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Premier Capital p.l.c.

Interim Financial Report (Unaudited)

For the period 1 January 2020 to 30 June 2020

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The directors present their interim report, together with the unaudited interim condensed financial statements of the holding company and its subsidiaries (the “group”) (the “condensed interim financial statements”) for the period from 1 January to 30 June 2020.

Principal activities

The group is engaged in the operations of McDonald's restaurants in Malta, Estonia, Greece, Latvia, Lithuania and Romania.

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

Business review

Group

The period under review was characterised by unprecedented events brought about by the COVID-19 pandemic which had far-reaching social and economic impacts both locally and internationally. The Group's subsidiaries have complied with the guidance of national authorities in the markets in which it operates, leading to the temporary closure of some McDonald's restaurants, while other restaurants were operating with limitations but continued to serve customers through take away and via McDrive and McDelivery where was possible. Following a positive start of the year, the events that unfolded from mid-March onwards impacted the Group's financial and operating performance of the first six months of 2020, however the effect on the financial results was partially contained through various mitigation measures put in place.

During the first six months of 2020, an in-store restaurant opened in Romania with the group now operating a total of 157 restaurants across the six territories.

During the period under review, the group registered an operating profit of *Eur5,001,008* (June 2019 – *Eur13,129,408*) on revenues of *Eur143,127,194* (June 2019 - *Eur157,971,835*).

After accounting for the investment income and finance costs, the group registered a profit before tax of *Eur1,915,558* (June 2019 – *Eur9,928,873*).

In the first six months of 2020, the group registered an EBITDA of *Eur18,424,143* when compared to an EBITDA of *Eur23,940,379* for the period ended June 2019.

The group's net assets for the period under review amounted to *Eur46,609,930* compared to *Eur57,081,844* as at 31 December 2019.

Holding company

During the period under review, the holding company registered an operating loss of *Eur1,903,384* (June 2019 – *Eur2,283,450*). After accounting for investment income and finance costs, the holding company registered a pre-tax loss of *Eur2,363,404* (June 2019 – *Eur2,846,492*).

The net assets of the holding company as at 30 June 2020 amounted to *Eur36,439,636* compared to *Eur38,379,806* as at 31 December 2019.

Future Outlook

Following the outbreak of the COVID-19 pandemic, the directors have continued to actively monitor the Group's operations in order to safeguard its interest as necessary. Despite disruption in business operations for a number of weeks, the operational and financial performance of the Group has improved. Management is optimistic that the mitigation measures put in place at the start of the pandemic, will continue to have a positive impact on performance. Nonetheless the Group continues to operate in uncertain and unprecedented circumstances which may still have an adverse impact on the Group's future profitability and financial position.

Preparation of the Consolidated Interim Financial Statements

The published figures have been extracted from the unaudited management financial statements for the half-year ended 30 June 2020 and its comparative period in 2019.

This report is being published in terms of the Listing Rule 5.75 issued by the Listing 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 holding company's independent auditors.

Approved by the Board of Directors on 21 August 2020 and signed on its behalf by:



Mr Melo Hili
Chairman



Mr Victor Tedesco
Director

	Group		Holding Company	
	1 January to 30 June 2020	1 January to 30 June 2019	1 January to 30 June 2020	1 January to 30 June 2019
	Unaudited	Unaudited	Unaudited	Unaudited
	Eur	Eur	Eur	Eur
Revenue	143,127,194	157,971,835	563,961	546,000
Cost of sales	(119,217,439)	(124,388,166)	-	-
Gross profit	23,909,755	33,583,669	563,961	546,000
Other operating income	183,868	330,672	-	-
Selling expenses	(8,991,872)	(9,480,389)	-	-
Administrative expenses	(10,100,743)	(11,304,544)	(2,467,345)	(2,829,450)
Operating profit /(loss)	5,001,008	13,129,408	(1,903,384)	(2,283,450)
Investment income	261,233	395,705	961,873	862,221
Finance costs	(3,346,683)	(3,596,240)	(1,421,893)	(1,425,263)
Profit/(loss) before tax	1,915,558	9,928,873	(2,363,404)	(2,846,492)
Income tax (expense)/credit	(234,507)	(2,453,425)	435,232	387,048
Profit/(loss) for the period	1,681,051	7,475,448	(1,928,172)	(2,459,444)
Other comprehensive income/(expense):				
Items that will not be reclassified				
subsequently to profit or loss:				
Decrease in fair value of financial assets at fair value through other comprehensive income	-	(1,454)	-	(1,454)
Items that may be reclassified				
subsequently to profit or loss:				
(Decrease)/Increase in fair value of financial assets at fair value through other comprehensive income	(11,997)	3,210	(11,997)	3,210
Exchange differences on translation of foreign operations	(585,545)	(618,785)	-	-
	(597,542)	(615,575)	(11,997)	3,210
Total other comprehensive expense	(597,542)	(617,029)	(11,997)	1,756
Total comprehensive income/(expense) for the period	1,083,509	6,858,419	(1,940,169)	(2,457,688)
<i>Profit attributable to:</i>				
Owners of the holding company	1,681,051	6,459,956		
Non-controlling interests	-	1,015,492		
	1,681,051	7,475,448		
<i>Total comprehensive income attributable to:</i>				
Owners of the holding company	1,083,509	5,904,806		
Non-controlling interests	-	953,613		
	1,083,509	6,858,419		

		Group		Holding Company	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
	Notes	Unaudited	Audited	Unaudited	Audited
		Eur	Eur	Eur	Eur
ASSETS AND LIABILITIES					
Non-current assets					
Goodwill	5	25,113,902	25,226,236	-	-
Intangible assets	6	8,028,083	8,558,822	4,573,997	4,878,935
Property, plant and equipment	7	91,433,460	96,091,408	25,231	25,188
Right of use assets		86,613,537	88,301,399	344,610	364,650
Financial assets at FV through OCI	15	1,068,247	820,144	1,068,247	820,144
Investment in subsidiaries		-	-	56,375,780	56,375,780
Loans and receivables	15	13,680,000	530,550	35,892,593	29,897,306
Deferred tax assets		961,979	867,799	-	-
Prepayments		1,645,260	2,161,501	513,250	513,250
		228,544,468	222,557,859	98,793,708	92,875,253
Current assets					
Inventories		5,554,830	5,212,360	-	-
Loans and receivables	15	620,822	6,609,811	11,941	17,226,798
Trade and other receivables	8	12,414,056	5,234,594	7,448,396	1,814,456
Current tax asset		1,275,811	1,120,361	978,419	966,379
Cash and cash equivalents		24,836,740	32,497,681	3,545,230	1,161,226
		44,702,259	50,674,807	11,983,986	21,168,859
Total assets		273,246,727	273,232,666	110,777,694	114,044,112
Current liabilities					
Trade and other payables	9	50,148,358	34,275,362	2,315,750	1,298,881
Lease liabilities		6,538,770	7,800,421	30,971	34,699
Other financial liabilities	15	394,560	3,382,138	1,209,989	7,230,327
Borrowings	10, 11	6,285,872	5,929,095	-	-
Current tax liabilities		1,635,002	2,058,046	-	-
		65,002,562	53,445,062	3,556,710	8,563,907
Non-current liabilities					
Borrowings	10, 11	11,899,931	13,290,533	-	-
Lease liabilities		83,508,292	82,863,021	323,214	336,665
Debt securities in issue	12	64,399,027	64,352,198	64,399,027	64,352,198
Other financial liabilities	15	227,116	218,237	4,936,091	850,000
Provisions		476,853	420,235	-	-
Deferred tax liabilities		1,123,016	1,561,536	1,123,016	1,561,536
		161,634,235	162,705,760	70,781,348	67,100,399
Total liabilities		226,636,797	216,150,822	74,338,058	75,664,306
Net assets		46,609,930	57,081,844	36,439,636	38,379,806

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Condensed Statements of Financial Position (Continued) at 30 June 2020



	Notes	Group		Holding Company	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		Unaudited	Audited	Unaudited	Audited
		Eur	Eur	Eur	Eur
EQUITY					
Share capital		33,674,700	33,674,700	33,674,700	33,674,700
Exchange translation reserve		(2,715,830)	(2,130,285)	-	-
Fair value reserve		(81,422)	(69,425)	(81,422)	(69,425)
Other reserves		2,132,251	8,780,884	212,350	212,351
Retained earnings		13,600,231	12,131,089	2,634,008	4,562,180
<i>Equity attributable to:</i>					
Owners of the holding company		46,609,930	52,386,963	36,439,636	38,379,806
Non-controlling interests		-	4,694,881	-	-
Total equity		46,609,930	57,081,844	36,439,636	38,379,806

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Condensed Statements of Changes in Equity for the period ended 30 June 2020



Group

	Share capital Eur	Exchange translation reserve Eur	Fair value reserve Eur	Other reserves Eur	Retained earnings Eur	Attributable to owners of the holding company Eur	Non- controlling interests Eur	Total Eur
Balance at 1 January 2019	33,674,700	(1,151,606)	(33,302)	2,861,353	9,282,138	44,633,283	4,067,517	48,700,801
Profit for the period	-	-	-	-	6,459,956	6,459,956	1,015,492	7,475,448
Other comprehensive income	-	(556,906)	1,756	-	-	(555,150)	(61,879)	(617,029)
Total comprehensive income for the period	-	(556,906)	1,756	-	6,459,956	5,904,806	953,613	6,858,419
Balance at 30 June 2019	33,674,700	(1,708,512)	(31,546)	2,861,353	15,742,094	50,538,089	5,021,130	55,559,220
Dividends	-	-	-	-	(20,000,000)	(20,000,000)	(2,207,320)	(22,207,320)
Profit for the period	-	-	-	-	16,901,562	16,901,562	1,327,160	18,228,722
Exchange differences on translation of foreign operations	-	(978,679)	-	-	-	(978,679)	(108,742)	(1,087,421)
Other comprehensive income for the period	-	556,906	(37,879)	5,406,964	-	5,925,991	662,653	6,588,644
Total comprehensive income for the period	-	(421,773)	(37,879)	5,406,964	16,901,562	21,848,874	1,881,071	23,729,945
Movement in other reserves	-	-	-	512,567	(512,567)	-	-	-
Balance at 31 December 2019	33,674,700	(2,130,285)	(69,425)	8,780,884	12,131,089	52,386,963	4,694,883	57,081,845
Balance at 1 January 2020	33,674,700	(2,130,285)	(69,425)	8,780,884	12,131,089	52,386,963	4,694,883	57,081,845
Profit for the period	-	-	-	-	1,469,142	1,469,142	211,909	1,681,051
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(66,425)	(66,425)
Other comprehensive income	-	(585,545)	(11,997)	-	-	(597,542)	-	(597,542)
Total comprehensive income for the period	-	(585,545)	(11,997)	-	1,469,142	871,600	145,484	1,017,084
Acquisition of Minority Interest	-	-	-	(6,648,633)	-	(6,648,633)	(4,840,367)	(11,489,000)
Balance at 30 June 2020	33,674,700	(2,715,830)	(81,422)	2,132,251	13,600,231	46,609,930	(0)	46,609,929

Holding Company

	Share capital Eur	Fair value reserve Eur	Other reserves Eur	Retained earnings Eur	Total Eur
Balance at 1 January 2019	33,674,700	(33,302)	212,350	19,765	33,873,513
Loss for the period	-	-	-	(2,459,444)	(2,459,444)
Other comprehensive income	-	1,756	-	-	1,756
Total comprehensive expense for the period	-	1,756	-	(2,459,444)	(2,457,688)
Balance at 30 June 2019	33,674,700	(31,546)	212,350	(2,439,679)	31,415,825
Balance at 1 January 2020	33,674,700	(69,425)	212,350	4,562,180	38,379,805
Loss for the period	-	-	-	(1,928,172)	(1,928,172)
Other comprehensive income	-	(11,997)	-	-	(11,997)
Total comprehensive expense for the period	-	(11,997)	-	(1,928,172)	(1,940,169)
Balance at 30 June 2020	33,674,700	(81,422)	212,350	2,634,008	36,439,636

	Group		Holding Company	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Unaudited	Unaudited	Unaudited	Unaudited
	Eur	Eur	Eur	Eur
Cash flows from operating activities				
Cash flows from operations	15,999,850	24,853,732	(6,189,935)	(1,157,464)
Interest paid	(3,299,854)	(1,930,258)	(2,585,053)	(1,231,904)
Income tax paid	(1,345,701)	(1,409,658)	(15,329)	(11,462)
Net cash flows from/(used in) operating activities	11,354,295	21,513,816	(8,790,317)	(2,400,830)
Cash flows from investing activities				
Purchase of property, plant and equipment	(4,133,465)	(4,691,619)	(5,585)	(5,807)
Proceeds from sale of property, plant and equipment	101,677	113,628	-	-
Purchase of intangible assets	(176,444)	(163,171)	-	-
Purchase of financial assets at fair value through other comprehensive income	(260,100)	-	(260,100)	-
Payment of loans, receivables and payables from subsidiaries and related parties	(3,127,236)	(7,760,518)	(7,724,258)	(7,515,646)
Advances of loans, receivables and payables from subsidiaries and related parties	(7,000,000)	-	17,974,822	4,255,372
Increase in value of right of use asset	(3,590,009)	-	-	-
Interest received	182,887	347,142	1,206,621	752,346
Net cash flows (used in) / from investing activities	(18,002,690)	(12,154,538)	11,191,500	(2,513,735)
Cash flows from financing activities				
Repayment of borrowings and lease liabilities	(2,949,442)	(7,304,464)	(17,179)	(24,258)
Proceeds from bank borrowings	1,500,000	-	-	-
Net cash flows used in financing activities	(1,449,442)	(7,304,464)	(17,179)	(24,258)
Net movement in cash and cash equivalents	(8,097,837)	2,054,814	2,384,004	(4,938,823)
Cash and cash equivalents at the beginning of the year	32,497,681	33,571,848	1,161,226	5,087,990
Impact of foreign exchange differences	436,896	69,135	-	-
Cash and cash equivalents at the end of the period	24,836,740	35,695,797	3,545,230	149,167

1. Basis of preparation

The condensed consolidated interim financial statements for the half year reporting period ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting*.

Premier Capital p.l.c. is the group's ultimate parent company and is a public limited company incorporated in Malta with registration number C36522. The registered address of the holding company is Nineteen Twenty Three, Valletta Road, Marsa. As disclosed in note 12, it has bonds issued on the Malta Stock Exchange.

2. Significant accounting policies

The condensed consolidated interim financial statements have been prepared under the historic cost convention, except for financial instruments at fair value through profit or loss and financial instruments at fair value through other comprehensive income which are stated at their fair values. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's and holding company's annual financial statements for the year ended 31 December 2019, and corresponding interim period.

(i) Other pronouncements

Other accounting pronouncements which have become effective from 1 January 2020 and have therefore been adopted do not have a significant impact on the group's and holding company's financial results or position.

3. Judgements and estimates

When preparing the condensed consolidated interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the condensed consolidated interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the group's and holding company's annual financial statements for the year ended 31 December 2019. The only exceptions are the estimate of income tax liabilities which is determined in the condensed consolidated interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

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

Profit/(loss) before tax

	1 January to 30 June 2020	1 January to 30 June 2019
	Unaudited	Unaudited
	Eur	Eur
Total profit for reportable segment	5,198,248	13,229,760
Eliminations on inter segment profits	-	1,245,891
<i>Unallocated amounts:</i>		
Revenue	563,961	546,000
Administrative expenses	(2,710,875)	(3,049,302)
Investment income	975,299	(153,023)
Finance costs	(2,111,071)	(1,890,453)
	1,915,562	9,928,873

4. Segmental reporting (continued)

Assets

	30 June 2020	31 December 2019
	Unaudited	Audited
	Eur	Eur
Total assets for reportable segments	130,069,340	216,978,276
Elimination of inter-segment receivables	(23,552,806)	(24,969,113)
<i>Unallocated amounts:</i>		
Goodwill	25,113,902	25,226,236
Intangible assets	4,573,997	4,878,935
Right of use assets	86,613,537	-
Financial assets through other comprehensive income	1,068,247	820,144
Current tax assets	1,275,811	966,379
Loans and receivables	35,904,534	47,124,102
Trade and other receivables	7,448,396	1,814,456
Cash and cash equivalents	3,545,230	1,161,226
Other unallocated amounts	1,186,539	(767,975)
	273,246,727	273,232,666

Liabilities

	30 June 2020	31 December 2019
	Unaudited	Audited
	Eur	Eur
Total liabilities for reportable segments	38,345,019	126,005,691
Elimination of inter-segment payables	22,225	22,225
<i>Unallocated amounts:</i>		
Trade and other payables	2,218,370	1,298,879
Other financial liabilities	394,560	3,382,138
Current tax liabilities	335,186	-
Bank borrowings	16,685,803	19,219,628
Lease liabilities	91,547,062	-
Debt securities in issue	64,399,027	64,352,198
Deferred tax liabilities	1,123,016	1,561,536
Other unallocated amounts	11,566,529	308,527
	226,636,797	216,150,822

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Notes to the Condensed Interim Financial Statements (Continued)
for the period ended 30 June 2020



4. 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
	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	11,250,811	16,441,487	12,205,875	13,709,027	10,198,858	79,321,136	143,127,194	-	-	143,127,194
Profit/(loss) before tax	769,495	(765,803)	824,028	(44,817)	212,966	4,202,379	5,198,248	(3,282,690)	-	1,915,558
Depreciation and amortisation	602,646	2,265,591	1,208,174	1,459,980	1,292,921	6,311,739	13,141,051	330,520	-	13,471,571
Segment assets	9,849,539	12,439,402	21,348,735	10,412,318	8,134,556	67,884,790	130,069,340	166,730,193	(23,552,806)	273,246,727
Property, plant and equipment	6,533,887	27,259,610	18,629,818	21,561,556	15,754,055	87,329,873	177,068,799	369,841	608,357	178,046,997
Intangible assets	42,028	284,239	339,724	402,979	315,422	2,005,400	3,389,792	4,573,997	64,294	8,028,083
Capital expenditure	141,282	957,858	243,069	847,716	266,862	1,847,537	4,304,324	5,585	-	4,309,909
Segment liabilities	3,559,640	6,604,134	5,326,295	4,008,918	3,839,341	15,006,691	38,345,019	188,269,553	22,225	226,636,797
Income tax credit/(expense)	-	63,249	-	(17,737)	(89,444)	(290,621)	(334,553)	435,232	(335,186)	(234,507)

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Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2020



4. Segmental reporting (continued)

	Estonia	Greece	Latvia	Lithuania	Malta	Romania	Total	Unallocated	Eliminations and adjustments	Consolidated
	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	11,542,682	17,516,529	12,109,863	13,887,977	11,865,546	91,049,238	157,971,835	-	-	157,971,835
Profit before tax	1,176,152	(426,551)	922,098	539,682	366,666	10,651,713	13,229,760	(3,296,649)	(4,238)	9,928,873
Depreciation and amortisation	652,838	1,876,339	1,105,390	1,071,960	1,288,173	4,490,640	10,485,340	331,945	(6,314)	10,810,971
Segment assets	11,381,150	28,220,428	32,551,934	22,665,842	20,830,401	101,328,521	216,978,276	81,223,503	(24,969,113)	273,232,666
Right of use assets	3,023,656	15,611,098	12,217,274	13,613,767	12,841,280	30,629,674	87,936,749	364,650	-	88,301,399
Property, plant and equipment	3,968,099	12,236,760	7,128,811	8,519,698	3,851,207	60,536,645	96,241,220	25,188	(175,000)	96,091,408
Intangible assets	33,248	280,509	352,939	369,975	330,786	2,244,605	3,612,062	4,878,935	67,825	8,558,822
Capital expenditure	380,089	4,088,155	1,468,460	1,454,233	1,279,804	11,961,452	20,632,193	8,083	-	20,640,276
Segment liabilities	5,940,290	23,232,013	17,467,860	16,603,687	17,091,228	45,670,613	126,005,691	90,122,906	22,225	216,150,822
Lease liabilities	3,079,380	16,272,542	12,485,655	13,885,364	12,851,510	31,717,627	90,292,078	371,364	-	90,663,442
Income tax credit/(expense)	(549,418)	71,147	-	(85,339)	(153,999)	(511,108)	(1,228,717)	387,048	(1,611,756)	(2,453,425)

5. Goodwill

Group

	Eur
Cost and Carrying amount	
At 01.01.2019	25,439,875
Difference on exchange on foreign operations	(213,639)
At 31.12.2019	<u>25,226,236</u>
Difference on exchange on foreign operations	(112,334)
At 30.06.2020	<u>25,113,902</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 2020 amounting to *Eur25,113,902* (December 2019 – *Eur25,226,236*) is allocated to the Malta and Romania operations.

The directors’ assessment of goodwill is detailed in the group’s and holding company’s annual financial statements for the year ended 31 December 2019.

6. Intangible assets

Group

	Support services licence Eur	Computer software Eur	Acquired rights and franchise fee Eur	Other intangibles Eur	Total Eur
Cost					
At 01.01.2019	12,366,964	2,196,618	4,379,054	7,763	18,950,399
Additions	-	333,227	70,061	-	403,288
Disposals	-	(8,988)	-	-	(8,988)
Exchange differences	-	(36,361)	(61,587)	(310)	(98,258)
At 31.12.2019	12,366,964	2,484,496	4,387,528	7,453	19,246,441
Additions	-	87,010	89,434	-	176,444
Exchange differences	-	(19,101)	(33,691)	(163)	(52,955)
At 30.06.2020	12,366,964	2,552,405	4,443,271	7,290	19,369,930
Amortisation					
At 01.01.2019	6,801,852	963,702	1,640,987	725	9,407,266
Provision for the year	618,351	410,954	295,386	293	1,324,984
Released on disposal	-	(8,312)	-	-	(8,312)
Exchange differences	-	(15,632)	(20,545)	(142)	(36,319)
At 31.12.2019	7,420,203	1,350,712	1,915,828	876	10,687,619
Provision for the year	304,938	219,910	150,056	142	675,046
Exchange differences	-	(11,360)	(9,380)	(78)	(20,818)
At 30.06.2020	7,725,141	1,559,262	2,056,504	940	11,341,847
Carrying amount					
At 31.12.2019	4,946,761	1,133,784	2,471,700	6,577	8,558,822
At 30.06.2020	4,641,823	993,143	2,386,767	6,350	8,028,083

6. Intangible assets (continued)**Holding Company**

	Support services licence Eur	Computer Software Eur	Total Eur
Cost			
At 01.01.2019 / 31.12.2019 / 30.06.2020	12,197,438	190,939	12,388,377
Amortisation			
At 01.01.2019	6,708,627	190,939	6,899,566
Provision for the year	609,876	-	609,876
At 31.12.2019	7,318,503	190,939	7,509,442
Provision for the year	304,938	-	304,938
At 30.06.2020	7,623,441	190,939	7,814,380
Carrying amount			
At 31.12.2019	4,878,935	-	4,878,935
At 30.06.2020	4,573,997	-	4,573,997

7. Property, plant and equipment

Group

	Land and buildings Eur	Improvements to premises Eur	Right of use assets Eur	Motor vehicles Eur	Plant and equipment Eur	Other equipment Eur	Total Eur
Cost							
At 01.01.2019	53,987,321	22,657,209	81,677,055	1,243,193	53,045,887	12,147,861	224,758,526
Additions	2,855,424	4,461,957	16,258,346	261,362	10,270,608	2,387,637	36,495,334
Disposals	(80,672)	(628,473)	-	(283,727)	(2,027,224)	(1,168,385)	(4,188,481)
Revaluations	5,609,604	6,897	-	-	-	-	5,616,501
Transfers	-	7,475	-	-	(36,497)	29,022	-
Exchange differences	(844,368)	(160,412)	(713,447)	(34,967)	(919,657)	(12,553)	(2,685,404)
At 31.12.2019	61,527,309	26,344,653	97,221,954	1,185,861	60,333,117	13,383,582	259,996,476
Additions	27,843	1,461,817	3,660,234	105,372	2,015,167	523,266	7,793,699
Disposals	(6,585)	-	(70,225)	(108,048)	(221,445)	(258,936)	(665,239)
Transfers	-	17,821	-	-	(15,649)	(2,172)	-
Exchange differences	(480,002)	(83,441)	(449,715)	(18,169)	(543,264)	(7,270)	(1,581,861)
At 30.06.2020	61,068,565	27,740,850	100,362,248	1,165,016	61,567,926	13,638,470	265,543,075
Accumulated depreciation							
At 01.01.2019	15,731,550	9,674,175	-	410,551	24,401,054	9,125,224	59,342,554
Provision for the year	2,186,747	1,409,178	8,943,870	246,065	5,443,755	2,404,322	20,633,937
Released on disposal	(30,920)	(427,108)	-	(232,284)	(1,874,941)	(1,065,639)	(3,630,892)
Transfers	-	(315)	-	-	(38,312)	38,627	-
Impairment	-	-	-	5,267	15,159	-	20,426
Reversal of impairment	-	-	-	-	(18,120)	-	(18,120)
Exchange differences	(128,137)	(23,945)	(23,315)	(15,081)	(545,647)	(8,111)	(744,236)
At 31.12.2019	17,759,240	10,631,985	8,920,555	414,518	27,382,948	10,494,423	75,603,669
Provision for the year	1,247,374	925,229	4,880,410	216,598	4,484,728	1,042,186	12,796,525
Released on disposal	(3,982)	-	-	(65,404)	(190,538)	(233,413)	(493,337)
Reversal of impairment	-	-	-	-	-	-	-
Exchange differences	(25,878)	(1,565)	(52,254)	(8,433)	(318,235)	(4,414)	(410,779)
Transfers	-	-	-	-	-	-	-
At 30.06.2020	18,976,754	11,555,649	13,748,711	557,279	31,358,903	11,298,782	87,496,078
Carrying amount							
At 31.12.2019	43,768,069	15,712,668	88,301,399	771,343	32,950,169	2,889,159	184,392,807
At 30.06.2020	42,091,811	16,185,201	86,613,537	607,737	30,209,023	2,339,688	178,046,997

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

	Furniture, fixtures and other equipment Eur	Right of use assets Eur	Total Eur
Cost			
At 01.01.2019	178,876	404,730	583,606
Additions	8,083	-	8,083
Disposals	(1,595)	-	(1,595)
At 31.12.2019	185,364	404,730	590,094
Additions	5,585	-	5,585
At 30.06.2020	190,949	404,730	595,679
Accumulated depreciation			
At 01.01.2019	146,929	-	146,929
Provision for the year	14,265	40,080	54,345
Released on disposal	(1,018)	-	(1,018)
At 31.12.2019	160,176	40,080	200,256
Provision for the year	5,542	20,040	25,582
At 30.06.2020	165,718	60,120	225,838
Carrying amount			
At 31.12.2019	25,188	364,650	389,838
At 30.06.2020	25,231	344,610	369,841

8. Trade and other receivables

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

	Group		Holding Company	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	Unaudited Eur	Audited Eur	Unaudited Eur	Audited Eur
Trade receivables	757,757	444,445	-	-
Other receivables	3,250,799	2,568,376	607,250	564,606
Amounts due from related parties	6,792,561	40,589	6,667,552	860
Amounts due from subsidiaries	-	-	-	977,805
Prepayments and accrued income	1,612,939	2,181,184	173,594	271,185
	12,414,056	5,234,594	7,448,396	1,814,456

9. Trade and other payables

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

	Group		Holding Company	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	Unaudited	Audited	Unaudited	Audited
	Eur	Eur	Eur	Eur
Trade payables	11,347,100	15,373,297	89,462	22,864
Other payables	6,921,185	4,225,282	-	42,713
Social security liabilities	3,533,294	3,180,180	250,302	18,517
VAT and other liabilities	6,386,483	2,432,085	-	-
Amounts due to related parties	22,424	-	113	-
Accruals and deferred income	21,937,872	9,064,518	1,975,873	1,214,787
	50,148,358	34,275,362	2,315,750	1,298,881

10. Bank borrowings

Group

During 2017, a bank facility was granted by BRD – SG to Premier Restaurants Romania Srl to partly finance the settlement of dividends to its parent, Premier Capital Srl. The loan is denominated in local currency RON, for an amount equivalent to *Eur8,264,750* as at 30 June 2020 (December 2019 – *Eur10,521,077*). The facility has a term of five years and bears an interest rate of 3-month ROBOR +2.75%. The loan is secured by a pledge over the entity's immovable and movable property.

In December 2018, Premier Restaurants Latvia SIA secured a new loan facility with Luminor Bank AS amounting to *Eur10,000,000*. The loan has a term of five years and bears an interest rate of 1-month Euribor +2.5%. The loan is secured by a pledge agreement between the bank and the Baltic subsidiaries together with pledges over the entities' immovable and movable property. As at 30 June 2020, the balance on the loan amounted to *Eur8,421,053* (December 2019 – *Eur8,698,551*).

In April 2020, Premier Capital Hellas SA was granted a new loan facility with Eurobank SA for an amount of *Eur1,500,000*. The loan has a term of five years and bears an interest rate of 3-month Euribor +3.85%. No repayments have been effected by 30 June 2020.

Premier Restaurants Malta Limited, a local subsidiary of the group, has an unutilised overdraft facility with a limit of *Eur1,000,000* (December 2019 – *Eur1,000,000*) and bearing interest at 250 basis point over the bank's base rate, presently 2.35% (December 2019 – 2.35%) per annum.

10. Bank borrowings (continued)**Group (continued)**

As at 30 June 2020, the contractual maturities of the group's and holding company's non-derivative financial liabilities were as follows:

Group

	On demand or within 1 year Eur	Within 2 - 5 years Eur	After 5 years Eur	Total Eur
At 30 June 2020				
Non-derivative financial liabilities				
Non-interest bearing	50,542,918	-	-	50,542,918
Variable rate instruments	6,285,872	18,599,931	300,000	25,185,803
Fixed rate instruments	4,875,000	9,750,000	65,975,000	80,600,000
Derivative financial liabilities	-	227,116	-	227,116
	61,703,790	28,577,047	66,275,000	156,555,837
At 31 December 2019				
Non-derivative financial liabilities				
Non-interest bearing	37,657,500	-	-	37,657,500
Variable rate instruments	6,643,670	13,944,183	-	20,587,853
Fixed rate instruments	2,437,500	9,750,000	69,621,233	81,808,733
Derivative financial liabilities	-	218,237	-	218,237
	46,738,670	23,912,420	69,621,233	140,272,323

Holding company

	On demand or within 1 year Eur	Within 2 - 5 years Eur	After 5 years Eur	Total Eur
At 30 June 2020				
Non-derivative financial liabilities				
Non-interest bearing	2,675,739	-	-	2,675,739
Fixed rate instruments	4,875,000	9,750,000	65,975,000	80,600,000
	7,550,739	9,750,000	65,975,000	83,275,739
At 31 December 2019				
Non-derivative financial liabilities				
Non-interest bearing	3,529,206	-	-	3,529,206
Fixed rate instruments	7,650,313	10,609,669	69,621,233	87,881,214
	11,179,519	10,609,669	69,621,233	91,410,420

11. Leases

Lease liabilities are presented in the statement of financial position within borrowings as follows:

	Group		Holding Company	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	Unaudited	Audited	Unaudited	Audited
	Eur	Eur	Eur	Eur
Lease liabilities (current)	6,538,770	7,800,421	30,971	34,699
Lease liabilities (non-current)	83,508,292	82,863,021	323,214	336,665
	90,047,062	90,663,442	354,185	371,364

The group is party to several agreements for lease of premises and land on which the restaurants in the Baltics, Malta, Greece and Romania are situated. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2020 were as follows:

	Minimum lease payments due			
	Within 1 year	Within 2 - 5 years	After 5 years	Total
	Eur	Eur	Eur	Eur
At 30 June 2020				
Lease payments	9,412,976	43,564,173	70,658,496	123,635,645
Finance charges	(2,874,206)	(11,920,800)	(18,793,577)	(33,588,583)
Net present values	6,538,770	31,643,373	51,864,919	90,047,062

The holding company has leases for the head office and a motor vehicle. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2020 were as follows:

	Minimum lease payments due			
	Within 1 year	Within 2 - 5 years	After 5 years	Total
	Eur	Eur	Eur	Eur
At 30 June 2020				
Lease payments	44,415	171,552	211,801	427,768
Finance charges	(13,444)	(41,048)	(19,091)	(73,583)
Net present values	30,971	130,504	192,710	354,185

11. Leases (continued)**Lease payments not recognised as a liability**

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less). Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expenses relating to payments not included in the measurement of lease liabilities are as follows:

	Group		Holding Company	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	Unaudited	Audited	Unaudited	Audited
	Eur	Eur	Eur	Eur
Short-term leases	423,878	77,468	423,878	-
Leases of low value assets	-	12,108	-	-
Variable lease payments	1,015,336	4,294,639	-	-
	1,439,214	4,384,215	423,878	-

12. Debt securities in issue

In November 2016, the holding company issued 650,000 3.75% Unsecured Bonds of a nominal value of *Eur*100 per bond. The bonds are redeemable at their nominal value on 23 November 2026.

The bonds are listed on the Official List of the Malta Stock Exchange. The market value of the debt securities on 30 June 2020 amounted to *Eur* 64,399,027 (December 2019 – *Eur* 64,352,198).

13. Related party transactions

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

Group

	2020			2019		
	Related party	Total activity	%	Related party	Total activity	%
	activity	Unaudited		activity	Unaudited	
	Unaudited	Unaudited		Unaudited	Unaudited	
	Eur	Eur		Eur	Eur	
Cost of sales:						
<i>Related party transactions with:</i>						
Related parties	751,274	119,217,439	1%	751,274	124,388,166	1%
Administrative expenses:						
<i>Related party transactions with:</i>						
Ultimate parent	320,000			180,000		
Related parties	98,107			101,307		
Key management personnel	138,001			547,490		
	556,108	10,100,743	6%	828,797	11,304,544	7%
Investment income:						
<i>Related party transactions with:</i>						
Ultimate parent	160,391			189,678		
Other related parties	48,481			92,816		
	208,872	261,233	80%	282,494	395,705	71%

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

	2020			2019		
	Related party activity	Total activity	%	Related party activity	Total activity	%
	Unaudited Eur	Unaudited Eur		Unaudited Eur	Unaudited Eur	
Revenue:						
<i>Related party transactions with:</i>						
Subsidiaries	546,000	563,961	97%	546,000	546,000	100%
Administrative expenses:						
<i>Related party transactions with:</i>						
Ultimate parent	320,000			180,000		
Related parties	30,638			33,838		
Key management personnel	138,001			547,490		
	488,639	2,467,345	20%	761,328	2,829,450	27%
Investment income:						
<i>Related party transactions with:</i>						
Subsidiaries	921,022			601,781		
Ultimate parent	160,391			189,678		
Other related parties	11,453			55,788		
	1,092,866	961,873	114%	847,247	862,221	98%
Finance costs:						
<i>Related party transactions with:</i>						
Subsidiaries	133,088			138,638		
Other related parties	-			-		
Subsidiaries	133,088	1,421,893	9%	138,638	1,425,263	10%

14. Contingent liabilities

Certain subsidiaries of the group, have guaranteed the amount of *Eur8,107,189* (December 2019 – *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 2020 and 31 December 2019, 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 period/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				
Local listed debt and equity instruments				
As at 31.12.2019	820,144	-	-	820,144
As at 30.06.2020	1,068,247	-	-	1,068,247
Financial liabilities				
Derivative financial instruments				
As at 31.12.2019	-	218,237	-	218,237
As at 30.06.2020	-	227,116	-	227,116

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.

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>					
Trade and other receivables	-	3,575,473	-	3,575,473	3,575,473
Receivables from related parties	-	2,967,629	1,317,164	4,284,793	4,284,793
Receivables from ultimate parent	-	32,652	8,500,000	8,532,652	8,532,652
As at 31.12.2019	-	6,575,754	9,817,164	16,392,918	16,392,918
Receivables from related parties	-	(6,059,178)	5,180,000	(879,178)	(879,178)
Receivables from ultimate parent	-	6,680,000	8,500,000	15,180,000	15,180,000
As at 30.06.2019	-	620,822	13,680,000	14,300,822	14,300,822
Financial liabilities					
<i>Financial liabilities at amortised cost</i>					
Trade and other payables	-	28,431,414	-	28,431,414	28,431,414
Amounts due to other related parties	-	1,130,731	-	1,130,731	1,130,731
Amounts due to ultimate parent	-	505,517	-	505,517	505,517
Bank borrowings	-	25,544,518	-	25,544,518	25,544,518
Debt securities	66,950,000	-	-	66,950,000	64,352,198
As at 31.12.2019	66,950,000	55,612,180	-	122,562,180	119,964,378
Amounts due to related parties	-	-	-	-	-
Amounts due to related parties	-	394,560	-	394,560	394,560
Bank borrowings	-	(71,861,259)	-	(71,861,259)	(71,861,259)
Debt securities	68,250,000	-	-	68,250,000	64,399,027
As at 30.06.2020	68,250,000	(71,466,699)	-	(3,216,699)	(7,067,672)

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
	Eur	Eur	Eur	Eur	amount
					Eur
Financial assets					
<i>Loans and receivables</i>					
Receivables from subsidiaries	-	10,604,086	29,897,304	40,501,390	40,501,390
Receivables from ultimate parent	-	3,526,594	-	3,526,594	3,526,594
Receivables from related parties	-	3,096,118	-	3,096,118	3,096,118
As at 31.12.2019	-	17,226,798	29,897,304	47,124,102	47,124,102
Receivables from subsidiaries	-	2,091,899	18,620,694	20,712,593	20,712,593
Receivables from ultimate parent	-	6,680,000	8,500,000	15,180,000	15,180,000
Receivables from related parties	-	11,941	-	11,941	11,941
As at 30.06.2020	-	8,783,840	27,120,694	35,904,534	35,904,534
Financial liabilities					
<i>Financial liabilities at amortised cost</i>					
Amounts due to subsidiaries	-	5,226,900	850,000	6,076,900	6,076,900
Amounts due to ultimate parent	-	2,000,000	-	2,000,000	2,000,000
Amounts due to related parties	-	3,427	-	3,427	3,427
Debt securities	67,925,000	-	-	67,925,000	64,352,198
As at 31.12.2019	67,925,000	7,230,327	850,000	76,005,327	72,432,525
Amounts due to subsidiaries	-	1,209,989	4,936,091	6,146,080	6,146,080
Debt securities	68,250,000	-	-	68,250,000	64,399,027
As at 30.06.2020	68,250,000	1,209,989	4,936,091	74,396,080	70,545,107

16. Events after the end of the reporting period

Following the outbreak of the COVID-19 pandemic, the directors have continued to actively monitor the Group's operations in order to safeguard its interest as necessary. Despite disruption in business operations for a number of weeks, the operational and financial performance of the Group has improved. Management is optimistic that the mitigation measures put in place at the start of the pandemic, will continue to have a positive impact on performance. Nonetheless the Group continues to operate in uncertain and unprecedented circumstances which may still have an adverse impact on the Group's future profitability and financial position.

16. Events after the end of the reporting period (continued)

As already publicly announced, the Company has submitted an application to the Listing Authority of the Malta Financial Services Authority requesting the admissibility to listing of €20,000,000 Premier Capital plc 3.75% Unsecured Bonds 2026. Part of the proceeds of the proposed bond issues are to be utilised to finance the acquisition of the remaining 10% minority shareholding in the Romania business by one of the Group's subsidiaries.

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 “holding company”) and its subsidiaries (the “group”) as at 30 June 2020, and the financial performance and cash flows of the holding 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 21 August 2020 and signed on its behalf by:



Mr Melo Hili
Chairman



Mr Victor Tedesco
Director