

Preliminary Profit Statement for the year ended 31 December 2002

Introduction

The financial information presented herein has been extracted from the Company's audited financial statements for the year ended 31 December 2002.

This preliminary profit statement is being published in terms of section 6.05.06 (iii) of the bye-laws of the Malta Stock Exchange.

Business Review

In July 2002, the company issued Lm7,000,000 6.7% 2012 bonds to the general public. The proceeds from the offering were advanced to Spinola Development Company Limited for its general financing needs, including the completion of the Portomaso project and the re-financing of existing bank facilities. In August 2002, these bonds were listed on the Official List of the Malta Stock Exchange.

In October 2002, 42,000 6.7% Secured notes 2006 with a nominal value of Lm100 each, that had been issued in November 2000, were also listed on the Official List of the Malta Stock Exchange.

During the year under review, interest receivable from Spinola Development Company Limited amounted to Lm526,491. Interest payable on the bonds and on the secured notes together with the amortisation of the related issue costs amounted to Lm494,478. The profit for the year amounted to Lm4,963 after deducting administrative expenses and taxation of Lm19,683 and Lm7,367 respectively.

In 2002, Spinola Development Company Limited registered a better performance than that outlined in the projections set out in the Offering Memorandum dated 10 July 2002. Results from operations were in line with projections, particularly because of the strong performance of the Hilton hotel, while apartment sales were ahead of forecasts.

The company's earnings per share amounting to 6.2 cents, is based on the profit for the year attributable to the ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year. In May 2002, the issued and paid-up share capital of the company was increased by Lm50,000 and now amounts to Lm100,000.

The Board of Directors
30 May 2003

Profit and Loss Account

	2002 Lm	2001 Lm
Interest receivable and similar income	526,491	306,693
Interest payable and similar charges	(494,478)	(285,373)
Net interest income	32,013	21,320
Administrative expenses	(19,683)	(11,012)
Profit before taxation	12,330	10,308
Taxation	(7,367)	(5,295)
Profit for the financial year	4,963	5,013
Earnings per share (cents)	6c2	10c0

Balance Sheet Extract

	2002 Lm	2001 Lm
ASSETS		
Fixed Assets	11,200,000	4,200,000
Current Assets	254,420	74,006
Total Assets	11,454,420	4,274,006
EQUITY & LIABILITIES		
Capital and Reserves	109,960	54,997
Provision for liabilities and charges	40,220	-
Creditors falling due after more than one year	11,055,585	4,175,112
Creditors falling due within one year	248,655	43,897
Total Creditors	11,304,240	4,219,009
Total Equity and Liabilities	11,454,420	4,274,006