forthcoming annual general meeting.

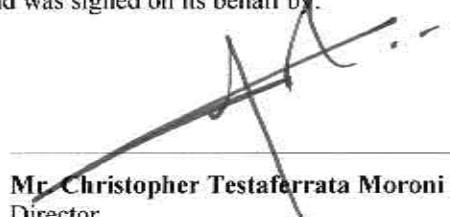
Risk Warning

The Company is not a normal trading, manufacturing or services company but a specialized investment fund whose assets are not immediately realisable. As a consequence, the price of its shares and the income (if any) there from can go down as well as up and investors may not realize the amount of their initial investment. Past performance is no guide to future performance.

The directors' report was approved by the board of directors and was signed on its behalf by:



Dr. Rene Frendo Randon
Chairman



Mr. Christopher Testaferrata Moroni Viani
Director

21 August 2012

SANTUMAS SHAREHOLDINGS PLC
Annual Financial Statements for the year ended 30 April 2012

CUSTODIAN'S REPORT

The Directors
Santumas Shareholding plc
1 Britannia House
9, Old Bakery Street,
Valletta VLT 1450

21 August 2012

Dear Sirs,

Report of the Custodian

We, HSBC Bank Malta p.l.c., as Custodian to Santumas Shareholding plc ('the Company'), hereby confirm that, having enquired into the conduct of the Manager and of the Company from 1 May 2011 to the 30 April 2012, save for the matter noted below, it is our opinion that during this period, the Company has been managed:

- in accordance with the limitations imposed on the investment and borrowing powers of the Company by its Memorandum and Articles of Association, the Prospectus and by the Malta Financial Services Authority and the UCITS regulations; and
- otherwise in accordance with the provisions of its Memorandum and Articles of Association, the Prospectus and its Licence conditions, and the UCITS regulations

Periodical Compliance Reports were not being raised to the Board of Directors of the Company as called by the Malta Financial Services Authority Standard Licence Condition SLC No 3.5 during the period. This breach was rectified on 1 February 2012.

Yours faithfully,



Pierre Mifsud
Fiduciary Service Manager

HSBC Bank Malta p.l.c.
Custody Unit, Operations Centre, 80, Level 1, Mill Street, Qormi QRM 3101
Tel: (+356) 25972295 Fax: (+356) 25972234

*Registered in Malta number C3177. Registered Office: 233 Republic Street, Valletta VLT 1116
Regulated by the Malta Financial Services Authority and listed on the Malta Stock Exchange.
Licensed to conduct Investment Services business by the Malta Financial Services Authority.*

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SANTUMAS SHAREHOLDINGS PLC

We have audited the financial statements of Santumas Shareholdings plc set out on pages 10 to 33 which comprise the statement of financial position as at 30 April 2012 and the statement of comprehensive income, statement of changes in equity and statement of 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 described in the statement of directors' responsibilities set out on page 5 to 6, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Companies Act, Cap. 386 of the Laws of Malta, and for such internal control as management determines 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 April 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SANTUMAS SHAREHOLDINGS PLC- continued

Report on other Legal and Regulatory Requirements

We also have responsibilities under the Companies Act, Cap. 386 of the Laws of Malta to report to you if in our opinion:

- The information given in the directors' report is not consistent with the financial statements.
- Adequate accounting records have not been kept.
- The financial statements are not in agreement with the accounting records.
- We have not received all the information and explanations we require for our audit.
- If certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

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

A handwritten signature in black ink, appearing to be 'E. Azzopardi', written over a horizontal line.

*This copy of the audit report has been signed by
Emanuel Azzopardi for and on behalf of*

**Ernst & Young Malta Limited
Certified Public Accountants**

21 August 2012

SANTUMAS SHAREHOLDINGS PLC
Annual Financial Statements for the year ended 30 April 2012

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 April 2012

	Notes	2012 EUR	2011 EUR
REVENUE			
Investment income	4	256,626	226,959
Decrease in fair values of financial assets	14	(426,093)	(139,698)
Increase in fair value of investment properties	12	79,557	39,918
Profit on sale of financial assets	8	-	1,909
Total revenue		(89,910)	129,088
EXPENSES			
Administrative expenses	6	110,494	105,858
Finance costs	5	1,932	1,619
Total expenses		112,426	107,477
(Loss)/profit before tax		(202,336)	21,611
Income tax expense	9	(88,349)	(77,575)
Loss for the year		(290,685)	(55,964)
Other comprehensive income			
Revaluation of property		-	(192)
Total comprehensive income for the year		(290,685)	(56,156)
Loss per share	10	(0.175)	(0.034)

The accounting policies and explanatory notes on pages 14 to 33 form an integral part of the financial statements.

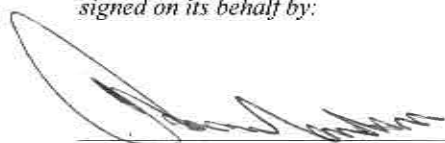
SANTUMAS SHAREHOLDINGS PLC
Annual Financial Statements for the year ended 30 April 2012

STATEMENT OF FINANCIAL POSITION
as at 30 April 2012

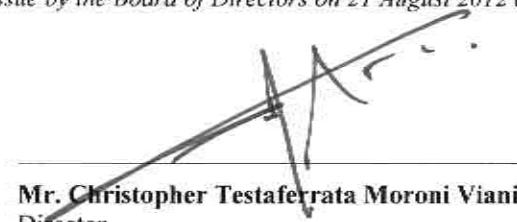
	Notes	2012 EUR	2011 EUR
ASSETS			
Non-current assets			
Investment properties	12	2,429,086	2,349,529
Property, plant and equipment	13	93,313	97,693
Financial assets at fair value through profit or loss	14	2,416,066	2,394,537
		4,938,465	4,841,759
Current assets			
Receivables	15	63,140	49,571
Income tax recoverable		40,314	46,994
Cash at bank	16	2,022,032	2,109,818
		2,125,486	2,206,383
TOTAL ASSETS		7,063,951	7,048,142
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	17	969,704	969,704
Share premium	18	262,746	262,746
Revaluation reserve	18	43,398	44,443
Dividend reserve	18	-	-
Other reserves	18	2,213,770	2,210,712
Retained earnings	18	2,797,351	3,082,375
		6,286,969	6,569,980
Non-current liabilities			
Deferred tax liability	19	318,825	310,201
Current liabilities			
Interest-bearing borrowings	20	305,812	18,164
Payables	21	152,345	149,797
		458,157	167,961
Total liabilities		776,982	478,162
Total equity and liabilities		7,063,951	7,048,142
Net asset value per share	22	3.776	3.946

The accounting policies and explanatory notes on pages 14 to 33 form an integral part of the financial statements.

The financial statements on pages 10 to 33 were authorised for issue by the Board of Directors on 21 August 2012 and signed on its behalf by:



Dr. Rene Frendo Randon
Chairman



Mr. Christopher Testaferrata Moroni Viani
Director

SANTUMAS SHAREHOLDINGS PLC
Annual Financial Statements for the year ended 30 April 2012

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 April 2012

	Issued capital EUR	Share premium EUR	Revaluation reserve EUR	Other reserves EUR	Dividend reserve EUR	Retained earnings EUR	Total EUR
FINANCIAL YEAR ENDED 30 APRIL 2012							
At 1 May 2011	969,704	262,746	44,443	2,210,712	-	3,082,375	6,569,980
Loss for the year	-	-	-	-	-	(290,685)	(290,685)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(290,685)	(290,685)
Unclaimed dividend forfeited (note 18)	-	-	-	-	-	7,674	7,674
Depreciation transfer for land and building, net of deferred tax	-	-	(1,045)	-	-	1,045	-
Increase in fair value of investment property, net of deferred tax	-	-	-	70,559	-	(70,559)	-
Decrease in fair value of financial assets	-	-	-	(67,501)	-	67,501	-
At 30 April 2012	969,704	262,746	43,398	2,213,770	-	2,797,351	6,286,969

**FINANCIAL YEAR ENDED
30 APRIL 2011**

At 1 May 2010	969,704	262,746	45,663	2,188,677	33,304	3,197,748	6,697,842
Loss for the year	-	-	-	-	-	(55,964)	(55,964)
Other comprehensive income	-	-	(192)	-	-	-	(192)
Total comprehensive income	-	-	(192)	-	-	(55,964)	(56,156)
Unclaimed dividend forfeited (note 18)	-	-	-	-	-	4,892	4,892
Dividends paid (note 11)	-	-	-	-	(33,304)	(43,294)	(76,598)
Depreciation transfer for land and building, net of deferred tax	-	-	(1,028)	-	-	1,028	-
Increase in fair value of investment property, net of deferred tax	-	-	-	30,328	-	(30,328)	-
Unrealised gains on ground rents released on redemption	-	-	-	4,505	-	(4,505)	-
Decrease in fair value of financial assets	-	-	-	(32,360)	-	32,360	-
Unrealised gain realised on disposal of financial assets	-	-	-	19,562	-	(19,562)	-
At 30 April 2011	969,704	262,746	44,443	2,210,712	-	3,082,375	6,569,980

The accounting policies and explanatory notes on pages 14 to 33 form an integral part of the financial statements.

SANTUMAS SHAREHOLDINGS PLC
Annual Financial Statements for the year ended 30 April 2012

STATEMENT OF CASH FLOWS
for the year ended 30 April 2012

	Notes	2012 EUR	2011 EUR
Operating activities			
(Loss)/profit before tax		(202,336)	21,611
Adjustments to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation of property, plant and equipment	13	4,380	4,387
Profit on sale of financial assets	8	-	(1,909)
Decrease in fair value of financial assets	14	426,093	139,698
Increase in fair value of investment properties	12	(79,557)	(39,918)
Finance costs	5	1,932	1,619
Interest income	4	(42,014)	(26,330)
Working capital adjustments:			
(Increase)/decrease in receivables		(14,609)	29,689
Increase in payables		10,222	23,256
Income tax paid		(73,045)	(72,206)
Interest income received		43,054	20,577
Net cash flows generated from operating activities		74,120	100,474
Investing activities			
Proceeds from sale of investment property	12	-	352
Purchase of financial assets		(447,622)	(33,487)
Proceeds from sale of financial assets		-	844,119
Purchase of property, plant and equipment	13	-	(3,100)
Net cash (used in)/generated from investing activities		(447,622)	807,884
Financing activities			
Interest paid	5	(1,932)	(1,619)
Dividend paid	11	-	(76,598)
Net cash flows used in financing activities		(1,932)	(78,217)
Net increase in cash and cash equivalents		(375,434)	830,141
Cash and cash equivalents at 1 May		2,091,654	1,261,513
Cash and cash equivalents at 30 April	16	1,716,220	2,091,654

The accounting policies and explanatory notes on pages 14 to 33 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Santumas Shareholdings PLC (the "Company") is a public limited company incorporated and domiciled in Malta whose shares are publicly traded. The registered office is located at Britannia House /1, 9 Old Bakery Street, Valletta VLT 1450, Malta.

The principal activity of the Company is to carry out investment activities as a Collective Investment Scheme as licensed by the Malta Financial Services Authority.

2.1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements are prepared under the historical cost convention, except for leasehold property under property, plant and equipment, investment properties and financial assets at fair value through profit and loss that have been measured at fair value. The financial statements are presented in euros (EUR).

Statement of compliance

These financial statements are prepared in accordance with Appendix II of Part B of the Investment Services Rules for Retail Collective Investment Schemes issued by the Malta Financial Services Authority, and in accordance with International Financial Reporting Standards as adopted by the European Union and comply with the Companies Act, Cap. 386 of the Laws of Malta.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Standards, interpretations and amendments to published standards as endorsed by the European Union effective in the current year

The Company has adopted the following new and amended IFRS and IFRIC interpretations:

- IAS 24 (Amendment) Related party disclosures (effective for financial years beginning on or after 1 January 2011)
- IFRIC 14 (Amendment) Prepayments of a minimum funding requirement (effective for financial years beginning on or after 1 January 2011)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for financial years beginning on or after 1 July 2010)
- Improvements to IFRSs issued May 2010 (various effective dates)

The adoption of the standards or interpretations above did not have an impact on the financial statements or performance of the Company.

Standards, interpretations and amendments to published standards as adopted by the European Union that are not yet effective

Up to the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which have not been adopted early. None of these standards, interpretations and amendments are expected to have an impact on the financial position or performance of the Company.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES – continued

Standards, interpretations and amendments to published standards as adopted by the European Union that are not yet effective - continued

These are as follows:

- IFRS 7 Amendment – Transfer of financial assets disclosures (effective for financial years beginning on or after 1 July 2011)
- IAS 1 Amendments – Presentation of items of other comprehensive income (effective for financial years beginning on or after 1 July 2012)
- IAS 19 Amendments - Employee Benefits (effective for financial years beginning on or after 1 January 2013)

Standards, interpretations and amendments that are not yet adopted by the European Union

These are as follows:

- IFRS 7 Amendment - Offsetting of financial assets and financial liabilities (effective for financial years beginning on or after 1 January 2013)
- IFRS 9 - Financial Instruments (effective for financial years beginning on or after 1 January 2015)
- IFRS 10 - Consolidated financial statements (effective for financial years beginning on or after 1 January 2013)
- IFRS 11 - Joint Arrangements (effective for financial years beginning on or after 1 January 2013)
- IFRS 12 - Disclosures of interests in other entities (effective for financial years beginning on or after 1 January 2013)
- IFRS 13- Fair Value Measurement (effective for financial years beginning on or after 1 January 2013)
- IAS 12 Amendments – Recovery of underlying assets (effective for financial years beginning on or after 1 January 2012)
- IAS 27 Revised - Separate financial statements (effective for financial years beginning on or after 1 January 2013)
- IAS 28 Revised - Investments in associates and joint ventures (effective for financial years beginning on or after 1 January 2013)
- IAS 32 Amendments - Offsetting of financial assets and financial liabilities presentation (effective for financial years beginning on or after 1 January 2014)
- IFRIC 20 - Stripping costs in the production phase of a surface mine (effective for financial years beginning on or after 1 January 2013)
- Transition Guidance Amendments to IFRS 10, IFRS 11, and IFRS 12 (effective for financial years beginning on or after 1 January 2013)
- Improvements to IFRSs issued June 2012 (various effective dates)

The adoption of IFRS 9 will primarily have an effect on the classification and measurement of the Company's financial assets. The Company is currently assessing the impact of adopting IFRS 9, however the impact of adoption depends on the assets held by the Company at the date of adoption, therefore it is not practical to quantify the effect at this stage.

The other standards, amendments and interpretations mentioned above are not expected to have an effect on the Company's financial position and performance.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are set out below:

Revenue recognition

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

Investment income

Interest income is included in the statement of comprehensive income on an accruals basis using the effective interest rate method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Ground rents and other rents are included in the statement of comprehensive income on an accrual basis. Dividend income is included in the statement of comprehensive income when the right to receive the payment is established.

Upon disposal of investment properties consisting of land, leasehold property and ground rents capitalised, the difference between the proceeds from disposal and the carrying amount is recognised as a gain or loss through the statement of comprehensive income.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax

Deferred taxation is provided using the liability method, on temporary differences, at the reporting date, arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, and at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Under this method the Company is required to make provision for deferred income taxes on the revaluation of certain non-current assets. Such deferred tax is charged or credited directly to the statement of comprehensive income, and is charged or credited directly to equity if the tax relates to items that are credited or charged in the same or a different period, directly to equity.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefit is probable.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currency translation

The financial statements are presented in Euro, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the year end date. All differences are taken to the statement of comprehensive income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Investment properties consisting of land, buildings and leasehold property

Investment properties, consisting of properties not occupied by the Company and held to earn rentals and for capital appreciation, are regarded as long term investments.

All investments are measured initially at cost, being the fair value of the consideration given, including acquisition charges associated with the investment. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the year end date. This is based on market valuations performed by independent professional architects every two years or earlier whenever their fair values differ materially from their carrying amounts. In the year when a market valuation is not performed, an assessment of the fair value is performed to reflect market conditions at the year end date. Gains or losses on changes in the fair values of investment properties are taken to the statement of comprehensive income in accordance with IAS 40 "Investment Properties". Unrealised gains are subsequently transferred to other reserves in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta.

Investment properties are derecognised when either 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. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of retirement or disposal.

Investment properties consisting of ground rents capitalised

On 30 April 1990, the directors capitalised ground rent. The value of this asset was included with long term assets with a resultant increase in the capitalisation reserve included within other reserves. Up to 30 April 2001, ground rents were revalued in the financial statements after capitalising the net annual amount receivable at 8% per annum. As from the year ended 30 April 2002, the capitalisation rate was changed to 5% per annum. The capitalisation rate reflects the fair value of the capitalised ground rent.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Leasehold property is subsequently measured at fair value less depreciation and impairment. All other property, plant and equipment, are subsequently stated at cost amounts less accumulated depreciation and accumulated impairment in value, if any.

Leasehold premises consists of property that is occupied by the Company as its offices.

It is Company policy to carry out a professional market valuation of leasehold every two years which is frequently enough to ensure that the fair value of the revalued asset does not differ materially from its carrying amount. To the extent that a revaluation results in an increase in the carrying amount of the asset, the increase is credited to the revaluation reserve within equity. To the extent that a revaluation results in a decrease in the carrying amount of the asset, the decrease is charged against the revaluation reserve to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of that same

NOTES TO THE FINANCIAL STATEMENTS – continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

asset; any excess of the decrease is taken to the statement of comprehensive income. The accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation of property, plant and equipment

Depreciation is provided on property, plant and equipment, other than leasehold property, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset on a straight line basis over the expected useful life.

The annual rates used for this purpose are:

	%
Fixtures and fittings	15.0
Equipment	33.3
Improvements to premises	10.0

Depreciation is provided on leasehold property to write off the valuation on a straight line basis over the remaining period of the lease.

Each year, the difference between the depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost, is transferred from the revaluation reserve to retained earnings.

Impairment of non-financial assets

The Company assesses at each reporting date whether there are indications of impairment for all non-financial assets. If any such amount exists, or when impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount.

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. The Company classifies its financial assets as fair value through profit or loss and loans and receivables. The Company does not hold financial assets classified as held-to-maturity and available-for-sale.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Gains or losses on investments held for trading are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Company assesses whether embedded derivatives are required to be separated from host contracts when the Company first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

Receivables are recognized and carried at cost.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, 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 expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the Statement of Comprehensive Income.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Cash and cash equivalents

Cash and cash equivalents are composed of cash at bank and short term deposits.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Trade and settlement date accounting

All “regular way” purchases and sales of financial assets are recognised on the “trade date,” that is, the date the Company commits to purchase or sell the asset. Regular way purchases and sales are purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Provisions

Provisions are recognised when the Company 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 obligation can be made.

Contingent liabilities and contingent assets are not recognised. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Employee benefits

The Company contributes towards the State pension in accordance with local legislation. Short-term employee benefit obligations are measured on undiscounted basis and recognised as an expense in the statement of comprehensive income in the period they are incurred.

Events after the reporting date

Events after the reporting date are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Adjusting events require the Company to adjust the amounts recognised in its financial statements while non-adjusting events do not require any adjustments to the amounts recognised in the financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, the directors are required to make judgments, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the changes become known. The most significant judgements and estimates are as follows:

Revaluation of property, plant and equipment and investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in the income statement. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. This is based on market valuations performed by independent professional architects every two years. The last market valuation was performed on July 2011. As at 30 April 2012 an assessment of the fair value of investment properties consisting of land and building was performed to reflect market conditions at the year end date. No changes in fair value have been recognised.

NOTES TO THE FINANCIAL STATEMENTS – continued

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS - continued

In the opinion of the management, except for the above, the accounting estimates, assumptions and judgments 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 (revised)-‘Presentation of Financial Statements’.

4. INVESTMENT INCOME

	2012 EUR	2011 EUR
Dividends income	167,663	171,696
Interest income	42,014	26,330
Ground rents	30,643	28,933
Other ground rents	11,295	-
Other interest	5,011	-
	<u>256,626</u>	<u>226,959</u>

5. FINANCE COSTS

	2012 EUR	2011 EUR
Interest on bank overdrafts	1,932	1,619

6. EXPENSES BY NATURE

	2012 EUR	2011 EUR
Staff costs (note 7a)	38,920	38,158
Auditor’s remuneration	9,617	9,617
Depreciation of property, plant and equipment (note 13)	4,380	4,387
Loss on exchange	1,702	6,692
Registration fees	7,720	7,720
Custodian fees	6,988	6,988
Other administrative expenses	30,005	29,271
Professional and legal fees	11,163	3,025
Total administrative expenses	<u>110,494</u>	<u>105,858</u>

Professional fees included remuneration payable to the Company’s auditors as follows:

	2012 EUR	2011 EUR
Tax compliance	732	720
Other non-audit services	325	785

NOTES TO THE FINANCIAL STATEMENTS - continued

7. EMPLOYEE INFORMATION

a. Staff costs

The total employment costs were as follows:

	2012	2011
	EUR	EUR
Salaries	37,150	36,176
Social security costs	1,770	1,982
	38,920	38,158

b. Staff numbers

The average number of persons employed by the Company during the year was as follows:

	2012	2011
	Number	Number
Administration	2	2

8. PROFIT ON SALE OF FINANCIAL ASSETS

	2012	2011
	EUR	EUR
Financial assets at fair value through profit and loss		
Local		
Quoted on the Malta Stock Exchange	-	1,909

9. INCOME TAX EXPENSE

The components of income tax expense for the years ended 30 April are:

	2012	2011
	EUR	EUR
Statement of comprehensive income		
Current income tax charge	79,725	72,791
Deferred tax charge (note 19)	8,624	4,784
Income tax expense	88,349	77,575

NOTES TO THE FINANCIAL STATEMENTS - continued

9. INCOME TAX EXPENSE - continued

The income tax on profit differs from the theoretical income tax expense that would apply on the Company's (loss)/profit before tax using the applicable tax rate in Malta of 35% as follows:

	2012	2011
	EUR	EUR
(Loss)/profit before tax	(202,336)	21,611
Theoretical tax expense at 35%	(70,818)	7,564
Tax effect of		
- income subject to lower tax rate	(27,248)	(14,504)
- loss not subject to tax	149,133	48,226
- expenses not deductible for tax purposes	39,129	37,512
- investment income not subject to further tax	(1,847)	(1,223)
Income tax expense	88,349	77,575

10. LOSS PER SHARE

The loss per share of EUR 0.175 (2011: EUR0.034) is calculated on the loss for the year attributable to the ordinary shareholders, divided by the average number of ordinary shares in issue and ranking for dividend during the year.

	2012	2011
	EUR	EUR
Loss for the year	(290,685)	(55,964)
	2012	2011
	Number	Number
Average number of ordinary shares in issue	1,665,176	1,665,176
	2012	2011
	EUR	EUR
Loss per share	(0.175)	(0.034)

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NOTES TO THE FINANCIAL STATEMENTS - continued

11. DIVIDENDS PAID AND PROPOSED

	2012 EUR	2011 EUR
<i>Declared and paid dividends</i>		
Final dividend for 2010: 2.00c (2009: nil)	-	33,304
Interim dividend for 2011: 2.60c (2010: nil)	-	43,294
	-	76,598
<i>Proposed dividend</i>	-	-

12. INVESTMENT PROPERTIES

	Land and buildings EUR	Ground rents capitalisation EUR	Total EUR
At 30 April 2010	1,774,982	534,981	2,309,963
Revaluations	34,465	5,453	39,918
Redemptions	-	(352)	(352)
At 30 April 2011	1,809,447	540,082	2,349,529
Revaluations	-	79,557	79,557
At 30 April 2012	1,809,447	619,639	2,429,086

Investment properties are carried at their fair value. The value of land and building is based on market valuations performed by independent professional architects every two years with the last valuation performed in July 2011. As at 30 April 2012 an assessment of the fair value of investment properties consisting of land and building was performed to reflect market conditions at the year end date. No changes in fair value have been recognised.

There is no rental income from land and buildings. Ground rent income relates to the ground rent capitalised.

NOTES TO THE FINANCIAL STATEMENTS - continued

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings and improvements EUR	Fixtures fittings & equipment EUR	Total EUR
Cost or valuation			
At 1 May 2010	105,087	35,479	140,566
Additions	3,100	-	3,100
Revaluation	(192)	-	(192)
Transfer*	(5,514)	-	(5,514)
At 30 April 2011	102,481	35,479	137,960
Additions	-	-	-
At 30 April 2012	102,481	35,479	137,960
Depreciation			
At 1 May 2010	5,915	35,479	41,394
Charge for the year	4,387	-	4,387
Transfer*	(5,514)	-	(5,514)
At 30 April 2011	4,788	35,479	40,267
Charge for the year	4,380	-	4,380
At 30 April 2012	9,168	35,479	44,647
Net book value			
At 30 April 2012	93,313	-	93,313
At 30 April 2011	97,693	-	97,693

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

Leasehold buildings were acquired in the financial year ended 30 April 1993 at a cost of EUR34,097. Subsequently these leasehold buildings were revalued in July 2011 at EUR97,693, based on market valuations performed by independent professional architects. As at 30 April 2012, the carrying amount does not differ materially from that which would be determined using fair value. The remaining life of the lease is 41 years.

Had leasehold buildings not been included in the financial statements at revaluation less accumulated depreciation, the carrying amount at 30 April 2012, based on cost less accumulated depreciation charged on cost, would have been EUR22,737 (2011: EUR23,305).

Fully depreciated fixtures, fittings and equipment are still in use.

NOTES TO THE FINANCIAL STATEMENTS - continued

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition as at fair value through profit or loss. This designation results in more relevant information because this group of financial assets is managed and its performance is evaluated on a fair value basis.

	2012	2011
	EUR	EUR
Non-current	2,416,066	2,394,537

The table below analyses the nature of the financial assets:

	2012	2011
	EUR	EUR
Equity securities	1,000,262	1,208,906
Bonds	248,963	68,789
Managed funds	1,166,841	1,116,842
	2,416,066	2,394,537

a) Fair values:

	2012	2011
	EUR	EUR
Local		
Quoted on the Malta Stock Exchange	2,385,044	2,364,906
Unquoted	31,022	29,631
	2,416,066	2,394,537

NOTES TO THE FINANCIAL STATEMENTS - continued

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - continued

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Total EUR	Level 1 EUR	Level 2 EUR
Fair value as at 30 April 2012	2,416,066	2,385,044	31,022
Fair value as at 30 April 2011	2,394,537	2,364,906	29,631

b) Acquisition cost:

	2012 EUR	2011 EUR
Local		
Quoted on the Malta Stock Exchange	2,964,336	2,516,714
Unquoted	16,894	16,894
	2,981,230	2,533,608

c) Fair values movements:

	2012 EUR	2011 EUR
Local		
Quoted on the Malta Stock Exchange	(427,484)	(140,311)
Unquoted	1,391	613
	(426,093)	(139,698)

The management of the Company's investments is regulated by the Company's Investment Policy as laid down in the Company's memorandum and articles of association.

NOTES TO THE FINANCIAL STATEMENTS - continued

15. RECEIVABLES

	2012	2011
	EUR	EUR
Trade receivables (note i)	-	352
Ground rent receivables (note ii)	25,408	37,676
Dividends receivable	22,313	-
Accrued income	4,713	5,753
Other receivables	10,706	5,790
	63,140	49,571

- i. Trade receivables are non-interest bearing and receivable within six months from year end.
- ii. Ground rents are received annually and are non-interest bearing. Ground rents receivable are past due but not impaired. The ageing analysis is as follows:

		Past due but not impaired			
Total		<1 year	1-2 years	2-5 years	>5 years
2012	25,408	10,763	3,896	2,972	7,777
2011	37,676	8,422	8,612	9,892	10,750

16. CASH AT BANK

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

	2012	2011	Change
	EUR	EUR	EUR
Cash at bank	2,022,032	2,109,818	(87,786)
Bank overdrafts (note 20)	(305,812)	(18,164)	(287,648)
	1,716,220	2,091,654	(375,434)

17. ISSUED CAPITAL

	2012	2011
	EUR	EUR
Authorised		
4,000,000 ordinary shares of EUR0.582343 each	2,329,372	2,329,372
Issued, called up and fully paid		
1,665,176 ordinary shares of EUR0.582343 each	969,704	969,704

NOTES TO THE FINANCIAL STATEMENTS - continued

18. RESERVES

Share premium

The share premium account represents the excess over the nominal value of proceeds from the issue of shares in the Company's capital at a value above nominal value. This reserve is not available for distribution.

Revaluation reserve

This reserve arises from the revaluation of leasehold property. This reserve is not available for distribution.

Other reserves

Other reserves represent unrealised gains on investment properties, and fair value gains on financial assets that are not available for distribution.

Dividend reserve

The dividend reserve represents dividends proposed which have not been recognised as a liability at the reporting date.

Retained earnings

In accordance with the Company's articles of association, unclaimed dividends shall be forfeited in favour of the Company after the lapse of twelve years. Unclaimed dividends that have been forfeited are being transferred to retained earnings.

19. DEFERRED TAX LIABILITY

The liability for deferred taxation for the year is analysed as follows:

	2012	2011
	EUR	EUR
At beginning of the year	310,201	305,417
Charged to statement of comprehensive income (note 9)	8,624	4,784
At end of year	318,825	310,201

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% and capital gains tax of 12%. Deferred income tax as at 30 April relates to the following:

	2012	2011
	EUR	EUR
Revaluation of leasehold property	9,018	9,238
Revaluation of investment properties	309,100	300,100
Interest receivable	707	863
	318,825	310,201

NOTES TO THE FINANCIAL STATEMENTS - continued

20. INTEREST-BEARING BORROWINGS

	2012	2011
	EUR	EUR
Bank overdraft (note 16)	305,812	18,164

At the year end, the Company had a bank overdraft facility amounting to EUR704,640 for the purposes of working capital finance, including portfolio investment, and small autonomous disbursements. The bank finance is secured by a cash pledge of EUR704,640 held with the same bank.

Interest is charged at the rate of 1.25% per annum over the banks' base rate. The average rates of interest on the Company's borrowings were as follows:

	2012	2011
	%	%
Bank overdraft	3.7	3.5

21. PAYABLES

	2012	2011
	EUR	EUR
Ground rent payables (note i)	77,336	71,670
Accruals and deferred income	10,778	5,664
Other payables	64,231	72,463
	152,345	149,797

- i. Ground rents are paid annually and are non-interest bearing. Ground rents are settled upon receipt of claim.

22. NET ASSET VALUE PER SHARE

The net asset value per share is calculated by dividing the net asset value by the number of ordinary shares in issue. During the year under review, the net asset value per share has decreased from EUR3.946 to EUR3.776.

NOTES TO THE FINANCIAL STATEMENTS - continued

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities are composed of interest-bearing borrowings payables and payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as financial assets at fair value through profit and loss, receivables and cash at bank, which arise directly from its operations.

The Company did not enter into derivative transactions. It is, and has been throughout the year, the Company's policy that no trading in derivatives shall be undertaken.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk (which is composed of foreign exchange currency risk, interest rate risk and equity price risk). The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily from investments classified as fair value through profit or loss, receivables and deposits with banks.

The Company trades only with recognised, creditworthy third parties. Credit risk relating to financial assets is addressed through careful selection of the issuers of securities bought by the Company. The Company obtains expert technical advice from its stockbrokers and monitors the markets for changes in the credit status of companies in which securities are held.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes 14, 15 and 16. The directors are of the opinion that these amounts are recoverable in full. Cash at bank are placed with quality financial institutions. Other than ground rents receivable, mentioned in the following paragraph, none of the financial assets are neither past due nor impaired. Therefore, the Company has no significant concentration of credit risk.

No provisions have been made against ground rent receivables since the Company is entitled to enforce these amounts on the basis of contracts on which the property giving rise to the ground rents is available as a security.

The Company's exposure to concentration of risk as at 30 April 2012, arising from financial instruments exceeding 10% of the Net Asset Value of the Company with the same counterparty, amounted to EUR1,334,904 (21.2% of NAV), EUR1,293,750 (20.6% of NAV), and EUR1,166,840 (18.6% of NAV). As at 30 April 2011 these exposures amounted to EUR2,503,404 (38.1% of NAV) and EUR 1,116,842 (17.0% of NAV).

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due. The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of its financial liabilities and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings and payables.

Market risk

Market risk is the risk that the fair value of financial assets will fluctuate due to changes in the market variables such as exchange rates, interest rates and equity prices.

NOTES TO THE FINANCIAL STATEMENTS - continued

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

Foreign exchange currency risk

The Company has sterling denominated cash in bank and transactional currency exposures arising from its US dollar denominated financial assets at fair value through profit or loss. The Company monitors movements in the currencies in which these assets are held although they do not significantly affect the Company's statement of financial position.

Interest rate risk

The bank overdrafts are subject to rates of interest determined by the banks, which may be revised at the banks' discretion depending on movements in banks' base rates. The Company's favourable bank balances earn interest at rates determined by the banks. In view of the Company's marginal net cash and cash equivalents, the amount of interest rates risk is not considered to be significant.

The Company's financial assets are not significantly influenced by changes in interest rates since most holdings are equity and managed funds.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks.

The effect on the statement of comprehensive income (as a result of a change in the fair value of equity instruments held at fair value through profit or loss at 30 April) due to a reasonably possible change in the Malta Stock Exchange index, with all other variables held constant is as follows:

	Change in equity price %	Effect on profit before tax EUR'000
2012	11/-11	427/(427)
2011	5/-5	140/(140)

Fair values

At 30 April 2012 and 2011, the carrying amounts of financial assets at fair value through profit or loss, receivables, cash at bank, receivables, interest-bearing borrowings and payables approximated their fair values.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or process during the year ended 30 April 2012 and 2011.

NOTES TO THE FINANCIAL STATEMENTS - continued

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

The Malta Financial Services Authority supervises the Company and, as such, the operations of the Company are subject to regulatory requirements. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions. The Company is compliant with the regulatory requirements.

24. SHAREHOLDINGS

a. Substantial direct interests

Shareholder	Number of shares	Nominal value of shareholding EUR	Percentage shareholding %
Mercury plc	581,508	338,637	34.9
Mr. I. J. Burrige (deceased)	109,860	63,976	6.6
One Sixth (Investments) Limited	96,665	56,292	5.8
Dr. R. Frendo Randon	86,348	50,284	5.2
	<u>874,381</u>	<u>509,189</u>	<u>52.5</u>

Size of Shareholding	Shareholders number	Shareholders percentage	Shares number	Shares percentage
1 - 500	83	33.6	18,530	1.1
501 - 1,000	38	15.4	30,090	1.8
1,001 - 5,000	83	33.6	190,639	11.5
5,001 and over	43	17.4	1,425,917	85.6
	<u>247</u>	<u>100.0</u>	<u>1,665,176</u>	<u>100.0</u>

25. RELATED PARTY TRANSACTIONS

The Company did not enter into any transactions with related parties.

26. CONTINGENT LIABILITY

The Company has received a notice from the Commissioner of Inland Revenue pursuant to the exemption order of 4 September 2010, in which notice it is allegedly indicated that a tax balance of EUR155,156 is due. According to the Company's records, the amount claimed is under dispute in its entirety.

27. ADDITIONAL INFORMATION

In terms of the Company's memorandum and articles of association, the instructions of the Board of Directors or its authorised representative, in particular those relating to, but not limited to, the Company's Investment Policy as laid down in the Company's memorandum and articles of association, shall be carried out by the Company's Custodian. The Custodian is entrusted with the safekeeping of all the Company's assets. No purchase, acquisition, transfer, sale or hypothecation of immovable property of the Company can take place without the consent of the Custodian. During the year, the Company's custodian remains to be HSBC Bank Malta plc.

SUPPLEMENTARY STATEMENTS

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OPERATING ACCOUNT

	2012	2011
	EUR	EUR
INVESTMENT INCOME		
Dividends income	167,663	171,696
Interest income	42,014	26,330
Ground rents	30,643	28,933
Other rents	11,295	-
Other interest	5,011	-
	<u>256,626</u>	<u>226,959</u>
ADMINISTRATIVE EXPENSES		
Salary and NI contribution	38,920	38,158
Loss on exchange	1,702	6,692
MFSA Collective Investment Scheme fees	2,500	2,500
Custodian fees	6,988	6,988
Malta Stock Exchange costs	4,020	4,020
Advertising and promotional expenses	7,290	6,877
Telecommunications	2,024	2,230
Water and electricity	1,785	1,561
Stationery and postages	2,477	2,484
Insurances	316	316
Professional and legal fees	11,163	3,025
Auditor's remuneration	9,617	9,617
Travelling expenses	6,468	6,448
Computer operating and leasing expenses	1,768	2,570
Annual registration fee	1,200	1,200
Sundry expenses	7,876	6,785
Depreciation of property, plant and equipment	4,380	4,387
	<u>(110,494)</u>	<u>(105,858)</u>
FINANCE COSTS	<u>(1,932)</u>	<u>(1,619)</u>
OPERATING PROFIT	<u>144,200</u>	<u>119,482</u>

INVESTMENTS

LOCAL QUOTED

Banks

Bank of Valletta Plc
HSBC Bank Malta Plc
FIMBank Plc

Investment funds

Amalgamated Investments Sicav Plc

Government

Malta Government Stocks

Telecommunications

Loqus Holdings Plc
GO Plc

Breweries and beverages

Simonds Farsons Cisk Plc

Insurance

Middlesea Insurance Plc

Marina services

Grand Harbour Marina Plc

Airlines and airports

Malta Int. Airport Plc

Postal services

MaltaPost Plc

LOCAL UNQUOTED

Investment funds

The Malta Development Fund Limited

Insurance

Citadel Insurance Plc

ANALYSIS OF COMPANY PORTFOLIO

	2012 Market value EUR	2012 % of total	2011 Market value EUR	2011 % of total	2010 Market value EUR	2010 % of total
FINANCIAL ASSETS						
<i>Included under</i> <i>Financial assets at fair value through profit and loss</i>						
Banks	944,973	19.13	953,537	19.69	1,800,635	31.30
Investment funds	1,183,955	23.97	1,133,535	23.41	1,175,881	20.44
Government stocks	50,920	1.03	-	-	-	-
Telecommunication services	75,662	1.53	135,625	2.80	217,700	3.78
Breweries and beverages	62,031	1.27	62,352	1.29	53,357	0.93
Insurance	55,307	1.12	63,938	1.33	54,554	0.95
Marine Services	13,230	0.27	13,860	0.29	13,860	0.24
Airlines and airports	16,500	0.33	16,990	0.35	16,000	0.29
Postal services	13,488	0.27	14,700	0.30	10,971	0.19
Total financial assets	2,416,066	48.92	2,394,537	49.46	3,342,958	58.12
PROPERTY						
<i>Included under</i> <i>Investment Properties and</i> <i>Property, plant and equipment</i>						
Development land	1,341,803	27.17	1,341,803	27.71	1,315,397	22.87
Land	411,040	8.32	411,040	8.49	402,981	7.01
Leasehold properties	56,604	1.15	56,604	1.17	56,604	0.98
Ground rents	619,639	12.55	540,082	11.15	534,981	9.30
Office	93,313	1.89	97,693	2.02	99,172	1.72
Total property	2,522,399	51.08	2,447,222	50.54	2,409,135	41.88
TOTAL PORTFOLIO	4,938,465	100	4,841,759	100	5,752,093	100.00

	2012 % of total	2011 % of total	2010 % of total
GEOGRAPHICAL DISTRIBUTION OF FINANCIAL ASSETS			
Malta	100.0	100.0	100.0

FIVE YEAR STATEMENTS
FOR THE YEARS ENDED 30 APRIL 2008 TO 30 APRIL 2012

INCOME STATEMENTS

	2012	2011	2010	2009	2008
	EUR	EUR	EUR	EUR	EUR
Investments and similar income	256,626	226,959	230,586	183,737	295,642
(Loss)/profit before taxation	(202,336)	21,611	753,029	2,298,890	(779,502)
Taxation	(88,349)	(77,575)	(77,271)	(495,574)	10,977
(Loss)/profit for the year	(290,685)	(55,964)	675,758	1,803,316	(768,525)

STATEMENTS OF FINANCIAL POSITION

	2012	2011	2010	2009	2008
	EUR	EUR	EUR	EUR	EUR
Non-current assets					
Investment properties	2,429,086	2,349,529	2,309,963	2,302,002	2,411,102
Property, plant and equipment	93,313	97,693	99,172	80,855	79,175
Financial assets at fair value through profit and loss	2,416,066	2,394,537	3,342,958	2,681,687	3,944,886
	4,938,465	4,841,759	5,752,093	5,064,544	6,435,163
Current Assets					
Financial assets at fair value through profit and loss	-	-	-	304,016	-
Other current assets	2,125,486	2,206,383	1,401,324	1,116,246	101,879
	2,125,486	2,206,383	1,401,324	1,420,262	101,879
Current liabilities	(458,157)	(167,961)	(150,158)	(202,706)	(1,581,261)
Net current assets/(liabilities)	1,667,329	2,038,422	1,251,166	1,217,556	(1,479,382)
Non-current liabilities	(318,825)	(310,201)	(305,417)	(304,678)	(318,944)
Total Equity	6,286,969	6,569,980	6,697,842	5,977,422	4,636,837

FIVE YEAR KEY FIGURES AND RATIOS
FOR THE YEARS ENDED 30 APRIL 2008 TO 30 APRIL 2012

KEY FIGURES AND RATIOS

	2012	2011	2010	2009	2008
Average number of shares in issue ¹	1,665,176	1,665,176	1,665,176	1,665,176	1,665,176
Earnings per share (cents) ²	(17.5)	(3.40)	40.60	108.30	(46.15)
Return on capital employed (%) ³	(4.62)	(0.85)	10.09	30.17	(16.57)
Dividend cover (times) ⁴	-	(0.73)	-	3.87	-
Dividend per EUR0.582343 ordinary share (cents) ⁵	-	4.60	-	28.00	9.32
Net asset value per share (EUR) ⁶	3.78	3.95	4.02	3.59	2.78

Notes

- 1 Actual number of shares in issue.
- 2 Earnings per share is computed by dividing the (loss)/profit for the year by the average number of shares in issue.
- 3 Return on capital employed is calculated by dividing the (loss)/profit for the year by the shareholders' funds at the end of the year.
- 4 Dividend cover is calculated by dividing the (loss)/profit for the year by the gross dividends for the year.
- 5 Dividend per share is computed by dividing the dividend paid during the year by the average number of shares in issue.
- 6 Net asset value per share is computed by dividing the net assets by the average number of shares in issue.