CONSOLIDATED HOLDINGS LIMITED

Annual Report and Consolidated Financial Statements
31 December 2009

Company Registration Number: C 1192

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Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2009.

Principal activities

The group's principal activities, which are unchanged since last year, are the importation and sale of motor vehicles, the operation of a hotel, serving as a finance house by granting and administering hire purchase agreements, and the renting out of owned property.

The company's principal activities, which are unchanged since last year, are that of holding investments in various subsidiary undertakings.

Review of the business

The group's level of business remains at sustained levels and its financial position is satisfactory. The directors expect that the present level of activity will be sustained for the foreseeable future and that operating results will improve accordingly.

Results and dividends

The consolidated financial results are set out on page 8. The directors have proposed and paid a final net dividend of €105,000 (2008: €104,822).

Directors

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

Maurice F. Mizzi
Brian R. Mizzi
Angele Calleja – resigned on 12 January 2009
Veronique Mizzi – appointed on 12 January 2009

On 1 January 2010, Veronique Mizzi resigned from office and Angele Calleja was appointed as director in her stead.

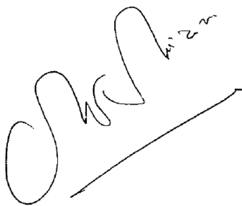
The company's Articles of Association do not require any directors to retire.

Directors' report - continued

Auditors

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

On behalf of the board



Maurice F. Mizzi
Director

Brian R. Mizzi
Director

Registered office
Mizzi House
National Road
Blata l-Bajda
Malta

30 April 2010

Statement of directors' responsibilities

The directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the group and the parent company as at the end of each reporting period and of the profit or loss for that period.

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

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

The directors are also responsible for designing, implementing and maintaining internal control 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 Companies Act, 1995. They are also responsible for safeguarding the assets of the group and the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Consolidated Holdings Limited for the year ended 31 December 2009 are included in the Annual Report and Consolidated Financial Statements 2009, which is published in hard-copy printed form and made available on the company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Independent auditor's report

To the Shareholders of Consolidated Holdings Limited

Report on the Financial Statements

We have audited the consolidated and the stand-alone parent company financial statements of Consolidated Holdings Limited (together the "financial statements") on pages 6 to 62 which comprise the consolidated and parent company statements of financial position as at 31 December 2009, the consolidated and parent company statements of income, comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995. As described in the statement of directors' responsibilities on page 3, this responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

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

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

Opinion
In our opinion the financial statements

- give a true and fair view of the financial position of the group and the parent company as at 31 December 2009, and of the group's and the parent company's financial performance and cash flows for the year then ended in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Maltese Companies Act, 1995.

Independent auditor's report - continued

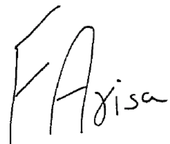
Report on Other Legal and Regulatory Requirements

We also have responsibilities under the Maltese Companies Act, 1995 to report to you if, in our opinion:

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

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

167 Merchants Street
Valletta
Malta



Fabio Axisa
Partner

30 April 2010

Statements of financial position

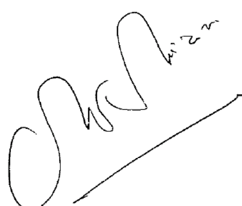
	Notes	As at 31 December			
		2009	2008	**2009**	2008
		Group		**Company**	
		€	€	**€**	€
ASSETS					
Non-current assets					
Property, plant and equipment	4	**10,472,873**	10,739,989	**6,338**	6,338
Investment property	5	**5,572,889**	5,572,889	**-**	-
Investments in subsidiaries	6	**-**	-	**6,221,616**	6,221,616
Investments in associate	7	**14,715,845**	14,856,126	**1,482,751**	1,482,751
Available-for-sale financial assets	8	**18,288**	18,288	**12,057**	12,057
Trade and other receivables	10	**6,366,835**	7,336,390	**-**	-
Total non-current assets		**37,146,730**	38,523,682	**7,722,762**	7,722,762
Current assets					
Inventories	9	**1,250,870**	1,308,694	**-**	-
Trade and other receivables	10	**25,353,721**	29,023,162	**1,801,172**	1,423,812
Loans and advances	12	**550,000**	1,100,000	**5,241,090**	5,241,090
Current tax assets		**170,682**	145,025	**116,478**	116,478
Cash and cash equivalents	13	**243,259**	339,333	**133,051**	154,812
Total current assets		**27,568,532**	31,916,214	**7,291,791**	6,936,192
Total assets		**64,715,262**	70,439,896	**15,014,553**	14,658,954

Statements of financial position - continued

	Notes	As at 31 December			
		2009	2008	**2009**	2008
		Group		Company	
		€	€	**€**	€
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	14	**746,797**	746,797	**746,797**	746,797
Revaluation reserves	15	**8,934,626**	9,013,089	**-**	-
Fair value gains and other reserves	16	**4,677,684**	4,678,991	**113,592**	113,592
Retained earnings		**24,779,068**	25,177,735	**6,574,747**	6,272,555
Total equity		**39,138,175**	39,616,612	**7,435,136**	7,132,944
Non-current liabilities					
Borrowings	18	**5,534,869**	11,079,780	**2,562,313**	2,308,099
Deferred tax liabilities	17	**1,390,514**	1,403,501	**-**	-
Total non-current liabilities		**6,925,383**	12,483,281	**2,562,313**	2,308,099
Current liabilities					
Trade and other payables	19	**15,333,040**	12,096,434	**5,017,104**	4,993,047
Current tax liabilities		**4,659**	9,497	**-**	-
Borrowings	18	**3,314,005**	6,234,072	**-**	224,864
Total current liabilities		**18,651,704**	18,340,003	**5,017,104**	5,217,911
Total liabilities		**25,577,087**	30,823,284	**7,579,417**	7,526,010
Total equity and liabilities		**64,715,262**	70,439,896	**15,014,553**	14,658,954

The notes on pages 14 to 62 are an integral part of these consolidated financial statements.

The financial statements on pages 6 to 62 were authorised for issue by the board on 30 April 2010 and were signed on its behalf by:



Maurice F. Mizzi
Director

Brian R. Mizzi
Director

Income statements

	Notes	**2009**	2008	**2009**	2008
		Year ended 31 December			
		Group		**Company**	
		€	€	**€**	€
Revenue	20	**11,652,480**	13,591,745	**-**	-
Cost of sales		**(9,356,436)**	(11,328,270)	**-**	-
Gross profit		**2,296,044**	2,263,475	**-**	-
Selling and other direct expenses		**(667,312)**	(580,491)	**-**	-
Administrative expenses		**(1,611,436)**	(1,345,449)	**(7,361)**	(7,597)
Other operating income		**28,842**	30,892	**-**	-
Operating profit/(loss)		**46,138**	368,427	**(7,361)**	(7,597)
Investment and other related income	23	**(111,092)**	1,387	**627,672**	682,009
Finance income	24	**396,479**	353,548	**377,358**	337,759
Finance costs	25	**(730,304)**	(813,129)	**(377,659)**	(338,780)
Share of profit of associate	7	**14,026**	483,170	**-**	-
(Loss)/profit before tax		**(384,753)**	393,403	**620,010**	673,391
Tax income/(expense)	26	**3,560**	(71,611)	**(212,818)**	(209,145)
(Loss)/profit for the year		**(381,193)**	321,792	**407,192**	464,246
Earnings per share	28	**(1.19)**	1.00		

The notes on pages 14 to 62 are an integral part of these consolidated financial statements.

Statements of comprehensive income

	Notes	Year ended 31 December			
		2009	2008	**2009**	2008
		Group		**Company**	
		€	€	**€**	€
(Loss)/profit for the year		**(381,193)**	321,792	**407,192**	464,246
Other comprehensive income:					
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to capital gains	15	**9,063**	8,879	**-**	-
Share of other comprehensive income of associate:					
Share of revaluation of land and buildings of an associate arising during the year	15	**-**	82,356	**-**	-
Redemption of ground rents capitalised in associate	16	**(1,307)**	(2,276)	**-**	-
Other comprehensive income for the year, net of tax		**7,756**	88,959	**-**	-
Total comprehensive income for the year		**(373,437)**	410,751	**407,192**	464,246

The notes on pages 14 to 62 are an integral part of these consolidated financial statements.

Statements of changes in equity

Group

	Notes	Share capital €	Revaluation reserves €	Fair value gains and other reserves €	Retained earnings €	Total equity €
Balance at 1 January 2008		746,797	9,114,997	5,080,603	24,368,286	39,310,683
Comprehensive income						
Profit for the year		-	-	-	321,792	321,792
Other comprehensive income:						
Movement in deferred tax liability on revalued land and buildings of subsidiaries determined on the basis applicable to capital gains	15	-	8,879	-	-	8,879
Depreciation transfer, net of deferred tax	15	-	(12,800)	-	12,800	-
Transfer upon realisation through sale of investment property to related party, net of deferred tax	16	-	-	(369,793)	369,793	-
Share of other comprehensive income of associate:						
Share of revaluation surplus on revalued land and buildings of an associate arising during the year	15	-	82,356	-	-	82,356
Share of transfer upon realisation through asset use in respect of revalued land and buildings of an associate	15	-	(180,343)	-	180,343	-
Share of transfer from incentives and benefits reserve of associate	16	-	-	(29,543)	29,543	-
Redemption of ground rents capitalised in associate	16	-	-	(2,276)	-	(2,276)
Total other comprehensive income		-	(101,908)	(401,612)	592,479	88,959
Total comprehensive income		-	(101,908)	(401,612)	914,271	410,751
Transactions with owners						
Dividends relating to 2008	29	-	-	-	(104,822)	(104,822)
Balance at 31 December 2008		**746,797**	**9,013,089**	**4,678,991**	**25,177,735**	**39,616,612**

Statements of changes in equity - continued

Group - continued

	Notes	Share capital €	Revaluation reserves €	Fair value gains and other reserves €	Retained earnings €	Total equity €
Balance at 1 January 2009		746,797	9,013,089	4,678,991	25,177,735	39,616,612
Comprehensive income						
Loss for the year		-	-	-	(381,193)	(381,193)
Other comprehensive income:						
Movement in deferred tax liability on revalued land and buildings of subsidiaries determined on the basis applicable to capital gains	15	-	9,063	-	-	9,063
Depreciation transfer, net of deferred tax	15	-	(12,800)	-	12,800	-
Share of other comprehensive income of associate:						
Share of transfer upon realisation through asset use in respect of revalued land and buildings of an associate	15	-	(74,726)	-	74,726	-
Redemption of ground rents capitalised in associate	16	-	-	(1,307)	-	(1,307)
Total other comprehensive income		-	(78,463)	(1,307)	87,526	7,756
Total comprehensive income		-	(78,463)	(1,307)	(293,667)	(373,437)
Transactions with owners						
Dividends relating to 2009	29	-	-	-	(105,000)	(105,000)
Balance at 31 December 2009		**746,797**	**8,934,626**	**4,677,684**	**24,779,068**	**39,138,175**

Statements of changes in equity - continued

Company

	Note	**Share capital** €	**Other reserve** €	**Retained earnings** €	**Total** €
Balance at 1 January 2008		746,797	113,592	5,913,131	6,773,520
Comprehensive income					
Profit for the year					
- total comprehensive income		-	-	464,246	464,246
Transactions with owners					
Dividends relating to 2008	29	-	-	(104,822)	(104,822)
Balance at 31 December 2008		746,797	113,592	6,272,555	7,132,944
Comprehensive income					
Profit for the year					
- total comprehensive income		-	-	407,192	407,192
Transactions with owners					
Dividends relating to 2009	29	-	-	(105,000)	(105,000)
Balance at 31 December 2009		**746,797**	**113,592**	**6,574,747**	**7,435,136**

The notes on pages 14 to 62 are an integral part of these consolidated financial statements.

Statements of cash flows

	Notes	**2009**	2008	**2009**	2008
		Year ended 31 December			
		Group		**Company**	
		€	€	**€**	€
Cash flows from operating activities					
Cash generated from/(used in) operations	30	**8,343,182**	(1,118,492)	**(360,664)**	(22,524)
Dividends received		**154,387**	367,995	**627,672**	717,328
Interest received		**396,479**	353,548	**377,358**	337,759
Interest paid		**(700,954)**	(805,618)	**(348,309)**	(338,780)
Tax (paid)/refunded		**(29,920)**	61,866	**(212,818)**	(205,730)
Net cash generated from/(used in) operating activities		**8,163,174**	(1,140,701)	**83,239**	488,053
Cash flows from investing activities					
Purchase of property, plant and equipment	4	**(208,270)**	(223,305)	**-**	-
Proceeds from disposal of property, plant and equipment	4	**22,408**	21,383	**-**	-
Proceeds from disposal of investment property	5	**-**	465,874	**-**	-
Effects of derecognition of residual interest in subsidiary		**(24,058)**	-	**-**	-
Repayments of loans to related party	12	**550,000**	64,687	**-**	-
Net cash generated from investing activities		**340,080**	328,639	**-**	-
Cash flows from financing activities					
Proceeds from bank borrowings	18	**34,197**	-	**-**	-
Repayments of bank borrowings	18	**(349,402)**	(613,223)	**-**	-
Proceeds from borrowings from related party	18	**-**	796,535	**-**	-
Repayments of borrowings from related party	18	**(5,483,920)**	(225,423)	**-**	(225,423)
Dividends paid	29	**(105,000)**	(104,822)	**(105,000)**	(104,822)
Net cash used in financing activities		**(5,904,125)**	(146,933)	**(105,000)**	(330,245)
Net movements in cash and cash equivalents		**2,599,129**	(958,995)	**(21,761)**	157,808
Cash and cash equivalents at beginning of year		**(5,320,468)**	(4,361,473)	**154,812**	(2,996)
Cash and cash equivalents at end of year	13	**(2,721,339)**	(5,320,468)	**133,051**	154,812

The notes on pages 14 to 62 are an integral part of these consolidated 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

The consolidated financial statements include the financial statements of Consolidated Holdings Limited and its subsidiaries. These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Companies Act, 1995. They have been prepared under the historical cost convention, as modified by the fair valuation of the land and buildings category of property, plant and equipment, investment property and available-for-sale financial assets.

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

Standards, interpretations and amendments to published standards effective in 2009

In 2009, the group adopted new standards, amendments and interpretations to existing standards that are mandatory for the group's accounting period beginning on 1 January 2009. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the group's accounting policies. In particular the group adopted IAS 1 (revised), 'Presentation of financial statements' which is effective for periods beginning on or after 1 January 2009. IAS 1 (revised) requires 'non-owner changes in equity' to be presented separately from 'owner changes in equity' in a statement of comprehensive income. Accordingly the group presents all 'owner changes in equity' in the statement of changes in equity, whereas all items of income and expense ('non-owner changes in equity') are presented in a performance statement. Comparative information has been re-presented so that it is also in conformity with the revised standard.

Other new standards, amendments to standards and interpretations which are mandatory for the first time for the financial year beginning on 1 January 2009 and which are relevant to the group include:

- IAS 23 (amendment), 'Borrowing costs'. Under the revised standard, an entity is required to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs was removed. No changes to the group's accounting policies are required in this respect.

- IAS 40 (amendment), 'Investment property'. Property that is under construction or development for future use as investment property is brought within the scope of IAS 40. No changes to the group's financial statements were required in this respect.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for accounting periods beginning after 1 January 2009. The group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the group's financial statements in the period of initial application.

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss (see accounting policy 1.6 – Intangible assets).

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 an impairment in value. Where there has been an impairment 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 (see accounting policy 1.6 – Intangible assets).

1. Summary of significant accounting policies - continued

1.2 Consolidation - continued

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 an impairment in value. Where there has been an impairment 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.

1.3 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the company'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. Summary of significant accounting policies - continued

1.4 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. 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 the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged 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	2
Furniture, fittings and equipment	10 – 33⅓
Operational equipment	10 – 33⅓
Motor vehicles	25

Freehold land is not depreciated as it is deemed to have an indefinite life.

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

1. Summary of significant accounting policies - continued

1.4 Property, plant and equipment - continued

Property, plant and equipment is 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). Property, plant and equipment that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included 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

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property, when such identification is made. Investment property principally comprises land and buildings.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. After initial recognition, investment property is carried at fair value, representing open market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

These valuations are reviewed annually by a professional valuer. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

1. Summary of significant accounting policies - continued

1.5 Investment property - continued

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

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

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss; with any remaining increase recognised in other comprehensive income, directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged to other comprehensive income against any previously recognised revaluation surplus; with any remaining decrease charged to profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

1.6 Intangible assets - 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.

1. Summary of significant accounting policies - continued

1.7 Financial assets

Classification

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

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise loans and advances, amounts receivable from hire purchase debtors, trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 1.8, 1.10, 1.11 and 1.12).

(b) Available-for-sale financial assets

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

Recognition and measurement

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

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

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

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

1. Summary of significant accounting policies - continued

1.7 Financial assets - continued

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques, in most cases by reference to the net asset backing of the investee.

When assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss within 'Investment and other related income'. Dividends on available-for-sale equity instruments are recognised in profit or loss within 'Investment and other related income' when the group's right to receive payment is established.

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

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

(a) Assets carried at amortised cost
For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade, hire purchase and other receivables is described in notes 1.10 and 1.11.

(b) Assets classified as available for sale
In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired. If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

1. Summary of significant accounting policies - continued

1.8 Loans and advances

Under the requirements of IAS 39, the group's loans and advances, consisting in the main of advances to a subsidiary (by the company) and other related parties, are classified as loans and advances, unless the group has the intention of trading the asset immediately or in the short-term, in which case the loans and advances are categorised as instruments held-for-trading.

All loans and advances are recognised when cash is advanced to the borrowers. Loans and advances are initially recognised at the fair value of cash consideration given or proceeds advanced, plus transaction costs. These financial assets are subsequently carried at amortised cost using the effective interest method. The group assesses at the end of each reporting period whether there is objective evidence that loans and advances are impaired.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the following methods:

- inventories of motor vehicles and motorcycles are valued by specifically identifying their individual costs;
- inventories of spare parts and other stocks are valued on the weighted average cost method;
- inventories of food, beverages and other goods for resale are valued using the first-in, first-out method

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

1.11 Amounts receivable from hire purchase debtors

A subsidiary acquires and finances trade receivables arising from the sale of goods and services by companies forming part of the Mizzi Organisation. These receivables are transferred to this subsidiary upon origination, once hire purchase terms are granted upon sale of goods or services, at their face value with no rights of recourse whatsoever. Accordingly, provisions for impairment of amounts receivable from hire purchase debtors are recognised in the subsidiary's profit or loss.

1. Summary of significant accounting policies - continued

1.11 Amounts receivable from hire purchase debtors - continued

Amounts receivable from hire purchase debtors are covered by bills of exchange for the face value of the debts financed together with the amount of the hire purchase interest element which would be earned over the entire period of credit. The interest element of the bills of exchange is accounted for as income and as a receivable from hire purchase debtors over the credit period as interest accrues with the passage of time. Acquired receivables are initially recognised at the face value or cost of the hire purchase debts financed. Subsequent to initial recognition, amounts receivable from hire purchase debtors are carried at the face value of the debts financed adjusted for the recognition of hire purchase interest income, less provision made for the impairment of these receivables. A provision for impairment of hire purchase receivables is established when there is objective evidence that the subsidiary will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows.

Receivables covered by bills of exchange factored out to bankers with an option to repurchase them at face value as they fall due are not derecognised from the group’s statement of financial position. The subsidiary would have retained substantially all the risks and rewards of ownership of the hire purchase receivables which it factors out to bankers. The subsidiary has also entered into a financing arrangement with a related party forming part of Mizzi Organisation, whereby this related party acquires bills of exchange from the subsidiary with rights of recourse. The receivables factored out by the subsidiary are not derecognised from the group’s statement of financial position. The transferee does not have the ability to obtain the benefits of the receivables and the transferor retains substantially all the risks of the assets. Essentially these factoring facilities are accounted for as collateralised borrowings for an amount of the face value of the bills of exchange subject to interest charges.

Bills of exchange factored out to bankers without an option to repurchase them as they fall due are derecognised by the subsidiary since the transferor would have transferred substantially all the risks and rewards of ownership of the hire purchase receivables. The transferee has the ability to obtain the benefits of the underlying receivables i.e. the right to receive a stream of cash flows in the form of principal and interest amounts. The banker’s right of recourse under this facility is limited to 15% of the value of the bills factored in the preceding six months, which is not deemed to be a transfer of risk in view of the limited recourse period.

1.12 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, bank overdrafts and the current portion of the factoring facility in respect of bills of exchange factored out. The bank overdrafts and the short-term portion of the facility in respect of bills of exchange factored out are shown within borrowings in current liabilities in the statement of financial position.

1.13 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. Summary of significant accounting policies - continued

1.14 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 IAS 39. 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.

1.15 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.16 Borrowings

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

1.17 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 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 income 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 income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

1. Summary of significant accounting policies - continued

1.18 Current and deferred tax - continued

The principal temporary differences arise from the fair valuation of land and buildings category of property, plant and equipment and investment property, depreciation on property, plant and equipment and provisions for impairment of trade, hire purchase and other receivables. Deferred tax on the fair valuation of property, plant and equipment is charged or credited directly to the revaluation reserve. Deferred income 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.

1.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Sales are recognised upon delivery of products or performance of services, net of sales taxes, returns, rebates and discounts. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below.

(a) Sales of goods
Sales of goods are recognised when the group has delivered products to the customer and there is no unfulfilled obligation 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.

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

Operating lease rental income – refer to accounting policy 1.20 for 'Operating leases'.

(c) Interest income
Interest income is recognised in profit or loss for all interest-bearing instruments as it accrues, on a time-proportion basis using the effective interest method.

Bill commission income, received upon commencement of a hire purchase agreement is in part refundable to the customer, in case of prepayments, on a proportional basis. Accordingly these refundable fees are recognised in profit or loss on a straight-line basis over the term of the agreements.

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

(e) Rental income from investment property
Rental income is recognised in profit or loss as it accrues unless collectibility is in doubt.

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

1. Summary of significant accounting policies - continued

1.20 Operating leases

(a) A group undertaking is the lessee

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

(b) 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.

1.21 Borrowing costs

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

1.22 Dividend distribution

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

2. Financial risk management - continued

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective entity's functional currency. A significant part of a group undertaking's purchases are denominated in Japanese yen and accordingly the group is exposed to foreign exchange risk arising from such purchases. The group's risk exposures reflecting the carrying amount of payables denominated in foreign currencies at the end of the reporting period were not significant. Also, foreign exchange risk attributable to future transactions is not deemed to be material since the group undertaking manages the risk by reflecting, as far as is practicable, the impact of exchange rate movements registered with respect to purchases in the respective sales prices.

The group's revenues, purchases and other expenditure, financial assets and liabilities, including financing, are mainly denominated in euro except as outlined above. As outlined previously management does not consider foreign exchange risk attributable to recognised liabilities arising from purchase transactions denominated in Japanese yen 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 end of the reporting period is not deemed necessary.

(ii) Cash flow and fair value interest rate risk

The group's significant instruments which are subject to fixed interest rates comprise amounts receivable from hire purchase debtors (Note 11), loans and advances to a related party (Note 12), borrowings in the form of bills of exchange factored out to a related party together with other borrowings from a related party (Note 18). The company's fixed interest instruments also comprise loans and advances to a subsidiary (Note 12). 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.

The group's interest rate risk principally arises from bank borrowings, including bills of exchange factored out to bank, issued at variable rates (Note 18) and balances with related parties subject to floating interest rates (Note 33) which expose the group to cash flow interest rate risk. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss 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 end of the reporting period to be immaterial and accordingly the level of interest rate risk is contained. The group's operating cash flows are substantially independent of changes in market interest rates.

(iii) Price risk

The group is not significantly exposed to equity price risk in view of the fact that the available-for-sale investments held by the group are not material.

2. Financial risk management - continued

(b) Credit risk

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

	Group		Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Loans and receivables category:				
Trade and other receivables (Note 10)	**31,720,556**	36,359,552	**1,801,172**	1,423,812
Loans and advances (Note 12)	**550,000**	1,100,000	**5,241,090**	5,241,090
Cash and cash equivalents	**243,259**	339,333	**133,051**	154,812
	32,513,815	37,798,885	**7,175,313**	6,819,714

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The group does not hold any significant collateral as security in this respect.

Group undertakings bank only with local financial institutions with high quality standing or rating.

The group's debtors comprise amounts receivable from hire purchase debtors in respect of financing provided by a subsidiary and trade receivables arising from other operations of group undertakings. 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 financing transactions and sales of products and services are effected with and to customers having an appropriate credit history. The group monitors the performance of its hire purchase and other trade 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 receivables.

In view of nature of the group's activities and the markets in which it operates, a limited number of customers account for a certain percentage of the group's trade and other receivables, particularly in respect of amounts receivable from hire purchase debtors. The company has a significant concentration of credit risk with respect to hire purchase receivables because the face value of receivables from two customers amount to €2,596,526 (2008: €2,828,126). Over the years, these customers traded frequently with the company and they were deemed by management to have acceptable credit standing, usually taking cognisance of the performance history in relation to defaults. These exposures are monitored and reported more frequently and rigorously. In view of the financial circumstances of one of these customers, a provision for impairment covering a portion of the receivable was deemed necessary at the end of the reporting period reflecting the possibility of default and potential recoveries from the customer.

The group manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from customers are within controlled parameters. The group's hire purchase and other trade 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.

2. Financial risk management - continued

The group's and company's loans referred to in the table above consist of advances to related parties forming part of Mizzi Organisation (see Note 33). The group's and company's receivables include significant amounts due from related parties forming part of the Mizzi Organisation (see Note 10) arising from property and financing transactions that have taken place in prior years. The Organisation's treasury monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The group assesses the credit quality of these related parties taking into account financial position, performance and other factors. The group and the company take cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

As at 31 December 2009, hire purchase receivables with a face value of €5,489,766 (2008: €5,623,583) were impaired and the amount of the provisions in this respect are €2,509,891 (2008: €2,332,957). The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations. It was assessed that a significant portion of these receivables is expected to be recovered. The group does not hold any significant collateral as security in respect of the impaired assets.

The movement in provisions for impairment of hire purchase receivables is as follows:

	2009	2008
	€	€
At beginning of year	**2,332,957**	2,134,321
Reversals of provisions which are no longer required	**(258,520)**	(371,829)
Reversals of provisions in relation to amounts written off	**(341,939)**	-
Increase in provisions	**777,393**	570,465
At end of year	**2,509,891**	2,332,957

Reversals of provisions for impairment arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations including accrued interest. The movements in these provisions are disclosed in Note 21 and are included in 'Administrative expenses' in profit or loss.

As at 31 December 2009, other trade receivables of €41,057 (2008: €44,468) were impaired. Provisions for impairment in this respect are equivalent to the amounts disclosed. The individually impaired receivables mainly relate to a number of independent customers which are in unexpectedly difficult economic situations. The group does not hold any collateral as security in respect of the impaired assets. The movements in the group's provisions for impairment of trade receivables are disclosed in Note 21 to the financial statements.

As at 31 December 2009, amounts receivable from hire purchase debtors of €2,501,915 (2008: €3,173,056) were past due but not impaired. These mainly relate to customers for whom there is no recent history of default. 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.

2. Financial risk management - continued

The ageing analysis of these past due hire purchase receivables is as follows:

	2009	2008
	€	€
Up to 3 months	**1,167,846**	1,503,159
3 to 6 months	**693,561**	931,157
6 to 12 months	**459,251**	496,531
12 months and over	**181,257**	242,209
	2,501,915	3,173,056

At 31 December 2009 and 2008, the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is not deemed to be significant.

At the end of the reporting period, the group had no significant past due receivables in respect of other trade receivables.

(c) Liquidity risk

The group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise borrowings (Note 18) and trade and other payables (Note 19). 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 Mizzi Organisation 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-Organisation 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.

2. Financial risk management - continued

The tables below analyse the group's and the company's principal financial liabilities into relevant maturity groupings based on the remaining term at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table 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 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
Group					
At 31 December 2009					
Bank borrowings	3,502,932	1,438,586	1,837,719	-	6,779,237
Loans from related parties	178,064	315,217	877,860	2,336,683	3,707,824
Trade and other payables	15,333,040	-	-	-	15,333,040
At 31 December 2008					
Bank borrowings	3,249,164	1,329,799	2,305,979	-	6,884,942
Loans from related parties	3,385,189	3,083,516	6,077,638	29,444	12,575,788
Trade and other payables	12,096,434	-	-	-	12,096,434

	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €
Company					
At 31 December 2009					
Loans from related parties	178,064	315,217	877,860	2,336,683	3,707,824
Trade and other payables	5,017,104	-	-	-	5,017,104
At 31 December 2008					
Loans from related parties	418,848	402,077	2,361,380	-	3,182,305
Trade and other payables	4,993,047	-	-	-	4,993,047

2. Financial risk management - continued

2.2 Capital risk management

The group's capital is managed at the level of Mizzi Organisation by reference to the aggregate level of equity and borrowings or debt as disclosed in the respective consolidated financial statements of Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, together with the financial statements of Falcon Wines & Spirits Limited and Mizzi Motors Limited. The capital of the entities forming part of the Mizzi Organisation, which have been mentioned above, is managed on an aggregate basis by the Organisation as if they were organised as one entity. The Organisation's objectives when managing capital are to safeguard the company'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 company may issue new shares or adjust the amount of dividends paid to shareholders.

The Organisation 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 respective consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the respective statement of financial position, plus net debt. The aggregated figures in respect of the Organisation's equity and borrowings are reflected below:

	2009	2008
	€	€
Total borrowings	**72,552,943**	78,396,557
Less: cash and cash equivalents	**(2,458,839)**	(3,075,404)
Net debt	**70,094,104**	75,321,153
Total equity	**86,928,009**	86,706,951
Total capital	**157,022,113**	162,028,104
Net debt/total capital	**45%**	46%

The Organisation manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above, with a view to managing the cost of capital. The level of capital of Consolidated 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 at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the directors.

2.3 Fair values of financial instruments

At 31 December 2009 and 2008 the carrying amounts of cash at bank, 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 advances to related parties and other balances with related parties which are repayable on demand is equivalent to their carrying amount.

2. Financial risk management - continued

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 carrying amount of the group's non-current hire purchase receivables fairly approximates the estimated fair value of these assets based on discounted cash flows. The fair value of the group's non-current floating interest rate bank borrowings and fixed interest related party borrowings at the end of the reporting period is not significantly different from the carrying amounts.

3. Critical accounting estimates and judgements

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

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

As referred to in Notes 4 and 5 to the financial statements, the group's land and buildings category of property, plant and equipment and investment property are fair valued annually on 31 December 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 and buildings €	Furniture, fittings and equipment €	Operational equipment €	Motor vehicles €	Total €
At 1 January 2008					
Cost or valuation	11,008,017	2,390,501	1,545,358	127,638	15,071,514
Accumulated depreciation	(840,292)	(1,917,857)	(1,295,350)	(54,256)	(4,107,755)
Net book amount	10,167,725	472,644	250,008	73,382	10,963,759
Year ended 31 December 2008					
Opening net book amount	10,167,725	472,644	250,008	73,382	10,963,759
Additions	9,597	54,178	62,701	96,829	223,305
Disposals	-	(5,116)	(12,941)	(28,444)	(46,501)
Depreciation charge	(141,027)	(191,232)	(32,157)	(48,385)	(412,801)
Depreciation released on disposals	-	5,116	-	7,111	12,227
Closing net book amount	10,036,295	335,590	267,611	100,493	10,739,989
At 31 December 2008					
Cost or valuation	11,017,614	2,439,563	1,595,118	196,023	15,248,318
Accumulated depreciation	(981,319)	(2,103,973)	(1,327,507)	(95,530)	(4,508,329)
Net book amount	10,036,295	335,590	267,611	100,493	10,739,989
Year ended 31 December 2009					
Opening net book amount	10,036,295	335,590	267,611	100,493	10,739,989
Additions	8,213	40,007	43,608	116,442	208,270
Disposals	-	(28,579)	(13,957)	(66,539)	(109,075)
Depreciation charge	(141,191)	(191,439)	(42,688)	(67,031)	(442,349)
Depreciation released on disposals	-	28,381	-	47,657	76,038
Closing net book amount	**9,903,317**	**183,960**	**254,574**	**131,022**	**10,472,873**
At 31 December 2009					
Cost or valuation	11,025,827	2,450,991	1,624,769	245,926	15,347,513
Accumulated depreciation	(1,122,510)	(2,267,031)	(1,370,195)	(114,904)	(4,874,640)
Net book amount	**9,903,317**	**183,960**	**254,574**	**131,022**	**10,472,873**

The group's land and buildings were last revalued on 31 December 2009 by a professionally qualified valuer. Valuations were made on the basis of open market value. On 31 December 2009, no adjustments to the property's carrying amount were necessary. The book value of the property had been adjusted to the revaluation in prior years and the resultant surplus, net of applicable deferred income taxes, had been credited to the revaluation reserve in shareholders' equity (see Note 15).

4. Property, plant and equipment - continued

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

	2009	2008
	€	€
Cost	**8,643,652**	8,635,439
Accumulated depreciation	**(1,181,794)**	(1,060,297)
Net book amount	**7,461,858**	7,575,142

Bank borrowings in the name of group undertakings and related parties forming part of Mizzi Organisation are secured on the group's land and buildings (see Notes 18 and 32[a]).

Company

	Improvements to premises
	€
Years ended 31 December 2009 and 2008	
Opening and closing cost and carrying amount	**6,338**

5. Investment property

Group

	2009	2008
	€	€
Year ended 31 December		
Opening carrying amount	**5,572,889**	6,038,763
Transfers to related party forming part of Mizzi Organisation	**-**	(465,874)
Closing carrying amount	**5,572,889**	5,572,889

	2009	2008
	€	€
At 31 December		
Cost	**1,010,698**	1,010,698
Fair value gains	**4,562,191**	4,562,191
Carrying amount	**5,572,889**	5,572,889

The group's investment properties are valued annually on 31 December at fair value, comprising open market value, by a professionally qualified valuer. Valuations were based on current prices in an active market for all properties.

5. Investment property - continued

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

	2009	2008
	€	€
Cost	**1,010,698**	1,010,698
Accumulated depreciation	**(17,719)**	(15,593)
Net book amount	**992,979**	995,105

As at 31 December 2009, bank borrowings in the name of group undertakings and related parties forming part of Mizzi Organisation are secured on a subsidiary's investment property with a fair value of €125,000 (2008: €125,000) - see Note 32(a).

Investment property disclosed above includes property leased out under operating leases as follows:

	€
At 31 December 2009, 2008 and 2007	
Cost	45,398
Fair value gains	192,670
Carrying amount	238,068

6. Investments in subsidiaries

Company

	2009	2008
	€	€
Year ended 31 December		
Opening carrying amount	**6,221,616**	6,256,935
Increase in provisions for impairment (Note 23)	**-**	(35,319)
Cost of investment written off (Note 23)	**-**	(93,553)
Release of provisions for impairment in respect of investment written off (Note 23)	**-**	93,553
Closing carrying amount	**6,221,616**	6,221,616
At 31 December		
Cost and carrying amount	**6,221,616**	6,221,616

6. Investments in subsidiaries - continued

The subsidiaries at 31 December 2009 and 2008, whose results and financial position affected the figures of the group, are shown below:

	Registered office	Class of shares held	Percentage of shares held 2009 %	2008 %
United Acceptances Finance Limited	Mizzi House National Road Blata l-Bajda Malta	Ordinary shares	**100**	100
Industrial Motors Limited	Industrial House National Road Blata l-Bajda Malta	Ordinary shares	**100**	100
The Waterfront Hotel Limited	Mizzi House National Road Blata l-Bajda Malta	Ordinary shares	**100**	100
		5% Non-cumulative redeemable preference shares	**100**	100

All shareholdings are held directly by Consolidated Holdings Limited.

7. Investments in associate

Group

	2009 €	2008 €
Year ended 31 December		
Opening carrying amount	**14,856,126**	14,553,082
Share of profit	**14,026**	483,170
Share of revaluation surplus on land and buildings arising during the year (Note 15)	**-**	82,356
Redemption of capitalised ground rents (Note 16)	**(1,307)**	(2,276)
Dividends received	**(153,000)**	(260,206)
Closing carrying amount	**14,715,845**	14,856,126

7. **Investments in associate** - continued

	2009	2008
	€	€
At 31 December		
Cost	**1,482,751**	1,482,751
Share of profits and reserves	**13,233,094**	13,373,375
Carrying amount	**14,715,845**	14,856,126

The group's share of profit of the associate, disclosed in the tables above and in profit or loss, is after tax and minority interests in the associate.

The associate at 31 December 2009, whose results and financial position affected the figures of the group, is shown below:

	Registered office	**Class of shares held**	**Percentage of shares held**
			%
Mizzi Associated Enterprises Limited	30 Archbishop Street Valletta Malta	Ordinary shares	51

The shareholding has remained unchanged from 2008.

The proportion of voting power held in Mizzi Associated Enterprises Limited is 50% (2008: 50%). The shareholding in Mizzi Associated Enterprises Limited is held directly by Consolidated Holdings Limited (51%) and Alf. Mizzi & Sons Limited (49%). Neither of these shareholders is in a position to exercise a dominant influence on the company as they are only entitled under the company's Memorandum and Articles of Association to elect two directors each, while the fifth independent director is appointed unanimously.

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

	Assets	Liabilities	Revenues	Profit
	€	€	€	€
2009	**17,376,544**	**2,642,962**	**2,253,829**	**14,026**
2008	17,768,205	2,894,201	2,957,374	483,170

7. Investments in associate - continued

Company

	€
Years ended 31 December 2009 and 2008	
Opening and closing cost and carrying amount	**1,482,751**

8. Available-for-sale financial assets

Group

	2009	2008
	€	€
Year ended 31 December		
Opening and closing net book amount	**18,288**	18,288

	2009	2008
	€	€
At 31 December		
Cost	**110,911**	110,911
Provisions for impairment	**(92,623)**	(92,623)
Net book amount	**18,288**	18,288

The group's available-for-sale investments, consisting primarily of unquoted equity instruments, are fair valued annually. Fair value is mainly estimated by reference to the net asset backing of the investee. The fair value of the group's available-for-sale investments at the end of the reporting period was deemed by the directors to approximate their carrying amount.

Company

	2009	2008
	€	€
Year ended 31 December		
Opening and closing net book amount	**12,057**	12,057

	2009	2008
	€	€
At 31 December		
Cost	**93,809**	93,809
Provisions for impairment	**(81,752)**	(81,752)
Net book amount	**12,057**	12,057

9. Inventories

	Group	
	2009	2008
	€	€
Motor vehicles and motorcyles	**633,351**	843,297
Spare parts	**227,769**	239,151
Goods in transit	**231,028**	72,570
Food and beverages	**78,769**	87,483
Others	**79,953**	66,193
	1,250,870	1,308,694

The cost of inventories recognised as expense is appropriately disclosed in Note 21 to the financial statements. During the current financial year, reversals of inventory write-downs recognised in previous financial years amounted to €12,990 (2008: inventory write-downs of €17,797). These amounts have been included in 'Cost of sales' in profit or loss.

10. Trade and other receivables

	Group		Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Current				
Trade receivables	**647,230**	766,322	**-**	-
Amounts receivable from hire purchase debtors (Note 11)	**6,293,692**	6,073,112	**-**	-
Amounts owed by subsidiaries	**-**	-	**1,612,326**	1,234,967
Amounts owed by related parties forming part of Mizzi Organisation	**18,166,973**	21,953,787	**188,798**	188,798
Amounts owed by other related parties	**15,705**	20,419	**-**	-
Other receivables	**4,810**	40,508	**-**	-
Indirect taxation	**183,066**	131,145	**48**	47
Prepayments and accrued income	**42,245**	37,869	**-**	-
	25,353,721	29,023,162	**1,801,172**	1,423,812
Non-current				
Amounts receivable from hire purchase debtors (Note 11)	**6,366,835**	7,336,390	**-**	-

10. Trade and other receivables - continued

Non-current amounts are principally receivable within five years from the end of the reporting period.

Receivables above are disclosed net of provisions for impairment as follows:

	Group	
	2009	2008
	€	€
Trade receivables	**41,057**	44,468

Provisions for impairment of amounts receivable from hire purchase debtors are disclosed separately in Note 11 to the financial statements.

11. Amounts receivable from hire purchase debtors

	Group	
	2009	2008
	€	€
Current		
Debtors on whom bills of exchange were drawn	**8,422,929**	8,070,891
Provisions for impairment	**(2,129,237)**	(1,997,779)
	6,293,692	6,073,112
Non-current		
Debtors on whom bills of exchange were drawn	**6,747,489**	7,671,568
Provisions for impairment	**(380,654)**	(335,178)
	6,366,835	7,336,390
Total amounts receivable from hire purchase debtors	**12,660,527**	13,409,502

Included in hire purchase receivables are amounts owed by a related party of €162,400 (2008: €180,507).

Amounts receivable from hire purchase debtors relate to trade receivables arising from the sale of goods and services by companies forming part of the Mizzi Organisation, which are acquired and financed by a subsidiary. These receivables are transferred to the subsidiary upon origination, once hire purchase terms are granted, at their face value with no right of recourse whatsoever. Accordingly, provisions for impairment of amounts receivable from hire purchase debtors, disclosed in the table above, are recognised in profit or loss.

During the financial year under review, the subsidiary has financed receivables with a face value amounting to €4,851,859 (2008: €7,104,096). Amounts receivable from hire purchase debtors are subject to an effective interest rate of 8% (2008: 8%).

11. Amounts receivable from hire purchase debtors - continued

Receivables covered by bills of exchange factored out to bank with an option to repurchase them as they fall due are not derecognised from the group's statement of financial position. The subsidiary also had a financing arrangement with a related party forming part of Mizzi Organisation, whereby this related party acquired bills of exchange from the subsidiary with rights of recourse. The receivables factored out by the subsidiary were not derecognised from the group's statement of financial position. The amounts advanced under these facilities were treated as collateralised borrowings (disclosed as distinct liabilities) amounting to the face value of the bills factored out (Note 18). Receivables covered by bills of exchange factored out to bankers without an option to repurchase them as they fall due are derecognised by the group. The subsidiary would retain credit risk in these receivables through the bank's right of recourse which would be limited to 15% of the value of the bills factored in the preceding six months. During the current and preceding financial years no receivables have been factored out in this manner.

12. Loans and advances

Group

The group's advances consist of loans effected by a subsidiary to a related party forming part of Mizzi Organisation, which are repayable on demand, unsecured and subject to a fixed interest rate of 6.5% per annum.

Company

The company's advances relate to loans to a subsidiary, which are repayable on demand, unsecured and subject to a fixed interest rate of 7.2% per annum.

13. Cash and cash equivalents

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

	Group		**Company**	
	2009	2008	**2009**	2008
	€	€	**€**	€
Cash at bank and in hand	**243,259**	339,333	**133,051**	154,812
Bank overdrafts (Note 18)	**(1,831,646)**	(1,807,884)	**-**	-
Bills of exchange factored out (Note 18)	**(1,132,952)**	(3,851,917)	**-**	-
	(2,721,339)	(5,320,468)	**133,051**	154,812

The current portions of the factoring facilities in respect of bills of exchange factored out (Note 18) are treated as cash equivalents since these facilities form an integral part of the group's cash management.

14. Share capital

	Company	
	2009	2008
	€	€
Authorised		
500,000 (2008: 500,000) ordinary shares of €2.329373 each	**1,164,687**	1,164,687
Issued and fully paid		
320,600 (2008: 320,600) ordinary shares of €2.329373 each	**746,797**	746,797

15. Revaluation reserves

Group

	2009	2008
	€	€
Surplus arising on fair valuation of:		
Land and buildings of subsidiaries	**3,112,224**	3,115,961
Land and buildings of associate	**5,822,402**	5,897,128
	8,934,626	9,013,089

The movements in each category are analysed as follows:

	2009	2008
	€	€
Land and buildings of subsidiaries		
At beginning of year	**3,115,961**	3,119,882
Transfer upon realisation through asset use	**(19,694)**	(19,694)
Movement in deferred tax liability determined on the basis applicable to capital gains (Note 17)	**9,063**	8,879
Deferred income taxes on realisation through asset use (Note 17)	**6,894**	6,894
At end of year	**3,112,224**	3,115,961

15. Revaluation reserves - continued

	2009	2008
	€	€
Land and buildings of associate		
At beginning of year	**5,897,128**	5,995,115
Share of revaluation surplus arising during the year (Note 7)	**-**	82,356
Transfer upon realisation through asset use – share of depreciation transfer, net of deferred tax	**(74,726)**	(180,343)
At end of year	**5,822,402**	5,897,128

The tax impact relating to components of other comprehensive income is presented in the above tables.

The revaluation reserves are non-distributable.

16. Fair value gains and other reserves

Group

	2009	2008
	€	€
Fair value gains reserve in respect of investment property	**3,925,774**	3,925,774
Share of associate's incentives and benefits reserve	**310,548**	310,548
Capital reserves	**241,707**	241,707
Share of associate's capital reserve	**199,655**	200,962
	4,677,684	4,678,991

The movements in each category are analysed as follows:

	2009	2008
	€	€
Fair value gains reserve in respect of investment property		
At beginning of year	**3,925,774**	4,295,567
Transfer upon realisation through sale of assets to related parties	**-**	(425,699)
Deferred income taxes on realisation through sale of assets to related parties (Note 17)	**-**	55,906
At end of year	**3,925,774**	3,925,774

16. **Fair value gains and other reserves** - continued

	2009	2008
	€	€
Share of associate's incentives and benefits reserve		
At beginning of year	**310,548**	340,091
Share of transfer to retained earnings	**-**	(29,543)
At end of year	**310,548**	310,548

	2009	2008
	€	€
Capital reserves		
At beginning and end of year	**241,707**	241,707

	2009	2008
	€	€
Share of associate's capital reserve		
At beginning of year	**200,962**	203,238
Redemption of capitalised ground rents (Note 7)	**(1,307)**	(2,276)
At end of year	**199,655**	200,962

The tax impact relating to components of other comprehensive income is presented in the above tables.

Gains from changes in fair value of investment property, net of deferred tax movements, which are unrealised at the end of reporting periods, would be recognised in profit or loss in accordance with the group's accounting policy for investment property. These amounts are transferred from retained earnings to the fair value gains reserve since these gains are not considered by the directors to be available for distribution.

In accordance with Sections 24B and 36 of the Business Promotion Act, transfers are affected by an associate to an incentives and benefits reserve representing the net amount of profits subject to income tax at a reduced rate of tax. Such profits are set aside for the exclusive purpose of financing the upgrading projects within a subsidiary of the associate as approved by Malta Enterprise Corporation in accordance with Article 6 of the Business Promotion Act. During the preceding financial year, the associate adjusted the balance of the incentives and benefits reserve by effecting a transfer to retained earnings. The incentives and benefits reserve is not distributable and shall be retained for a period of eight years after which it can be distributed by means of a bonus issue.

The capital reserves are not considered by the directors to be available for distribution.

16. Fair value gains and other reserves - continued

Company

	2009	2008
	€	€
Capital reserve		
At beginning and end of year	**113,592**	113,592

17. Deferred taxation

Group

Deferred income taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2008: 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 12% of the transfer value.

The movement on the deferred tax account is as follows:

	2009	2008
	€	€
At beginning of year	**1,403,501**	1,434,894
Movement in deferred tax liability on revalued property, plant and equipment determined on the basis applicable to capital gains (Note 15)	**(9,063)**	(8,879)
Realisation through asset use (Note 26)	**(6,894)**	(6,894)
Realisation through sale of investment property to related party (Note 16)	**-**	(55,906)
Deferred income taxes on temporary differences arising on depreciation of property, plant and equipment (Note 26)	**10,749**	13,226
Deferred income taxes attributable to unabsorbed capital allowances (Note 26)	**(7,779)**	27,060
At end of year	**1,390,514**	1,403,501

All the amounts disclosed in the table above, which have been referenced to Note 26, are recognised in profit or loss. The other amounts, referenced to Notes 15 and 16, have been recognised directly in equity in other comprehensive income.

17. Deferred taxation - continued

The balance at 31 December represents:

	2009	2008
	€	€
Temporary differences arising on fair valuation of property	**1,855,881**	1,871,838
Temporary differences arising on depreciation of property, plant and equipment	**192,787**	182,038
Deferred taxation attributable to unabsorbed capital allowances	**(658,154)**	(650,375)
	1,390,514	1,403,501

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months.

At 31 December 2009 and 2008, the group had the following unutilised tax credits and temporary differences:

	Unrecognised		**Recognised**	
	2009	2008	**2009**	2008
	€	€	**€**	€
Unutilised tax credits arising from unabsorbed capital allowances	**1,151,049**	1,088,843	**1,880,440**	1,858,214
Unutilised tax credits arising from unabsorbed tax losses	**1,168**	-	**-**	-
Deductible temporary differences arising on provisions for impairment of trade and other receivables	**2,550,948**	2,377,425	**-**	-
Deductible temporary differences arising on provisions for impairment of available-for-sale financial assets	**92,623**	92,623	**-**	-
Deductible temporary differences arising on depreciation of property, plant and equipment	**4,370**	35,126	**-**	-
Taxable temporary differences arising on depreciation of property, plant and equipment	**-**	-	**(550,820)**	(520,109)

The temporary differences arising on provisions for impairment of trade and other receivables include those arising on provisions for impairment of amounts receivable from hire purchase debtors (see Note 11).

The unrecognised deferred tax assets at the end of the reporting periods have not been reflected in these financial statements due to the uncertainty of the realisation of the tax benefits. Whereas tax losses have no expiry date, unabsorbed capital allowances are forfeited upon cessation of the trade.

Company

At 31 December 2009, the company had unutilised tax credits arising from unabsorbed capital allowances amounting to €200,741 (2008: €200,741). At the end of the reporting period, the company also had deductible temporary differences arising on provisions for impairment of available-for-sale financial assets, amounting to €81,752 (2008: €81,752). The related deferred tax assets have not been recognised in these financial statements due to the uncertainty of the realisation of the tax benefits. Unabsorbed capital allowances are forfeited upon cessation of the trade.

18. Borrowings

	Group		Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Current				
Bank overdrafts	**1,831,646**	1,807,884	**-**	-
Bills of exchange factored out to bank (Note 11)	**1,132,952**	996,308	**-**	-
Bills of exchange factored out to related party forming part of Mizzi Organisation (Note 11)	**-**	2,855,609	**-**	-
Bank loan	**349,407**	349,407	**-**	-
Loans from related party forming part of Mizzi Organisation	**-**	224,864	**-**	224,864
	3,314,005	6,234,072	**-**	224,864
Non-current				
Bills of exchange factored out to bank (Note 11)	**2,011,687**	1,977,490	**-**	-
Bills of exchange factored out to related party forming part of Mizzi Organisation (Note 11)	**-**	5,483,920	**-**	-
Bank loan	**960,869**	1,310,271	**-**	-
Loans from related party forming part of Mizzi Organisation	**2,562,313**	2,308,099	**2,562,313**	2,308,099
	5,534,869	11,079,780	**2,562,313**	2,308,099
Total borrowings	**8,848,874**	17,313,852	**2,562,313**	2,532,963

Group

The group's banking facilities as at 31 December 2009 amounted to €5,249,000 (2008: €5,773,000). These facilities are mainly secured by:

(a) guarantees by various group undertakings and related parties forming part of Mizzi Organisation for amounts ranging from €6,056,000 to €24,483,000;
(b) guarantees by the parent company and a related party forming part of Mizzi Organisation for the amount of €8,572,000, by a group undertaking for €652,000 and by another related party for €26,414,000;
(c) general hypothec given by a subsidiary for the amount of €6,709,000 over assets, supported by a special hypothec for the same amount and a special privilege for €1,736,000 over property held; and
(d) general hypothecary guarantee by a subsidiary for the amount of €6,709,000 over assets.

Facilities amounting to €2,540,000 are also secured by other guarantees by group undertakings and related parties forming part of Mizzi Organisation, supported by general hypothecs over assets and by special hypothecs over property.

18. **Borrowings** - continued

These banking facilities include an amount of €1,398,000 (2008: €1,398,000) in respect of the recourse element of 15% of the face value of bills of exchange factored out to the bank with an option to repurchase them as they fall due up to a limit of €9,317,000 (2008: €9,317,000). This facility is also secured by a pledge over bills of exchange drawn. At 31 December 2009, the total value of outstanding bills, which had been factored out under this facility, amounted to €3,144,639 (2008: €2,973,798) as disclosed above. This banking facility may also be utilised to factor out bills of exchange without an option to repurchase them as they fall due. The facility amount covers the recourse element of 15% of the value of bills factored out in this manner.

The long-term portions of the factoring facilities in respect of bills of exchange factored out provide financing for working capital on a long-term basis and accordingly have been classified as non-current liabilities.

The group's bank borrowings are subject to floating rates of interest. The weighted average effective interest rates for bank borrowings at the end of the reporting period are as follows:

	2009	2008
	%	%
Bank overdrafts	**5.0**	4.0
Bills of exchange factored out to bank	**5.0**	4.0
Bank loan	**5.0**	4.0

Maturity of group's non-current bank borrowings:

	2009	2008
	€	€
Between 1 and 2 years	**1,321,818**	1,213,030
Between 2 and 5 years	**1,565,603**	1,682,708
Over 5 years	**85,135**	392,023
	2,972,556	3,287,761

The loans from related party consist of advances from Mizzi Organisation Finance p.l.c., a company forming part of Mizzi Organisation, out of the proceeds of the 2002 bonds issued by the same company.

The proceeds of the 2002 bond had been advanced to Consolidated Holdings Limited and other companies within the Mizzi Organisation for the principal purposes of re-financing existing banking facilities of the respective company or of an operating subsidiary of that company, and for the general corporate funding purposes of the companies mentioned above or of operating subsidiaries of these companies. These advances bear interest at the fixed rate of 7.2% per annum until 31 May 2010 and 6.7% thereafter, with interest payable six monthly in arrears on 31 May and 30 November of each year. Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, the guarantors in respect of the 2002 bond issue, have jointly and severally between themselves and with the respective borrower irrevocably undertaken under each loan agreement to repay all interest and principal amounts that will become due and payable by the borrower pursuant to these advances.

18. Borrowings - continued

The maturity or repayment terms of the outstanding advances as at 31 December 2009, which are equivalent to the outstanding balances at 31 December 2008, are subject to a repayment schedule over the period to 30 November 2019, as follows:

	€
Repayable:	
Between 1 and 2 years	144,268
Between 2 and 5 years	432,804
Over 5 years	1,985,241
	2,562,313

During the current year Mizzi Organisation Finance p.l.c. issued bonds for subscription by the general public, which issue has partially refinanced the 2002 bond issue. The repayment terms of advances out of the 2002 bond issue proceeds have been rescheduled on the basis of revised arrangements with the issuer, taking cognisance of the issuer's contractual obligations under the 2009 bonds, in particular the requirement to set up a sinking fund.

As at 31 December 2008, the loans were subject to a repayment schedule over the period to 30 April 2012, which had been established by virtue of a supplementary loan agreement. The maturity or repayment terms of the outstanding advances as at 31 December 2008 were as follows:

	€
Within 1 year	232,937
Between 1 and 2 years	232,937
Between 2 and 5 years	2,096,439
	2,562,313

All expenses incurred in the preparation and implementation of the 2002 bond issue were charged to the guarantors in proportion to the share of the proceeds of the bond issue advanced to each of them. Bond issue costs amounting to €70,063 were charged to Consolidated Holdings Limited reflecting the proportionate share of the proceeds of the bond issue advanced to the company.

Accordingly, borrowings out of the 2002 bond issue proceeds were measured at the amount of net proceeds adjusted for the amortisation of bond issue costs at the charge of Consolidated Holdings Limited using the effective interest method as reflected in the table below. In view of the revised arrangements with the issuer of the bonds as a result of the 2009 bond issue, unamortised bond issue costs at 31 December 2008 have been fully amortised during the current year.

18. Borrowings - continued

	2009	2008
	€	€
Original face value of advances out of 2002 bond issue proceeds	**4,076,403**	4,076,403
Gross amount of bond issue costs at the charge of Consolidated Holdings Limited	**(70,063)**	(70,063)
Amortisation of gross amount of bond issue costs:		
Accumulated amortisation at beginning of year	**40,713**	33,202
Amortisation charge for the current year (Note 25)	**29,350**	7,511
Accumulated amortisation at end of year	**70,063**	40,713
Unamortised bond issue costs	**-**	(29,350)
Cumulative repayments effected	**(1,514,090)**	(1,514,090)
Amortised cost and closing carrying amount of advances	**2,562,313**	2,532,963

The carrying amount of these borrowings at the end of the reporting period is analysed as follows:

	2009	2008
	€	€
Borrowings falling due:		
- within one year	**-**	224,864
- after more than one year	**2,562,313**	2,308,099
	2,562,313	2,532,963

A subsidiary also had a financing arrangement with a related party forming part of Mizzi Organisation in respect of factoring of bills of exchange with rights of recourse. Advances received by the subsidiary during the current and preceding financial years amounting to €1,518,551 and €4,745,122 respectively reflected the acquisition with rights of recourse of bills of exchange drawn in favour of this company. These transactions were accounted for as collateralised advances i.e. loans secured by bills of exchange in accordance with the requirements of IFRSs. The face value of the bills covered receivables financed by the subsidiary in the ordinary course of its activities as a finance house to all companies within the Mizzi Organisation. The advances were subject to interest at the fixed rate of 7.2% per annum and at 31 December 2008 were principally repayable within 5 years from the end of the reporting period in accordance with the maturity terms of the bills of exchange utilised in this respect.

18. Borrowings - continued

	€
Repayable:	
Within 1 year	2,855,609
Between 1 and 5 years	5,462,790
Over 5 years	21,130
	8,339,529

During the current financial year, the amounts advanced to the subsidiary have been repaid in full and the utilisation of this facility has been discontinued.

Company

The company's banking facilities as at 31 December 2009 amounted to €24,000 (2008: €24,000). These facilities are mainly secured by guarantees by group undertakings and related parties forming part of Mizzi Organisation, which are supported by general hypothecs over assets and special hypothecs over properties.

All the company's bank borrowings are subject to floating rates of interest. The weighted average effective interest rate as at 31 December 2009 was 5% (2008: 4%).

19. Trade and other payables

	Group		**Company**	
	2009	2008	**2009**	2008
	€	€	**€**	€
Current				
Trade payables	**693,416**	576,898	**-**	-
Payments received on account	**52,658**	110,598	**-**	-
Amounts owed to related parties forming part of Mizzi Organisation	**14,144,083**	10,966,614	**5,011,423**	4,988,707
Other payables	**43,730**	108,362	**-**	-
Indirect taxation	**11,629**	10,098	**-**	-
Accruals and deferred income	**387,524**	323,864	**5,681**	4,340
	15,333,040	12,096,434	**5,017,104**	4,993,047

20. Revenue

The group's revenue, which is entirely derived from the local market, is analysed as follows:

	Group	
	2009	2008
	€	€
By category		
Sale of motor vehicles	**4,843,094**	6,232,950
Sale of spare parts and provision of ancillary services	**2,757,195**	2,906,783
Hotel operations	**2,693,545**	2,945,708
Income from hire purchase and related financing	**1,341,884**	1,488,484
Income from property	**16,762**	17,820
	11,652,480	13,591,745

Income from hire purchase and related financing includes interest amounting to €52,472 (2008: €75,705) earned on loans and advances to a related party forming part of Mizzi Organisation (Note 12).

21. Expenses by nature

	Group		Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Cost of goods sold	**6,567,644**	8,124,586	**-**	-
Employee benefit expense (Note 22)	**1,776,410**	1,951,248	**-**	-
Hotel food and beverage costs	**406,267**	491,362	**-**	-
Hotel operating supplies, services and related expenses	**375,717**	429,908	**-**	-
Management fees and similar service charges	**193,239**	393,140	**-**	-
Depreciation of property, plant and equipment (Note 4)	**442,349**	412,801	**-**	-
Property operating lease rentals payable	**75,705**	79,191	**-**	-
Movement in provisions for impairment of:				
- trade receivables (included in 'Administrative expenses')	**(3,411)**	(15,783)	**-**	-
- hire purchase receivables (included in 'Administrative expenses')	**176,934**	198,636	**-**	-
Amounts written off in respect of receivables:				
- hire purchase (included in 'Administrative expenses')	**341,939**	-	**-**	-
- other (included in 'Administrative expenses')	**-**	12,224	**-**	-
Interest payable and financing costs (included in 'Cost of sales')	**640,677**	726,173	**-**	-
Marketing, business promotion and related expenses	**233,522**	113,419	**-**	-
Other expenses	**408,192**	337,305	**7,361**	7,597
Total cost of sales; selling and other direct expenses; and administrative expenses	**11,635,184**	13,254,210	**7,361**	7,597

21. Expenses by nature - continued

Operating profit/(loss) is stated after charging/(crediting) the following:

	Group		Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Exchange differences	**-**	7,612	**-**	-
Loss on disposal of property, plant and equipment	**10,431**	12,891	**-**	-
Property operating lease rental income (included in 'Other operating income')	**(8,503)**	(8,524)	**-**	-

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2009 and 2008 relate to the following:

	Group	
	2009	2008
	€	€
Annual statutory audit	**22,150**	20,520
Tax advisory and compliance services	**1,389**	1,216
Other non-audit services	**7,720**	6,660
	31,259	28,396

The auditor's remuneration for the company for the year ended 31 December 2009 amounted to €3,650 (2008: €3,380)

22. Employee benefit expense

	Group	
	2009	2008
	€	€
Wages and salaries	**1,658,616**	1,816,504
Social security costs	**117,794**	134,744
	1,776,410	1,951,248

Average number of persons employed during the year:

	Group	
	2009	2008
Direct	**81**	104
Administration	**24**	25
	105	129

23. Investment and other related income

	Group		Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Gross dividends receivable from investments in subsidiaries	**-**	-	**430,729**	396,319
Gross dividends receivable from investments in associate	**-**	-	**195,556**	319,622
Other gross dividends receivable	**1,387**	1,387	**1,387**	1,387
Increase in provisions for impairment of investment in subsidiary (Note 6)	**-**	-	**-**	(35,319)
Cost of investment in subsidiary written off (Note 6)	**-**	-	**-**	(93,553)
Release of provisions for impairment of investment in subsidiary written off (Note 6)	**-**	-	**-**	93,553
Effects of derecognition of residual net assets of subsidiary	**(112,479)**	-	**-**	-
	(111,092)	1,387	**627,672**	682,009

The winding down of the activities of a former subsidiary undertaking have been completed during the current year. Accordingly, the residual net assets pertaining to the subsidiary have been derecognised and reflected in profit or loss.

24. Finance income

	Group		Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Interest receivable from subsidiaries	**-**	-	**377,358**	337,759
Interest receivable from related parties forming part of Mizzi Organisation	**348,537**	339,643	**-**	-
Bank interest receivable	**-**	11,227	**-**	-
Other interest receivable	**47,942**	2,678	**-**	-
	396,479	353,548	**377,358**	337,759

25. Finance costs

	Group		Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Interest payable to related parties forming part of Mizzi Organisation	**517,270**	584,695	**348,213**	331,257
Bank interest and charges	**181,143**	219,492	**96**	12
Other interest payable	**2,541**	1,431	**-**	-
Other finance charges	**29,350**	7,511	**29,350**	7,511
	730,304	813,129	**377,659**	338,780

26. Tax (income)/expense

	Group		Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Current taxation:				
Current tax expense	**364**	35,404	**212,818**	209,145
Adjustment recognised in financial period for current tax of prior periods	**-**	2,815	**-**	-
Deferred taxation (Note 17)	**(3,924)**	33,392	**-**	-
	(3,560)	71,611	**212,818**	209,145

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

	Group		Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
(Loss)/profit before tax	**(384,753)**	393,403	**620,010**	673,391
Tax on (loss)/profit at 35%	**(134,664)**	137,691	**217,004**	235,687
Tax effect of:				
Movement in temporary differences arising on property, plant and equipment, provisions for impairment of trade and other receivables and provisions on investments in subsidiaries	**67,658**	61,458	**-**	12,361
Reversal of deferred tax asset recognised prior years	**-**	9,513	**-**	-
Maintenance allowance claimed on rented property	**(1,112)**	(1,199)	**-**	-
Expenses not deductible for tax purposes	**7,932**	8,628	**2,600**	2,935
Dividend income not taxed at 35%	**-**	-	**(6,786)**	(41,838)
Share of result of associate	**34,445**	(169,109)	**-**	-
Unabsorbed capital allowances claimed during the year	**21,772**	21,814	**-**	-
Under provision of tax in previous years	**-**	2,815	**-**	-
Unabsorbed tax losses incurred during the year	**409**	-	**-**	-
Tax (credit)/charge in the accounts	**(3,560)**	71,611	**212,818**	209,145

The tax impact relating to components of other comprehensive income is presented in the tables within Notes 15 and 16 to the financial statements.

27. Director's emoluments

	Group	
	2009	2008
	€	€
Salaries and other emoluments	**66,048**	31,796

28. Earnings per share

Earnings per share is calculated by dividing the (loss)/profit attributable to owners of the company by the weighted average number of ordinary shares of Consolidated Holdings Limited in issue during the year.

	Group	
	2009	2008
Net (loss)/profit attributable to owners of the company	**(€381,193)**	€321,792
Weighted average number of ordinary shares in issue	**320,600**	320,600
Earnings per share	**(€1.19)**	€1.00

29. Dividends

	Company	
	2009	2008
	€	€
Final dividends paid on ordinary shares:		
Gross	**123,529**	161,265
Tax at source	**(18,529)**	(56,443)
Net	**105,000**	104,822
Dividends per share	**0.33**	0.33

30. Cash generated from/(used in) operations

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

	Group		Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Operating profit/(loss)	**46,138**	368,427	**(7,361)**	(7,597)
Adjustments for:				
Depreciation of property, plant and equipment (Note 4)	**442,349**	412,801	**-**	-
Loss on disposal of property, plant and equipment	**10,431**	12,891	**-**	-
Cost of investment in subsidiary written off (Note 6)	**-**	-	**-**	(93,553)
Release of provisions for impairment in respect of investment in subsidiary written off (Note 6)	**-**	-	**-**	93,553
Movement in provisions for impairment of trade and other receivables	**(3,411)**	(15,487)	**-**	-
Movement in provisions for impairment of hire purchase receivables	**176,934**	198,636	**-**	-
Changes in working capital:				
Inventories	**57,824**	976,689	**-**	-
Trade and other receivables	**4,348,471**	(2,396,056)	**(377,360)**	(337,760)
Trade and other payables	**3,264,446**	(676,393)	**24,057**	322,833
Cash generated from/(used in) operations	**8,343,182**	(1,118,492)	**(360,664)**	(22,524)

31. Commitments

Operating lease commitments – where a group undertaking is the lessee

Various subsidiaries have property leasing arrangements with a related party, which is a company forming part of the Mizzi Organisation, whereby operating lease rentals amounting to €81,528 (2008: €81,528) are payable annually for the right to use assets owned by the related party in the course of the respective company's operations.

Other commitments

Following the publication of the commencement notice on 16 April 2004, the Waste Management (End of Life Vehicles) Regulations, 2004 came into force with effect from 1 May 2004. These regulate the collection, reuse, recycling and other forms of recovery of all end of life vehicles. Under these regulations importers of vehicles must meet all, or a significant part of, the cost of implementing measures necessary for the application of such regulations with effect from 1 May 2004 in respect of vehicles put on the market from 1 July 2002 and with effect from 1 January 2007 for vehicles put on the market before 1 July 2002. The group is assessing its obligations under these regulations and considering the implementation of a number of alternative measures in accordance with these regulations. In the opinion of the directors, the effect on the group's financial results and its financial position of these obligations and of any measures implemented in this respect cannot be reliably estimated in the current circumstances.

32. Contingencies

(a) The company, together with certain other subsidiaries and related parties forming part of Mizzi Organisation, is jointly and severally liable in respect of guarantees given to secure the banking facilities of group undertakings and related parties forming part of Mizzi Organisation up to a limit of €69,674,000 (2008: €65,197,000) together with interest and charges thereon. These guarantees are supported by general hypothecary guarantees for the amount of €24,482,000 (2008: nil) over the company's assets.

Subsidiaries, together with related parties forming part of Mizzi Organisation, are jointly and severally liable in respect of guarantees given to secure the banking facilities of group undertakings and related parties forming part of Mizzi Organisation up to limits of €40,684,000 (2008: €37,167,000), €34,623,000 (2008: €31,757,000) and €30,686,000 (2008: €21,111,000) respectively, together with interest and charges thereon. These guarantees are supported by general hypothercary guarantees over assets by three undertakings for the amounts of €24,482,000, €32,192,000 and €31,191,000 respectively (2008: one undertaking for the amount of €7,711,000) and special hypothecary guarantees over property by two undertakings for the amounts of €25,484,000 and €31,191,000 respectively (2008: three undertakings for the amounts of €19,218,000, €30,120,000 and €19,218,000).

(b) The company, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited are, jointly and severally with Mizzi Organisation Finance p.l.c. (a related party forming part of the Mizzi Organisation) and between themselves, guaranteeing the repayment of the nominal value of the 2002 and 2009 bonds issued by this related party, for subscription to the general public, on the redemption date and the interest amounts payable in respect of the bonds on each interest payment date. The nominal value of 2002 bonds outstanding at 31 December 2009 is €3,649,382. The issuer resolved to settle these liabilities on 31 May 2010 together with interest on these bonds at 6.7% per annum. The nominal value of 2009 bonds outstanding at 31 December amounts to €30,000,000. These bonds are due for redemption on 30 November 2019 but are redeemable in whole or in part at the issuer's sole discretion on any date falling between 30 November 2016 and 30 November 2019. The 2009 bonds are subject to interest at the rate of 6.2% payable six monthly in arrears on 31 May and 30 November in each year. The guarantors irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the issuer under the terms and conditions of the bond issues.

The proceeds of the 2002 bond issue had been advanced to Consolidated Holdings Limited, Kastell Limited and Mizzi Holdings Limited. All the terms and conditions of these advances are disclosed in Note 18 to the financial statements. Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, the guarantors in respect of the 2002 bond issue, have jointly and severally, between themselves and with the respective borrower, undertaken under each loan agreement to repay all interest and principal amounts that will become due and payable by the borrower pursuant to the advances from Mizzi Organisation Finance p.l.c.

(c) No provision has been made in these consolidated accounts for disputed income tax amounting to €209,000 (2008: €209,000) arising from assessments raised in terms of Section 44 of the Income Tax Act, Cap. 123. The contingent liability of the company in this respect amounts to €45,795 (2008: €45,795). Objections have been filed on the said assessments. The directors are confident that no material future liability will arise beyond the amounts which are acknowledged as properly due, which amounts have been fully provided for.

(d) Objections have been filed with the Commissioner of Inland Revenue over assessments raised relating to basis years 1986 and 1987 amounting to €2,301 (2008: €2,301), in respect of which no provision has been made in these accounts.

32. Contingencies - continued

(e) At 31 December 2009, the company had a contingent liability of €697,065 (2008: €697,065) in respect of the uncalled share capital of subsidiaries.

(f) At 31 December 2009, subsidiaries had contingent liabilities amounting to €387,988 (2008: €326,988) in respect of guarantees issued by the bank on their behalf in favour of third parties in the ordinary course of business.

(g) The company has undertaken to provide financial support to a subsidiary so as to enable the entity to meet its liabilities as they fall due. The subsidiary's loss for the year ended 31 December 2009 amounted to €24,441 (2008: profits of €24,039) and as at 31 December 2009 its current liabilities exceeded it current assets by €4,303,387 (2008: €4,212,848).

33. Related party transactions

Consolidated Holdings Limited and its subsidiaries form part of the Mizzi Organisation. The Mizzi Organisation is not a legal entity and does not constitute a group of companies within the meaning of the Companies Act, Cap 386 of the laws of Malta. The Organisation is a conglomerate of companies principally comprising Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, together with all their respective subsidiaries. The Mizzi Organisation also includes Falcon Wines & Spirits Limited and Mizzi Motors Limited, which are an integral component of the Organisation's beverage and automotive business activities. Indeed, the related operations of the Organisation and the activities of these two entities are managed on a collective basis.

The entities constituting the Mizzi Organisation are ultimately fully owned by Daragon Limited, Demoncada Holdings Limited, Demoncada Limited, Maurice Mizzi Investments Limited and Maurice Mizzi. Members of the Mizzi family in turn ultimately own and control the above mentioned companies.

Accordingly, the members of the Mizzi family, the shareholder companies mentioned above, all entities owned or controlled by the members of the Mizzi family and the shareholder companies, the associates of entities comprising the Organisation and the Organisation entities' key management personnel are the principal related parties of the entities forming part of the Mizzi Organisation.

Trading transactions with these related parties would typically include interest charges, management fees, service charges and other such items which are normally encountered in a group context.

33. **Related party transactions** - continued

Group

United Acceptances Finance Limited, a subsidiary, serves as a finance house to all companies within the Organisation. The subsidiary's activities consist principally of the granting and administering of hire purchase agreements with respect to debts sold to the company by these related parties. Companies within the Mizzi Organisation transfer receivables arising from the sale of goods and services to United Acceptances Finance Limited at their face value (see Note 11). These receivables are acquired without rights of recourse.

In the ordinary course of their operations, group undertakings also sell goods and other services to companies forming part of the Organisation for trading purposes and also purchases goods and services from these companies.

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. 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.

Except for transactions disclosed or referred to previously, the following significant operating transactions, which were carried out principally with related parties forming part of Mizzi Organisation, have a material effect on the operating results and financial position of the group:

	2009	2008
	€	€
Sales of goods and services		
Sales of goods held for resale and provision of services		
- Related parties forming part of Mizzi Organisation	**738,561**	2,217,946
- Other related parties	**57,454**	28,907
Property operating lease rental income receivable	**11,647**	11,647
Transfer of investment property	**-**	465,874
Transfer of property, plant and equipment	**10,961**	-
	818,623	2,724,374

33. Related party transactions - continued

	2009	2008
	€	€
Purchases of goods and services		
Purchases of goods held for resale and services	**58,701**	65,282
Purchase of property, plant and equipment	**128,756**	12,371
Interest payable in respect of factoring facility	**467,430**	518,311
Management fees payable	**334,623**	391,140
Property operating lease rentals payable	**81,528**	81,528
Estate management fees payable	**8,036**	8,036
	1,079,074	1,076,668

The transactions disclosed above were carried out on commercial terms. Year-end balances with related parties, arising principally from the transactions referred to previously, are disclosed in Notes 10 and 19 to these financial statements.

The group's expenditure reflected in profit or loss comprises amounts recharged from related parties forming part of Mizzi Organisation of €219,885 (2008: €614,706).

Key management personnel compensation, recharged by a related party, in addition to directors' remuneration disclosed in Note 27, amounted to €53,000 (2008: €52,586).

Amounts owed by related parties as at 31 December 2009 of €2,017,444 (2008: €8,411,338) are subject to interest at 5% (2008: 4%). Amounts owed to related parties as at 31 December 2009 of €6,254,110 (2008: €6,167,894) are subject to interest at 7.2% (2008: 7.2%). Interest receivable from related parties and interest payable to related parties are disclosed in Notes 24 and 25 respectively.

Company

The company's expenditure reflected in profit or loss comprises amounts recharged from a related party forming part of Mizzi Organisation of €4,129 (2008: €4,521).

Amounts owed to related parties as at 31 December 2009 of €5,120,826 (2008: €5,077,777) are subject to interest at 7.2% (2008: 7.2%). Interest receivable from related parties and interest payable to related parties are disclosed in Notes 24 and 25 respectively.

34. Statutory information

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