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Interim Financial Report (Unaudited)

For the period 1 January 2017 to 30 June 2017

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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 2017 to 30 June 2017.

Principal activities

The group is engaged in the operations of McDonald's restaurants in Malta, Estonia, Greece, Latvia, Lithuania and Romania, with the latter market acquired on 22 January 2016.

The company acts as an investment company and service provider to its subsidiary undertakings.

Business review

The group

During the first six months of 2017, the group focused its strategies on developing the business in the markets in which it operates. The group firmly believes that there is a significant business expansion opportunity in all the six markets within which it operates, both in terms of growth in sales of existing and even new restaurants.

2017 saw the opening of the 24th restaurant in Greece, a drive thru restaurant located in Thessaloniki. The group now operates a total of 134 restaurants across the six territories.

During the period under review, the group registered an operating profit of *Eur9,587,258* (June 2016 (restated) – *Eur5,569,374*) on revenues of *Eur123,648,080* (June 2016 (restated) - *Eur103,019,789*).

After accounting for the investment income and finance costs, the group registered a profit before tax of *Eur7,654,767* (June 2016 (restated)–*Eur3,795,634*).

In the first six months of 2017, the group registered an EBITDA of *Eur15,393,993* when compared to an EBITDA of *Eur11,212,702* (restated) for the period ended June 2016.

The group's net assets for the period under review amounted to *Eur48,865,139* compared to *Eur41,629,578* as at 31 December 2016.

The company

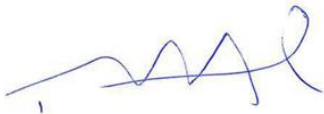
During the period under review, the company registered an operating loss of *Eur1,803,629* (June 2016 – *Eur502,130*). After accounting for investment income and finance costs, the company registered a pre-tax loss of *Eur2,558,439* (June 2016 – *Eur710,105*).

The net assets of the company as at 30 June 2017 amounted to *Eur33,390,546* compared to *Eur35,309,560* as at 31 December 2016.

The published figures have been extracted from the unaudited management financial statements for the half-year ended 30 June 2017 and its comparative period in 2016.

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 29 August 2017 and signed on its behalf by:



Mr Melo Hili
Chairman



Mr Victor Tedesco
Director

	Group		Company	
	1 January to 30 June 2017	1 January to 30 June 2016	1 January to 30 June 2017	1 January to 30 June 2016
	Unaudited	Unaudited	Unaudited	Unaudited
	Eur	Eur	Eur	Eur
Revenue	123,648,080	103,019,789	558,004	741,006
Cost of sales	(98,263,250)	(83,392,191)	-	-
Gross profit	25,384,830	19,627,598	558,004	741,006
Other operating income	293,923	209,759	61,684	-
Selling expenses	(7,289,308)	(6,069,169)	-	-
Administrative expenses	(8,802,187)	(8,198,814)	(2,423,317)	(1,243,136)
Operating profit /(loss)	9,587,258	5,569,374	(1,803,629)	(502,130)
Investment income	441,621	41,966	1,213,197	990,496
Finance costs	(2,374,112)	(1,815,706)	(1,968,007)	(1,198,471)
Profit/(loss) before tax	7,654,767	3,795,634	(2,558,439)	(710,105)
Income tax credit/(expense)	64,808	(1,305,381)	991,613	246,190
Profit/(loss) for the period	7,719,575	2,490,253	(1,566,826)	(463,915)
Other comprehensive income items that may be reclassified subsequently to profit or loss:				
Increase in fair value of available-for-sale financial assets	14,400	89,380	14,400	89,380
Reversal of fair value upon disposal of available-for-sale financial assets	(366,588)	-	(366,588)	-
Exchange differences on translation of foreign operations	(131,826)	(129,082)	-	-
	(484,014)	(39,702)	(352,188)	89,380
Total comprehensive income/(expense) for the period	7,235,561	2,450,551	(1,919,014)	(374,535)
<i>Profit attributable to:</i>				
Owners of the Group and Company	6,925,121	2,012,750		
Non-controlling interests	794,454	477,503		
	7,719,575	2,490,253		
<i>Total comprehensive income attributable to:</i>				
Owners of the Group and Company	6,441,107	1,973,048		
Non-controlling interests	794,454	477,503		
	7,235,561	2,450,551		

		Group		Company	
		30 June 2017	31 December	30 June 2017	31 December
	Notes	Unaudited	Audited	Unaudited	Audited
		Eur	Eur	Eur	Eur
ASSETS AND LIABILITIES					
Non-current assets					
Goodwill	4	25,653,596	25,679,138	-	-
Intangible assets	5	10,164,763	10,335,708	6,406,601	6,714,667
Property, plant and equipment	6	71,626,517	74,864,277	32,868	32,746
Investment in subsidiaries		-	-	56,375,780	56,375,780
Loans and receivables	15	12,816,509	1,966,607	40,229,434	17,280,586
Deferred tax assets		1,700,203	802,777	896,256	-
Prepayments		2,305,169	2,114,217	510,096	254,584
		124,266,757	115,762,724	104,451,035	80,658,363
Current assets					
Inventories		4,478,112	3,924,040	-	-
Other financial assets		-	1,866,293	-	1,866,293
Loans and receivables	15	9,397,266	5,359,810	12,068,228	2,317,230
Trade and other receivables	7	2,920,052	2,527,938	3,064,738	2,080,723
Current tax asset		486,695	200,827	-	-
Cash and cash equivalents		23,651,146	62,113,317	521,722	42,997,087
		40,933,271	75,992,225	15,654,688	49,261,333
Non-current assets held for sale	15	865,644	1,596,154	865,644	1,596,154
Total assets		166,065,672	193,351,103	120,971,367	131,515,850
Current liabilities					
Trade and other payables	8	25,195,085	25,239,542	1,074,099	1,907,752
Debt securities in issue	11	-	7,384,036	-	7,384,036
Other financial liabilities	15	-	10,847,677	1,585,503	6,230,233
Bank overdrafts and loans	10	4,908,341	8,077,719	-	-
Current tax liabilities		1,745,026	1,881,200	297,653	297,653
		31,848,452	53,430,174	2,957,255	15,819,674
Non-current liabilities					
Bank loans	10	18,422,735	30,987,677	-	-
Debt securities in issue	11	64,118,053	64,071,224	64,118,053	64,071,224
Other financial liabilities	15	-	70,936	18,394,246	14,094,246
Provisions	9	149,619	319,870	-	-
Deferred tax liabilities		2,661,674	2,841,644	2,111,267	2,221,146
		85,352,081	98,291,351	84,623,566	80,386,616
Total liabilities		117,200,533	151,721,525	87,580,821	96,206,290
Net assets		48,865,139	41,629,578	33,390,546	35,309,560

	30 June 2017	Group 31 December 2016	30 June 2017	Company 31 December 2016
<i>Notes</i>	Unaudited	Audited	Unaudited	Audited
	Eur	Eur	Eur	Eur
EQUITY				
<i>Equity attributable to owners of the Group and Company:</i>				
Share capital	33,674,700	33,674,700	33,674,700	33,674,700
Exchange translation reserves	(341,519)	(209,693)	-	-
Fair value reserve	14,400	366,588	14,400	366,588
Other reserves	(496,179)	(496,179)	212,351	212,351
Retained earnings	12,311,747	5,386,626	(510,905)	1,055,921
<i>Equity attributable to:</i>				
Owners of the Group and Company	45,163,149	38,722,042	33,390,546	35,309,560
Non-controlling interests	3,701,990	2,907,536	-	-
Total equity	48,865,139	41,629,578	33,390,546	35,309,560

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Condensed Statements of Changes in Equity for the period ended 30 June 2017



Group

	Share capital Eur	Exchange translation reserve Eur	Fair value reserve Eur	Other reserves Eur	Retained earnings Eur	Attributable to owners of the Group and Company Eur	Non- controlling interests Eur	Total Eur
Balance at 1 January 2016	13,574,700	11,725	327,178	459,253	3,366,225	17,739,081	-	17,739,081
Loan earmarked for capitalisation	-	-	-	19,100,000	-	19,100,000	-	19,100,000
Non-controlling interest on acquisition of business combination	-	-	-	-	-	-	1,931,130	1,931,130
Profit for the period	-	-	-	-	2,012,750	2,012,750	477,503	2,490,253
Other comprehensive income	-	(129,082)	89,380	-	-	(39,702)	-	(39,702)
Total comprehensive income for the period	-	(129,082)	89,380	-	2,012,750	1,973,048	477,503	2,450,551
Balance at 30 June 2016	13,574,700	(117,357)	416,558	19,559,253	5,378,975	38,812,129	2,408,633	41,220,762
Balance at 1 January 2017	33,674,700	(209,693)	366,588	(496,179)	5,386,626	38,722,042	2,907,536	41,629,578
Profit for the period	-	-	-	-	6,925,121	6,925,121	794,454	7,719,575
Other comprehensive income	-	(131,826)	(352,188)	-	-	(484,014)	-	(484,014)
Total comprehensive loss for the period	-	(131,826)	(352,188)	-	6,925,121	6,441,107	794,454	7,235,561
Balance at 30 June 2017	33,674,700	(341,519)	14,400	(496,179)	12,311,747	45,163,149	3,701,990	48,865,139

Condensed Statements of Changes in Equity (Continued)
for the period ended 30 June 2017

Holding Company

	Share capital Eur	Fair value reserve Eur	Other reserves Eur	Retained earnings Eur	Total Eur
Balance at 1 January 2016	13,574,700	327,178	1,212,351	330,981	15,445,210
Loan from parent earmarked for capitalisation	-	-	19,100,000	-	19,100,000
Loss for the period	-	-	-	(463,915)	(463,915)
Other comprehensive income	-	89,380	-	-	89,380
Total comprehensive loss for the period	-	89,380	-	(463,915)	(374,535)
Balance at 30 June 2016	13,574,700	416,558	20,312,351	(132,934)	34,170,675
Balance at 1 January 2017	33,674,700	366,588	212,351	1,055,921	35,309,560
Loss for the period	-	-	-	(1,566,826)	(1,566,826)
Other comprehensive income	-	(352,188)	-	-	(352,188)
Total comprehensive loss for the period	-	(352,188)	-	(1,566,826)	(1,919,014)
Balance at 30 June 2017	33,674,700	14,400	212,351	(510,905)	33,390,546

**Condensed Statements of Cash Flows
for the period ended 30 June 2017**

	Group		Company	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	Unaudited	Unaudited	Unaudited	Unaudited
	Eur	Eur	Eur	Eur
Cash flows from operating activities				
Cash flows from operations	14,141,127	11,704,080	(3,503,978)	(1,393,282)
Interest paid	(2,215,302)	(2,040,040)	(1,103,561)	(1,435,580)
Income tax (paid)/refund	(1,434,630)	(1,383,411)	(14,522)	161,804
Net cash flows from operating activities	10,491,195	8,280,629	(4,622,061)	(2,667,058)
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,422,812)	(3,160,282)	(5,994)	(23,596)
Proceeds from sale of property, plant and equipment	171,389	11,287	-	-
Purchase of intangible assets	(379,999)	(31,375)	-	-
Purchase of non-current assets held for sale	(851,244)	-	(851,244)	-
Proceeds from liquidation of sinking fund	3,398,419	-	3,398,419	-
Payment of loans, receivables and payables from subsidiaries and related parties	(20,169,803)	(1,720,750)	(37,439,492)	(21,614,548)
Advances of loans, receivables and payables from subsidiaries and related parties	-	188,546	4,500,000	5,541,347
Purchase of business combination (Note 12)	-	(56,144,305)	-	-
Advance of loan to non controlling interest on business combination (Note 12)	-	(1,932,728)	-	-
Cash and cash equivalents taken over on business combination (Note 12)	-	13,411,229	-	-
Settlement of deferred consideration (Note 12)	(5,686,141)	-	-	-
Purchase of available-for-sale financial assets	-	(250,000)	-	(250,000)
Net cash flows from investing activities	(25,940,191)	(49,628,378)	(30,398,311)	(16,346,797)
Cash flows from financing activities				
Re-purchase of own bonds	(58,893)	(28,953)	(58,893)	(28,953)
Repayment of bank borrowings	(20,678,815)	(1,538,760)	-	-
Drawdowns from bank facilities	5,520,016	40,701,752	-	-
Redemption of 6.8% 2017-2020 Bonds	(7,396,100)	-	(7,396,100)	-
Advance from parent to finance business combination (Note 12)	-	19,100,000	-	19,100,000
Net cash flows from financing activities	(22,613,792)	58,234,039	(7,454,993)	19,071,047
Net movement in cash and cash equivalents	(38,062,788)	16,886,290	(42,475,365)	57,192
Cash and cash equivalents at the beginning of the year	62,113,317	2,665,701	42,997,087	(906,436)
Impact of foreign exchange differences	(399,383)	58,922	-	-
Cash and cash equivalents at the end of the period	23,651,146	19,610,913	521,722	(849,244)

1. Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2017 have been extracted from the unaudited management accounts of the Group and the Company and have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

The Group has reclassified certain amounts in prior year unaudited figures included within revenue, cost of sales and other operating income since this presentation is considered to be more appropriate.

2. Significant accounting policies

The condensed interim financial statements have been prepared under the historic cost convention, except for financial instruments at fair value through profit or loss and available-for-sale financial assets, which are stated at their fair values. 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 2016.

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 six principal geographical areas – Malta (country of domicile), Estonia, Greece, Latvia, Lithuania and Romania.

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.

3. Segmental reporting (continued)

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

Profit or loss before tax

	1 January to 30 June 2017	1 January to 30 June 2016
	Unaudited	Unaudited
	Eur	Eur
Total profit for reportable segment	10,803,809	6,660,374
Eliminations on inter segment profits	(44,480)	(1,153,397)
<i>Unallocated amounts:</i>		
Revenue	558,004	741,006
Administrative expenses	(2,655,149)	(1,289,252)
Investment income	1,334,823	990,496
Finance costs	(2,403,925)	(2,153,593)
Other operating income	61,685	-
	7,654,767	3,795,634

Assets

	30 June 2017	31 December 2016
	Unaudited	Audited
	Eur	Eur
Total assets for reportable segments	120,338,491	122,366,004
Elimination of inter-segment receivables	(45,313,018)	(29,868,583)
<i>Unallocated amounts:</i>		
Goodwill	25,653,596	25,679,138
Intangible assets	6,406,601	6,714,667
Non-current assets held for sale	865,644	1,596,154
Other financial assets	-	1,866,293
Deferred tax assets	896,256	-
Loans and receivables	52,297,662	19,597,816
Prepayments	510,096	254,584
Trade and other receivables	3,064,738	2,080,723
Cash and cash equivalents	523,770	42,997,087
Other unallocated amounts	821,836	67,220
	166,065,672	193,351,103

3. Segmental reporting (continued)**Liabilities**

	30 June 2017	31 December 2016
	Unaudited	Audited
	Eur	Eur
Total liabilities for reportable segments	26,134,496	25,904,665
Elimination of inter-segment payables	(480,343)	(591,656)
<i>Unallocated amounts:</i>		
Trade and other payables	1,074,099	1,907,752
Other financial liabilities	-	10,847,677
Bank loans	23,331,076	39,065,396
Debt securities in issue	64,118,053	71,455,260
Deferred tax liabilities	2,111,267	2,221,146
Other unallocated amounts	911,885	911,285
	117,200,533	151,721,525

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Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2017



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:

	Estonia	Greece	Latvia	Lithuania	Malta	Romania	Total	Unallocated	Eliminations and adjustments	Consolidated
	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	9,657,167	12,506,902	9,984,907	10,235,302	10,448,028	70,815,774	123,648,080	-	-	123,648,080
Profit/(loss) before tax	1,130,133	(735,302)	385,074	1,128,468	281,253	8,614,183	10,803,809	(3,104,562)	(44,480)	7,654,767
Depreciation and amortisation	451,061	746,333	583,480	454,310	647,738	2,605,637	5,488,559	313,938	4,238	5,806,735
Segment assets	12,056,112	7,023,655	10,779,237	10,380,813	7,511,010	72,587,664	120,338,491	91,040,199	(45,313,018)	166,065,672
Property, plant and equipment	4,949,730	8,253,648	6,905,741	5,643,819	5,111,509	41,557,597	72,422,044	32,868	(828,395)	71,626,517
Intangible assets	15,744	289,282	298,432	202,398	346,085	2,526,638	3,678,579	6,406,601	79,583	10,164,763
Capital expenditure	634,362	738,857	438,562	94,380	128,094	762,562	2,796,817	5,994	-	2,802,811
Segment liabilities	2,009,410	4,172,142	4,178,676	1,247,474	3,646,496	10,880,298	26,134,496	91,546,380	(480,343)	117,200,533
Income tax credit/(expense)	(114)	-	(61,784)	(169,654)	(118,555)	(407,257)	(757,364)	770,011	52,161	64,808

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Notes to the Condensed Interim Financial Statements (Continued)
for the period ended 30 June 2017



3. Segmental reporting (continued)

	Estonia	Greece	Latvia	Lithuania	Malta	Romania	Total	Unallocated	Eliminations and adjustments	Consolidated
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	8,603,115	10,552,440	8,991,656	9,152,679	9,056,914	56,662,985	103,019,789	-	-	103,019,789
Profit/(loss) before tax	779,304	(1,335,494)	297,301	831,417	(226,984)	6,314,830	6,660,374	(1,711,343)	(1,153,397)	3,795,634
Depreciation and amortisation	418,964	967,127	573,502	432,099	774,123	2,298,927	5,464,742	326,686	(148,100)	5,643,328
Segment assets	10,767,167	6,836,430	20,799,581	9,502,837	6,953,294	67,506,695	122,366,004	100,853,682	(29,868,583)	193,351,103
Property, plant and equipment	4,838,926	8,294,896	7,081,903	6,006,000	5,619,933	43,818,266	75,659,924	32,748	(828,395)	74,864,277
Intangible assets	6,126	255,511	306,670	206,926	363,718	2,398,270	3,537,221	6,714,667	83,820	10,335,708
Capital expenditure	823,425	2,357,815	630,977	678,240	2,174,294	4,241,527	10,906,278	27,281	-	10,933,559
Segment liabilities	1,850,483	4,538,590	3,725,133	1,328,315	3,251,479	11,210,665	25,904,665	126,408,516	(591,656)	151,721,525
Income tax credit/(expense)	-	-	(44,595)	(124,619)	(4,098)	(1,539,797)	(1,713,109)	246,190	161,538	(1,305,381)

4. Goodwill**Group**

	Eur
Cost and Carrying amount	
At 01.01.2016	16,591,999
Addition due to business combination (Note 13)	9,114,637
Difference on exchange on foreign operations	<u>(27,498)</u>
At 31.12.2016	25,679,138
Difference on exchange on foreign operations	<u>(25,542)</u>
At 30.06.2017	<u><u>25,653,596</u></u>

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Determining whether the carrying amounts of these assets can be realised requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Goodwill arising on a business combination is allocated, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount as at 30 June 2017 amounting to *Eur25,653,596 (December 2016 – Eur25,679,138)* is allocated to the Malta and Romania operations.

Management assessment of goodwill is detailed in the group's annual financial statements for the year ended 31 December 2016.

5. Intangible assets

Group

	Support services licence Eur	Computer software Eur	Acquired rights and franchise fee Eur	Other intangibles Eur	Total Eur
Cost					
At 01.01.2016	12,366,964	560,738	1,173,038	-	14,100,740
Additions	-	69,149	24,483	-	93,632
Acquired on business combination	-	93,707	2,555,999	35,074	2,684,780
Reclassification from property, plant and equipment	-	86,168	530,539	-	616,707
Disposals	-	(66,775)	(9,469)	-	(76,244)
Transfers	-	26,163	-	(26,163)	-
Exchange differences	-	(370)	(7,710)	185	(7,895)
At 31.12.2016	12,366,964	768,780	4,266,880	9,096	17,411,720
Additions	-	76,761	42,634	260,604	379,999
Disposals	-	(1,609)	-	-	(1,609)
Exchange differences	-	(388)	(7,163)	(1,003)	(8,554)
At 30.06.2017	12,366,964	843,544	4,302,351	268,697	17,781,556
Amortisation					
At 01.01.2016	4,946,799	280,117	381,542	-	5,608,458
Provision for the year	618,351	184,683	325,583	286	1,128,903
Reclassification from property, plant and equipment	-	38,305	375,480	-	413,785
Released on disposal	-	(64,533)	(7,690)	-	(72,223)
Exchange differences	-	54	(2,962)	(3)	(2,911)
At 31.12.2016	5,565,150	438,626	1,071,953	283	7,076,012
Provision for the year	309,176	100,379	133,989	150	543,694
Released on disposal	-	(1,609)	-	-	(1,609)
Exchange differences	-	(119)	(1,185)	-	(1,304)
At 30.06.2017	5,874,326	537,277	1,204,757	433	7,616,793
Carrying amount					
At 31.12.2016	6,801,814	330,154	3,194,927	8,813	10,335,708
At 30.06.2017	6,492,638	306,267	3,097,594	268,264	10,164,763

5. Intangible assets (continued)

Holding Company

	Support services licence Eur	Computer Software Eur	Total Eur
Cost			
At 01.01.2016 / 31.12.2016 / 30.06.2017	12,197,438	190,939	12,388,377
Amortisation			
At 01.01.2016	4,878,999	150,610	5,029,609
Provision for the year	609,876	34,225	644,101
At 31.12.2016	5,488,875	184,835	5,673,710
Provision for the year	304,938	3,128	308,066
At 30.06.2017	5,793,813	187,963	5,981,776
Carrying amount			
At 31.12.2016	6,708,563	6,104	6,714,667
At 30.06.2017	6,403,625	2,976	6,406,601

6. Property, plant and equipment

Group

	Land and buildings Eur	Improvements to premises Eur	Motor vehicles Eur	Plant and equipment Eur	Other equipment Eur	Total Eur
Cost						
At 01.01.2016	17,902,701	11,859,030	377,785	29,358,798	7,825,808	67,324,122
Additions	1,243,694	2,250,377	230,243	4,415,875	2,699,738	10,839,927
Acquired on business combination	30,374,340	2,236,985	635,307	11,322,646	118,805	44,688,083
Disposals	(254,070)	(574,824)	(244,011)	(1,519,305)	(821,864)	(3,414,074)
Transfers	691,577	297,372	12,543	(602,245)	(401,948)	(2,701)
Reclassification to intangible assets	(530,539)	-	-	-	(86,168)	(616,707)
Exchange differences	(97,341)	(18,450)	(3,585)	(47,859)	(721)	(167,956)
At 31.12.2016	49,330,362	16,050,490	1,008,282	42,927,910	9,333,650	118,650,694
Additions	23,000	791,120	62,963	1,466,861	78,868	2,422,812
Disposals	(146,883)	-	(205,516)	(633,328)	(19,466)	(1,005,193)
Exchange differences	(86,087)	(10,044)	(1,661)	(35,610)	(475)	(133,876)
At 30.06.2017	49,120,393	16,831,566	864,068	43,725,833	9,392,577	119,934,437
Accumulated depreciation						
At 01.01.2016	9,230,685	7,541,685	291,379	15,029,415	4,549,454	36,642,618
Provision for the year	2,749,509	764,704	188,573	4,447,343	2,237,428	10,387,557
Released on disposal	(62,583)	(506,047)	(141,748)	(1,425,901)	(621,235)	(2,757,514)
Transfers	(644,041)	622,113	12,548	8,537	(1,858)	(2,701)
Impairment	-	-	-	8,499	7,669	16,168
Reversal of impairment	(44,568)	-	-	-	-	(44,568)
Reclassification to intangible assets	(375,480)	-	-	-	(38,305)	(413,785)
Exchange differences	(10,841)	(7,632)	(1,389)	(21,111)	(385)	(41,358)
At 31.12.2016	10,842,681	8,414,823	349,363	18,046,782	6,132,768	43,786,417
Provision for the year	826,719	909,098	104,692	2,706,520	716,012	5,263,041
Released on disposal	(2,378)	-	(183,021)	(522,077)	(15,305)	(722,781)
Differences on exchange	(5,816)	(2,762)	(52)	(8,686)	(1,441)	(18,757)
At 30.06.2017	11,661,206	9,321,159	270,982	20,222,539	6,832,034	48,307,920
Carrying amount						
At 31.12.2016	38,487,681	7,635,667	658,919	24,881,128	3,200,882	74,864,277
At 30.06.2017	37,459,187	7,510,407	593,086	23,503,294	2,560,543	71,626,517

6. Property, plant and equipment**Holding company**

	Furniture, fixtures and other equipment Eur
Cost	
At 01.01.2016	139,352
Additions	27,281
Disposals	(3,730)
At 31.12.2016	162,903
Additions	5,994
At 30.06.2017	168,897
Accumulated depreciation	
At 01.01.2016	123,391
Provision for the year	10,487
Released on disposal	(3,721)
At 31.12.2016	130,157
Provision for the year	5,872
At 30.06.2017	136,029
Carrying amount	
At 31.12.2016	32,746
At 30.06.2017	32,868

7. Trade and other receivables

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

	Group		Company	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	Unaudited	Audited	Unaudited	Audited
	Eur	Eur	Eur	Eur
Trade receivables	388,095	404,233	-	-
Other receivables	1,076,490	921,156	213,785	156,264
Amounts due from related parties	170,594	127,195	-	-
Amounts due from subsidiaries	-	-	2,694,819	1,745,593
Prepayments and accrued income	1,284,873	1,075,354	156,134	178,866
	2,920,052	2,527,938	3,064,738	2,080,723

8. Trade and other payables

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

	Group		Company	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	Unaudited	Audited	Unaudited	Audited
	Eur	Eur	Eur	Eur
Trade payables	9,133,008	10,713,200	10,034	136,700
Other payables	2,924,060	3,042,564	95,721	47,798
Social security liabilities	1,728,304	1,483,982	130,032	27,304
VAT and other liabilities	2,658,104	2,194,501	-	-
Amounts due to related parties	21,057	4,130	5,901	4,130
Amounts due to group companies	-	-	-	10,794
Accruals and deferred income	8,730,552	7,801,165	832,411	1,681,026
	25,195,085	25,239,542	1,074,099	1,907,752

9. Provisions

As at 30 June 2017, the group recognised a provision for legal claims for an amount of *Eur149,619* (December 2016 – *Eur319,870*) arising from the Romania operations. During the current half year, one of the two current legal claims regarding a dispute on the algorithm of the rental computation was settled in favor of the group hence the provision was reversed to profit or loss.

10. Bank overdrafts and loans**Group**

The loan that SIA Premier Restaurants Latvia had taken from AS DNB Banka during 2012 has a drawdown limit of *Eur17,500,000*, of which *Eur17,500,000* had been drawn down up to 31 December 2016. During 2016, SIA Premier Restaurants Latvia managed to secure an additional loan of *Eur3,500,000* within the same facility. The balance of the loan as at 31 December 2016 amounting to *Eur10,797,175* was settled in full in January 2017. The loan was secured by a pledge agreement between the bank and the company, together with pledges over the Baltic subsidiaries' shares and a pledge over the subsidiaries' immovable and movable property.

During 2016, Premier Capital Srl secured a loan from BRD – SG in Romania to partly finance the acquisition of the McDonald's operations in the territory. The loan is denominated in local currency RON, for an amount equivalent to *Eur23,331,076* (December 2016 – *Eur28,268,221*). The facility has a term of six years and bears an interest rate of 3-month ROBOR + 2.75%. The loan is secured by a pledge over the subsidiaries' immovable and movable property.

10. Bank overdraft and loans (continued)

Group

A subsidiary of the group in Malta, namely Premier Restaurants Malta Limited, has an unutilised overdraft facility with a limit of *Eur1,000,000* (December 2016 – *Eur1,000,000*) and bearing interest at 250 basis point over the bank's base rate, presently 2.35% (December 2016 – 2.35%) per annum.

Premier Restaurants Malta Limited also had two loan facilities of *Eur2,500,000*, which were settled in full in December 2016. These facilities were secured by a first general hypothec over the assets of the subsidiary company, over those of related companies, as well as by guarantees provided by shareholders and related companies together with pledges on various insurance policies.

Holding Company

During 2016, the company settled in full the overdraft facility which had a balance as at June 2016 of *Eur902,173* with a facility limit of *Eur1,000,000*. The loan was secured by a first general hypothec over the assets of the company.

11. Debt securities in issue

In April 2010, the company issued 250,000 6.8% bonds of a nominal value of *Eur100* per bond. The bonds were redeemable at their nominal value on 15 March 2020, subject to the issuer's option to redeem all or any part of the Bonds on any of the designated early redemption dates which fall on any date between 16 March 2017 and 14 March 2020.

According to clause 20.11 of the bond issue prospectus, the Issuer (Premier Capital p.l.c.) undertook to build a sinking fund over a period of 8 years, the value of which at the end of the period, will be equivalent to 50% of the value of the issued bonds. As at 31 December 2016, the company had put aside funds in the form of cash (included under 'other financial assets') and financial instruments (included under 'non-current assets held for sale') amounting in total to *Eur3,462,447*.

In November 2016, the company issued 650,000 3.75% Unsecured Bonds of a nominal value of *Eur100* per bond. The bonds are redeemable at their nominal value on 23 November 2026. The proceeds from the Bond Issue were utilised by the company to acquire *Eur17,244,900* 6.8% Bonds in November 2016 and redeem the remaining balance of *Eur7,396,100* in March 2017; in December 2016 to fully settle bank facilities in Malta amounting to *Eur2,330,842*, in January 2017 to fully settle bank facilities in Latvia amounting to *Eur10,797,175*, and in May 2017 to partially settle bank facilities in Romania for an amount equivalent to *Eur9,881,640*. The remaining proceeds will be used to part finance forthcoming capital expenditure of the group.

11. Debt securities in issue (continued)

Following the full redemption of the 6.8% bonds in March 2017, the sinking fund has been liquidated for an amount of *Eur3,398,419*.

The bonds are listed on the Official List of the Malta Stock Exchange. The market value of the debt securities on 30 June 2016 amounted to *Eur66,300,000* (December 2016 – *Eur66,612,000*).

12. Business Combinations

On 22 January 2016, the group acquired 90 percent shareholding in Premier Capital Srl, an SPV company purposely set up to acquire 100 percent shareholding in the group of companies that operate the McDonald's restaurants in Romania. The acquired group is made up of Premier Capital Delaware Inc. ('McD Delaware'), a non-trading holding company registered in Delaware US, and Premier Restaurants Romania Srl ('McD Romania') which operates the McDonald's restaurants in the territory.

McD Romania is headquartered in Bucharest, and operates 67 restaurants across the country. The acquisition is expected to increase the group's market portfolio and operations. Details of the purchase consideration is as follows:

Group

	2016
	Eur
Purchase consideration	
Cash consideration paid	58,077,033
Deferred consideration (included in 'other financial liabilities')	5,686,141
	<u><u>63,763,174</u></u>

As already mentioned in Note 11, the purchase consideration has been partly financed by a bank loan from BRD of *Eur37,049,767*, a cash injection of *Eur17,780,532* by the parent, Hili Ventures Limited and *Eur3,702,401* from group operating cash flows. The deferred consideration of *Eur5,686,141* which was included under 'other financial liabilities' as at 31 December 2016, was fully settled in January 2017.

Acquisition related costs of *Eur455,668* have been excluded from the purchase consideration and were included within administrative expenses in the profit or loss for the year ending 31 December 2016.

12. Business Combinations (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	2016 Eur
Non-current assets	
Intangible assets	2,684,780
Property, plant and equipment	44,688,083
Deferred tax asset	182,292
Prepayments	471,318
	<u>48,026,473</u>
Current assets	
Inventories	752,232
Trade and other receivables	1,043,262
Cash and cash equivalents	13,411,229
	<u>15,206,723</u>
TOTAL ASSETS	<u>63,233,196</u>
Current liabilities	
Trade and other payables	7,364,042
Current tax liabilities	915,877
	<u>8,279,919</u>
Non-current liabilities	
Other financial liabilities	304,740
TOTAL LIABILITIES	<u>8,584,659</u>
NET IDENTIFIABLE ASSETS ACQUIRED	<u>54,648,537</u>
Add: goodwill	9,114,637
Purchase consideration	<u><u>63,763,174</u></u>

The goodwill arising on acquisition is in relation to synergies resulting from combining the operations of Romania and intangible assets that do not qualify for separate recognition. The goodwill is attributable to the profitability of the acquired business and it will not be deductible for tax purposes.

12. Business Combinations (continued)

The acquired business contributed revenues of *Eur127,147,103* and a profit before tax of *Eur17,486,981* to the group for the period 22 January 2016 to 31 December 2016. If the acquisition had occurred on 1 January 2016, consolidated revenue and consolidated profit before tax for the year ended 31 December 2016 would have been *Eur237,301,274* and *Eur17,857,729* respectively.

The gross contractual amounts of trade and other receivables as at 31 December 2016 amounted to *Eur1,043,262*. The best estimate at the acquisition date of cash flows is that all receivables will be collected.

The non-controlling interest (10% of Premier Capital Romania Srl) recognised at the acquisition date, was measured by reference to cost of the shares of the non-controlling interest and amounted to *Eur1,932,728*.

The net cash outflow on acquisition of the subsidiary in Romania resulted as follows:

	2016
	Eur
Consideration paid in cash	58,077,033
Less: cash and cash equivalent balances acquired	(13,411,229)
	<u>44,665,804</u>

13. 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

	2017			2016		
	Related party			Related party		
	activity	Total activity	%	activity	Total activity	%
	Unaudited	Unaudited		Unaudited	Unaudited	
	Eur	Eur		Eur	Eur	
Cost of sales, Selling and Administrative expenses:						
<i>Related party transactions with:</i>						
Other related parties	790,788			804,803		
Key management personnel	366,022			285,177		
	<u>1,156,810</u>	<u>114,354,745</u>	<u>1%</u>	<u>1,089,980</u>	<u>97,660,174</u>	<u>1%</u>
Investment income:						
<i>Related party transactions with:</i>						
Other related parties	136,996	441,621	31%	-	41,966	0%
Finance costs:						
<i>Related party transactions with:</i>						
Other related parties	-	2,374,112	0%	15,322	1,815,706	1%

13. Related party transactions (continued)**Holding company**

	2017			2016		
	Related party	Total activity	%	Related party	Total activity	%
	activity			activity		
	Unaudited	Unaudited	Unaudited	Unaudited		
Eur	Eur	Eur	Eur			
Revenue:						
<i>Related party transactions with:</i>						
Subsidiaries	558,004	558,004	100%	741,006	741,006	100%
Administrative expenses:						
<i>Related party transactions with:</i>						
Other related parties	33,981			33,860		
Key management personnel	366,022			285,177		
	400,003	2,423,317	17%	319,037	1,243,136	26%
Investment income:						
<i>Related party transactions with:</i>						
Subsidiaries	713,052			948,530		
Ultimate parent	141,658			-		
Other related parties	39,144			-		
	893,854	1,213,197	74%	948,530	990,496	96%
Finance costs:						
<i>Related party transactions with:</i>						
Subsidiaries	362,214			283,188		
Other related parties	-			15,322		
	362,214	1,968,007	18%	298,510	1,198,471	25%

14. Contingent liabilities

At the end of the reporting period, the company acted as a guarantor for bank facilities held in the name of its subsidiaries. The company guaranteed *Eur6,249,498* (December 2016 – *Eur6,249,749*) in favour of Premier Restaurants Malta Ltd. The guarantee in the amount of *Eur17,500,000* as at 31 December 2016, in favour of SIA Premier Restaurants (Latvia subsidiary), has been cancelled after settlement in full of the bank facilities held with AS DNB Banka in January 2017.

A subsidiary of the group have guaranteed the amount of *Eur23,768,500* (December 2016 – *EurNil*) in favour of Premier Restaurants Romania Srl on the loan which the latter has with BRD – SG in Romania, which as at 30 June 2017 amounted to *Eur23,331,076* (December 2016 – *EurNil*).

Certain subsidiaries of the group, have also guaranteed the amount of *Eur5,986,938* (December 2016 – *Eur8,107,189*) in favour of related companies in connection with bank facilities of the respective related company.

15. Fair value of financial assets and financial liabilities

At 30 June 2017 and 31 December 2016, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value, other than the shares in subsidiary companies that are carried at cost, and the debt securities in issue (where fair value is disclosed in note 12), are not materially different from their carrying amounts due to the fact that the interest rates are considered to represent market rates at the year end.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3.

	Group and Holding Company			Total Eur
	Level 1 Eur	Level 2 Eur	Level 3 Eur	
Financial assets measured at fair value				
Local listed debt instruments				
As at 31.12.2016	1,596,154	-	-	1,596,154
As at 30.06.2017	771,644	94,000	-	865,644
Financial liabilities at fair value through profit or loss				
Derivative financial instruments				
As at 31.12.2016	-	70,936	-	70,936
As at 30.06.2017	-	-	-	-

15. Fair value of financial assets and financial liabilities (continued)

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair value of the derivative financial instruments is established by using a valuation technique. Valuation techniques comprise discounted cash flow analysis. The valuation technique is consistent with generally accepted economic methodologies for pricing financial instruments. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the rates at end of the reporting period and the credit risk inherent in the contract.

The following table provides an analysis of financial instruments that are not measured subsequent to initial recognition at fair value, other than those with carrying amounts that are reasonable approximations of fair value and other than shares in subsidiary companies, grouped into Levels 1 to 3.

Group**Fair value measurement at end of reporting period using:**

	Level 1	Level 2	Level 3	Total	Carrying amount
	Eur	Eur	Eur	Eur	Eur
Financial assets					
<i>Loans and receivables</i>					
Receivables from related parties					
As at 31.12.2016	-	5,359,810	1,966,607	7,326,417	7,326,417
Receivables from ultimate parent	-	6,549,932	11,000,000	17,549,932	17,549,932
Receivables from related parties	-	2,847,334	1,816,509	4,663,843	4,663,843
As at 30.06.2017	-	9,397,266	12,816,509	22,213,775	22,213,775
Financial liabilities					
<i>Financial liabilities at amortised cost</i>					
Amounts due to ultimate parent	-	5,000,000	-	5,000,000	5,000,000
Amounts due to related parties	-	161,536	-	161,536	161,536
Other financial liabilities	-	5,686,141	-	5,686,141	5,686,141
Bank loans	-	39,065,396	-	39,065,396	39,065,396
Debt securities	74,101,291	-	-	74,101,291	71,455,260
As at 31.12.2016	74,101,291	49,913,073	-	124,014,364	121,368,333
Bank loans	-	23,331,076	-	23,331,076	23,331,076
Debt securities	66,300,000	-	-	66,300,000	64,118,053
As at 30.06.2017	66,300,000	23,331,076	-	89,631,076	87,449,129

15. Fair value of financial assets and financial liabilities (continued)**Holding Company**

Fair value measurement at end of reporting period using:

	Level 1	Level 2	Level 3	Total	Carrying amount
	Eur	Eur	Eur	Eur	Eur
Financial assets					
<i>Loans and receivables</i>					
Receivables from subsidiaries	-	2,009,039	17,280,586	19,289,625	19,289,625
Receivables from related parties	-	308,191	-	308,191	308,191
As at 31.12.2016	-	2,317,230	17,280,586	19,597,816	19,597,816
Receivables from subsidiaries	-	2,670,961	29,229,434	31,900,395	31,900,395
Receivables from ultimate parent	-	6,549,932	11,000,000	17,549,932	17,549,932
Receivables from related parties	-	2,847,335	-	2,847,335	2,847,335
As at 30.06.2017	-	12,068,228	40,229,434	52,297,662	52,297,662
Financial liabilities					
<i>Financial liabilities at amortised cost</i>					
Amounts due to subsidiaries	-	1,223,358	14,094,246	15,317,604	15,317,604
Amounts due to ultimate parent	-	5,000,000	-	5,000,000	5,000,000
Amounts due to related parties	-	6,875	-	6,875	6,875
Debt securities	74,101,291	-	-	74,101,291	71,455,260
As at 31.12.2016	74,101,291	6,230,233	14,094,246	94,425,770	91,779,739
Amounts due to subsidiaries	-	1,585,503	18,394,246	19,979,749	19,979,749
Debt securities	66,300,000	-	-	66,300,000	64,118,053
As at 30.06.2017	66,300,000	1,585,503	18,394,246	86,279,749	84,097,802

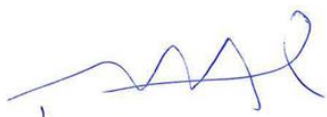
16. Events after the end of the reporting period

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

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 2017, and the financial performance and cash flows of the company and the group for the half year 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 29 August 2017 and signed on its behalf by:



Mr Melo Hili
Chairman



Mr Victor Tedesco
Director