PremierCapital p.l.c

Premier Capital p.l.c.

Interim Financial Report (unaudited)

For the period 1 January 2013 to 30 June 2013

Contents

The directors present their interim report, together with the unaudited interim condensed financial statements of the company and its subsidiaries (the "group) (the "condensed interim financial statements") for the period from 1 January 2013 to 30 June 2013.

Principal activities

The group is engaged in the operations of McDonald's restaurants in Malta, Greece, Latvia, Estonia, and Lithuania. The company acts as an investment company and service provider to its subsidiary undertakings.

Business review

The group

During the first six months of 2013, the group focused it's strategies on controlling costs and minimising losses made by it's Greece subsidiary. The group still believes that there is a significant business expansion opportunity in all the five markets within which it operates, both in terms of growth in sales of existing and even new restaurants.

2013 saw the opening of an additional restaurant in Malta, where on the 20th May, Mc Donald's opened the doors of it's flagship store in Sliema. Equipped with all the latest in Mc Donald's décor elements and technology, the new restaurant in Sliema is giving the group the desired result, and is contributing towards the growth of Mc Donald's in Malta.

The group also opened a new restaurant in Latvia, and a seasonal restaurant in Greece, bringing the total restaurant portfolio to 59.

Notwithstanding the negative impact of the Greek market, the group registered an improvement of €629,727 in EBITDA, reporting an EBITDA of €2,120,037 when compared to an EBITDA of €1,490,310 for the period ended June 2012. Greece reported a negative EBITDA of €850,914, which is also an improvement over the negative EBITDA of €1,308,350 reported for the same period in 2012. The negative performance of Greece diluted the effect of the positive results of the other markets.

During the period under review, the group registered an operating loss of €580,922 (June 2012 – Loss of €848,201) on revenues of €43,496,974 (June 2012 - €37,823,482).

After accounting for the investment income and finance costs, the group registered a loss before tax of €1,768,704 (June 2012 – loss of € 1,420,992). The negative variance in profit before tax was brought about mainly by investment income of €1,000,000 recognised in 2012, which represented the reversal of an impairment provision passed for the possible closure of the Valletta restaurant.

The group's net assets for the period under review amounted to €14,217,014 compared to €16,372,774 as at 31 December 2012.

The company

During the period under review, the company registered an operating loss of €384,257 (June 2012 – loss of €82,372). The main contributor to such a shortfall is the revision of the management fees charged to subsidiaries in 2013. After accounting for investment income and finance costs, the company registered a pre-tax loss of €121,300 (June 2012 – loss of €1,046,633). The net assets of the company as at June 2013 amounted to €15,673,527 (December 2012 - €15,892,240).

The published figures have been extracted from the unaudited management financial statements for the six months ended 30 June 2013 and its comparative period in 2012. Comparative Statement of Financial Position has been extracted from the audited financial statements for the year ended 31 December 2012.

This report is being published in terms of the Listing Rule 5.75 issued by the Malta Financial Services Authority, and has been prepared in accordance with the applicable listing Rules and International Accounting Standard 34 - Interim Financial Reporting. The financial statements published in this half yearly report have been condensed in accordance with the requirements of IAS 34. In terms of the Listing Rule 5.75.5, the Directors are stating that these condensed interim financial statements have not been audited or reviewed by the company's independent auditors.

Approved by the Board of Directors on 7 August 2013 and signed on its behalf by:

Melo Hili

Chairman

Bertrand Attard

Chief Executive Officer

Premier Capital p.l.c.

Condensed Statements of Comprehensive Income

Period ended 30 June 2013

	Group		Company	
	1 January to 30 June 2013 Un-Audited €	1 January to 30 June 2012 Un-Audited €	1 January to 30 June 2013 Un-Audited €	1 January to 30 June 2012 Un-Audited €
Revenue	**43,496,974**	37,823,482	-	-
Cost of sales	**(16,938,434)**	(13,153,878)	-	-
Gross profit	**26,558,540**	24,669,604	-	-
Other operating income	**126,618**	10,655	**800,909**	1,044,968
Selling expenses	**(23,554,051)**	(21,687,503)	-	
Administrative expenses	**(3,712,029)**	(3,840,957)	**(1,185,166)**	(1,127,339)
Operating profit	**(580,922)**	(848,201)	**(384,257)**	(82,372)
Other expenses	-	(250,000)	-	-
Investment income	**119,005**	1,000,000	**1,302,614**	-
Finance costs	**(1,306,787)**	(1,322,791)	**(1,039,657)**	(964,262)
Profit/(loss) before tax	**(1,768,704)**	(1,420,992)	**(121,300)**	(1,046,633)
Tax	**(387,057)**	(103,629)	**(97,413)**	27,245
Profit/(loss) for the year from	**(2,155,761)**	(1,524,621)	**(218,713)**	(1,019,388)
Total comprehensive income/ (loss) for the period	**(2,155,761)**	(1,524,621)	**(218,713)**	(1,019,388)
Attributable to:				
Owners of the company	**(2,163,934)**	(1,521,341)		
Non-controlling interests who are also owners of the company	**8,173**	(1,221)		
Non-controlling interests	-	(2,059)		
	(2,155,761)	**(1,524,621)**		

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Condensed Statements of Financial Position

at 30 June 2013

		Group		Company	
	Notes	30 June 2013 Unaudited €	31 December 2012 Audited €	30 June 2013 Unaudited €	31 December 2012 Audited €
ASSETS AND LIABILITIES					
Non-current assets					
Goodwill		16,591,999	16,591,999	-	-
Intangible assets		9,887,470	9,823,184	8,974,935	9,300,633
Property, plant and equipment		26,657,652	27,692,853	95,977	118,148
Investment in subsidiaries		-	-	29,000,160	28,501,209
Loans and receivables		-	-	4,250,000	1,590,000
Sinking Fund		414,853	-	414,853	-
Deferred tax assets		1,918,896	2,129,233	1,475,394	1,685,731
Prepayment		1,505,989	2,050,665	-	-
Total non-current assets		**56,976,859**	**58,287,934**	**44,211,318**	**41,195,721**
Current assets					
Inventories		2,638,186	2,264,804	-	-
Investment property		900,000	-	-	-
Loans and receivables		1,114,256	4,854,057	726,130	4,804,646
Trade and other receivables	4	3,573,333	4,613,417	555,246	3,212,689
Current tax asset		1,024,664	578,542	942,574	511,537
Cash and cash equivalents		4,501,817	2,843,999	1,430,250	307,371
Total current assets		**13,752,256**	**15,154,819**	**3,654,200**	**8,836,243**
TOTAL ASSETS		**70,729,115**	**73,442,753**	**47,865,519**	**50,031,964**
Current liabilities					
Trade and other payables	5	12,697,924	11,836,032	639,098	1,564,536
Other financial liabilities		378,349	1,355,462	718,349	1,725,851
Bank loans		2,938,878	2,904,550	-	-
Current tax liabilities		76,228	47,065	-	-
Total current liabilities		**16,091,379**	**16,143,109**	**1,357,447**	**3,290,387**
Non - Current liabilities					
Bank loans		11,966,442	12,916,934	-	-
Debt securities in issue		24,299,524	24,315,771	24,299,524	24,315,771
Other financial liabilities		667,635	55,815	3,478,668	3,364,290
Deferred tax liability		3,487,121	3,638,350	3,056,352	3,169,276
Total non current liabilities		**40,420,722**	**40,926,870**	**30,834,545**	**30,849,337**
Total liabilities		**56,512,101**	**57,069,979**	**32,191,992**	**34,139,724**
Net assets		**14,217,014**	**16,372,774**	**15,673,527**	**15,892,240**
EQUITY AND LIABILITIES					
Share capital		13,574,700	13,574,700	13,574,700	13,574,700
Exchange translation reserves		11,725	11,725	-	-
Other equity		(1,420,782)	(1,420,782)	212,351	212,351
Retained earnings		1,889,888	3,794,866	1,886,476	2,105,189
Equity attributable to the owners of the company		**14,055,531**	**15,960,509**	**15,673,527**	**15,892,240**
Non-controlling interest		161,483	412,265	-	-
		14,217,014	**16,372,774**	**15,673,527**	**15,892,240**

Condensed Statement of Changes in Equity

for the period ended 30 June 2013

Group

	Share capital	Exchange translation reserve	Other equity	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
	Eur	*Eur*	*Eur*	*Eur*	*Eur*	*Eur*	*Eur*
Balance at 1 January 2012	13,574,700	8,048	(73,567)	2,096,949	**15,606,130**	477,948	**16,084,078**
Exchange differences on translation of foreign operations	-	3,677	-	-	**3,677**	-	**3,677**
Movement in legal reserve	-	-	12,864	(12,864)	**-**	-	**-**
Movement in equity from business combination	-	-	-	-	**-**	48,138	**48,138**
Effect of acquisition of part of non-controlling interest			(1,360,079)	-	**(1,360,079)**	(613,421)	**(1,973,500)**
Total comprehensive income/(expense) for the year	-	-	-	1,710,781	**1,710,781**	499,601	**2,210,382**
Balance at 31 December 2012	**13,574,700**	**11,725**	**(1,420,782)**	**3,794,866**	**15,960,509**	**412,265**	**16,372,774**
Balance at 1 January 2013	13,574,700	11,725	(1,420,782)	3,794,866	**15,960,509**	412,265	**16,372,774**
Effect of acquisition of part of non-controlling interest				258,955	**258,955**	(258,955)	**-**
Total comprehensive income for the year	-	-	-	(2,163,934)	**(2,163,934)**	8,173	**(2,155,761)**
Balance at 30 June 2013	**13,574,700**	**11,725**	**(1,420,782)**	**1,889,888**	**14,055,531**	**161,483**	**14,217,014**

Company

	Share capital €	Accumulated losses €	Other equity €	Total €
Balance at 1 January 2012	13,574,700	649,228	212,351	14,436,279
Profit/(Loss) for the year	-	1,455,961	-	(386,100)
Balance at 1 January 2013	**13,574,700**	**2,105,189**	**212,351**	**15,892,240**
Profit for the year	-	(218,713)	-	(218,713)
Balance at 30 June 2013	**13,574,700**	**1,886,476**	**212,351**	**15,673,527**

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Condensed Statements of Cash Flows

for the period ended 30 June 2013

	Group		Company	
	1 January to 30 June 2013 Unaudited €	1 January to 30 June 2012 Unaudited €	1 January to 30 June 2013 Unaudited €	1 January to 30 June 2012 Unaudited €
Net cash flows from operating activities	(707,590)	(510,088)	(2,241,101)	1,554,322
Net cash flows from investing activities	369,966	(3,307,323)	4,162,931	(113,618)
Net cash flows from financing activities	1,961,115	200,446	(798,950)	(3,545,463)
Net movement in cash and cash equivalents	1,623,491	(3,616,963)	1,122,879	(2,104,759)
Cash and cash equivalents at the beginning of the period	2,126,949	5,358,479	307,371	2,674,035
Cash and cash equivalents at the end of the period	3,750,440	1,741,516	1,430,250	569,276

1. Basis of preparation

The condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

2. Significant accounting policies

The condensed interim financial statements have been prepared under the historic cost convention. The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the group's and company's annual financial statements for the year ended 31 December 2012, except for the impact of the adoption of the Standards described below which are effective for annual periods beginning on or after 1 January 2012.

IAS 24 (revised in 2009) – Related Party Disclosures

The revised Standard clarifies and simplifies the definition of a related party and provides certain exemptions for government-related entities. The new definitions of a related party emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. The group and company have re-assessed its related party relationships and have not identified any changes in its related party relationships under the revised Standard. The adoption of the Revised Standard did not have any impact on the financial position or performance of the group and company.

Amendments to IAS 1 – Presentation of Financial Statements and IAS 34 – Interim Financial Reporting

The amendments to IAS 1 - Presentation of Financial Statements clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements. The group and company have decided to provide this analysis in the statement of changes in equity.

The amendments to IAS 34 - Interim Financial Reporting require additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements. The adoption of these amendments did not have any impact on the financial position or performance of the group and company.

3. Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Revenue reported below represents revenue generated from external customers. There were no intersegment sales in the year. The group's reportable segments under IFRS 8 are direct sales attributable to each country where it operates as a Mc Donald's development licensee.

Throughout the period, the group operated in five principal geographical areas – Malta (country of domicile), Estonia, Greece, Latvia, and Lithuania.

Measurement of operating segment profit or loss, assets and liabilities

Segment profit represents the profit earned by each segment after allocation of central administration costs and finance costs based on services and finance provided. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The accounting policies of the reportable segments are the same as the group's accounting policies described in note two.

3. Segmental reporting (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to consolidated totals are reported below:

Group

Profit or Loss	1 January to 30 June 2013 €	1 January to 30 June 2012 €
Total profit for reportable segment	(416,634)	(1,367,166)
Elimination of intra group transactions	(708,843)	(895,159)
Gain on bargain purchase arising on acquisition recognised as investment income in the statement of comprehensive income	-	1,000,000
Unallocated amounts:		
Dividend income	-	-
Other unallocated amounts	587,543	(158,667)
	(1,768,704)	**(1,420,992)**

Net assets

	30 June 2013 €	31 December 2012 €
Net assets for reportable segments	21,543,648	27,953,572
Elimination of receivables and payables		
Unallocated amounts		
Intangible assets	8,974,934	9,148,067
Loans and receivables	4,687,589	9,394,646
Goodwill	16,591,999	16,591,999
Bank loans	(14,905,320)	(15,104,434)
Debt securities in issue	(24,299,524)	(24,315,771)
Other unallocated amounts	1,623,688	(7,295,305)
	14,217,014	**16,372,774**

3. Segmental reporting (continued)

The group's revenue and results from continuing operations from external customers and information about its net assets by reportable segment are detailed below:

Six months ended 30 June	Estonia 2012	Greece 2012	Latvia 2012	Lithuania 2012	Malta 2012	Total 2012	Unallocated 2012	Eliminations and adjustments 2012	Consolidated 2012
	€	€	€	€	€	€	€	€	€
Revenue	7,241,405	8,465,522	7,603,522	6,604,037	7,908,996	**37,823,482**	-	-	**37,823,482**
(Loss)/profit before tax	572,999	(1,814,685)	(644,160)	444,813	73,867	**(1,367,166)**	(1,053,826)	1,000,000	**(1,420,992)**
Depreciation and amortisation	344,718	501,619	388,768	262,384	647,320	**2,144,809**	443,703	-	**(2,588,512)**
Segment net assets	2,974,788	5,697,884	4,784,302	4,081,765	2,300,371	**19,839,110**	1,184,931	(6,462,077)	**14,561,964**
Income tax expense	-	7,016	27,632	6,879	89,347	**130,874**	(27,245)	-	**103,629**

3. Segmental reporting (continued)

Six months ended 30 June	Estonia 2013	Greece 2013	Latvia 2013	Lithuania 2013	Malta 2013	Total 2013	Unallocated 2013	Eliminations and adjustments 2013	Consolidated 2013
	€	€	€	€	€	€	€	€	€
Revenue	7,851,155	7,731,017	17,376,006	7,160,742	9,137,740	**49,256,659**	-	(5,759,685)	**43,496,974**
(Loss)/profit before tax	367,907	(1,404,125)	63,169	396,174	160,241	**(416,634)**	(121,300)	(1,230,769)	**(1,768,704)**
Depreciation and amortisation	401,031	553,212	467,678	289,760	638,992	**2,350,673**	350,286	-	**(2,700,959)**
Segment net assets	4,180,006	4,295,010	4,743,108	4,856,377	3,469,147	21,543,648	15,711,974	(23,038,609)	**14,217,014**
Income tax expense	-	-	15,000	109,800	164,844	**289,644**	97,413	-	**387,057**

4. Trade and other receivables

The balance of trade and other receivables is made up as follows:

	30 June 2013	31 December 2012
	€	€
Prepayments:	1,995,207	1,019,035
Receivables:	1,229,218	353,812
Receivables from related companies:	348,908	3,031,908
Other receivables:	-	208,662
	3,573,333	**4,613,417**

5. Trade and other payables

	30 June 2013	2012
	€	€
Trade creditors:	5,480,067	5,399,931
VAT & Payroll taxes:	2,965,670	2,584,267
Accruals:	2,733,008	2,657,926
Other payables:	1,519,179	1,193,908
	12,697,924	**11,836,032**

6. Related party transactions

During the course of the year, the group and the company entered into transactions with related parties, as set out below.

Group and company

	2013			2012		
	Related party activity	Total activity	%	Related party activity	Total activity	%
	€	€		€	€	
Other operating income:						
Related party transactions with:						
Other related parties	4,820	126,618	4%	9,660	10,655	91%
Administrative Expenses:						
Related party transactions with:						
Other related parties	92,623	3,712,029	2%	91,696	3,840,957	2%
Finance Costs:						
Related party transactions with:						
Other related parties	983	1,306,787	0.1%	7,237	1,322,791	0.5%

8. Events after the end of the reporting period

There were no significant events after the end of the reporting period.

Statement Pursuant to Listing Rules 5.75.3 issued by the Listing Authority

Period ended 30 June 2013

We confirm that to the best of our knowledge:

(a) the condensed interim financial statements give a true and fair view of the financial position of Premier Capital p.l.c. (the "company") and its subsidiaries (the "group") as at 30 June 2013, and the financial performance and cash flows of the company and the group for the six-month period then ended, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting); and

(b) the interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Approved by the Board of Directors on 7 August 2012 and signed on its behalf by:

Melo Hili	Bertrand Attard
Chairman	Chief Executive Officer