A Company registered in Malta having registration Number C 79193
Registered Address: Seabank Hotel, Marfa Road, Mellieha MLH 9064

COMPANY ANNOUNCEMENT

Audited Financial Statements of

SD Holdings Limited (Guarantor)

The following is a Company Announcement issued by SD Finance p.l.c. pursuant to the Capital Markets Rules of the Malta Financial Services Authority.

Quote

At a meeting of the Board of Directors of SD Holdings Limited (the "Guarantor") held on the 29th July 2022 at 0900 hours, the attached Annual Report and the Audited Financial Statements for the year ending 30th March 2022 were approved by the Board.

Unquote

Shaheryar Ghaznavi
Company Secretary

29th July 2022
Ref: SDA58

SD HOLDINGS LIMITED

Annual Report and
Consolidated Financial Statements
31 March 2022

Company Registration Number: C40318

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2022.

Principal activities

The company's principal activity is that of holding investments.

The group operates in the local market and predominantly in hospitality, leisure and catering activities. It operates and owns two hotels: the db Seabank Resort & SPA situated at Ghadira Bay Mellieha and the db San Antonio Hotel & SPA situated in Bugibba. It also operates and owns the restaurant amenities at the Adeera Complex in Mellieha Bay, AKI Restaurant in Valletta, Nine Lives in Bugibba, LOA and Sonora in St. Paul's Bay and operates outlets under the Hard Rock Café franchise and the Starbucks franchise.

The group also holds investments in associates which provide healthcare and catering services to hospitals and retirement homes and associates which provide catering services primarily to Air Malta and other airlines operating from Malta. Other associated investments operate in the hospitality and catering industries.

Review of business

Following a tumultuous period due to the global pandemic, the year ended 31 March 2022 saw a return to a new sense of normality. The group registered an increase in demand for its services as a result of increased consumer confidence in the tourism and leisure industry. Management continued to avail itself of COVID-19 government assistance measures such as wage supplements and deferral of taxes.

Total revenue for the group during the year under review reached €40.4 million resulting in a year-on-year increase of €23 million (+134%). The increase in revenue reflected itself in earnings before interest, tax, depreciation and amortisation (EBITDA) factoring in at €24.4 million as against €5.6 million registered for 2021 (+334%). These results raised the margin of profit or return on turnover generated to 60.5%, when compared to 32.6% during 2021. Given the pandemic situation, these results are excellent and came about following various measures taken by the Group to maximise its revenues keep its costs in check.

Consequently, the year 2022 resulted in a profit after tax of €10.6 million when compared to a loss of €2.1 million the previous year. The overall hotel portfolio occupancy increased to 54% when compared to 15% in 2021. These are encouraging results after both hotels had to close for two separate periods during the previous year.

Meanwhile the food and beverage sector also experienced better turnover figures, matching the results achieved in the year ended 31 March 2020 just when the pandemic brought about the closures of outlets in March. Turnover for the year reached €14.1 million (€ 8.2 million in 2021) and now includes a new restaurant in St. Paul's Bay and a number of Starbucks outlets across Malta.

The group's total assets amount to €350 million as against a comparative of €328 million in 2021. The group's equity base also increased by €10.6 million which is a direct result of the net profit registered for the year. As a result, the group's gearing ratio stands at 23.1% as against 27.8% for 2021.

The interest rate cover now stands at 6 multiple against a 1 multiple in the prior year mainly as a result of higher revenues of €23 million when compared to previous year.

Given the size of the group and its dependence on the local economy, the group recognises that the main risks and uncertainty to its business is the potential downturn in the local economy with particular reference to the tourism and services industry.

Directors' report - continued

Outlook for the financial year ending 2023

Following the encouraging results achieved during the year ended 31 March 2022 we look forward with optimism for the coming year. With all COVID-19 measures now completely removed it is evidently clear that the accommodation and leisure industry is recovering faster than originally anticipated. Results to date are better than the previous year with hotel bookings showing encouraging results and excellent figures in the leisure sector.

The Group continued monitoring the COVID-19 outcome, taking all necessary health precautions as directed by the Health Authorities and managing its operations according to the measures applicable at that time so as to minimise costs and maintain appropriate liquidity levels. Non-essential service contracts and retainers were kept at a minimum eventually being revised upwards when the situation started improving. All staff who were on a reduced working schedule were eventually moved to a normal schedule and by the end of June all employees within the group were working on a 40 hour week basis. The Group also continued availing itself of the COVID-19 Government schemes that it was entitled to across all companies within the group.

We are encouraged, however, to note that as at the date that these financial statements have been authorised for issue, all the business units of the Group are back in business and fully operational and have been for a number of months now. This resulted in higher accommodation bookings, and satisfactory results in the hospitality and leisure sectors have been registered.

The Group has also prepared projections for the coming 2 years, based on historical financial information and forecasts, but factoring in the improved results of the past year. The Ukraine-Russia conflict is not expected to affect the results of the group as its exposure of business from these two countries is negligible. However, whilst the group has no direct business linkages with these countries, we are monitoring the effect that this conflict might have. Possible increases in the price of goods and services is the principal challenge that the group's entities will experience in the next financial year.

The group's projections forecast a continuing trend in improved results, together with the opening of new outlets over the next few months. The Group expects to open additional Starbucks units bringing the total in operation up to fifteen by the end of March 2023. A further two restaurants are also due to open during the course of 2023.

The health care arm of the Group continues improving its results on a year-on-year basis. An upswing in demand for the services offered by the Group within this sector was experienced with the opening of the new 504-bed wing at the Saint Vincent de Paul Residence which is run and managed by one of the Group's associated companies.

The Group has over the past years accumulated a substantial cash reserve which as at year end amounted to €40 million. The projections referred to above contemplate the existence of a significant liquidity buffer at the end of the year notwithstanding the expected adverse financial results. The Directors feel confident that with the measures taken and the secured financing arrangements, the Group shall overcome any disruptions brought about by a number of events currently underway, such as the increase in procurement prices, the cancellation of flights by the airlines and the conflict between Russia and Ukraine. On this basis, the directors are of the opinion that there are no material uncertainties which may cast significant doubt about the ability of the Group to continue operating as a going concern.

Directors' report - continued

Outlook for the financial year ending 2023 - continued

Amid the disruptions faced by the Group as noted above, SD Finance plc (the Issuer of the bonds) still paid its bondholders the full interest that was due in April 2022. Furthermore, it should be noted that in view of the measures undertaken by the Group, the projections outlined above and the cash reserves accumulated by the Group in the past years, the directors are of the opinion that the Issuer will have the necessary funds to finance the interest falling due in April 2023 and going forward.

Financial risk management

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

Results and dividends

The consolidated financial results are set out on page 13. The directors have not declared dividends for the current financial year. In the preceding financial year the directors had declared a net dividend of €4,000,000.

Retained earnings carried forward at the end of the financial reporting period for the group and the company amounted to €51,062,618 (2021: €40,344,641) and €16,612,106 (2021: €16,602,309).

Directors

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

Silvio Debono
Robert Debono
Alan Debono
David Debono
Victoria Debono
Vincent Degiorgio - Resigned on 17 September 2021
Arthur Gauci
Jesmond Vella

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

Directors' report - continued

Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act (Cap.386) to prepare financial statements which give a true and fair view of the state of affairs of the group and the parent company as at the end of each financial period and of the profit or loss for that period.

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

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

The directors are also responsible for designing, implementing and maintaining internal control 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 (Cap.386). They are also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of SD Holdings Limited for the year ended 31 March 2022 are included in the Annual Report and Consolidated Financial Statements 2022, which is published in hard-copy printed form and made available on the group's website. The directors of the entities constituting the db group 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.

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

Silvio Debono
Director

Alan Debono
Director

Registered office:
db Seabank Resort & Spa
Marfa Road, Mellieha Bay
Mellieha, Malta

29 July 2022

pwc

Independent auditor's report

To the Shareholders of SD Holdings Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- The Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group's and the Parent Company's financial position of SD Holdings Limited as at 31 March 2022, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

SD Holdings Limited's financial statements, set out on pages 10 to 71, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 March 2022;
- the Consolidated and Parent Company income statements and statements of comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Emphasis of matter

We draw attention to Note 5 to these financial statements that explains matters relating to the Group's main investment property which are considered to be of fundamental importance to the understanding of these financial statements due to their nature and significance. Our opinion is not modified in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the db Group Annual report which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the *Report on other legal and regulatory requirements*.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the db Group Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors in accordance with International Standards on Auditing.

Responsibilities of the directors for the financial statements

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

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

Independent auditor's report - continued

To the Shareholders of SD Holdings Limited

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's or the Parent company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the Group's and the Parent company's trade, customers and suppliers, and the disruption to their business and the overall economy.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report - continued

To the Shareholders of SD Holdings Limited

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2022* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Report and Financial Statements 2022* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 1 to 4) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Independent auditor's report - *continued*

To the Shareholders of SD Holdings Limited

Area of the *Annual Report and Financial Statements 2022* and the related Directors' responsibilities	**Our responsibilities**	**Our reporting**
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or 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 which, to the best of our knowledge and belief, we require for our audit.	We have nothing to report to you in respect of these responsibilities.

Independent auditor's report - continued

To the Shareholders of SD Holdings Limited

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Parent Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

PricewaterhouseCoopers
78 Mill Street
Zone 5, Business District
Qormi CBD 5090
Malta

Stefan Bonello
Partner

29 July 2022

Statements of financial position

		As at 31 March			
		Group		Company	
		2022	2021	**2022**	2021
	Notes	**€**	€	**€**	€
ASSETS					
Non-current assets					
Property, plant and equipment	4	**183,852,700**	187,209,837	**-**	-
Investment property	5	**80,659,832**	78,049,862	**-**	-
Intangible assets	6	**907,598**	890,439	**-**	-
Investments in subsidiaries	7	**-**	-	**36,512,741**	36,512,741
Investments in associates	8	**15,889,539**	11,556,153	**5,460**	5,460
Right-of-use assets	9	**9,900,732**	6,207,914	**-**	-
Deferred tax assets	10	**4,580,712**	3,986,163	**-**	-
Trade and other receivables	11	**335,337**	210,168	**24,453,236**	26,321,039
Total non-current assets		**296,126,450**	288,110,536	**60,971,437**	62,839,240
Current assets					
Inventories	12	**1,471,758**	1,335,234	**-**	-
Trade and other receivables	11	**12,168,853**	7,198,883	**4,733,066**	2,466,453
Cash and cash equivalents	13	**40,188,342**	31,819,565	**35,440,917**	26,502,324
Total current assets		**53,828,953**	40,353,682	**40,173,983**	28,968,777
Total assets		**349,955,403**	328,464,218	**101,145,420**	91,808,017

Statements of financial position - continued

		As at 31 March			
		Group		Company	
		2022	2021	**2022**	2021
	Notes	**€**	€	**€**	€
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	**4,000,000**	4,000,000	**4,000,000**	4,000,000
Revaluation reserve	15	**74,103,285**	74,228,964	**-**	-
Other reserves	16	**12,901,698**	12,930,164	**-**	-
Retained earnings		**51,062,618**	40,344,641	**16,612,106**	16,602,309
Total equity		**142,067,601**	131,503,769	**20,612,106**	20,602,309
Non-current liabilities					
Trade and other payables	17	**59,468,437**	60,014,305	**-**	-
Borrowings	18	**78,121,266**	79,902,832	**8,941,337**	10,809,140
Deferred tax liabilities	10	**18,619,149**	17,588,638	**-**	-
Lease liabilities	20	**9,749,691**	5,927,221	**-**	-
Total non-current liabilities		**165,958,543**	163,432,996	**8,941,337**	10,809,140
Current liabilities					
Trade and other payables	17	**36,030,837**	29,885,869	**69,494,745**	59,712,703
Borrowings	18	**4,768,684**	2,641,489	**2,092,327**	678,960
Deferred Government grants	19	**-**	4,820	**-**	-
Lease liabilities	20	**674,761**	581,289	**-**	-
Current tax liabilities		**454,977**	413,986	**4,905**	4,905
Total current liabilities		**41,929,259**	33,527,453	**71,591,977**	60,396,568
Total liabilities		**207,887,802**	196,960,449	**80,533,314**	71,205,708
Total equity and liabilities		**349,955,403**	328,464,218	**101,145,420**	91,808,017

The notes on pages 18 to 71 are an integral part of these financial statements.

The financial statements on pages 11 to 71 were authorised for issue and signed by the board of directors on 29 July 2022 and were signed on its behalf by:

Silvio Debono
Director

Alan Debono
Director

Income statements

		Year ended 31 March			
		Group		Company	
		2022	2021	**2022**	2021
	Notes	**€**	€	**€**	€
Revenue	21	**40,359,846**	17,250,765	**-**	-
Cost of sales	22	**(28,989,145)**	(19,902,139)	**-**	-
Gross profit/(loss)		**11,370,701**	(2,651,374)	**-**	-
Selling expenses	22	**(87,832)**	(99,380)	**-**	-
Administrative expenses	22	**(4,124,074)**	(2,975,879)	**(25,984)**	(11,345)
Investment income	24	**-**	-	**-**	4,000,000
Other operating income	25	**3,802,687**	327,861	**-**	18,750
Operating profit/(loss)		**10,961,482**	(5,398,772)	**(25,984)**	4,007,405
Finance income	26	**53,979**	15,506	**124,372**	125,405
Finance costs	26	**(4,395,916)**	(3,929,155)	**(80,036)**	(74,357)
Share of results of associates	8	**4,468,386**	2,187,748	**-**	-
Profit/(loss) before tax		**11,087,931**	(7,124,673)	**18,352**	4,058,453
Tax (expense)/credit	27	**(524,099)**	5,016,930	**(8,555)**	(396,732)
Profit/(loss) for the year		**10,563,832**	(2,107,743)	**9,797**	3,661,721

The notes on pages 18 to 71 are an integral part of these financial statements.

Statements of changes in equity

Group

	Note	Attributable to owners of the parent				
		Share capital €	**Revaluation reserve** €	**Other reserves** €	**Retained earnings** €	**Total** €
Balance at 1 April 2020		4,000,000	74,354,642	12,930,164	46,326,706	137,611,512
Comprehensive income						
Loss for the year		-	-	-	(2,107,743)	(2,107,743)
Other comprehensive income:						
Depreciation transfer through asset use, net deferred tax		-	(125,678)	-	125,678	-
Total other comprehensive income		-	(125,678)	-	125,678	-
Total comprehensive income		-	(125,678)	-	(1,982,065)	(2,107,743)
Transactions with owners:						
Dividend paid to shareholder	29	-	-	-	(4,000,000)	(4,000,000)
Total transactions with owners		-	-	-	(4,000,000)	(4,000,000)
Balance at 31 March 2021		4,000,000	74,228,964	12,930,164	40,344,641	131,503,769

Statements of changes in equity - continued

Group

	Attributable to owners of the parent				
	Share capital €	**Revaluation reserve** €	**Other reserves** €	**Retained earnings** €	**Total** €
Balance at 1 April 2021	4,000,000	74,228,964	12,930,164	40,344,641	131,503,769
Comprehensive income					
Profit for the year	-	-	-	10,563,832	10,563,832
Other comprehensive income:					
Depreciation transfer through asset use, net deferred tax	-	(125,679)	-	125,679	-
Other movements	-	-	(28,466)	28,466	-
Total other comprehensive income	-	(125,679)	(28,466)	154,145	-
Total comprehensive income	-	(125,679)	(28,466)	10,717,977	10,563,832
Balance at 31 March 2022	**4,000,000**	**74,103,285**	**12,901,698**	**51,062,618**	**142,067,601**

Statements of changes in equity - continued

Company

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 April 2020		4,000,000	16,940,588	20,940,588
Comprehensive income				
Profit for the year – total comprehensive income		-	3,661,721	3,661,721
Total comprehensive income		-	3,661,721	3,661,721
Transactions with owners				
Dividend paid to shareholder	29	-	(4,000,000)	(4,000,000)
Total transactions with owners		-	(4,000,000)	(4,000,000)
Balance at 31 March 2021		4,000,000	16,602,309	20,602,309
Comprehensive income				
Profit for the year – total comprehensive income		-	9,797	9,797
Balance at 31 March 2022		**4,000,000**	**16,612,106**	**20,612,106**

The notes on pages 18 to 71 are an integral part of these financial statements.

Statements of cash flows

	Notes	Group 2022 €	Group 2021 €	Company 2022 €	Company 2021 €
		Year ended 31 March			
Cash flows from operating activities					
Cash generated from operations	30	**14,776,712**	189,922	**8,894,257**	6,501,620
Net interest (paid)/received		**(3,968,797)**	(3,836,185)	**44,336**	51,048
Tax paid		**(47,146)**	(1,544,073)	**-**	(394,428)
Net cash generated from/ (used in) operating activities		**10,760,769**	(5,190,336)	**8,938,593**	6,158,240
Cash flows from investing activities					
Payments for property, plant and equipment		**(2,609,357)**	(2,416,777)	**-**	-
Proceeds from disposal of property, plant and equipment		**-**	39,682	**-**	-
Payments for investment property and related property development expenditure		**(2,430,318)**	(744,780)	**-**	-
Payments for intangible assets		**(88,031)**	(25,000)	**-**	-
Net movements of advances to subsidiaries		**-**	-	**454,436**	(9,999,999)
Dividend received from associate		**135,000**	-	**-**	-
Net cash (used in)/generated from investing activities		**(4,992,706)**	(3,146,875)	**454,436**	(9,999,999)
Cash flows from financing activities					
Proceeds from bank borrowings		**2,015,256**	10,557,733	**-**	9,999,999
Repayments of bank borrowings		**(2,154,126)**	(1,063,996)	**(454,436)**	-
Advances from associates		**2,993,253**	6,542,133	**-**	-
Principal elements of lease payments		**(738,168)**	(477,410)	**-**	-
Net cash generated from/(used in) financing activities		**2,116,215**	15,558,460	**(454,436)**	9,999,999
Net movements in cash and cash equivalents		**7,884,278**	7,221,249	**8,938,593**	6,158,240
Cash and cash equivalents at beginning of year		**31,582,081**	24,360,832	**26,502,324**	20,344,084
Cash and cash equivalents at end of year	13	**39,466,359**	31,582,081	**35,440,917**	26,502,324

The notes on pages 18 to 71 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

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

1.1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act (Cap. 386). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

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

Appropriateness of the going concern assumption in the preparation of the financial statements

The Group has prepared projections for the coming 2 years, based on historical financial information and forecasts, but factoring in the improved results of the past year. The Ukraine-Russia conflict is not expected to affect the results of the group as its exposure of business from these two countries is negligible. However, whilst the group has no direct business linkages with these countries, the directors are monitoring the effect that this conflict might have. Possible increases in the price of goods and services is the principal challenge that the group's entities will experience in the next financial year. In this respect, the Group has prepared projections for the coming 12 months and beyond, based on historical financial information and forecasts, but factoring in the mayhem created by the COVID-19 pandemic. These forecasts project a positive cash flow for the Group. The Group has over the past years accumulated a substantial cash reserve which as at year end amounted to €40 million and also utilised a €10 million loan under the MDB COVID-19 Guarantee scheme to mitigate against its working capital needs and at the same time cushioning the effect of any prolongment in its receivables cycle.

The directors have concluded that apart from the strong cash reserve position reported above, the group also has a solid equity position resulting in a gearing ratio of 23.1% as at 31 March 2022. This will enable the Group to ensure that it does meet its commitments both financial and otherwise; including the obligations towards bondholders which are expected to be met in full.

Furthermore, as at 31 March 2022, the company's current liabilities exceeded its current assets by €31,417,994 (2021: €31,427,791). In this respect, subsidiary companies have undertaken not to request repayment of amounts due until alternative financing is available.

On this basis, the directors have assessed that the group is expected to have the necessary funds to finance its operations and commitments towards employees, creditors, banks and bondholders going forward. Accordingly, the board continues to adopt the going concern basis in preparing the financial statements and considers that there are no material uncertainties which may cast significant doubt about the ability of the company and the Group to continue operating as a going concern.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

Standards, interpretations and amendments to published standards effective during the current financial year

During the current financial year, the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 April 2021. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the company's accounting policies, not impacting the Group's financial performance and position.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the group's accounting periods beginning after 1 April 2021. The group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and the group's directors are of the opinion that, except as disclosed below, 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

(a) Subsidiaries

Subsidiary undertakings 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.

The group applies the acquisition method 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

1.2 Consolidation - continued

(a) Subsidiaries - continued

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 identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured 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 the income statement.

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

In the company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting. Provisions are recorded where, in the opinion of the directors, there is a long-term impairment in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(b) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition (refer to accounting policy note 1.6[a] – Intangible assets).

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

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

In the company's separate financial statements, investments in associates are accounted for by the cost method of accounting. Provisions are recorded where, in the opinion of the directors, there is a long-term impairment in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of associates are reflected in the company's separate financial statements only to the extent of dividends receivable. 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. Summary of significant accounting policies - continued

1.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

1.4 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings are subsequently shown at fair value, based on periodic valuations by professional valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is subsequently 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 (Note 1.23).

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. 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; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost, net of any related deferred income taxes, is transferred from the revaluation reserve to retained earnings.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets to their residual values over their estimated useful lives, as follows:

	%
Buildings	1 - 3
Computer equipment	20 - 33.33
Furniture, fixtures and fittings	6.67 - 10
Motor vehicles	20
Plant, machinery and operational equipment	6.67 - 15

Freehold land is not depreciated as it is deemed to have an indefinite life. Leasehold land is amortised on a straight-line basis over the period of the lease.

1. Summary of significant accounting policies - continued

1.4 Property, plant and equipment - continued

Assets in the course of construction and payments on account are not depreciated. Depreciation will commence once the respective assets are commissioned for their intended use.

No depreciation is charged on linen, crockery, cutlery and glassware. Normal replacements are charged to profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at 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 of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in profit or loss. When revalued assets are disposed of, the amounts included in the revaluation reserve relating to the assets are transferred to retained earnings.

1.5 Investment property

Investment property comprises leasehold property acquired during 2017.

The group adopts the cost model under IAS 40, 'Investment property', whereby investment property is stated in the statement of financial position at historical cost less accumulated 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 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.

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.

Investment property consists of land which is not depreciated as it is deemed to have an indefinite life. Useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

A property'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).

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

1. Summary of significant accounting policies - continued

1.5 Investment property - continued

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

If an item of property, plant and equipment becomes an investment property because its use has changed, its cost and accumulated depreciation at the date of the reclassification becomes its cost and accumulated amortisation for subsequent accounting purposes.

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 carrying amount at the date of change in use.

1.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'. Goodwill on acquisitions of associates is included in 'Investments in associates'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. A cash-generating unit to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. The recoverable amount is the higher of fair value less costs to sell and value in use.

(b) Franchise rights

Franchise rights are shown at historical cost. Franchise rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of franchise rights over their estimated useful lives.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1. Summary of significant accounting policies - continued

1.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject for amortisation and are tested annually for impairment. Assets that are subject for amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. 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 that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

1.8 Financial assets

Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

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

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

1.8 Financial assets - continued

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group may classify its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment losses are presented as a separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

(b) Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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

1.8 Financial assets - continued

Impairment

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (see Note 2 for further details).

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost method. Cost is the invoiced value of goods and, in general, includes transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.10 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowances.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

1.11 Cash and cash equivalents

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

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.

1.13 Financial liabilities

The group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The group's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IFRS 9. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

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

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 the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

1.16 Deferred Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants related to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants related to assets, i.e. in respect of the purchase of property, plant and equipment, are included in liabilities as deferred government grants, and are credited to profit or loss on a straight-line basis over the expected lives of the related assets, presented within 'Other operating income'.

Grants related to income are presented as a deduction in reporting the related expense.

1.17 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.

1.18 Derivative financial instruments and hedging

Derivative financial instruments include interest rate swap agreements and are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. That portion of hedging derivatives which is expected to be realised within 12 months of the reporting date is presented as current; the remainder of the derivative is presented as non-current. The company does not hold any trading derivatives.

1. Summary of significant accounting policies - continued

1.19 Current and deferred tax

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

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

Deferred tax on the fair valuation of property, plant and equipment is charged or credited directly to the revaluation reserve. Deferred tax on the difference between the actual depreciation on the asset and the equivalent depreciation based on the historical cost of the asset is realised through profit or loss.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.20 Revenue recognition

Revenues include all revenues from the ordinary business activities of the group. Ordinary activities do not only refer to the core business but also to other recurring sales of goods or rendering of services. Revenues are recorded net of value added tax. The group's business principally comprises sales of goods and services in the hospitality industry.

(a) Sale of goods and services

Revenues are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

IFRS 15 requires that at contract inception the goods or services promised in a contract with a customer are assessed and each promise to transfer to the customer the good or service is identified as a performance obligation. Promises in a contract can be explicit or implicit if the promises create a valid expectation to provide a good or service based on the customary business practices, published policies, or specific statements.

A contract asset must be recognised if the group's recorded revenue for fulfillment of a contractual performance obligation before the customer paid consideration or before – irrespective of when payment is due – the requirements for billing and thus the recognition of a receivable exist.

A contract liability must be recognised when the customer paid consideration or a receivable from the customer is due before the group fulfilled a contractual performance obligation and thus recognised revenue.

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

1.20 Revenue recognition - continued

Multiple-element arrangements involving the delivery or provision of multiple products or services must be separated into distinct performance obligations, each with its own separate revenue contribution that is recognised as revenue on fulfillment of the obligation to the customer. The total transaction price of a bundled contract is allocated among the individual performance obligations based on their relative – possibly estimated – standalone selling prices, i.e., based on a ratio of the standalone selling price of each separate element to the aggregated standalone selling prices of the contractual performance obligations.

IFRS 15 provides more detailed guidance on how to account for contract modifications. Changes must be accounted for either as a retrospective change (creating either a catch up or deferral of previously recorded revenues), prospectively with a reallocation of revenues amongst identified performance obligations, or prospectively as separate contracts which will not require any reallocation.

Sales from hospitality and ancillary services

Revenue from services is generally recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue arising from hospitality activities is recognised when the service is performed and/or when the goods (primarily food and beverage relating restaurant and bar sales) are supplied upon performance of the service. Revenue is usually in cash, credit card or on credit.

A group undertaking also operates a number of rooms on a timeshare basis. In the case of timeshare, customers buy the right to a slot in a given time period, for which the customer must make an up-front payment. Subsequently, the customer must also make annual contributions to the scheme to cover the share of maintenance costs. The customers get the benefits (i.e. control over the promise) with every passing day of each year's stay at the vacation apartment/suite. The revenue stream therefore meets the conditions for revenue recognition over time (i.e. stage of completion), and revenue is accordingly recognised on a daily basis of accommodation.

Sales of goods – retail

Sales of goods are recognised when the group has delivered products to the customer and there no unfulfilled obligations that could affect the customer's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products. Retail sales are usually in cash or by credit card.

Financing

The group does not expect to have material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(a) Interest income

Interest income is recognised in profit or loss for all interest-bearing instruments as it accrues using the effective interest method.

(b) Dividend income is recognised when the right to receive payment is established.

(c) Other operating income is recognised on an accrual basis unless collectibility is in doubt.

1. Summary of significant accounting policies - continued

1.21 Customer contract assets and liabilities

The timing of revenue recognition may differ from customer invoicing. Trade receivables presented in the statement of financial position represent an unconditional right to receive consideration (primarily cash), i.e. the services and goods promised to the customer have been transferred.

By contrast, contract assets mainly refer to amounts allocated per IFRS 15 as compensation for goods or services provided to customers for which the right to collect payment is subject to providing other services or goods under that same contract. Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified, especially to cover the risk of impairment should the contract be interrupted.

Contract liabilities represent amounts paid by customers before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not transferred yet.

1.22 Operating and finance leases

(a) Operating leases – where group undertakings are the lessee

IFRS 16 requires an entity to assess whether a contract is, or contains, a lease at the inception date. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date, being the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group using residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for lessees, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

1.22 Operating and finance leases - continued

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, term and security.

Lease payments are allocated between principal and finance cost. The finance cost is computed so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Finance costs are recognised in profit or loss over the lease period.

Right-of-use assets are initially measured at 'cost' which, where applicable, comprise of the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses, except as highlighted below. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation is recognised in profit or loss.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(b) Operating leases – where a group undertaking is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position and are accounted for in accordance with accounting policy 1.4. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term and is presented within 'Other operating income'.

(c) Finance leases – where a group undertaking is the lessor

When assets are leased out under a finance lease, the lower of the fair value of the leased asset and the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method which reflects a constant periodic rate of return.

1. Summary of significant accounting policies - continued

1.23 Borrowing costs

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

1.24 Dividend distribution

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

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, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The group's overall risk management, covering risk exposures for all subsidiaries, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The parent company's directors provide principles for overall group risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The group undertakings did not make use of derivative financial instruments during the current and preceding financial years.

(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 entity's functional currency. A portion of the group's purchases are denominated in US dollar. Balances denominated in foreign currencies 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 undertaking manages the related risk by reflecting, as far as is practicable, the impact of exchange rate movements registered with respect to purchases in the respective sales prices.

The group's revenues, purchases and other expenditure, financial assets and liabilities, including financing, are mainly denominated in euro except as outlined above. Management does not consider foreign exchange risk attributable to recognised liabilities arising from purchase transactions denominated in US dollar to be significant. 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 balance sheet date is not deemed necessary.

(ii) Fair value interest rate risk

The group's significant instruments which are subject to fixed interest rates represent the bonds issued to the general public (Note 18). In this respect, the group and the company are potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(iii) Cash flow interest rate risk

For the company the cash flow interest rate risk principally arises from the loan from subsidiary (Note 18) and amounts owed by subsidiaries subject to variable rates. The group's interest rate risk principally arises from bank borrowings issued at variable rates (Note 18) which expose the group to cash flow interest rate risk. Management monitors the impact of changes in market interest rates in respect of these instruments. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the balance sheet date to be immaterial and accordingly the level of interest rate risk is contained. The group's and the company's operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding debtors and committed transactions. The group's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	Group		**Company**	
	2022	2021	**2022**	2021
	€	€	**€**	€
Financial assets measured at amortised cost:				
Trade and other receivables (Note 11)	**8,114,182**	4,839,613	**29,120,837**	28,785,696
Cash and cash equivalents (Note 13)	**40,188,342**	31,819,565	**35,440,917**	26,502,324
	48,302,524	36,659,178	**64,561,754**	55,288,020

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The group does not hold any collateral as security in this respect. The figures disclosed above in respect of trade and other receivables exclude advance payments to suppliers, indirect taxation and prepayments and accrued income.

Cash and cash equivalents

The group's cash and cash equivalents are held with local financial institutions with high quality standing or rating or nothing and are due to be settled on demand. Management considers the probability of default to be close to zero as the financial institutions have a strong capacity to meet their contractual obligations in the near term. As a result, while cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss is insignificant.

2. Financial risk management - continued

2.1 Financial risk factors - continued

<u>Trade receivables (including contract assets)</u>

The group assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of goods and services are effected to customers with an appropriate credit history. The group monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the group's debtors, taking into account historical experience in collection of accounts receivable.

In view of the nature of the group's activities and the market in which it operates, a limited number of customers account for a certain percentage of the group's trade receivables. Whilst no individual customer or group of dependent customers is considered by management as a significant concentration of credit risk with respect to trade debts, these exposures are monitored and reported more frequently and rigorously. These customers trade frequently with the respective group undertaking and are deemed by management to have excellent credit standing, usually taking cognisance of the performance history without defaults.

The group manages credit exposures actively in a practicable manner such that amounts receivable are within controlled parameters. The credit quality of the group's receivables, which are not impaired or past due financial assets, reflects the nature of these assets which are principally debts in respect of transactions with counterparties for whom there is no history of default. Management does not expect any losses from non-performance by these parties.

The group's trade and other receivables, which are not impaired financial assets, are principally debts in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers.

Impairment of trade receivables (including contract assets)

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation and adjusts the historical loss rates based on expected changes in these factors. Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables.

2. Financial risk management - continued

2.1 Financial risk factors - continued

As a result of the outbreak of COVID-19, the Group engaged in routine monitoring of the account activity and repayment patterns of its receivables. For this purpose, customers were subjected to more rigorous monitoring. The Group has not experienced a material shift in repayment patterns attributable to its customers post the COVID-19 outbreak, with no significant deterioration in collection rates detected. The Group has also engaged in monitoring information available on macro-economic factors affecting customer repayment ability, with a view to also assess the actual and projected impact of the pandemic on the business models of the customers serviced by the Group and accordingly on their repayment ability. As a result of these assessments, at 31 March 2022 and 2021, the Group determined that the level of expected credit losses has not materially changed taking cognisance of the projected impact on the repayment ability of the Group's customers, the repayment pattern actually experienced, and the estimated life of trade receivables.

On that basis, the loss allowance for the group as at 31 March 2022 and 2021 was determined as follows:

	Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 120 days past due	+121 days past due	Total
31 March 2022						
Expected loss rate	1% - 4%	1% - 5%	1.5% - 7%	2.5% - 12%	30% - 40%	
Gross carrying amount (€)	1,072,325	677,220	532,637	70,441	917,724	3,270,347
Loss allowance (€)	**27,013**	**23,066**	**25,342**	**5,676**	**327,624**	**408,721**
31 March 2021						
Expected loss rate	1% - 4%	1% - 5%	1.5% - 7%	2.5% - 12%	30% - 40%	
Gross carrying amount (€)	18,496	47,865	76,391	13,307	1,487,651	1,643,710
Loss allowance (€)	**740**	**526**	**1,146**	**371**	**405,938**	**408,721**

The group established an allowance for impairment that represented its estimate of expected credit losses in respect of trade receivables. The individually credit impaired trade receivables mainly relate to a number of independent customers which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations. Hence, provisions for impairment in respect of credit impaired balances with corporate trade customers relate to entities which are in adverse trading and operational circumstances. Reversals of provisions for impairment of credit impaired receivables arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The group does not hold any significant collateral as security in respect of the credit impaired assets. The movements in credit loss allowances of these receivables are disclosed separately in profit or loss.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than a year past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts written off are credited against the same line item.

2. Financial risk management - continued

2.1 Financial risk factors - continued

Categorisation of receivables as past due is determined by the group on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers. At 31 March 2022 and 2021, the group's past due but not impaired receivables and the carrying amount of trade receivables that would otherwise be past due or credit impaired whose terms have been renegotiated, were not deemed material in the context of the group's trade receivables figures.

Amounts owed by related parties and other receivables

The group's and the company's receivables also include amounts owed by related parties forming part of the db Group, associates and other related parties (refer to Note 11). The group's treasury monitors intra-group credit exposures on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The group assesses the credit quality of these related parties taking into account financial position, performance and other factors. The group takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

With respect to the group's and the company's current amounts owed by related parties and other receivables, since such balances are repayable on demand, expected credit losses are based on the assumption that repayment of the balance is demanded at the reporting date. In this respect, the directors considered such balances to have low credit risk and a low risk of default. Accordingly, the expected credit loss allowance attributable to amounts owed by related parties and other receivables was deemed immaterial as at 31 March 2022 and 2021.

The company's non-current amounts owed by subsidiary have been earmarked as additional capital required by the subsidiary, the terms of which will be concluded in the foreseeable future. On this basis, no credit risk has been contemplated.

(c) Liquidity risk

The group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally the bonds issued to the general public (Note 18), other interest-bearing borrowings (Note 18), lease liabilities (Note 20) and trade and other payables (Note 17). 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.

Management monitors liquidity risk by reviewing expected cash flows, and ensures that no additional financing facilities are expected to be required over the coming year. This is also performed at a central treasury function which controls the overall liquidity requirements of the group within certain parameters. The group's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the group's committed bank borrowing facilities and other intra-group financing that it can access to meet liquidity needs. In this respect management does not consider liquidity risk to the group as significant taking into account the liquidity management process referred to above. Furthermore, after considering the financing options available (disclosed in Note 18) and the support from related parties and the shareholder, the directors are confident that the group and the company are in a position to meet commitments as and when they fall due.

2. Financial risk management - continued

2.1 Financial risk factors - continued

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

	Less than one year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
Group					
At 31 March 2022					
Bonds	**2,827,500**	**2,827,500**	**8,482,500**	**67,827,500**	**81,965,000**
Bank borrowings	**4,776,438**	**4,871,004**	**9,424,992**	**-**	**19,072,434**
Amounts due to Government in relation to purchase of land	**5,982,160**	**2,991,080**	**4,710,966**	**160,964,400**	**174,648,606**
Lease liabilities	**1,083,001**	**982,596**	**3,007,397**	**10,219,729**	**15,292,723**
Trade and other payables	**21,805,552**	**-**	**-**	**-**	**21,805,552**
Payments with respect to capital expenditure	**487,444**	**690,546**	**-**	**-**	**1,177,990**
At 31 March 2021					
Bonds	2,827,500	2,827,500	8,482,500	70,655,000	84,792,500
Bank borrowings	3,164,826	4,510,802	11,849,810	112,974	19,638,412
Amounts due to Government in relation to purchase of land	4,420,651	2,991,080	6,116,098	162,550,348	176,078,177
Lease liabilities	784,372	733,321	1,542,889	5,190,382	8,250,964
Trade and other payables	19,400,876	-	-	-	19,400,876
Company					
At 31 March 2022					
Bank loans	2,310,000	2,580,000	5,164,820	-	10,054,820
Loan from subsidiary	67,709	67,709	203,126	1,555,810	1,894,354
Trade and other payables	69,489,768	-	-	-	69,489,768
At 31 March 2021					
Bank loans	921,338	2,310,000	7,496,798	-	10,728,136
Loan from subsidiary	67,709	67,709	203,126	1,623,518	1,962,062
Trade and other payables	59,712,703	-	-	-	59,712,703

2. Financial risk management - continued

2.2 Capital risk management

The group's objectives when managing capital are to safeguard the entity'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. In order to maintain or adjust the capital structure, the parent company may issue new shares or adjust the amount of dividends paid to shareholders.

The group also monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings, as shown in the consolidated statement of financial position, less cash at bank and in hand. Total capital is calculated as total equity, as described below, plus net debt. The aggregated figures in respect of the group are reflected in the following table:

	Group	
	2022	2021
	€	€
Total external borrowings	**82,889,950**	82,544,321
Less: cash at bank and in hand	**(40,188,342)**	(31,819,565)
Net debt	**42,701,608**	50,724,756
Equity – as shown in the consolidated statement of financial position	**142,067,601**	131,503,769
Total capital	**184,769,209**	182,228,525
Net debt/total capital	**23.1%**	27.8%

The level of capital of SD Holdings Limited as reflected in the consolidated statement of financial position is maintained by reference to its respective financial obligations and commitments arising from operational requirements. In view of the nature of the group's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the directors.

2. Financial risk management - continued

2.3 Fair values of financial instruments

Financial instruments not carried at fair value

At 31 March 2022 and 2021 the carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses and short-term borrowings, reflected in the financial statements, are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of balances with related parties which are short-term or repayable on demand is equivalent to their carrying amount.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments. The fair value of the group's non-current payables and bank borrowings at floating interest rates and the fair value of the company's non-current receivables as at the reporting date is not significantly different from the carrying amounts. The carrying amounts of the other financial liabilities as at 31 March 2022, comprising lease liabilities, are reasonable estimates of their fair value as there have not been significant changes in the Group's internal borrowing rate since the date of transition to IFRS 16. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2 within the fair value measurement hierarchy required by IFRS 7, 'Financial instruments: Disclosures'. Information on the fair value of the company's bonds issued to the general public is disclosed in Note 18 to the financial statements. The fair value estimate in this respect is deemed Level 1 as it constitutes a quoted price in an active market.

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, with the exception of matters disclosed in Note 5, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

As referred to in Note 4 to the financial statements, the group's land and buildings category of property, plant and equipment is fair valued periodically by the directors on 31 March on the basis of professional advice, which considers current market prices in an active market for all properties.

4. Property, plant and equipment

Group

	Land & buildings €	Assets in course of construction and payments on account €	Computer equipment €	Furniture, fixtures & fittings €	Plant, machinery & operational equipment €	Motor vehicles €	Total €
At 1 April 2020							
Cost or valuation	156,835,747	1,356,084	1,420,564	57,118,192	18,124,000	732,496	235,587,083
Accumulated depreciation	(1,916,326)	-	(1,089,028)	(29,252,825)	(9,187,408)	(593,503)	(42,039,090)
Net book amount	154,919,421	1,356,084	331,536	27,865,367	8,936,592	138,993	193,547,993
Year ended 31 March 2021							
Opening net book amount	154,919,421	1,356,084	331,536	27,865,367	8,936,592	138,993	193,547,993
Additions	195,376	766,617	130,294	827,827	406,747	55,060	2,381,921
Commissioned assets	372,871	(1,023,410)	-	586,553	63,986	-	-
Disposals	(172,647)	-	(168,774)	(860,238)	(906,386)	(99,602)	(2,207,647)
Reclassification of payments on account to receivables	-	(510,000)	-	-	-	-	(510,000)
Depreciation charge	(802,462)	-	(140,481)	(5,352,487)	(1,763,981)	(75,797)	(8,135,208)
Depreciation release on disposals	172,647	-	165,245	860,238	903,856	30,792	2,132,778
Closing net book amount	154,685,206	589,291	317,820	23,927,260	7,640,814	49,446	187,209,837
At 31 March 2021							
Cost or valuation	157,231,347	589,291	1,382,084	57,672,334	17,688,347	687,954	235,251,357
Accumulated depreciation	(2,546,141)	-	(1,064,264)	(33,745,074)	(10,047,533)	(638,508)	(48,041,520)
Net book amount	154,685,206	589,291	317,820	23,927,260	7,640,814	49,446	187,209,837

4. Property, plant and equipment - continued

	Land & buildings €	Assets in course of construction and payments on account €	Computer equipment €	Furniture, Fixtures & fittings €	Plant, machinery & operational equipment €	Motor vehicles €	Total €
Year ended 31 March 2022							
Opening net book amount	154,685,206	589,291	317,820	23,927,260	7,640,814	49,446	187,209,837
Additions	1,421,573	1,652,452	165,956	1,215,238	430,645	-	4,885,864
Commissioned assets	24,759	(202,502)	-	177,743	-	-	-
Disposals	-	-	-	(109,559)	-	-	(109,559)
Depreciation charge	(852,982)	-	(157,876)	(5,460,896)	(1,630,378)	(31,310)	(8,133,442)
Closing net book amount	**155,278,556**	**2,039,241**	**325,900**	**19,749,786**	**6,441,081**	**18,136**	**183,852,700**
At 31 March 2022							
Cost or valuation	158,677,679	2,039,241	1,548,040	58,955,756	18,118,992	687,954	240,027,662
Accumulated depreciation	(3,399,123)	-	(1,222,140)	(39,205,970)	(11,677,911)	(669,818)	(56,174,962)
Net book amount	**155,278,556**	**2,039,241**	**325,900**	**19,749,786**	**6,441,081**	**18,136**	**183,852,700**

4. Property, plant and equipment - continued

Bank borrowings in the name of group undertakings are secured on the group's land and buildings (refer to Note 18).

Fair valuation of property

The Group's land and buildings, within property, plant and equipment were last revalued by an independent professionally qualified valuer on 31 March 2019. The book value of the property had been adjusted to the revaluation and the resultant surplus, net of applicable deferred income taxes, had been credited to the revaluation reserve in shareholders' equity (Note 15). On 31 March 2020, the directors reassessed the property's valuation in view of the COVID-19 pandemic and resulting restrictions on the hospitality industry, as mandated by the Health Authorities, together with the closure of ports, which have significantly impacted the group's operations. The 2020 valuation reassessment was primarily based on revised projected income streams which took into consideration a lower business activity in the forthcoming years, until reaching the 2019 level of business and assumed normality by 2024. These assumptions had resulted in a revised valuation surplus that was €11 million lower than that recognised in 2019. This difference was accordingly adjusted as at 31 March 2020 and debited to the revaluation reserve, net of applicable deferred income taxes.

As at 31 March 2021 and 2022, the directors performed a similar assessment to that performed in the preceding year taking into consideration how the COVID-19 pandemic developed and how this impacted the group's business activities. Accordingly, the 2022 valuation reassessment was based on updated projected income streams taking into consideration the experiences of 2020 and 2021, together with a gradual increase in the business activity in the next few years, until reaching a normalised level of business between 2023 and 2025.

The hospitality and leisure operations were one of the hardest hit sectors of the economy; with the group's hotels closed for a number of months as imposed by the Health Authorities. However, at the date that these financial statements have been authorised for issue, the group hotels have gradually picked up some sustainable business activity. The projections have been updated in view of developments and for the financial year ending 31 March 2023 an EBITDA in the range of 93% and 100% of a stable year level was assumed and thereafter, the business activity was extended gradually until reaching the stable year level between and 2023 and 2025. The assumptions for the 2022 assessment did not result in any material impact on the group's property fair value and the directors are of the opinion that the related carrying amount as at 31 March 2022 is not materially different from the respective fair value.

Although the projected cash flows have been prepared in the prevailing economic uncertainties, the Board is of the opinion that the principal assumptions used reflect prudent scenarios as the company and the world within which it operates move gradually back to a new normal lifestyle.

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

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

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

The group's revalued land and buildings, consist principally of the db Seabank Resort & SPA and the db San Antonio Hotel & SPA, being operational property that is owned and managed by the respective group undertakings. The recurring property fair value measurements at the end of each financial period presented use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the current and preceding financial year.

A reconciliation from the opening balance to the closing balance of property for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, for the current and preceding financial year, is reflected in the table above.

Valuation processes

The valuation of the property is performed regularly on the basis of valuation reports prepared by third party qualified valuers. The Group's and company's policy is to revalue land and buildings at least every three years. These reports are based on both:

- information provided by the group which is derived from the respective group undertaking's financial systems and is subject to the entity's overall control environment; and

- assumptions and valuation models used by the valuer; with assumptions being typically market related and based on professional judgement and market observation.

The Group's Board of directors review the valuation report and then consider it as part of its overall responsibilities. At the end of a reporting period, when an external valuation is not performed, the directors assess whether any significant changes or developments have been experienced since the last external valuation. This analysis is usually supported by an assessment of the Group's projected income streams.

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

Valuation techniques

The external valuation of the Level 3 property as at 31 March 2019 has been performed using the discounted cash flow approach. Similarly, the assessments performed by the directors as at 31 March 2022 and 2021 were also performed using the discounted cash flow approach, as discussed earlier. In view of a limited number of similar or comparable properties and property transactions, comprising sales or rentals, in the local market, the valuation has been performed using unobservable inputs. The significant inputs to the approach used are generally those described below:

- Discounted cash flow ("DCF") approach: considers the free cash flows arising from the projected income streams expected to be derived from the operation of the property, discounted to present value using an estimate of the weighted average cost of capital that would be available to finance such an operation. The significant unobservable inputs utilised with this technique include:

EBITDA	based on projected income streams less operating expenditure necessary to operate the hotels, but prior to depreciation and financing charges.
Growth rate	based on management's estimated average growth of the respective company's EBITDA levels, mainly determined by projected growth in income streams.
Discount rate	reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium adjusted for entity-specific risk factor; estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.

4. Property, plant and equipment - continued

Information about fair value measurements, relating to fair valuation made in preceding years, using significant unobservable inputs (Level 3):

Description by class based on highest and best use	Valuation technique	Significant unobservable input	Range of unobservable inputs
Current use as commercial premises (hotel operations)	DCF approach	EBITDA (aggregate for both hotels)	€4,109,000 in 2021 increasing gradually until reaching to €22,405,000 in 2024
		Growth rate	2% after 2024
		Discount rate	7.6% (post-tax)

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

At 31 March 2022 and 2021, the directors consider the current use of the properties to be equivalent to the highest and best use.

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

	2022	2021
	€	€
Cost	**72,919,768**	71,473,436
Accumulated depreciation	**(5,934,621)**	(5,274,990)
Net book amount	**66,985,147**	66,198,446

5. Investment property

	Group	
	2022	2021
	€	€
Year ended 31 March		
Opening cost and carrying amount	**78,049,862**	74,898,044
Additions resulting from subsequent expenditure	**2,609,970**	3,151,818
Closing cost and carrying amount	**80,659,832**	78,049,862

5. Investment property - continued

The group's investment property represents property title in the name of DB San Gorg Property Limited, a wholly owned subsidiary of the parent company. DB San Gorg Property Limited entered into a 99 year concession agreement with the Government of Malta and the Government Property Department on 1 February 2017 for the acquisition of three portions of land having a total surface area of circa 24,000 sqm. The said land is located in St Julian's. This property, subject to the securing of all necessary development permits, is earmarked as a mixed use development encompassing a five star hotel, residential tower, shopping mall, large underground car park and other amenities to complement the project. During the preceding financial year, the company has submitted an application for a revised downscaled development plan for the City Centre project with the Planning Authority, which was eventually approved during the current financial year. However, such approval was subject to an appeal process, which appeal was in fact lodged by third parties during the current financial year. The outcome of this appeal was still not concluded as at the date that these financial statements have been authorised for issue.

The contract of acquisition of the emphyteutical grant and related acquisition costs are payable over an extended period of time (refer to Note 17) and was therefore discounted to its present value of €60.1 million at the date of purchase. The rate applied in discounting the future outflows to present value, was 3.5%, based on the market interest rate that was available to the group in 2017.

The concession agreement described above makes reference to the variability in the ground rent payable on the basis of the net floor area and gross floor area of respective parts of the development. As a result of the latest development plans and the related significant reductions in the development areas, the said subsidiary is in discussions with the relevant government authorities to revise the ground rent payments in respect of the aforementioned clause. Accordingly, considering the uncertainty surrounding these discussions, together with the outcome of the appeal process and the eventual conclusions on the ground rents payable going forward, the directors are of the opinion that the best estimate available at the end of the financial period is to base the measurement of the related financial liability on the amounts specified in the concession agreement that is presently in force and referred to above. Inevitably, should the final outcomes be significantly different from the present amounts the arising values of the respective assets and liabilities would be different from their carrying amounts.

As at 31 March 2022 and 2021, following an assessment by the directors on the basis of the amounts presently in force, the fair value of the property is deemed to fairly approximate its carrying amount. Furthermore, the directors considered it appropriate to recognise the respective assets and liabilities arising from the concession agreement referred to above, on the basis that they believe that the City Centre project will materialise in a way that it is not significantly different from the submitted development plans and the formal commitment that the company has from its parent undertaking that it will provide the necessary financial support with respect to the project and to enable the subsidiary to meet its obligations as and when they fall due.

During the current financial year, the said subsidiary continued incurring subsequent expenditure on the acquired land. The additions for 2022, disclosed in the table above, also include capitalised borrowing costs of €1,864,520 (2021: €1,748,640) representing the imputed interest component on the amounts due to the Government (refer to Note 17), and other capitalised interest costs of €247,513 (2021: €329,199). A weighted average capitalisation rate of 3.5% (2021: 3.5%) was utilised in this respect.

6. Intangible assets

	Group 2022 €	2021 €
Franchise license rights		
Year ended 31 March		
Opening net book amount	**890,439**	909,127
Additions	**88,031**	25,000
Amortisation charge	**(70,872)**	(43,688)
Closing net book amount	**907,598**	890,439
At 31 March		
Cost	**4,012,143**	3,924,112
Accumulated amortisation	**(3,104,545)**	(3,033,673)
Net book amount	**907,598**	890,439

The intangible assets represent the value of franchise license rights and related brand costs, covering a period of fifteen to twenty years, to use the *Hard Rock Café* and the *Starbucks* brand names and certain other trade names, service marks, logos and commercial symbols related to the operation of restaurant/bar establishments and sale of merchandise in accordance with the respective franchise agreement.

7. Investments in subsidiaries

	Company 2022 €	2021 €
Year ended 31 March		
Opening and closing cost and carrying amount	**36,512,741**	36,512,741

7. Investments in subsidiaries - continued

The principal subsidiaries at 31 March, whose results and financial position affected the figures of the group, are shown below:

	Registered office	Class of shares held	Percentage of shares held 2022	2021
DB Catering & Events Ltd (in dissolution)	San Antonio Hotel and Spa Triq it-Turisti, St. Paul's Bay, Malta	Ordinary shares	**100%**	100%
DB San Gorg Property Limited	Seabank Hotel, Marfa Road, Ghadira Bay, Mellieha, Malta	Ordinary shares	**100%**	100%
Evergreen Travel Limited	Akara Building 24 De Castro Street, Wickhams Cay, Road Town, Tortola British Virgin Islands	Ordinary shares	**100%**	100%
Hotel San Antonio Limited	San Antonio Hotel and Spa Triq it-Turisti St. Paul's Bay, Malta	Ordinary shares Preference A shares Preference B shares	**100%** **100%** **100%**	100% 100% 100%
J.D. Catering Limited	Seabank Hotel, Marfa Road, Ghadira Bay, Mellieha, Malta	Ordinary shares	**100%**	100%
SA Marketing Company Limited	Grand Hotel Mercure San Antonio Tourists Street, St. Paul's Bay, Malta	Ordinary shares	**100%**	100%
SD Finance plc	Seabank Hotel, Marfa Road, Ghadira Bay, Mellieha, Malta	Ordinary shares	**100%**	100%
S.R.G.N. Company Limited	Seabank Hotel, Marfa Road, Ghadira Bay, Mellieha, Malta	Ordinary shares	**100%**	100%
Sea Port Franchising Limited	Seabank Hotel, Marfa Road, Ghadira Bay, Mellieha, Malta	Ordinary shares	**100%**	100%

7. Investments in subsidiaries - continued

	Registered office	Class of shares held	Percentage of shares held 2022	2021
Seabank Hotel and Catering Limited	Seabank Hotel, Marfa Road, Ghadira Bay, Mellieha, Malta	Ordinary shares Preference shares	**100%** **100%**	100% 100%
Silverstars Boat Chartering Limited (struck off on 3 June 2022)	Seabank Hotel, Marfa Road, Ghadira Bay, Mellieha, Malta	Ordinary shares	**100%**	100%
Debar Limited	Seabank Hotel, Marfa Road, Ghadira Bay, Mellieha, Malta	Ordinary shares	**100%**	100%
DB Group Franchising Limited	Seabank Hotel, Marfa Road, Ghadira Bay, Mellieha, Malta	Ordinary shares	**100%**	100%
DB Lifestyle Group Limited	5 Stratford Place London, England WIC IAX	Ordinary shares	**100%**	-
DB Lifestyle operation Limited	5 Stratford Place London, England WIC IAX	Ordinary shares	**100%**	-
DB lifestyle Real Estate Limited	5 Stratford Place London, England WIC IAX	Ordinary shares	**100%**	-

The shareholdings in DB San Gorg Property Limited, SD Finance plc, Debar Limited, DB Group Franchising Limited, DB Catering & Events Ltd, Seabank Hotel and Catering Limited and db Lifestyle Group are held directly by SD Holdings Limited. The shareholding in Hotel San Antonio Limited is held equally between SD Holdings Limited and Seabank Hotel and Catering Limited. The shareholdings in J.D. Catering Limited, S.R.G.N. Company Limited and Sea Port Franchising Limited are held through Seabank Hotel and Catering Ltd, whilst the shareholdings in Evergreen Travel Ltd and SA Marketing Company Ltd are held through Hotel San Antonio Limited. Similarly, the shareholding in db Lifestyle Operations Limited and db Lifestyle Real Estate Limited are held through DB Lifestyle Group Limited.

DB Lifestyle Group was set up during the year with its primary objective being that of offering hospitality and catering services within the United Kingdom. The impacts of the related additional investments in the newly incorporated entities were not material in the context of group's and the Company's financial position.

8. Investments in associates

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Year ended 31 March				
Opening carrying amount	**11,556,153**	9,368,405	**5,460**	5,460
Share of results	**4,468,386**	2,187,748	**-**	-
Dividend received	**(135,000)**	-	**-**	-
Closing carrying amount	**15,889,539**	11,556,153	**5,460**	5,460
At 31 March				
Cost	**1,680,323**	1,680,323	**5,460**	5,460
Share of results and reserves	**14,209,216**	9,875,830	**-**	-
Closing carrying amount	**15,889,539**	11,556,153	**5,460**	5,460

The group's share of results of the associates, disclosed above and in profit or loss, is after tax and non-controlling interest in the associates. The principal associates at 31 March, whose results and financial position affected the figures of the group, are shown below:

	Registered office	Class of shares held	Percentage of shares held 2022	2021
DP Road Construction Limited	Sea Bank Hotel, Marfa Road, Ghadira Bay, Mellieha, Malta	Ordinary A shares Ordinary C shares	**45%** **25%**	45% 25%
Malta Healthcare Caterers Limited	JPR Buildings Level 1, Taz-Zwejt Road, San Gwann, Malta	Ordinary shares	**50%**	50%
Porto Azzurro Limited	Ridott Street, Xemxija Hill, St.Paul's Bay,Malta	Ordinary shares	**33.3%**	33.3%
Porto Azzurro Resort Club Limited	Porto Azurro Residence Ridott Street, Xemxija Hill, St.Paul's Bay,Malta	Ordinary shares	**33.3%**	33.3%
Sky Gourmet Malta Inflight Services Limited	Old Terminal Building, St. Thomas Road, Luqa, Malta	Ordinary shares	**30%**	30%
Sky Gourmet Malta Limited	Old Terminal Building, St. Thomas Road, Luqa, Malta	Ordinary shares	**30%**	30%

8. Investments in associates - continued

	Registered office	Class of shares held	Percentage of shares held 2022	2021
DB Gauci Shopping Mall Limited	Big Bon, Head office, Santa Tereza Square, off Naxxar Road Birkirkara Malta	Ordinary shares	**45%**	45%
JSSR Turnkey Projects Limited	The Food Factory BLB014A, Bulebel Industrial Estate, Zejtun, Malta	Ordinary Shares	**25%**	25%

The shareholdings in DP Road Construction Limited, DB Gauci Shopping Mall Limited and JSSR Turnkey Projects Limited are held directly by SD Holdings Limited, whilst all the other investments are held through Seabank Hotel and Catering Limited.

Disclosure requirements emanating from IFRS 12 'Disclosure of interests in other entities'

The principal and significant associates of the group are Malta Healthcare Caterers Limited and Sky Gourmet Malta Limited. The main activity of the Malta Healthcare Caterers Group, is the provision of healthcare catering services to hospitals and retirement homes, together with the provision of nursing, medical and clinical services; whilst Sky Gourmet Malta Limited's principal activity is the provision of catering and commissary services to airlines operating from Malta. These investments provide strategic partnerships for the group within business sectors which are targeted by the group for diversification or consolidation purposes. The principal places of business for both associates are based in Malta.

Associates are measured using the equity method in accordance with the group's accounting policy and there are no contingent liabilities relating to the group's interest in the associates.

Set out below are the summarised financial information of the group's principal associates, as presented in the respective financial statements.

Summarised balance sheets

	Malta Healthcare Caterers Limited		Sky Gourmet Malta Limited	
	As at 31 March		As at 31 March	
	2022	2021	**2022**	2021
	€	€	**€**	€
Non-current assets	**31,787,614**	32,943,773	**10,962**	88,668
Current assets	**55,190,153**	49,262,118	**2,479,639**	2,340,382
Non-current liabilities	**(29,485,280)**	(34,153,230)	**-**	-
Current liabilities	**(31,896,224)**	(31,243,926)	**(1,330,059)**	(1,194,784)
Net assets	**25,596,263**	16,808,735	**1,160,542**	1,234,266

8. Investments in associates - continued

The carrying amount of these investments is lower than the group's share of the net assets reflected above as a result of fair value adjustments made at the time of acquisition and the fact that the share of results for the year of acquisition was not a full financial year.

Summarised statements of comprehensive income

	Malta Healthcare Caterers Limited		**Sky Gourmet Malta Limited**	
	Year ended 31 March		**Year ended 31 March**	
	2022	2021	**2022**	2021
	€	€	**€**	€
Revenue	**90,430,248**	78,753,891	**2,582,583**	1,411,584
Profit/(loss) for the year - total comprehensive income	**8,727,011**	4,594,782	**306,011**	(221,313)
Dividend received from associate	**-**	-	**135,000**	-

The other associates of the group are not deemed material, individually and in aggregate, to the group as a reporting entity taking cognisance of the group's financial position and aggregate assets. Accordingly, the disclosure requirements emanating from IFRS 12 were not deemed necessary for the user's understanding of the financial results and the financial position of the group.

The group's share of the results of the other associates and its share of the assets and liabilities are as follows:

2022	**Assets** **€**	**Liabilities** **€**	**Revenues** **€**	**(Loss)/profit** **€**
Porto Azzurro Limited	770,093	(452,154)	148,968	11,546
Sky Gourmet Malta Inflight Services Limited	137,468	(3,315)	152,600	1,532
2021				
Porto Azzurro Limited	745,822	(439,409)	59,356	(43,783)
Sky Gourmet Malta Inflight Services Limited	134,608	(1,987)	83,463	534

DB Gauci Shopping Mall Limited, Porto Azzurro Resort Club Limited and JSSR Turnkey Projects Limited are considered by the directors to be non-operating companies. With respect to DP Road Construction Limited, operations are not deemed to be material. For these entities no recent financial information was available.

9. Right-of-use assets

The Group leases a number of immovable properties and motor vehicles; which leases are deemed to be within scope of IFRS 16 'Leases'.

The statement of financial position reflects the following assets relating to leases:

	Properties €	Motor vehicles €	Total €
As at 1 April 2020	6,051,407	99,541	6,150,948
Additions	653,440	82,694	736,134
Impact of derecognition of leased assets	-	(17,938)	(17,938)
Amortisation charge	(631,684)	(29,546)	(661,230)
As at 31 March 2021	6,073,163	134,751	6,207,914
As at 1 April 2021	6,073,163	134,751	6,207,914
Additions	4,517,429	-	4,517,429
Impact of derecognition of leased assets	-	(28,491)	(28,491)
Amortisation charge	(766,039)	(30,081)	(796,120)
As at 31 March 2022	**9,824,553**	**76,179**	**9,900,732**

The income statement reflects the following amounts relating to leases:

	2022 **€**	2021 €
Amortisation charge of right-of-use assets	**796,120**	661,230
Interest expense (included in finance costs) (Note 26)	**373,140**	320,352
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	**307,748**	41,788
Rent rebates in relation to COVID-19 (Note 20)	**(207,968)**	(344,137)

10. Deferred taxation

Deferred income taxes are calculated on temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2021: 35%), with the exception of deferred taxation on the fair valuation of non-depreciable property which is computed on the basis applicable to disposals of immovable property, i.e. tax effect of 10% (2021: 10%).

	Group	
	2022	2021
	€	€
Year ended 31 March		
At beginning of year	**(13,602,475)**	(18,762,326)
Credited/(charged) to profit or loss (Note 27):		
Unabsorbed capital allowances	**(879,847)**	2,462,932
Unutilised investment tax credits	**(75)**	7,917
Unutilised trading losses	**479,218**	2,682,552
Temporary differences on property, plant and equipment and provisions for credit loss allowances	**(225,439)**	(108,661)
Temporary differences on right-of-use assets	**113,242**	41,076
Realisation through asset use	**76,939**	76,940
Unrecognised deferred tax in prior year	**-**	(2,905)
At end of year	**(14,038,437)**	(13,602,475)

Deferred taxation is principally composed of deferred tax assets and liabilities which are expected to be recovered and settled after more than 12 months. Deferred tax assets have been recognised in the financial statements on the basis that the directors of the respective companies are of the opinion that it is probable that future taxable profits will be available to utilise such assets.

10. Deferred taxation - continued

The balance at 31 March represents:

	Group	
	2022	2021
	€	€
Unutilised tax credits arising from:		
Unabsorbed capital allowances	**1,602,946**	2,482,793
Investment tax credits	**1,176,527**	1,176,602
Unutilised trading losses	**3,161,770**	2,682,552
Taxable temporary differences arising from depreciation of property, plant and equipment	**(5,524,305)**	(5,298,866)
Taxable temporary differences arising from revaluation of property, plant and equipment	**(14,720,867)**	(14,788,540)
Taxable temporary differences arising from intra-group transactions	**(80,959)**	(90,225)
Deductible temporary differences arising from right-of-use assets	**203,399**	90,157
Deductible temporary differences on provisions for credit loss allowances	**143,052**	143,052
	(14,038,437)	(13,602,475)
Disclosed as follows:		
Deferred tax assets	**4,580,712**	3,986,163
Deferred tax liabilities	**(18,619,149)**	(17,588,638)
	(14,038,437)	(13,602,475)

The company has an unrecognised deferred tax asset amounting to €16,868 (2021: Nil) arising on unutilised tax losses.

11. Trade and other receivables

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Non-current				
Amounts owed by subsidiaries	**-**	-	**24,453,236**	26,321,039
Other receivables	**335,337**	210,168	**-**	-
	335,337	210,168	**24,453,236**	26,321,039
Current				
Trade receivables	**3,270,347**	1,643,710	**-**	-
Less: credit loss allowances	**(408,721)**	(408,721)	**-**	-
	2,861,626	1,234,989	**-**	-
Advance payments to suppliers	**2,725,350**	1,260,655	**-**	-
Amounts owed by shareholder	**1,306,631**	-	**803,638**	-
Amounts owed by subsidiaries	**-**	-	**2,121,202**	705,880
Amounts owed by associates	**2,446,804**	2,342,182	**1,694,012**	1,723,392
Amounts owed by other related parties	**201,573**	166,780	**25,000**	25,000
Other receivables	**962,211**	885,494	**23,749**	10,385
Indirect taxation	**17,436**	73,655	**-**	1,796
Prepayments and accrued income	**1,647,222**	1,235,128	**65,465**	-
	12,168,853	7,198,883	**4,733,066**	2,466,453

Amounts owed by shareholder are unsecured, interest free and repayable on demand.

11. Trade and other receivables - continued

Non-current amounts owed by subsidiaries include an amount of €17,000,000 (2021: €17,000,000) relating to the consideration receivable from the sale of intellectual property to DB Group Franchising Limited. These amounts are unsecured, interest free and have been earmarked as additional capital required by the subsidiary, the terms of which will be concluded in the foreseeable future. Other non-current amounts owed by subsidiaries of €7,453,236 (2021: €9,321,039) are unsecured, subject to interest of 2.5% plus 3-month Euribor, subject to a subsidy of 2.4% for the first two years after drawdown, in line with the COVID-19 Guarantee Scheme supported by the Malta Development Bank (MDB). Accordingly, the effective interest rate as at 31 March 2022 is of 0.1%. The loans are repayable as follows:

	Company	
	2022	2021
	€	€
Between 1 and 2 years	**2,420,833**	2,098,005
Between 2 and 5 years	**5,032,403**	7,223,034
	7,453,236	9,321,039

Non-current other receivables represent deposits effected by a group undertaking to lessor under operating lease arrangements. This is refundable at the end of the lease terms in accordance with the respective lease arrangements.

As at 31 March 2022, advance payments to suppliers are supported by collateral in the form of bank guarantees for an amount of €1,000,000 (2021: €1,000,000) as security for the related services that are due to a subsidiary.

Included in current other receivables is a payroll grant receivable from the Government amounting to €Nil (2021: €171,915) relating to the COVID-19 pandemic schemes.

12. Inventories

	Group	
	2022	2021
	€	€
Food and beverage	**654,354**	475,959
Merchandise	**439,401**	559,349
Consumables and other inventory	**378,003**	299,926
	1,471,758	1,335,234

13. Cash and cash equivalents

For the purposes of the cash flow statements, the year-end cash and cash equivalents comprise the following:

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Cash at bank and in hand	**40,188,342**	31,819,565	**35,440,917**	26,502,324
Bank overdrafts (Note 18)	**(721,983)**	(237,484)	**-**	-
	39,466,359	31,582,081	**35,440,917**	26,502,324

14. Share capital

	Company 2022 €	Company 2021 €
Authorised		
5,000,000 Ordinary shares of €1 each	**5,000,000**	5,000,000
Issued and fully paid		
4,000,000 Ordinary shares of €1 each	**4,000,000**	4,000,000

15. Revaluation reserve

	Group 2022 €	Group 2021 €
Year ended 31 March		
At beginning of year	**74,228,964**	74,354,642
Transfer upon realisation through asset use, net of deferred tax	**(125,679)**	(125,678)
At end of year	**74,103,285**	74,228,964

The revaluation reserve represents the revaluation surplus arising on the valuation of the group's land and buildings and is non-distributable.

16. Other reserves

	Group 2022 €	Group 2021 €
Capital redemption reserve	**11,628,279**	11,628,279
Incentives and benefits reserve	**1,240,807**	1,240,807
Other reserves	**32,612**	61,078
	12,901,698	12,930,164

The capital redemption reserve represents a sum equal to the nominal amount of reference shares redeemed by a subsidiary in accordance with Article 115 of the Maltese Companies Act (Cap. 386). The capital redemption reserve may be applied in paying up unissued shares to be issued to members as fully paid bonus shares. These redemptions took place in prior years. The preference shares redeemed were attributable to non-controlling interest.

The incentives and benefits reserve represents transfers effected by a subsidiary for the net amount of profits subject to income tax at a reduced rate of tax, in accordance with Articles 24B and 36 of the Business Promotion Act. No transfers to the incentives and benefits reserve have been made during the current and the preceding financial years, as no income was subject to tax at reduced rates. Such profits are set aside for the exclusive purpose of financing the upgrading projects within the qualifying company as approved by Malta Enterprise Corporation in accordance with Article 6 of the Business Promotion Act. The incentives and benefits reserve is not distributable and will be retained for a period of eight years after which it can be distributed by means of a bonus issue.

17. Trade and other payables

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Non-current				
Amounts due to Government in relation to purchase of land	**46,781,751**	48,013,184	**-**	-
Payables with respect to capital expenditure	**629,344**	-	**-**	-
Contract liabilities - deferred income arising on long term rights of use sales	**12,057,342**	12,001,121	**-**	-
	59,468,437	60,014,305	**-**	-
Current				
Trade payables	**3,317,574**	3,524,196	**-**	-
Amounts due to Government in relation to purchase of land	**5,982,160**	4,420,651	**-**	-
Payables and accruals with respect to capital expenditure	**1,760,718**	1,064,206	**-**	-
Contract liabilities				
- Advance deposits from tour operators and other third parties	**1,460,298**	1,846,005	**-**	-
- Deferred income arising on long term rights of use sales	**916,842**	753,139	**-**	-
Amounts owed to shareholder	**-**	973,685	**-**	972,897
Amounts owed to subsidiaries		-	**66,688,314**	55,935,978
Amounts owed to associates	**14,458,921**	11,465,668	**-**	-
Amounts owed to other related parties	**641,611**	643,478	**2,798,342**	2,798,342
Other payables	**166,834**	144,344	**762**	898
Indirect taxation and social security	**2,781,744**	824,792	**4,977**	-
Accrued interest payable to bond holders	**2,640,406**	2,640,406	**-**	-
Other accruals	**1,903,729**	1,585,299	**2,350**	4,588
	36,030,837	29,885,869	**69,494,745**	59,712,703

The group's liability towards the Government of Malta in relation to the payment of groundrents and any penalty that may become due by db San Gorg Property Limited is secured by a special privilege on the site at St Julian's accorded to the dominus by law in favour of the Government of Malta.

The maturity of this liability is as follows:

	Group	
	2022	2021
	€	€
Due within 1 year	**5,982,160**	4,420,651
Due between 1 and 2 years	**2,991,080**	2,991,080
Due between 2 and 5 years	**4,710,966**	6,116,098
Due after more than 5 years	**160,964,400**	162,550,348
	174,648,606	176,078,177
Less: imputed interest component	**(121,884,695)**	(123,644,342)
	52,763,911	52,433,835

17. Trade and other payables - continued

Payables with respect to capital expenditure include an amount of €1,111,724 in relation to a piece of land acquired during the current financial year for which payments will be made over 33 months.

The maturity of this liability is as follows:

	2022	2021
	€	€
Due within 1 year	**487,444**	-
Due between 1 and 2 years	**690,546**	-
	1,177,990	-
Less: imputed interest component	**(66,266)**	-
	1,111,724	-

The company's amounts owed to subsidiaries represent financing obtained by the parent company from other group undertakings to finance various group projects including the acquisition of Hotel San Antonio Limited in prior years and subsequent developments at the same hotel. Such advances are unsecured and repayable on demand. However, the respective subsidiaries have undertaken not to request repayment of amounts due until alternative financing is available. Included in such advances are offsettable amounts of €1,488,101 (2021: €1,488,101) owed by a subsidiary to the parent company which are subject to interest at 4.8% (2021: 4.8%). All the other amounts are interest free.

Contract liabilities – recognised in revenue during 2022

Revenue recognised in profit or loss during the financial year ended 31 March 2022 that was included in the balances of contract liabilities as at the end of the preceding financial year amounted to €1,441,576 (2021: €1,275,426). All movements in contract liabilities during the current and preceding financial years relates to business variations.

18. Borrowings

	Group		**Company**	
	2022	2021	**2022**	2021
	€	€	**€**	€
Non-current				
Bank loans	**13,630,344**	15,501,822	**7,453,236**	9,321,039
Loan from subsidiary	**-**	-	**1,488,101**	1,488,101
650,000 4.35% Bonds 2017 – 2027	**64,490,922**	64,401,010	**-**	-
	78,121,266	79,902,832	**8,941,337**	10,809,140
Current				
Bank overdrafts	**721,983**	237,484	**-**	-
Bank loans	**4,046,701**	2,404,005	**2,092,327**	678,960
	4,768,684	2,641,489	**2,092,327**	678,960
Total borrowings	**82,889,950**	82,544,321	**11,033,664**	11,488,100

18. Borrowings - continued

Bonds

By virtue of an offering memorandum dated 27 March 2017, SD Finance plc (the Issuer) issued €65,000,000 bonds with a face value of €100 each. The bonds have a coupon interest of 4.35% which is payable annually in arrears, on 25 April of each year. The bonds are redeemable at par and are due for redemption on 25 April 2027. The bonds are guaranteed by SD Holdings Limited, which has bound itself jointly and severally liable with the issuer, for the repayment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds were admitted on the Official List of the Malta Stock Exchange on 4 May 2017. The quoted market price as at 31 March 2022 and 2021 for the bonds was €100.25 and €101.50 respectively, which in the opinion of the directors fairly represents the fair value of these financial liabilities. At the end of the current reporting period, bonds with a face value of €537,327 (2021: €535,000) were held by a company director.

In accordance with the provisions of the prospectus, the proceeds from the bond issue have been advanced by the Issuer to SD Holdings Limited (the company's parent undertaking and guarantor of the bonds) and to Hotel San Antonio Limited and Seabank Hotel and Catering Limited (both fellow subsidiaries of the Issuer). The principal purposes for these advances were the re-financing of existing banking facilities of the respective borrower, the financing of the redemption of the redeemable preference shares of Seabank Hotel and Catering Limited (refer to Note 16) and for the general corporate funding purposes of the db Group.

The 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:

	2022	2021
	€	€
Original face value of bonds issued	**65,000,000**	65,000,000
Bond issue costs	**(924,036)**	(924,036)
Accumulated amortisation	**414,958**	325,046
Closing net book amount of bond issue costs	**(509,078)**	(598,990)
Amortised cost and closing carrying amount of the bonds	**64,490,922**	64,401,010

Bank borrowings

During 2020, SD Holdings Limited successfully applied for loans through the COVID-19 Guarantee Scheme supported by the Malta Development Bank (MDB). These loans were then advanced to various components within the db Group at the same terms and conditions as issued by the respective bank. In this respect, SD Holdings Limited advanced €10,000,000 to its subsidiaries (refer to Note 11 for information relating to balances as at 31 March 2022 and 2021). The loan is subject to interest of 2.5% plus 3-month Euribor. However, in line with the MDB COVID Guarantee Scheme, the loan benefits from a subsidy of 2.4% for the first two years. Accordingly, the effective interest rate as at 31 March 2022 and 2021 is of 0.1%.

18. **Borrowings** - continued

The group's and the company's banking facilities as at 31 March 2022 amounted to €80,677,459 (2021: €82,129,091) and €10,000,000 (2021: €10,500,000) respectively. The group's bank facilities are mainly secured by:

(a) special hypothecs over the group's property up to an amount of €75,600,000 (2021: €75,600,000);
(b) general hypothecs over the group's present and future assets up to an amount of €85,600,000 (2021: €85,500,000);
(c) pledges over specific insurance policies of group undertakings;
(d) letters of undertaking.

The interest rate exposure of the bank borrowings is at floating rates and the weighted average effective interest rates as at the end of the financial reporting period are as follows:

	Group		Company	
	2022	2021	**2022**	2021
Bank overdrafts	**4.0%**	4.0%	**-**	-
Bank loans	**3.9%**	3.9%	**0.1%**	0.1%

Maturity of non-current bank borrowings:

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Between 1 and 2 years	**4,511,649**	4,087,481	**2,420,833**	2,098,005
Between 2 and 5 years	**9,118,695**	11,301,742	**5,032,403**	7,223,034
Over 5 years	**-**	112,599	**-**	-
	13,630,344	15,501,822	**7,453,236**	9,321,039

Loan from subsidiary

The company's non-current loans from subsidiary amounting to €1,488,101 consist of advances from SD Finance plc, out of the proceeds of the bonds issued by the same company. The proceeds of the bond issue have been advanced to SD Holdings Limited and other companies forming part of the db Group. SD Holdings Limited utilised these advances primarily for re-financing its existing banking facilities. These loans are subject to interest at a fixed interest rate of 4.55%, with an additional renewal fee, which shall be charged on the loans at a floating rate at the discretion of the directors of the Issuer. As at the end of the current reporting period, the element of the floating rate interest was 0.15% (2021: 0.28%). The loans are unsecured and repayable by not later than 10 April 2027.

19. Deferred government grants

	Group	
	2022	2021
	€	€
At beginning of the year	**4,820**	9,641
Credited to profit or loss:		
- Annual amortisation related to assets	**(4,820)**	(4,821)
At end of year	**-**	4,820
At 31 March		
Non-current	**-**	-
Current	-	4,820
	-	4,820

20. Lease liabilities

	Properties	Motor vehicles	Total
	€	€	€
As at 1 April 2020	6,187,189	104,796	6,291,985
Additions	653,440	82,694	736,134
Impact of derecognition of leased assets	-	(18,414)	(18,414)
Interest charges	316,803	3,549	320,352
COVID-19 lease concessions	(344,137)	-	(344,137)
Payments effected - total cash outflows	(439,946)	(37,464)	(477,410)
As at 31 March 2021	6,373,349	135,161	6,508,510
Non-current	5,822,913	104,308	5,927,221
Current	550,436	30,853	581,289
Total lease liabilities as at 31 March 2021	6,373,349	135,161	6,508,510

20. Lease liabilities - continued

	Properties €	Motor vehicles €	Total €
As at 1 April 2021	6,373,349	135,161	6,508,510
Additions	4,517,429	-	4,517,429
Impact of derecognition of leased assets	-	(28,491)	(28,491)
Interest charges	368,538	4,602	373,140
COVID-19 lease concessions	(207,968)	-	(207,968)
Payments effected - total cash outflows	(703,811)	(34,357)	(738,168)
As at 31 March 2022	**10,347,537**	**76,915**	**10,424,452**
Non-current	9,695,459	54,232	9,749,691
Current	652,078	22,683	674,761
Total lease liabilities as at 31 March 2022	**10,347,537**	**76,915**	**10,424,452**

These lease liabilities are measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease arrangement. The discount rate applied to the lease liabilities was 5% which is in line with prior year.

The contractual undiscounted cash flows attributable to lease liabilities as at 31 March are analysed in Note 2.1 (c).

As a result of the COVID-19 pandemic, rent concessions have been granted to group undertakings. The group has accounted for such concessions as variable lease payments in the period in which they are granted.

21. Revenue

The group's entire revenue is derived locally mainly from hospitality, leisure and ancillary activities.

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
By category				
Hospitality and ancillary services	**23,708,895**	7,648,344	**-**	-
Food and beverage	**14,097,753**	8,241,316	**-**	-
Merchandise and other retailing activities	**1,741,873**	1,154,949	**-**	-
Other revenue	**811,325**	206,156	**-**	-
	40,359,846	17,250,765	**-**	-

Unfulfilled performance obligations, which are the services that the Group is obliged to provide to customers during the remaining fixed term contract, as at 31 March 2022 and 2021, relate to the amounts disclosed under 'contract liabilities' in Note 17 to the financial statements. The Group's revenue that is recognised over time is also disclosed in Note 17.

22. Expenses by nature

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Employee benefit expense (Note 23)	**8,760,937**	5,309,588	**-**	-
Amortisation of intangible assets (Note 6)	**70,872**	43,688	**-**	-
Amortisation of right-of-use assets (Note 9)	**796,120**	661,230	**-**	-
Depreciation of property, plant and equipment (Note 4)	**8,133,442**	8,135,208	**-**	-
Utilities and similar charges	**1,352,862**	865,333	**-**	-
Operating supplies and related expenses	**9,044,275**	4,390,978	**-**	-
Repairs and maintenance costs	**964,780**	1,239,819	**-**	-
Marketing, advertising costs and Commissions	**768,140**	369,266	**-**	-
Franchise royalties	**325,224**	165,719	**-**	-
Variable lease rentals	**307,748**	41,788	**-**	-
COVID-19 rent rebates (Note 20)	**(207,968)**	(344,137)	**-**	-
Amounts written off in respect of trade receivables (included in 'Administrative expenses')	**-**	2,634	**-**	-
Other expenses	**2,884,619**	2,096,284	**25,984**	11,345
Total cost of sales, selling and administrative expenses	**33,201,051**	22,977,398	**25,984**	11,345

22. Expenses by nature - continued

Auditor's fees

Fees charged by the auditor for services rendered during the current and the preceding financial years relate to the following:

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Annual statutory audit	**110,300**	99,650	**1,700**	1,500
Tax advisory and compliance services	**20,585**	20,430	**1,065**	615
Other non-audit services	**63,900**	17,950	**8,200**	6,250
	194,785	138,030	**10,965**	8,365

23. Employee benefit expense

	Group	
	2022	2021
	€	€
Wages and salaries (including directors' remuneration)	**8,232,875**	5,210,398
Social security costs	**505,740**	448,626
	8,738,615	5,659,024
Recharged from/(to) associates	**22,322**	(349,436)
	8,760,937	5,309,588

Wages and salaries for 2022 are presented net of a payroll grant receivable from the Government amounting to €4,739,526 (2021: €5,024,970) in view of the COVID-19 pandemic. Grants related to income are presented as a deduction in reporting the related expense.

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

	Group	
	2022	2021
Direct	**588**	576
Administration	**72**	71
	660	647

24. Investment income

	Company 2022 €	Company 2021 €
Dividend income	-	4,000,000

25. Other operating income

	Group 2022 €	Group 2021 €	Company 2022 €	Company 2021 €
Amortisation of deferred Government grants (Note 19)	**4,820**	4,821	-	-
Operating lease income	**263,397**	159,566	-	-
Insurance business interruption refunds	**3,075,529**	-	-	-
Other income	**458,941**	163,474	-	18,750
	3,802,687	327,861	-	18,750

26. Finance income and finance costs

	Group 2022 €	Group 2021 €	Company 2022 €	Company 2021 €
Finance income				
Interest on amounts owed by subsidiary	-	-	**82,270**	110,475
Finance income arising from short-term deposits	**53,979**	15,506	**42,102**	14,930
	53,979	15,506	**124,372**	125,405

	Group 2022 €	Group 2021 €	Company 2022 €	Company 2021 €
Finance costs				
Bond interest expense	**2,917,413**	2,913,811	-	-
Interest on bank borrowings and other loans	**104,890**	80,018	**10,071**	4,491
Interest on loan from subsidiary	-	-	**67,709**	67,709
Finance cost on lease liabilities	**373,140**	320,352	-	-
Imputed interest component on deferred income arising on long-term rights of use sales	**580,319**	551,597	-	-
Other finance charges	**420,154**	63,377	**2,256**	2,157
	4,395,916	3,929,155	**80,036**	74,357

27. Tax expense/(credit)

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Current taxation:				
Current tax expense	**88,137**	69,547	**6,315**	381,499
Under provision in prior year	**-**	73,374	**2,240**	-
Group relief	**-**	-	**-**	15,233
Deferred taxation (Note 10)	**435,962**	(5,159,851)	**-**	-
Tax expense/(credit)	**524,099**	(5,016,930)	**8,555**	396,732

The tax on the profit/(loss) before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Profit/(loss) before tax	**11,087,931**	(7,124,673)	**18,352**	4,058,453
Tax on profit/(loss) at 35%	**3,880,776**	(2,493,636)	**6,423**	1,420,459
Tax effect of:				
Share of results of associates	**(1,563,935)**	(765,712)	**-**	-
Expenses not deductible for tax purposes	**107,544**	154,034	**-**	2,240
Income not subject to tax or charged at reduced rates	**(322,315)**	(340,703)	**(14,736)**	(1,026,031)
Unrecognised temporary differences and unutilised tax credits	**113,105**		**-**	-
Unrecognised deferred tax in prior year	**29,789**	41,536	**-**	-
Unrecognised deferred tax in current year		-	**16,868**	-
(Over)/under provision in prior year	**(35,032)**	73,384	**-**	64
Incentives in respect of intellectual property of a group undertaking	**(1,685,833)**	(1,685,833)	**-**	-
Tax charge/(credit) in the accounts	**524,099**	(5,016,930)	**8,555**	396,732

28. Directors' remuneration

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Salaries and other emoluments	**909,726**	920,035	**-**	-

29. Dividends paid

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Gross and net dividends on ordinary shares	**-**	4,000,000	**-**	4,000,000
Dividends per share	**-**	1.00	**-**	1.00

30. Cash generated from operations

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

	Group		Company	
	2022	2021	**2022**	2021
	€	€	**€**	€
Operating profit/(loss)	**10,961,482**	(5,398,772)	**(25,984)**	4,007,405
Adjustments for:				
Depreciation of property, plant and equipment (Note 4)	**8,133,442**	8,135,208	**-**	-
Amortisation of intangible assets (Note 6)	**70,872**	43,688	**-**	-
Amortisation of right-of-use assets (Note 9)	**796,120**	661,230	**-**	-
Amortisation of deferred Government grants (Note 19)	**(4,820)**	(4,821)	**-**	-
Loss on disposal of property, plant and equipment	**-**	35,187	**-**	-
Movement in credit loss allowances		-	**-**	-
COVID-19 rent rebates (Note 20)	**(207,968)**	(344,137)	**-**	-
Changes in working capital:				
Inventories	**(136,524)**	428,950	**-**	-
Trade and other receivables	**(5,095,139)**	4,666	**(853,246)**	312,371
Trade and other payables	**259,247**	(3,371,277)	**9,773,487**	2,181,844
Cash generated from operations	**14,776,712**	189,922	**8,894,257**	6,501,620

Net debt reconciliation

Other than as disclosed in Note 18 'Borrowings', with respect to the amortisation of bond issue costs, all the movements in the group's and the company's net debt mainly relate to cash flow movements and disclosed as part of the financing activities in the statements of cash flows.

31. Commitments

Capital commitments

Commitments for capital expenditure not provided for in these financial statements are as follows:

	Group	
	2022	2021
	€	€
Authorised but not contracted for	**165,800,000**	165,000,000

Operating lease commitments – where a group undertaking is a lessor

A subsidiary undertaking had non-cancellable operating leases receivable, as follows:

	Group	
	2022	2021
	€	€
Less than one year	**263,397**	159,566

Operating lease receivables relate to property concessions.

32. Contingencies

At 31 March 2022, the group's and the company's major contingent liabilities were:

(a) Guarantees given by the parent company in respect of bank facilities of group undertakings for an amount of €73,000,000 (2021: €72,900,000). At 31 March 2022, the parent company also gave guarantees for an amount of €7,500,000 (2021: €7,500,000) jointly with other group undertakings in respect of bank facilities of a subsidiary.

(b) Guarantees given by a group undertaking in respect of bank facilities of associates for an amount of €20,141,650 (2021: €3,375,000).

(c) Undertakings given by the parent company to provide the necessary financial support to subsidiaries and associates so as to enable these entities to meet their liabilities and any other obligations as they fall due and to continue as a going concern.

(d) Uncalled share capital amounting to €5,590 (2021: €5,590) relating to shares subscribed in associates by a group undertaking and uncalled share capital amounting to €960 (2021: €960) relating to shares subscribed in subsidiaries by the parent company.

(e) Guarantees of €703,000 (2021: €693,650) issued by the group's bankers, on behalf of group undertakings in favour of the Planning Authority, in the ordinary course of business.

(f) Guarantees and performance bond amounting to €250,000 (2021: €250,000) given to the Commissioner of Land with respect to the acquisition of the land title.

(g) Guarantees of €108,500 (2021: €108,500) issued by the group's bankers, on behalf of group undertakings in favour of the Environment and Resources Authority, in the ordinary course of business.

32. Contingencies - continued

(h) Guarantees of up to a maximum of €310,606 (2021: €134,606) issued by group undertakings to various third parties in the ordinary course of business.

33. Related party transactions

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over the other party in making financial and operating policy decisions.

The entities constituting the db Group are ultimately owned by Mr Silvio Debono who is considered to be the group's ultimate controlling party. Accordingly, all entities owned or controlled by Silvio Debono, the associates of the group and the group's key management personnel are the principal related parties of the db Group.

In the ordinary course of their operations, group entities provide services to associates and other related parties mentioned above for trading services and in turn group entities also purchase services from such related parties. The group's related party transactions also include financing transactions, principally advances with associates and other related parties.

In the opinion of the directors, disclosure of related party transactions, which are generally carried out on commercial terms and conditions, is only necessary when the transactions effected have a material impact on the operating results and financial position of the group. Other than the transactions already disclosed in these financial statements, the aggregate invoiced amounts in respect of a considerable number of transaction types carried out with related parties are not considered material and accordingly they do not have a significant effect on these financial statements.

Year-end balances with related parties are disclosed in Notes 11, 17 and 18 to these financial statements. Such balances are unsecured, interest free and repayable on demand unless otherwise stated in the respective notes.

Key management personnel comprises the directors of the parent company and the directors of the other group undertakings. Key management personnel compensation, consisting of the parent company's directors' remuneration has been disclosed in Note 28. In addition to the amounts disclosed in Note 28, other key management personnel compensation amounted to €229,462 (2021: €Nil).

34. Statutory information

SD Holdings Limited is a limited liability company and is incorporated in Malta.