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Premier Capital p.l.c.

Interim Financial Report (unaudited)

For the period 1 January 2014 to 30 June 2014

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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 2014 to 30 June 2014.

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 2014, 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 five markets within which it operates, both in terms of growth in sales of existing and even new restaurants.

2014 saw the opening of the 10th restaurant in Malta, McDonald's opened the doors of its 2nd Drive Thru restaurant in Gharghur. The first 6 months of 2014 saw also the opening of its 19th restaurant in Greece, an in-store restaurant located in the Smart Park shopping complex in Spata Athens.

Notwithstanding the negative impact of the Greek market, the group registered an improvement of €997,227 in EBITDA, reporting an EBITDA of €3,117,264 when compared to an EBITDA of €2,120,037 for the period ended June 2013. Greece reported a negative EBITDA of €311,583, which is also an improvement over the negative EBITDA of €539,331 reported for the same period in 2013.

During the period under review, the group registered an operating profit of €252,250 (June 2013 – Loss of €580,922) on revenues of €46,614,022 (June 2013 - €43,496,974).

After accounting for the investment income and finance costs, the group registered a loss before tax of €1,035,061 (June 2013 – loss of €1,768,704).

The group's net assets for the period under review amounted to €15,419,678 compared to €14,217,013 as at 30 June 2013.

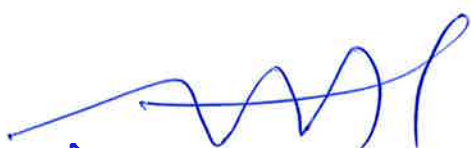
The company

During the period under review, the company registered an operating loss of €272,727 (June 2013 – loss of €384,257). After accounting for investment income and finance costs, the company registered a pre-tax loss of €1,112,302 (June 2013 – loss of €121,300). The net assets of the company as at June 2013 amounted to €16,993,700 (June 2013 - €15,673,527).

The published figures have been extracted from the unaudited management financial statements for the six months ended 30 June 2014 and its comparative period in 2013.

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 13 August 2014 and signed on its behalf by:



Mr Melo Hili
Chairman



Dr Ann Fenech
Director

| | Group | | Company | |
|---|--|--|--|--|
| | 1 January to 30 June 2014 Unaudited € | 1 January to 30 June 2013 Unaudited € | 1 January to 30 June 2014 Unaudited € | 1 January to 30 June 2013 Unaudited € |
| Revenue | 46,614,022 | 43,496,974 | - | - |
| Cost of sales | (40,362,934) | (38,244,371) | - | - |
| Gross profit | 6,251,088 | 5,252,603 | - | - |
| Other operating income | 7,669 | 126,618 | 823,674 | 800,909 |
| Selling expenses | (2,402,989) | (2,254,281) | - | - |
| Administrative expenses | (3,603,518) | (3,705,862) | (1,096,401) | (1,185,166) |
| Operating profit | 252,250 | (580,922) | (272,727) | (384,257) |
| Other expenses | 24,904 | - | - | - |
| Investment income | 21,304 | 119,005 | 170,968 | 1,302,614 |
| Investment loss | - | - | - | - |
| Finance costs | (1,333,519) | (1,306,787) | (1,010,543) | (1,039,657) |
| Profit/(loss) before tax | (1,035,061) | (1,768,704) | (1,112,302) | (121,300) |
| Tax | 152,889 | (387,057) | 363,257 | (97,413) |
| Profit/(loss) for the year | (882,172) | (2,155,761) | (749,045) | (218,713) |
| Other Comprehensive Income Items that may be reclassified subsequently to profit or loss | | | | |
| Gain on available-for-sale investments | 65,763 | - | 65,763 | - |
| Total comprehensive income/ (expenses) for the period | (816,409) | (2,155,761) | (683,282) | (218,713) |
| Attributable to: | | | | |
| Owners of the company | (816,321) | (2,163,934) | - | - |
| Non-controlling interests who are also owners of the company | (88) | 8,173 | - | - |
| Non-controlling interests | - | - | - | - |
| | (816,409) | (2,155,761) | | |

at 30 June 2014

| | Group | | Company | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 30 June 2014 Unaudited € | 30 June 2013 Unaudited € | 30 June 2014 Unaudited € | 30 June 2013 Unaudited € |
| ASSETS AND LIABILITIES | | | | |
| Non-current assets | | | | |
| Goodwill | 16,591,999 | 16,591,999 | - | - |
| Intangible assets | 9,307,372 | 9,887,470 | 8,345,185 | 8,974,935 |
| Property, plant and equipment | 29,677,812 | 26,657,652 | 98,737 | 95,977 |
| Investment in subsidiaries | - | - | 25,252,043 | 29,000,160 |
| Loans and receivables | - | - | 11,719,036 | 6,564,256 |
| Sinking Fund | 1,221,408 | 414,853 | 1,221,408 | 414,853 |
| Deferred tax assets | 2,194,986 | 1,918,896 | 1,803,473 | 1,475,394 |
| Prepayment | 1,061,443 | 1,505,989 | - | - |
| Total non-current assets | 60,055,020 | 56,976,859 | 48,439,882 | 46,525,574 |
| Current assets | | | | |
| Inventories | 3,215,554 | 2,638,186 | - | - |
| Investment Property | - | 900,000 | - | - |
| Loans and receivables | 241,593 | 1,114,256 | 227,980 | 726,130 |
| Trade and other receivables | 1,803,918 | 3,573,333 | 174,994 | 555,246 |
| Prepayment C | - | - | - | - |
| Current tax asset | 665,434 | 1,024,664 | 665,434 | 942,574 |
| Prepayment | - | - | - | - |
| Cash and cash equivalents | 3,058,991 | 4,501,817 | 439,347 | 1,430,250 |
| Total current assets | 8,985,490 | 13,752,256 | 1,507,755 | 3,654,200 |
| TOTAL ASSETS | 69,040,510 | 70,729,115 | 49,947,637 | 50,179,775 |
| Current liabilities | | | | |
| Trade and other payables | 12,040,024 | 12,697,925 | 629,894 | 639,098 |
| Other financial liabilities | 507,743 | 378,349 | 458,492 | 718,349 |
| Bank loans | 2,187,500 | 2,938,878 | - | - |
| Bank overdrafts | 933,246 | - | - | - |
| Current tax liabilities | 347,456 | 76,228 | - | - |
| Total current liabilities | 16,015,969 | 16,091,380 | 1,088,386 | 1,357,447 |
| Non - Current liabilities | | | | |
| Bank loans | 9,778,941 | 11,966,442 | - | - |
| Debt securities in issue | 24,322,832 | 24,299,524 | 24,322,832 | 24,299,524 |
| Loans Due to Subsidiaries | - | - | 4,614,246 | 2,314,256 |
| Other financial liabilities | - | 667,635 | - | 3,478,668 |
| Deferred tax liability | 3,503,090 | 3,487,121 | 2,928,473 | 3,056,352 |
| Total non current liabilities | 37,604,863 | 40,420,722 | 31,865,551 | 33,148,801 |
| Total liabilities | 53,620,832 | 56,512,102 | 32,953,937 | 34,506,248 |
| Net assets | 15,419,678 | 14,217,013 | 16,993,700 | 15,673,527 |
| EQUITY | | | | |
| Share capital | 13,574,700 | 13,574,700 | 13,574,700 | 13,574,700 |
| Exchange translation reserves | 11,725 | 11,725 | - | - |
| Fair value reserve | 68,330 | - | 68,330 | - |
| Other equity | (1,355,188) | (1,420,783) | 212,351 | 212,351 |
| Retained earnings | 2,670,538 | 1,889,888 | 3,138,319 | 1,886,476 |
| Equity attributable to the owners of the company | 14,970,105 | 14,055,530 | 16,993,700 | 15,673,527 |
| Non-controlling interest | 449,573 | 161,483 | - | - |
| | 15,419,678 | 14,217,013 | 16,993,700 | 15,673,527 |

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Condensed Statement of Changes in Equity

for the period ended 30 June 2014

Group

| | Share capital | Exchange translation reserve | Fair value reserve | Other equity | Retained earnings | Attributable to owners of the parent | Non-controlling interest | Total |
|---|-------------------|------------------------------|--------------------|--------------------|-------------------|--------------------------------------|--------------------------|-------------------|
| | <i>Eur</i> | <i>Eur</i> | <i>Eur</i> | <i>Eur</i> | <i>Eur</i> | <i>Eur</i> | <i>Eur</i> | <i>Eur</i> |
| 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 (expense)/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) | 1,889,887 | 14,055,530 | 161,483 | 14,217,013 |
| Balance at 1 January 2014 | 13,574,700 | 11,725 | 2,567 | (1,355,187) | 3,486,860 | 15,720,665 | 449,661 | 16,170,326 |
| (Loss) / Profit for the Year | - | - | - | - | (816,321) | (816,321) | (88) | (816,409) |
| Other comprehensive income | - | - | 65,763 | - | - | 65,763 | - | 65,763 |
| Total Comprehensive Income / (Expense) for the year | - | - | 65,763 | - | (816,321) | (750,558) | (88) | (750,646) |
| Balance at 30 June 2014 | 13,574,700 | 11,725 | 68,330 | (1,355,187) | 2,670,538 | 14,970,105 | 449,573 | 15,419,678 |

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Condensed Statement of Changes in Equity

for the period ended 30 June 2014



Company

| | Share capital € | Retained Earnings € | Fair value reserve € | Other equity € | Total € |
|---|-----------------------|---------------------------|----------------------------|----------------------|-------------------|
| Balance at 1 January 2013 | 13,574,700 | 2,105,189 | - | 212,351 | 15,892,240 |
| Profit/(Loss) for the year | - | (218,713) | - | - | (386,100) |
| Balance at 30 June 2013 | 13,574,700 | 1,886,476 | - | 212,351 | 15,673,527 |
| Balance at 1 January 2014 | 13,574,700 | 3,821,601 | 2,567 | 212,351 | 17,611,219 |
| Other comprehensive income | - | - | 65,763 | - | 65,763 |
| Profit for the year | - | (683,282) | - | - | (683,282) |
| Total Comprehensive income for the year | - | (683,282) | 65,763 | - | (617,519) |
| Balance at 30 June 2014 | 13,574,700 | 3,138,319 | 68,330 | 212,351 | 16,993,700 |

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Condensed Statements of Cash Flows

for the period ended 30 June 2014



| | 1 January to 30 June 2014 Unaudited | Group 1 January to 30 June 2013 Unaudited | 1 January to 30 June 2014 Unaudited | Company 1 January to 30 June 2013 Unaudited |
|---|--|--|--|--|
| | € | € | € | € |
| Net cash flows from operating activities | 2,267,237 | (707,590) | (1,265,923) | 1,554,322 |
| Net cash flows from investing activities | (3,691,363) | 369,966 | (195) | (113,618) |
| Net cash flows from financing activities | (886,278) | 1,961,115 | 885,001 | (3,545,463) |
| Net movement in cash and cash equivalents | (2,310,404) | 1,623,491 | (381,117) | (2,104,759) |
| Cash and cash equivalents at the beginning of the period | 4,436,149 | 2,126,949 | 820,464 | 2,674,035 |
| Cash and cash equivalents at the end of the period | 2,125,745 | 3,750,440 | 439,347 | 569,276 |

1. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2014 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 previously included within selling expenses to cost of sales since this presentation is considered to be more appropriate in the circumstances.

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 2013

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.

3. Segmental reporting (continued)

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

Group

| | 1 January to 30 June 2014 | 1 January to 30 June 2013 |
|--|--------------------------------------|--------------------------------------|
| | € | € |
| Total profit for reportable segment | (318,173) | (416,633) |
| Elimination of intra group transactions | 766,005 | (708,843) |
| Unallowed costs incurred on the acquisition of Unallocated amounts: | | |
| Dividend income | - | - |
| Other unallocated amounts | <u>(1,482,892)</u> | <u>(587,543)</u> |
| | <u>(1,035,060)</u> | <u>(1,768,704)</u> |
| Net assets | | |
| | 30 June 2014 | 30 June 2013 |
| | € | € |
| Net assets for reportable segments | 23,082,225 | 21,543,648 |
| Elimination of intra-group balances | - | - |
| Unallocated amounts | | |
| Intangible assets | 8,345,184 | 8,974,934 |
| Loans and receivables | 7,332,770 | 4,687,589 |
| Goodwill | 16,591,999 | 16,591,999 |
| Bank loans | (12,899,687) | (14,905,320) |
| Debt securities in issue | (24,322,832) | (24,299,524) |
| Other unallocated amounts | <u>(2,709,980)</u> | <u>1,623,688</u> |
| | <u>15,419,678</u> | <u>14,217,013</u> |

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Notes to the condensed interim financial statements (continued)

for the period ended 30 June 2014

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 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 | 396,175 | 160,241 | (416,633) | (121,301) | (1,230,770) | (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 |

Notes to the condensed interim financial statements (continued)

for the period ended 30 June 2014

3. Segmental reporting (continued)

| Six months ended 30 June | Estonia | | | | | | | Eliminations and adjustments | | | Consolidated 2014 |
|-------------------------------|-----------|-------------|-------------|----------------|------------|-------------|------------------|------------------------------|------|-------------|-------------------|
| | 2014 | Greece 2014 | Latvia 2014 | Lithuania 2014 | Malta 2014 | Total 2014 | Unallocated 2014 | 2014 | 2014 | 2014 | |
| | € | € | € | € | € | € | € | € | € | € | € |
| Revenue | 8,316,370 | 8,780,671 | 17,350,640 | 7,820,912 | 10,096,439 | 52,365,031 | - | (5,751,010) | | 46,614,022 | |
| (Loss)/profit before tax | 441,078 | (1,011,953) | 155,473 | 751,772 | (18,198) | 318,173 | (1,298,996) | (54,238) | | (1,035,060) | |
| Depreciation and amortisation | 422,000 | 609,430 | 515,266 | 329,404 | 613,968 | (2,490,068) | 350,042 | - | | (2,840,110) | |
| Segment net assets | 5,670,317 | 3,210,095 | 5,019,820 | 5,923,480 | 3,258,513 | 23,082,225 | 16,789,796 | (24,452,342) | | 15,419,679 | |
| Income tax expense | 2,758 | - | 23,321 | 112,766 | 71,523 | 210,368 | (363,257) | - | | (152,889) | |

4. Trade and other receivables

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

| | 30 June 2014 | 30 June 2013 |
|-------------------------------------|------------------|------------------|
| | € | € |
| Prepayments: | 1,450,029 | 1,995,207 |
| Receivables: | 320,096 | 1,229,218 |
| Receivables from related companies: | 33,793 | 348,908 |
| Other receivables: | - | - |
| | <u>1,803,918</u> | <u>3,573,333</u> |

5. Trade and other payables

| | 30 June 2014 | 30 June 2013 |
|----------------------|-------------------|-------------------|
| | € | € |
| Trade creditors: | 5,108,668 | 5,480,067 |
| VAT & Payroll taxes: | 2,373,998 | 2,965,670 |
| Accruals: | 2,954,297 | 2,733,008 |
| Other payables: | 1,603,061 | 1,519,179 |
| | <u>12,040,024</u> | <u>12,697,924</u> |

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

| | 2014 | | | 2013 | | |
|----------------------------------|-----------------------------|---------------------|------|-----------------------------|---------------------|------|
| | Related party activity € | Total activity € | % | Related party activity € | Total activity € | % |
| Other operating income: | | | | | | |
| Related party transactions with: | | | | | | |
| Other related parties | - | 7,669 | 0% | 4,820 | 126,618 | 4% |
| Administrative Expenses: | | | | | | |
| Related party transactions with: | | | | | | |
| Other related parties | 87,324 | 3,603,380 | 2% | 92,623 | 3,712,029 | 2% |
| Finance Costs: | | | | | | |
| Related party transactions with: | | | | | | |
| Other related parties | 6,247 | 1,333,519 | 0.5% | 983 | 1,306,787 | 0.1% |

8. Events after the end of the reporting period

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

Premier Capital p.l.c.

Statement Pursuant to Listing Rules 5.75.3 issued by the Listing Authority

Period ended 30 June 2014



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 2014, 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 13 August 2014 and signed on its behalf by:

Mr Melo Hili
Chairman

Dr Ann Fenech
Director