Plaza CENTRES p.l.c.

ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2010

Company Registration Number: C564

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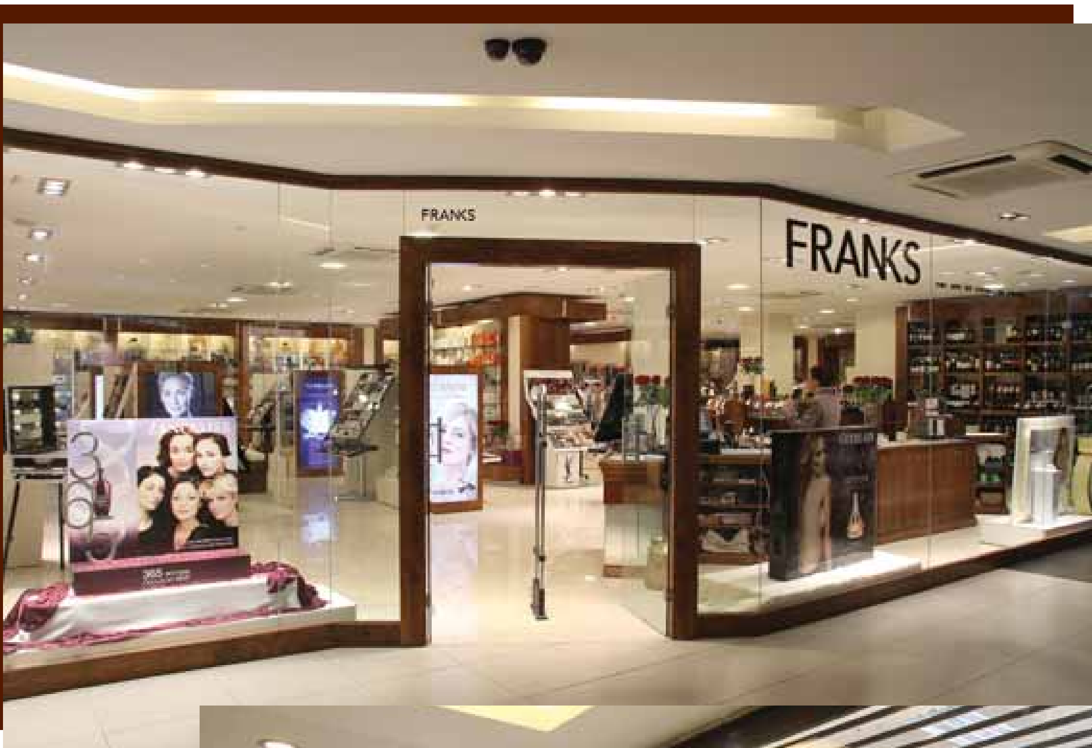
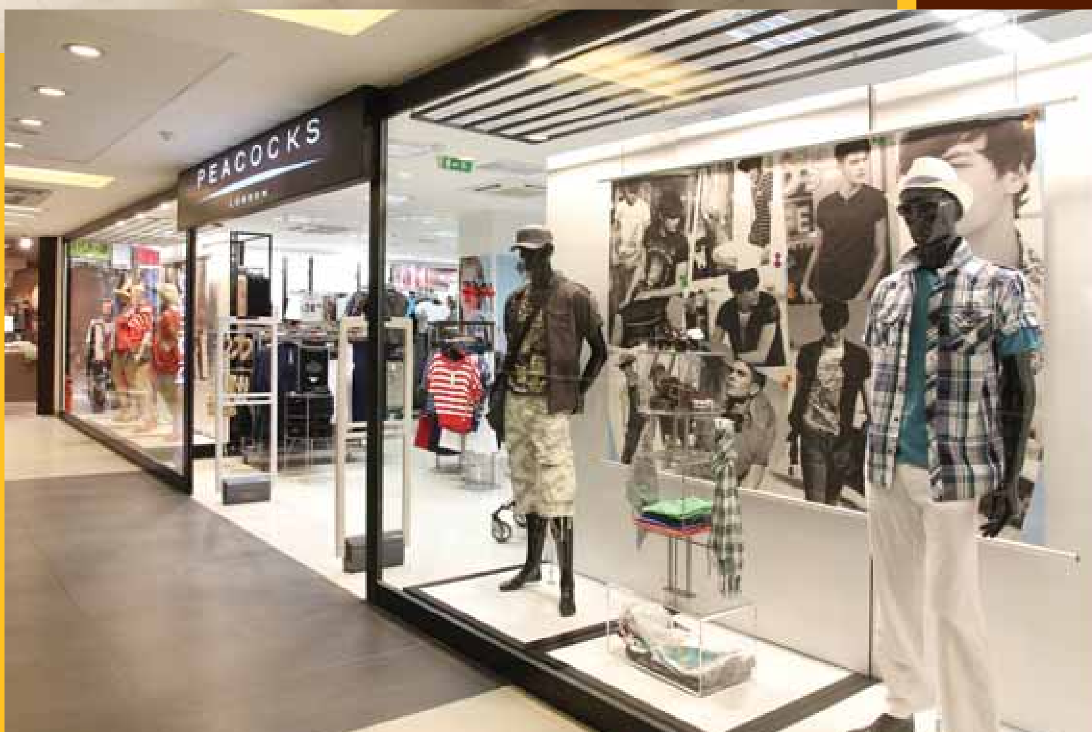
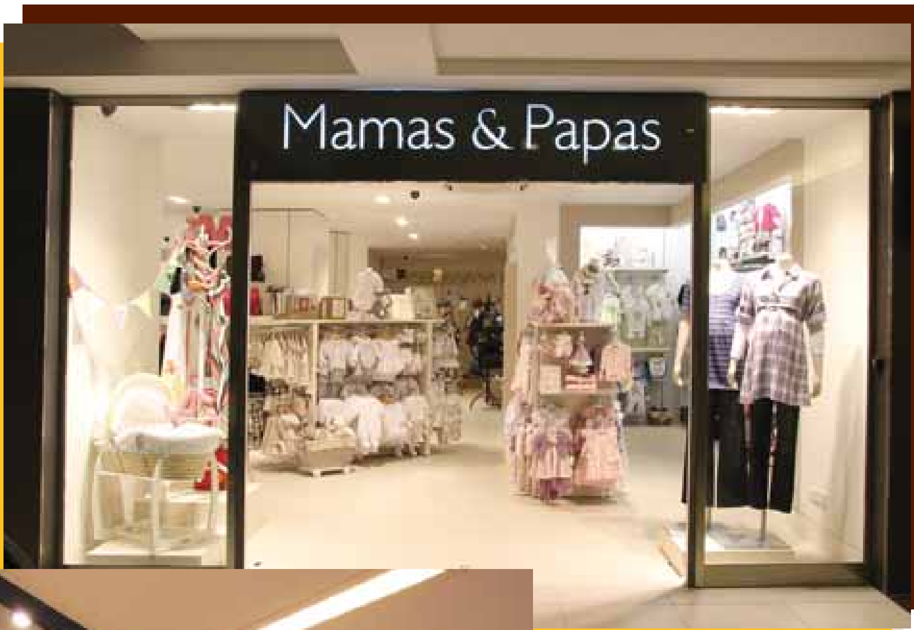
Mission Statement

"To retain our position as Malta's leader in quality retailing and to use our strength to stimulate further growth"



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Chairman's Statement

It gives me great pleasure to report the Company's positive results for the financial year ended 31 December 2010.

Plaza Centres p.l.c. has maintained a consistent level of growth, both in terms of occupancy and profitability, and the results are materially in line with the Directors' expectations. During 2010, the Company's revenue increased by 3.1%. On similar lines to previous years, the Company's occupancy stood at 96.1% during 2010. Similar occupancy levels are anticipated for 2011, despite a larger rentable area, following the launch of the new extension in March 2011.

Revenue for the year was €2,061,794 (2009: €1,999,827), whilst profit before tax amounted to €1,309,815 (2009: €1,315,411). Profit after tax amounted to €832,700 (2009: €836,783). The Company's cost to income ratio was satisfactory at 32.8% (2009: 30.8%).

The Company's extension project progressed as planned during the year. 85% of the additional area has been leased with income streams commencing during the first quarter of 2011. In line with its growth plans, the Company will continue to look for new opportunities for expansion.

The economic environment during 2010 proved to be challenging, both for the Company and its tenants. Market indications for 2011 appear to be equally challenging in view of the changing dynamics for local and international markets. The Directors continue to assume a cautious outlook during 2011.

Based on the favourable results for 2010, the Board of Directors recommends the payment of a final net dividend of €707,795 or €0.0752 per share (2009: €790,776, €0.084 net per share) for approval at the Annual General Meeting to be held on 24 May 2011. The final net dividend will be paid to all shareholders on the Company's share register at close of trading on the Malta Stock Exchange on 31 March 2011.

Once again, I would like to conclude by extending my appreciation towards our Board of Directors, Management, Shareholders, Tenants and Staff for their valued contribution towards the Company's continued success.

Albert Mizzi – Chairman
3 March 2011

Share Register Information

Share register information pursuant to the Malta Stock Exchange Bye-laws

Directors' interest in the share capital of the Company (shares held)

	Beneficial interests at 31.12.10	Beneficial interests at 03.03.11
Albert Mizzi	754,280	754,280
Brian R. Mizzi	755,095	755,095
Gerald J. Zammit	125,100	125,100
Adrian Strickland	111,031	111,031

Shareholders holding 5% or more of the equity share capital

	% holding at 31.12.10	% holding at 03.03.11
MSV Life p.l.c.	28.36	28.36
HSBC Bank p.l.c. as Custodian for Ammt Sicavs Malta	8.91	8.91
Mizzi Associated Enterprises Ltd.	8.02	8.02
Cenmed Ltd.	8.01	8.01
HSBC Bank p.l.c. as Custodian for HSBC Life Assurance	6.02	6.02
Lombard Bank Malta p.l.c.	5.07	5.07

Shareholding details

As at 31 December 2010, Plaza Centres p.l.c.'s issued share capital was held by 430 shareholders, and as at 3 March 2011 by 436 shareholders. The issued share capital consists of one class of ordinary shares with equal voting rights.

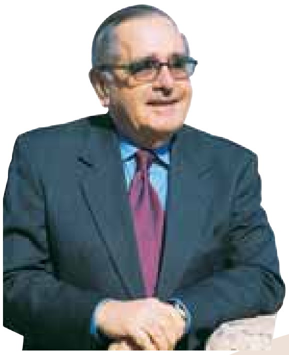
Distribution of shareholders analysed by range:

Range of shareholding	No of shareholders at 31.12.10	No of shareholders at 03.03.11	Shares at 31.12.10	Shares at 03.03.11
1 - 500 shares	70	74	26,481	27,906
501 - 1000 shares	92	91	78,350	77,350
1001 - 5000 shares	158	161	363,107	360,882
5001 & over	110	110	8,946,062	8,947,862

Company Secretary and Registered Office

Lionel A. Lapira MBA (Henley), AMD, CMD,
The Plaza Commercial Centre
Level 8
Bisazza Street
Sliema SLM 1640
Malta
3 March 2011

Board of Directors



Albert Mizzi - Chairman

Mr. Mizzi was appointed Chairman of the Company in 1986. He has had an active career within the business community in Malta having led a number of major private sector initiatives and is currently Chairman of various companies including HSBC Bank Malta p.l.c., MIDI p.l.c., Consolidated Biscuit Co. Ltd., Supermarkets (1960) Ltd., Mizzi Associated Enterprises Ltd., Mellieha Bay Hotel Ltd. and Kemmuna Ltd. Mr. Mizzi is a Director and shareholder in the Alf Mizzi & Sons Group. He has also served for many years as Executive Chairman on various state-owned companies, including Air Malta p.l.c. (19 years), Middle Sea Insurance, Sea Malta and Malta Shipbuilding. He has also served as Chairman of the Malta Council for Economic Development.

David G. Curmi ACII, Chartered Insurer
Chief Executive Officer – MSV Life p.l.c.

Formerly: Managing Director of Citadel Insurance Services Ltd. and Citadel Insurance p.l.c., Director of Medpoint Insurance Brokers Ltd., Director of Mediterranean Survey Bureau Ltd., Director of International Insurance Management Services Ltd., Director of EuroMed Risk Solutions Ltd., President of the Malta Insurance Association, Honorary Secretary of the Malta Chamber of Commerce, Vice President of the Malta Chamber of Commerce, Governor of Finance Malta.

At Present: Chief Executive Officer of MSV Life p.l.c., Malta's leading life insurance company. Chief Executive Officer and Director of Growth Investments Ltd., Director of Plaza Centres p.l.c., Director of Midi p.l.c., Director of Premium Realty Ltd., Council Member of the Malta Insurance Association, Director of the Protection and Compensation Fund, Chairman of L.B. Factors Ltd.

Mr. Curmi started his career in the insurance industry over thirty years ago during which time he held various senior executive positions with a number of insurance operators in the Maltese market.

Mr. Curmi is an Associate of the Chartered Insurance Institute of the United Kingdom and a Chartered Insurer. Mr. Curmi is a regular lecturer on various insurance topics at the University of Malta and at the Malta Insurance Training Centre.

Marzena Formosa
Chief Investment Officer – MSV Life p.l.c.

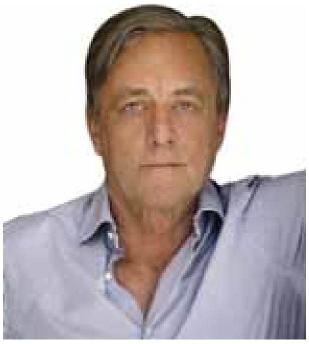
Joined Middlesea Group in 1996 and occupied various positions within the Group Investments unit.

At present: Chief Investment Officer of MSV Life p.l.c., Assistant General Manager of Growth Investments Ltd., Director of Euro Globe Holdings Ltd.

Holds a Masters degree in Economics and a Masters degree in Financial Services.

Charles J. Farrugia

Charles J. Farrugia is a non-Executive Director of Plaza p.l.c. He worked in the banking sector for 35 years and sat on a number of boards and committees within the HSBC Malta Group. Before retirement, in December 2009, he held the post of Head Global Banking & Markets and was a senior executive director of HSBC Malta p.l.c. Charles Farrugia still holds a non-executive directorship with HSBC Bank Malta p.l.c. as well as non-executive directorships in other Maltese companies.



Brian R. Mizzi

Mr. Brian Mizzi sits on the Board of Directors of Mizzi Organisation and has over forty years of active service working within the organisation. He serves as Managing Director for The General Soft Drinks Co. Ltd., bottlers and distributors of Coca-Cola products in Malta, and has been actively involved since it was acquired by Mizzi Organisation. Mr. Mizzi is also Managing Director for Arkadia Marketing Ltd., one of Malta's leading shopping centres and a retail company. Mr. Mizzi is also heavily involved in the tourism industry; he is the Managing Director for The Waterfront Hotel as well as being a Director, representing Mizzi Organisation's interests, on the board for Mellieha Bay Hotel and Kemmuna Ltd., owner of the Comino Hotel. Also in Brian Mizzi's directorship portfolio is The Institute of English Language Studies Ltd. of which Mizzi Organisation is a substantial shareholder.

Gerald J. Zammit

A member of the Plaza Executive Management Committee, Plaza's Marketing Committee, Sliema's Business Community and a Plaza Board member since 2005. Mr. Zammit is also actively involved in marketing, communications and new technologies.

Adrian Strickland KM

Mr. Strickland was formerly Chairman of CAM Group and has been Senior Vice President of the Malta Chamber of Commerce. Presently, he is Chairman of Strickland Ltd.

Executive Management

Lionel A. Lapira - Chief Executive Officer

Mr. Lapira joined the Company on 1 July 1994 and has since occupied a number of posts within the Company including Commercial Manager, Company Secretary, Compliance Officer and member of the Company's Executive Management Committee. He has been a member of the ICSC (International Council of Shopping Centres) since 1995 and in 1999 was awarded AMD (Accredited Marketing Director), CMD (Certified Marketing Director) status by the ICSC. In January 2000, the Company appointed him General Manager with responsibilities for operations, human resources, leasing, marketing and property management. With qualifications and experience in management, finance, marketing and diplomatic studies, Mr. Lapira obtained his MBA at Henley-Brunel University in 2005. Prior to joining Plaza Centres p.l.c., he occupied senior management positions in the local hospitality, entertainment and leisure industry. Mr. Lapira was appointed Chief Executive Officer on 1 January 2005 and has since served as Chairperson of Plaza's Marketing Committee and as a Committee member of the Sliema Business Community.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2010.

Principal activities

The Company's principal activity, which is unchanged since last year, is to lease and manage the Plaza Shopping and Commercial Centre.

Review of the business

Plaza Centres p.l.c.'s revenue for the year ended 31 December 2010 was €2,061,794 (2009: €1,999,827) whilst profit before tax amounted to €1,309,815 (2009: €1,315,411). Profit after tax amounted to €832,700 (2009: €836,783) whilst the Company's cost to income ratio increased marginally to 32.8% (2009: 30.8%). In 2010, occupancy was 96.1% (2009: 94.2%) and similar occupancy levels are anticipated during 2011. During 2010, the Company's extension project progressed according to plan with 85% of the areas leased. The new leases are expected to come on stream during the first quarter of 2011.

Results and dividends

The financial results are set out on page 18. The Directors recommend the payment of a final dividend of €707,795 (2009: €790,776).

Directors

The Directors of the Company who held office during the year were:

Albert Mizzi - Chairman
David G. Curmi - appointed 29 April 2010
Charles J. Farrugia
Brian R. Mizzi
Adrian Strickland
Marzena Formosa - appointed 29 April 2010
Gerald J. Zammit
Peter Borg - resigned 29 April 2010
Anne Marie Tabone - resigned 29 April 2010

The Directors are required in terms of the Company's Articles of Association to retire at the forthcoming Annual General Meeting and may offer themselves for re-appointment or re-election.

A shareholder holding not less than 14 per cent of voting rights of the issued share capital or a number of shareholders who between them hold not less than 14 per cent, shall appoint one Director for every such 14 per cent holding by letter addressed to the Company. All shares not utilised to make appointments in terms of the above shall be entitled to vote at the Annual General Meeting to elect the remaining Directors. The Memorandum and Articles of the Company provides for a Board of Directors of not less than five and not more than seven members.

Directors' Report (continued)

Directors' statement of responsibilities in relation to the financial statements

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 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 Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material missatetement, whether due to fraud or error, and that comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Plaza Centres p.l.c. for the year ended 31 December 2010 are included in the Annual Report 2010, 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.

The Directors further confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Going concern basis

After making due enquiries, the Directors have a reasonable expectation, at the time of approving the financial statements, that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors' Report (continued)

Auditors

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

On behalf of the board

Albert Mizzi
Chairman

Charles J. Farrugia
Director

Registered office:
The Plaza Commercial Centre
Level 8
Bisazza Street
Sliema SLM 1640
Malta

3 March 2011

Corporate Governance - Statement of compliance

Introduction

Pursuant to Listing Rule 8.36 of the Listing Rules issued by the Listing Authority, Plaza Centres p.l.c. ("the Company") should endeavour to adopt the principles of good corporate governance contained in Appendix 8.1 of the Listing Rules[1]. In terms of Listing Rules 8.37 and 8.38 the Company hereby reports on the extent of its adoption of the principles (also referred to as "the Code") for the financial year being reported upon.

The Company acknowledges that the Code does not dictate or prescribe mandatory rules, but recommends principles of good practice. The Directors believe that such practices are generally in the best interests of the Company and its shareholders, and they have adopted such measures as they consider to be the most suitable for the size, nature and operations of the Company.

Roles and responsibilities

The Company's governance principally lies in its Board of Directors, which is responsible for the overall setting of the Company's policies and business strategies. The Company's principal activity is to lease and manage the Plaza Shopping and Commercial Centre. In fulfilling its mandate, the Board of Directors assumes responsibility to:

a) Establish appropriate corporate governance standards;
b) Review, evaluate and approve, on a regular basis, long-term plans for the Company;
c) Review, evaluate and approve the Company's budgets and forecasts;
d) Review, evaluate and approve major resource allocations and capital investments;
e) Review the financial and operating results of the Company;
f) Ensure appropriate policies and procedures are in place to manage risks and internal control;
g) Review, evaluate and approve the overall corporate organisation structure, the assignment of management responsibilities and plans for senior management development including succession;
h) Review, evaluate and approve compensation to senior management;
i) Review periodically the Company's objectives and policies relating to social, health and safety and environmental responsibilities.

The Board delegates authority to, and accountability, for the Company's day to day business to a team, which during 2010 was composed of the Chairman, Mr. Albert Mizzi, the Chief Executive Officer, Mr. Lionel Lapira and Mr. Gerald J. Zammit. Matters relating to administration, finance and strategy are discussed at Board level.

The Company has adopted a corporate decision-making and supervisory structure that is tailored to suit its requirements and designed to ensure the existence of adequate controls and procedures within the Company, whilst retaining an element of flexibility essential to allow the Company to react promptly and efficiently to the dictates of its business, its size and the economic conditions in which it operates. In general, the Directors believe that the Company has adopted appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of control in line with the Company's requirements.

[1] The Listing Rules have been amended and re-numbered. The Code of Principles of Good Corporate Governance has also been amended and is currently set out as Appendix 5.1 to Chapter 5 of the Listing Rules (as amended). The Code as amended shall only come into force with respect to the Company as from the financial year ending 31 December 2011. Accordingly this Statement of compliance is based on the Code's provisions and requirements that applied to the financial year ended 31 December 2010.

Corporate Governance - Statement of compliance (continued)

Composition of the Board

The Board of Directors has throughout the period under review provided the necessary leadership in the overall direction of the Company, and has adopted systems whereby it obtains timely information from the CEO. This ensures an open dialogue between the CEO and Directors at regular intervals, and not only at meetings of the Board. The Company has segregated the functions of the CEO and the Chairman, with the CEO heading the Executive team whilst the Chairman's main function is to lead the Board.

During 2010 the Board was composed of Mr. Albert Mizzi, Chairman, Mr. David G.Curmi, Mr. Brian R. Mizzi, Mr. Adrian Strickland, Ms. Marzena Formosa, Mr. Charles J. Farrugia and Mr. Gerald J. Zammit. All Directors not on the Executive team serve in a non-executive capacity. The Directors believe that the attendance of the CEO at Directors' meetings as well as regular reporting and ongoing communication through the Committee described above serves the purposes of the Company adequately, given its size and nature of operations. Pursuant to generally accepted practices, as well as the Company's Articles of Association, the appointment of Directors to the Board is reserved exclusively to the Company's shareholders, except in so far as an appointment is made to fill a vacancy on the Board.

It is the practice of the Board that when a potential conflict of interest arises in connection with any transaction or other matter, the potential conflict of interest is declared so that steps may be taken to ensure that such items are appropriately dealt with. The steps taken will depend on circumstances, and may include the setting up of *ad-hoc* committees of independent Directors that would assist and monitor management as appropriate in the execution of specific transactions.

Commercial relationships between the Company and other companies are related by way of common Directors and shareholders. Related party transactions may include the purchase of supplies and services, and the letting of outlets. Contracts are entered into in the ordinary course of business with shareholders and other parties in which the Directors have a beneficial interest. Terms and conditions of new contracts negotiated with related parties are reviewed by the Company's Audit Committee. During the financial year, these contracts included: supplies and services of €29,889 (2009: €222,846) and income from lettings and premia of €200,749 (2009: €331,977).

By virtue of the Memorandum and Articles of Association, the Directors are obliged to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with that of the Company. The Board member concerned shall not take part in the assessment by the Board as to whether a conflict of interest exists. A Director shall not vote in respect of any contract, arrangement, transaction or proposal in which he has material interest in accordance with the Memorandum and Articles of Association.

As at the date of this Statement, the interests of the Directors in the shares of the Company were as follows (shares held):

	Beneficial interests
Brian R. Mizzi	755,095
Albert Mizzi	754,280
Gerald J. Zammit	125,100
Adrian Strickland	111,031

The aggregate amount of remuneration paid to all Directors of the Company was €22,400 during 2010 and each Director received an annual remuneration of €3,200.

Board meetings concentrate mainly on strategy, operational performance and financial performance. The Board also delegates specific responsibilities to the CEO and *ad-hoc* Committees as may be required from time to time.

Corporate Governance - Statement of compliance (continued)

Exercise of the role of the Board

The activities of the Board are exercised in a manner designed to ensure that it can function independently of management and effectively supervise the operations of the Company.

Each Board meeting is presented with a report by the CEO, which regularly includes the Company's management accounts circulated monthly to each Director; a management commentary on the results and on relevant events and decisions; and sets out background information on any matter requiring the approval of the Board.

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

(a) annual plans and budgets;
(b) the remuneration of the Chief Executive Officer, which is determined on an arm's length basis by reference to the responsibility entailed in this post and to the Board's assessment of the performance of the official;
(c) policies regulating relationships with tenants and prospective tenants, including the procedures to be followed from time to time to ensure the timely receipt of all amounts due to the Company;
(d) tenancies which may require a variation from planned terms;
(e) proposals for potential new investments, including any transactions which may entail the acquisition or disposal of property; and
(f) the approval of interim and annual financial statements and reports, and of relevant public announcements made by the Company; the Company's compliance with its continuing listing obligations; and the systems of internal control established by management.

The Board does not consider it necessary to constitute separate committees to deal, inter alia, with item (b) above, as might be appropriate in a larger company. In ensuring compliance with other statutory requirements and with continuing listing obligations, the Board is advised directly, as appropriate, by its appointed broker, legal advisor and external auditors.

Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Company's expense.

During the financial year under review, the Board held 9 meetings (2009: 11).

Over the period under review it is the Board's view that all members of the Board, individually and collectively, have contributed in line with the required levels of diligence and skill. In addition, the Board believes that its current composition endows the Board with a cross-section of skills and experience and achieves the appropriate balance required for it to function effectively.

Corporate Governance - Statement of compliance (continued)

Audit Committee

As part of its corporate governance structures, the Company has established an Audit Committee in line with the requirements of the Listing Rules. Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls. This Committee is made up of Mr. Charles J. Farrugia, Mr. Adrian Strickland and Ms. Marzena Formosa. The terms of reference, approved by the Board of Directors, are modelled on the recommendations of the Listing Rules. They include, inter alia, the responsibility of reviewing the financial reporting process and policies, the system of internal control and management of financial risk, the audit process, any transactions with related parties and the Company's process for monitoring compliance with laws and regulations. The external auditors are invited to attend specific meetings of the Audit Committee and are entitled to convene a meeting if they consider that it is necessary.

When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on the action needed to address the issue or make improvements. In accordance with the Listing Rules the Audit Committee met 5 times during 2010 (2009: 5). Each Director received a remuneration of €2,000 pro-rated during 2010.

Communication with Shareholders and the Market

The Board is of the view that over the period under review the Company has communicated effectively with the market through a number of Company announcements that it published informing the market of significant events happening within the Company.

Business at the Company's Annual General Meeting (AGM) covers the approval of the Annual Report and Audited Financial Statements, the declaration of a dividend, if any, the election of Directors, the determination of the maximum aggregate emoluments that may be paid to Directors, the appointment of auditors and the authorisation of the Directors to set the auditors' remuneration.

Apart from the AGM, the Company intends to continue with its active communication strategy in the market, and shall accordingly continue to communicate with its shareholders and the market by way of the Annual Report and Financial Statements, by publishing its results on a six-monthly basis during the year, and by way of Company announcements to the market in general. The Company recognises the importance of maintaining a dialogue with the market to ensure that its strategies and performance are well understood and disclosed to the market in a timely manner. The Company's website (www.plaza-shopping.com) also contains information about the Company and its business, which is a source of further information to the market.

The Directors are committed to high standards of ethical conduct and to contribute to the development of the well-being of employees and their families as well as the local community and society at large.

The Directors' statement of responsibilities for preparing the financial statements is set out on page 9.

Independent auditor's report

To the Shareholders of Plaza Centres p.l.c.

Report on the Financial Statements

We have audited the financial statements of Plaza Centres p.l.c. on pages 17 to 36 which comprise the statement of financial position as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements
As explained more comprehensively in the Directors' statement of responsibilities in relation to the financial statements on page 9, the Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 Company as at 31 December 2010, and of the Company's financial performance and its 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

The Listing Rules issued by the Malta Listing Authority require the Directors to prepare and include in their Annual Report a Statement of compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles. The Listing Rules also require the auditor to include a report on the Statement of compliance prepared by the Directors.

We read the Statement of compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of compliance set out on pages 11 to 14 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

We also read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the chairman's statement, shareholder information and the Directors' report. Our responsibilities do not extend to any other information.

We also have responsibilities:

- Under the Maltese Companies Act, 1995 to report to you if, in our opinion:
  - The information given in the Directors' report is not consistent with the financial statements.
  - Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
  - The financial statements are not in agreement with the accounting records and returns.
  - We have not received all the information and explanations we require for our audit.
  - Certain disclosures of Directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.
- Under the Listing Rules to review the statement made by the Directors, set out on page 9, that the business is a going concern together with supporting assumptions or qualifications as necessary.

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

PRICEWATERHOUSECOOPERS

167 Merchants Street
Valletta
Malta

Romina Soler
Partner
3 March 2011

Statement of financial position

	Notes	As at 31 December 2010 €	2009 €
ASSETS			
Non-current assets			
Property, plant and equipment	4	**28,022,993**	26,847,076
Current assets			
Trade and other receivables	5	**343,844**	300,756
Current tax asset		**-**	16,956
Cash and cash equivalents	6	**12,225**	20,954
Total current assets		**356,069**	338,666
Total assets		**28,379,062**	27,185,742
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the Company			
Share capital	7	**4,385,738**	4,385,738
Share premium	8	**3,094,868**	3,094,868
Revaluation reserve	9	**10,498,075**	10,509,323
Retained earnings		**2,257,440**	2,204,268
Total equity		**20,236,121**	20,194,197
Non-current liabilities			
Borrowings	10	**2,549,567**	1,505,852
Deferred tax liabilities	11	**2,896,462**	2,879,432
Trade and other payables	12	**633,409**	775,442
Total non-current liabilities		**6,079,438**	5,160,726
Current liabilities			
Borrowings	10	**1,315,221**	1,168,272
Trade and other payables	12	**731,450**	662,547
Current tax liabilities		**16,832**	-
Total current liabilities		**2,063,503**	1,830,819
Total liabilities		**8,142,941**	6,991,545
Total equity and liabilities		**28,379,062**	27,185,742

The notes on pages 21 to 36 are an integral part of these financial statements.

The financial statements on pages 17 to 36 were authorised for issue by the Board on 3 March 2011 and were signed on its behalf by:

Albert Mizzi
Chairman

Charles J. Farrugia
Director

Statement of comprehensive income

	Notes	Year ended 31 December 2010 €	Year ended 31 December 2009 €
Revenue		**2,061,794**	1,999,827
Marketing costs	13	**(62,423)**	(42,689)
Maintenance costs	13	**(16,393)**	(14,758)
Administrative expenses	13	**(264,353)**	(233,239)
Operating profit before depreciation		**1,718,625**	1,709,141
Depreciation	13	**(333,925)**	(325,332)
Operating profit		**1,384,700**	1,383,809
Finance income	15	**16,277**	16,325
Finance costs	16	**(91,162)**	(84,723)
Profit before tax		**1,309,815**	1,315,411
Tax expense	17	**(477,115)**	(478,628)
Profit for the year - total comprehensive income		**832,700**	836,783
Earnings per share (cents)	19	**8c85**	8c89

The notes on pages 21 to 36 are an integral part of these financial statements.

Statement of changes in equity

	Notes	Share capital €	Share premium €	Revaluation reserve €	Retained earnings €	Total equity €
Balance at 1 January 2009		4,385,738	3,094,868	10,520,571	2,100,884	20,102,061
Comprehensive income						
Profit for the year		-	-	-	836,783	836,783
Other comprehensive income:						
Depreciation transfer through asset use, net of deferred tax	9	-	-	(11,248)	11,248	-
Total comprehensive income		-	-	(11,248)	848,031	836,783
Transactions with owners						
Dividends relating to 2008	20	-	-	-	(744,647)	(744,647)
Balance at 1 January 2010		4,385,738	3,094,868	10,509,323	2,204,268	20,194,197
Comprehensive income						
Profit for the year		-	-	-	832,700	832,700
Other comprehensive income:						
Depreciation transfer through asset use, net of deferred tax	9	-	-	(11,248)	11,248	-
Total comprehensive income		-	-	(11,248)	843,948	832,700
Transactions with owners						
Dividends relating to 2009	20	-	-	-	(790,776)	(790,776)
Balance at 31 December 2010		**4,385,738**	**3,094,868**	**10,498,075**	**2,257,440**	**20,236,121**

The notes on pages 21 to 36 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 December 2010 €	2009 €
Cash flows from operating activities			
Cash generated from operations	21	**1,289,848**	1,527,163
Interest received	15	**16,277**	16,325
Interest paid		**(71,403)**	(60,925)
Income tax paid		**(426,297)**	(529,744)
Net cash from operating activities		**808,425**	952,819
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,217,042)**	(1,571,636)
Net cash used in investing activities		**(1,217,042)**	(1,571,636)
Cash flows from financing activities			
Increase in borrowings	10	**1,043,715**	692,423
Dividends paid	20	**(790,776)**	(744,647)
Net cash from/(used in) financing activities		**252,939**	(52,224)
Net movement in cash and cash equivalents		**(155,678)**	(671,041)
Cash and cash equivalents at beginning of year		**(924,478)**	(253,437)
Cash and cash equivalents at end of year	6	**(1,080,156)**	(924,478)

The notes on pages 21 to 36 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

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

1.1 Basis of preparation

These financial statements have been prepared in accordance with 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, except as modified by the fair valuation of the land and buildings class of property, plant and equipment.

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

Standards, interpretations and amendments to published standards effective in 2010

In 2010, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2010. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2010. The Company 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 Company's financial statements in the period of initial application.

1.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors that makes strategic decisions. The Board of Directors considers the Company to be made up of one segment, that is to lease and manage the Plaza Shopping and Commercial Centre.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The 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 or valuation where items are remeasured. 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

Property, plant and equipment, comprising land and buildings, electrical installations, plant, machinery and equipment, and furniture and fittings are initially recorded at cost. Land and buildings are subsequently shown at market value, based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

	%
Buildings	1
Electrical installations	4
Plant, machinery and equipment	5 - 20
Furniture and fittings	3.33 - 33.33

Assets in the course of construction are not depreciated.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.5).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within 'operating profit'. On disposal of a revalued asset, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1. Summary of significant accounting policies - continued

1.5 Impairment of non-financial assets

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

1.6 Financial assets

1.6.1 Classification

The Company classifies its financial assets in the loans and receivables category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 Company provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 1.7 and 1.8).

1.6.2 Recognition and measurement

The Company recognises a financial instrument in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Loans and receivables are initially recognised at fair value plus transaction costs. All regular way transactions in assets classified in the loans and receivables category are accounted for using settlement date accounting, that is, on the date an asset is delivered to or by the entity. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership or has not retained control of the financial asset.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Impairment testing of trade receivables is described in Note 1.7.

1. Summary of significant accounting policies - continued

1.7 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company 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 indications 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 effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against trade and other receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

1.8 Cash and cash equivalents

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

1.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds.

1.10 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

1.11 Borrowings

Borrowings are recognised initially at fair value, 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 Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Borrowing costs are capitalised within property, plant and equipment in so far as they relate to the specific external financing of assets under development. Such borrowing costs are capitalised up to the time that the assets are brought into use. Other borrowing costs are recognised as an expense in the year to which they relate.

1. Summary of significant accounting policies - continued

1.12 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.

1.13 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Deferred tax is recognised 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 tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Under this method the company is required to make a provision for deferred income taxes on the revaluation of certain fixed assets. Such deferred tax is charged or credited directly to the revaluation reserve. Deferred income tax on the difference between the actual depreciation on the property and the equivalent depreciation based on the historical cost of the property is realised through profit or loss. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

1.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company 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:

(a) Rendering of services

Rents receivable and premia charged to clients are included in the financial statements as revenue. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are credited to profit or loss on a straight-line basis over the period of the lease.

(b) Finance income

Finance income is accounted for as it accrues, unless collectibility is in doubt.

1.15 Leases

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

1. Summary of significant accounting policies - continued

1.16 Dividend distribution

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

2. Financial risk management

2.1 Financial risks factors

The Company's activities potentially expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company did not make use of derivative financial instruments to hedge risk exposures during the current and preceding financial years. The Board provides principles for overall risk management, as well as policies covering risks referred to above.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The Company's transactions and recognised assets and liabilities are all denominated in euro and hence the Company is not exposed to foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

The Company's significant interest-bearing assets and liabilities, and related interest rate and maturity information, are disclosed in Notes 5, 6 and 10. The Company's interest rate risk principally arises from bank borrowings issued at variable rates (Note 10), which expose the Company 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 the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

(b) Credit risk

Financial assets that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and credit exposure to customers, including outstanding receivables and committed transactions. The Company's exposures to credit risk as at the end of each reporting period are analysed as follows:

	2010	2009
	€	€
Trade and other receivables (Note 5)	**343,844**	300,756
Cash and cash equivalents (Note 6)	**12,225**	20,954
Current taxation	**-**	16,956
Total loans and receivables	**356,069**	338,666

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. The Company does not hold any collateral as security in this respect.

2. Financial risk management - continued

2.1 Financial risks factors - continued

(b) Credit risk - continued

Credit risk with respect to cash and cash equivalents is not considered to be significant since the Company's cash is placed with quality financial institutions. Credit risk with respect to trade receivables is limited due to the number of customers comprising the Company's debtor base. The Company assesses the credit quality of its tenants taking into account financial position, past experience and other factors. The Company manages credit limits and exposures actively in a practicable manner such that there are no material past due amounts receivable from tenants as at the end of the reporting period. The Company's receivables, which are not impaired financial assets, are principally in respect of transactions with tenants for whom there is no recent history of default. Management does not expect any material losses from non-performance by these tenants.

(c) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (refer to Notes 10 and 12). The Company's current liabilities exceeded its current assets as at the financial year end by €1,707,434 (2009: €1,492,153) as a consequence of partially financing the acquisition and development of new projects through operational cash flows and short-term financing. 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 Company's obligations.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period and ensures that no additional financing facilities are expected to be required over the coming year. It discusses these forecast with the audit committee prior to their presentation for Board approval. The Company's liquidity risk is not deemed to be material in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, expectations for future income streams from existing and new contracts, coupled with the Company's committed borrowing facilities that it can access to meet liquidity needs as referred to previously and as disclosed in some more detail in Note 10.

The carrying amounts of the Company's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date in the respective notes to the financial statements.

2.2 Capital risk management

The Company'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 Company's equity, as disclosed in the statement of financial position, constitutes its capital. The Company maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Company's activities and the extent of borrowings or debt, the capital level as at the reporting date is deemed adequate by the directors.

2.3 Fair values of financial instruments

At 31 December 2010 and 2009 the carrying amounts of cash at bank, receivables, payables, accrued expenses and current 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. Non-current borrowings are accounted for at amortised cost.

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 in Note 4, the Company's land and buildings were revalued by the directors as at 31 December 2008. This valuation has been made on the basis of independent professional advice which has considered, inter alia, the projected future earnings from the Plaza Shopping and Commercial Centre, in the main based on current rental contracts projected over the longer term, its ongoing maintenance needs, and other relevant market factors.

4. Property, plant and equipment

	Land and buildings €	Electrical installations €	Plant, machinery and equipment €	Furniture and fittings €	Total €
At 1 January 2009					
Cost or valuation	23,126,320	865,624	3,355,405	1,479,255	28,826,604
Accumulated depreciation	-	(426,787)	(2,200,911)	(708,831)	(3,336,529)
Net book amount	23,126,320	438,837	1,154,494	770,424	25,490,075
Year ended 31 December 2009					
Opening net book amount	23,126,320	438,837	1,154,494	770,424	25,490,075
Additions	1,383,678	61,949	98,802	137,904	1,682,333
Depreciation charge	(69,692)	(36,981)	(165,213)	(53,446)	(325,332)
Closing net book amount	24,440,306	463,805	1,088,083	854,882	26,847,076
At 31 December 2009					
Cost or valuation	24,509,998	927,573	3,454,207	1,617,159	30,508,937
Accumulated depreciation	(69,692)	(463,768)	(2,366,124)	(762,277)	(3,661,861)
Net book amount	24,440,306	463,805	1,088,083	854,882	26,847,076
Year ended 31 December 2010					
Opening net book amount	24,440,306	463,805	1,088,083	854,882	26,847,076
Additions	1,096,378	90,375	236,003	87,086	1,509,842
Depreciation charge	(70,698)	(37,497)	(168,983)	(56,747)	(333,925)
Closing net book amount	**25,465,986**	**516,683**	**1,155,103**	**885,221**	**28,022,993**
At 31 December 2010					
Cost or valuation	25,606,376	1,017,948	3,690,210	1,704,245	32,018,779
Accumulated depreciation	(140,390)	(501,265)	(2,535,107)	(819,024)	(3,995,786)
Net book amount	**25,465,986**	**516,683**	**1,155,103**	**885,221**	**28,022,993**

4. Property, plant and equipment - continued

In 2010, borrowing costs of €78,545 (2009: €16,639) arising on the financing of the extension of the Plaza Shopping Centre were capitalised and are included in 'Additions'. A capitalisation rate of 5.0% (2009: 5.5%) was used, representing the actual borrowing cost of the funds used to finance the project.

As at 31 December 2010, assets in the course of construction included in tangible assets amounted to €1,926,129 (2009: €549,833) as at the year end, comprising €1,615,119 (2009: €538,451) relating to land and buildings, €189,946 (2009: €7,740) relating to plant, machinery and equipment, €80,530 (2009: €3,046) relating to electrical installations and €40,534 (2009: €596) relating to furniture and fittings. No depreciation has been charged on these assets as they had not yet been put into use by the end of the reporting period.

Fully depreciated assets which were still in use at 31 December 2010 amounted to €568,909 (2009: €565,750).

The Company's land and buildings were last revalued at 31 December 2008 on the basis of an open market valuation by an independent professionally qualified valuer. The surplus arising on revaluation, net of deferred taxation, was credited to the revaluation reserve.

The carrying value of land and buildings would have been as follows had these assets been included in the financial statements at cost less depreciation:

	2010 **€**	2009 €
Cost	**11,757,648**	10,661,270
Accumulated depreciation	**(497,790)**	(444,398)
Net book amount	**11,259,858**	10,216,872

5. Trade and other receivables

	2010 **€**	2009 €
Trade receivables on premia	**12,629**	54,361
Trade receivables on rental and other income	**263,285**	208,592
Trade receivables - gross	**275,914**	262,953
Less: Provision for impairment of trade receivables	**(33,618)**	-
Trade receivables - net	**242,296**	262,953
Indirect taxation	**34,329**	-
Prepayments and accrued income	**67,219**	37,803
	343,844	300,756

In 2010, trade receivables include an amount of €579 (2009: €20,618) that is owed by related undertakings (Note 24).

Interest on premium receivables and overdue receivables is charged at a rate of 6.0% (2009: 6.5%).

6. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2010 €	2009 €
Cash at bank and in hand	**12,225**	20,954
Bank overdraft (Note 10)	**(1,092,381)**	(945,432)
	(1,080,156)	(924,478)

7. Share capital

	2010 €	2009 €
Authorised		
25,000,000 ordinary shares of €0.465874 each	**11,646,850**	11,646,850
Issued and fully paid		
9,414,000 ordinary shares of €0.465874 each	**4,385,738**	4,385,738

8. Share premium

	2010 €	2009 €
At beginning and end of year	**3,094,868**	3,094,868

The share premium arose on the issue of 2,050,000 ordinary shares with a nominal value of €0.465874 each at a premium of €1.509691 per share.

9. Revaluation reserve

	2010 €	2009 €
At beginning of year, before deferred taxation	**13,197,461**	13,214,766
Transfer to retained profits through asset use	**(17,305)**	(17,305)
At 31 December, before deferred taxation	**13,180,156**	13,197,461
Deferred taxation (Note 11)	**(2,682,081)**	(2,688,138)
At end of year	**10,498,075**	10,509,323

The revaluation reserve is non-distributable.

10. Borrowings

	2010 €	2009 €
Non-current		
Bank loans	**2,549,567**	1,505,852
Current		
Bank overdraft (Note 6)	**1,092,381**	945,432
Bank loans	**222,840**	222,840
	1,315,221	1,168,272
Total borrowings	**3,864,788**	2,674,124

The Company's banking facilities as at 31 December 2010 amounted to €4,377,278 (2009: €1,887,409). The bank borrowings are secured by a special and general hypothec over the Company's assets and by a pledge over the insurance policies of the Company.

The interest rate exposure of the borrowings of the Company was as follows:

	2010 €	2009 €
Total borrowings:		
At floating rates	**3,864,788**	2,674,124

The weighted average effective interest rates at the end of the reporting period were as follows:

	2010 %	2009 %
Bank overdraft	**5.0**	5.5
Bank loans	**5.0**	5.5

The following are the contracted undiscounted cash flows of the Company's bank loans analysed into relevant maturity groupings based on the remaining period at the reporting date to the maturity date:

	2010 €	2009 €
Within 1 year	**233,982**	235,096
Between 1 and 2 years	**527,770**	298,049
Between 2 and 5 years	**1,430,798**	1,005,856
Later than 5 years	**1,024,635**	420,112
	3,217,185	1,959,113
Carrying amount	**2,772,407**	1,728,692

11. Deferred taxation

Deferred income taxes are calculated on temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2009: 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, that is, tax effect of 12% of the transfer value.

The movement on the deferred tax account is as follows:

	2010	2009
	€	€
At beginning of year	**(2,879,432)**	(2,863,979)
Debited to profit or loss (Note 17)	**(17,030)**	(15,453)
At end of year	**(2,896,462)**	(2,879,432)

All the amounts referenced to Note 17 as disclosed in the table above are recognised in the statement of comprehensive income.

	2010	2009
	€	€
Temporary differences attributable to deferred premium income	**247,989**	282,833
Temporary differences arising on non-current assets	**(474,136)**	(474,127)
Temporary differences on asset revaluation	**(2,682,081)**	(2,688,138)
Temporary differences on provisions	**11,766**	-
	(2,896,462)	(2,879,432)

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

12. Trade and other payables

	2010	2009
	€	€
Current payables		
Trade payables	**65,144**	209,449
Capital payables	**295,443**	104,623
Other taxes and social security	**-**	41,374
Other payables	**14,320**	26,638
Accruals and deferred income	**356,543**	280,463
	731,450	662,547
Non-current payables		
Deferred income	**633,409**	775,442

Trade payables include an amount of €221 (2009: €35,435) that is owed to related undertakings (Note 24).

13. Expenses by nature

	2010 €	2009 €
Employee benefit expense (Note 14)	**183,320**	171,682
Depreciation (Note 4)	**333,925**	325,332
Directors' emoluments (Note 18)	**28,400**	16,390
Provision for impairment of trade receivables (Note 5)	**33,618**	-
Other expenses	**97,831**	102,614
Total operating costs	**677,094**	616,018

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2010 and 2009 relate to the following:

	2010 €	2009 €
Annual statutory audit	**6,600**	5,950
Other assurance services	**1,150**	1,025
Tax advisory and compliance services	**668**	1,500
	8,418	8,475

14. Employee benefit expense

	2010 €	2009 €
Wages and salaries	**172,366**	161,091
Social security costs	**10,954**	10,591
	183,320	171,682

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

	2010	2009
Administration	**4**	4
Maintenance	**3**	3
Security	**1**	1
	8	8

15. Finance income

	2010 €	2009 €
Interest receivable on trade receivables	**16,277**	16,325

16. Finance costs

	2010 €	2009 €
Interest on bank loans and overdraft	**91,162**	84,723

17. Tax expense

	2010 €	2009 €
Current tax expense	**460,085**	463,175
Deferred tax expense (Note 11)	**17,030**	15,453
	477,115	478,628

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2010 €	2009 €
Profit before tax	**1,309,815**	1,315,411
Tax on profit at 35%	**458,435**	460,394
Tax effect of:		
- non deductible depreciation	**18,688**	18,335
- other differences	**(8)**	(101)
Tax charge in the accounts	**477,115**	478,628

18. Directors' emoluments

	2010 €	2009 €
Directors' fees	**28,400**	16,310

The Company has paid insurance premiums of €3,086 (2009: €3,632) during the year in respect of professional indemnity in favour of its directors and senior officers.

19. Earnings per share

Earnings per share is based on the net profit for the year divided by the weighted average number of ordinary shares in issue during the year.

	2010	2009
Net profit attributable to shareholders (€)	**832,700**	836,783
Weighted average number of ordinary shares in issue	**9,414,000**	9,414,000
Earnings per share (cents)	**8c85**	8c89

20. Dividend

At the forthcoming Annual General Meeting a final net dividend in respect of 2010 of €0.0752 per share, amounting to a total net dividend of €707,795 is to be proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2011. The net dividends declared in respect of 2009 and 2008 were €790,776 (8c40 per share) and €744,647 (7c91 per share) respectively.

21. Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	2010 **€**	2009 €
Operating profit	**1,384,700**	1,383,809
Adjustments for:		
Depreciation of property, plant and equipment (Note 4)	**333,925**	325,332
Deferred premium income	**(141,310)**	(87,036)
Premium payments received	**41,733**	27,167
Movement in provision for impairment of trade receivables (Note 5)	**33,618**	-
Changes in working capital:		
Trade and other receivables	**(118,439)**	(29,521)
Trade and other payables	**(244,379)**	(92,588)
Cash generated from operations	**1,289,848**	1,527,163

22. Capital commitments

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

	2010 **€**	2009 €
Authorised and contracted	**112,045**	948,750

In 2009, the Company entered into agreements to carry out construction work for the extension to the Plaza Shopping and Commercial Centre, which took place during 2010 and early 2011.

23. Operating lease commitments

Future minimum lease payments due to the Company under non-cancellable operating leases are as set out below. They are determined by reference to the point in time in the rental contract when the tenant is given the option to cancel a lease without the requirement of any additional payment thereon.

	2010	2009
	€	€
Not later than 1 year	**2,038,657**	1,750,074
Later than 1 year and not later than 5 years	**2,307,965**	3,047,644
	4,346,622	4,797,718

24. Related party transactions

Related party transactions are traded on a commercial basis with entities that are related by way of common directors who are able to exercise significant influence over the Company's operations. Related party transactions traded during the year were purchases of non-current assets and other supplies and services, before recoveries from tenants, of €29,889 (2009: €222,846). In 2010, income from lettings and premia amounted to €200,749 (2009: €331,977). Amounts due from or to related undertakings are disclosed in Notes 5 and 12.

25. Statutory information

Plaza Centres p.l.c. is a limited liability Company and is incorporated in Malta.

International Brands

Local Brands

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