

DIZZ FINANCE P.L.C.

CONDENSED INTERIM FINANCIAL STATEMENTS  
For the period 1 January 2018 to 30 June 2018

DIZZ FINANCE P.L.C.

**Company Information**

**Directors :**  
Dr Laragh Cassar  
Mr Francis Gouder  
Ms Diane Izzo  
Mr Karl Izzo  
Mr Edwin Pisani  
Mr Nigel Scerri  
Mr Joseph C Schembri

**Secretary :** Dr Sam Abela

**Company number :** C 71189

**Registered office :**  
Dizz Buildings  
Carob Street  
St. Venera

**Banker :**  
Bank of Valletta plc  
Constitution Street  
Mosta

DIZZ FINANCE P.L.C.

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DIZZ FINANCE P.L.C.

## **Interim Directors' Report**

For the period 1 January 2018 to 30 June 2018

This report is published in terms of the Malta Financial Services Authority Listing Rules Chapter 5 and the Prevention of Financial Markets Abuse Act 2005. The underlying accounting policies are the same as those adopted by Dizz Finance P.L.C. ('the Company') in its published annual report. The interim financial information included in this report has been extracted from the company's unaudited accounts for the six months ended 30 June 2018, as approved by the board of directors on 27 August 2018 and are prepared in accordance with IAS 34 'Interim Financial Reporting'.

### ***Principal activity***

The principal activity of the Company is to act as a finance, investment and property-holding company for lease to third parties and related companies. The activities of the Company are expected to remain consistent for the foreseeable future.

### ***Principal risks and uncertainties***

The Company is mainly dependant on the business prospects of the Dizz group of companies (the "Group"), and consequently, the operating results of the Group have a direct effect on the Company's financial position and performance, including the ability of the Company to service its payment obligations under the issued bonds.

The Company's main assets consist of receivables for loans issued to related companies forming part of the Group. Therefore, the ability of these companies to effect payments to the Company under such loans will depend on their respective cash flows and earnings which may be restricted by:

- changes in applicable laws and regulations;
- the terms contained in the agreements to which they are or may become party, including the indenture governing their existing indebtedness, if any; or
- other factors beyond the control of the Company.

Additionally, the Company is directly exposed to the risks associated with the local property market. The property market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, or the exercise by tenants of their contractual rights.

### ***Review of business***

During the period under review the Company registered a profit before taxation of € 178,191 (2017 - €122,068). The increase in profit was the result of higher interest income from intra-group loans.

DIZZ FINANCE P.L.C.

**Interim Directors' Report (continued)**

For the period 1 January 2018 to 30 June 2018

***Dividends and reserves***

The directors do not recommend the payment of a dividend and propose to transfer the profit for the period to retained earnings.

***Directors***

The following have served as directors of the Company during the period under review:

Ms Diane Izzo  
Mr Karl Izzo  
Dr Laragh Cassar  
Mr Francis Gouder  
Mr Edwin Pisani  
Mr Nigel Scerri  
Mr Joseph C Schembri

***Directors' interest***

The directors' beneficial interest in the shares of the Company at 30 June 2018 is limited to 1 ordinary share having a nominal value of €1 held by Ms Diane Izzo.

DIZZ FINANCE P.L.C.

**Statement pursuant to listing rule 5.75.3**

For the period 1 January 2018 to 30 June 2018

We hereby confirm that to the best of our knowledge:

- The condensed interim financial statements give a true and fair view of the financial position of the company as at 30 June 2018, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34, 'Interim Financial Reporting'); and
- The interim Directors' report includes a fair review of the information required in terms of listing rule 5.81.

ON BEHALF OF THE BOARD



Mr Joseph C Schembri  
Director



Ms Diane Izzo  
Director

27 August 2018

**Condensed Interim Statement of Comprehensive Income**

	Period Jan18–Jun 18 (unaudited) €	Period Jan17–Jun 17 (unaudited) €
<b>Revenue</b>	126,915	146,214
Administrative expenses	(64,423)	(65,613)
	<hr/>	<hr/>
<b>Operating profit</b>	62,492	80,601
Other income	-	5,256
Finance income	329,637	250,537
Finance costs	(213,938)	(214,326)
	<hr/>	<hr/>
<b>Profit before tax</b>	178,191	122,068
Income tax	-	(65,575)
	<hr/>	<hr/>
<b>Profit for the period</b>	€ 178,191	€ 56,493
	<hr/>	<hr/>
<b>Other comprehensive income for the period net of tax</b>	-	-
	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	€ 178,191	€ 56,493
	<hr/>	<hr/>
<b>Earnings per share</b>	0.09	0.03
	<hr/>	<hr/>

The notes on pages 8 to 11 are an integral part of these financial statements.

**Condensed Interim Statement of Financial Position**

	As at 30 June 2018 (Unaudited) €	As at 31 December 2017 (Audited) €
<b>Assets</b>		
Property, plant and equipment	325,302	346,624
Investment property	4,076,669	4,076,669
Loans owed by related companies	6,163,420	6,163,420
Loans owed by third parties	97,000	97,000
Deposits on property	1,167,942	1,317,942
	<hr/>	<hr/>
<b>Total non-current assets</b>	<b>11,830,333</b>	<b>12,001,655</b>
	<hr/>	<hr/>
Trade and other receivables	1,261,516	836,734
Cash and cash equivalents	303,527	-
	<hr/>	<hr/>
<b>Total current assets</b>	<b>1,565,043</b>	<b>836,734</b>
	<hr/>	<hr/>
<b>Total assets</b>	<b>€ 13,395,376</b>	<b>€ 12,838,389</b>
	<hr/>	<hr/>
<b>Equity</b>		
Issued capital	1,910,000	1,910,000
Retained earnings	1,434,662	1,256,471
	<hr/>	<hr/>
<b>Total equity</b>	<b>3,344,662</b>	<b>3,166,471</b>
	<hr/>	<hr/>
<b>Liabilities</b>		
Borrowings	7,799,265	7,787,125
Deferred tax	253,378	253,378
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>8,052,643</b>	<b>8,040,503</b>
	<hr/>	<hr/>
Trade and other payables	1,224,288	835,423
Borrowings	615,260	625,769
Current tax	158,523	170,223
	<hr/>	<hr/>
<b>Total current liabilities</b>	<b>1,998,071</b>	<b>1,631,415</b>
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>10,050,714</b>	<b>9,671,918</b>
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>€ 13,395,376</b>	<b>€ 12,838,389</b>

The financial statements on pages 4 to 11 were approved by the board of directors on 27 August 2018 and were signed on its behalf by:



Mr Joseph C Schembri  
Director



Ms Diane Izzo  
Director



**Condensed Interim Statement of Changes in Equity**

	Issued capital €	Retained earnings €	Total €
<b>Changes in equity for 2017</b>			
Balance at 1 January 2017	1,910,000	1,278,443	3,188,443
<b>Comprehensive income</b>			
Profit for the period	-	56,493	56,493
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income</b>	1,910,000	1,334,936	3,244,936
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2017</b>	€ 1,910,000	€ 1,334,936	€ 3,244,936
	<hr/>	<hr/>	<hr/>
<b>Changes in equity for 2018</b>			
Balance at 1 January 2018	1,910,000	1,256,471	3,166,471
<b>Comprehensive income</b>			
Profit for the period	-	178,191	178,191
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income</b>	1,910,000	1,434,662	3,344,662
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2018</b>	€ 1,910,000	€ 1,434,662	€ 3,344,662
	<hr/>	<hr/>	<hr/>

DIZZ FINANCE P.L.C.

**Condensed Interim Statement of Cash Flows**

	Period Jan18 – Jun 18 (unaudited) €	Period Jan17–Jun 17 (unaudited) €
Net cash used in operating activities	(631,722)	(366,636)
Net cash generated from/(used in) investing activities	149,322	(393,368)
Net cash generated from financing activities	837,564	899,661
	<hr/>	<hr/>
Net movement in cash and cash equivalents	355,164	139,657
Cash and cash equivalents at beginning of the period	(51,637)	220,351
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>	<b>€ 303,527</b>	<b>€ 360,008</b>
	<hr/>	<hr/>

**Notes to Condensed Interim Financial Statements**

For the period 1 January 2018 to 30 June 2018

**1 GENERAL INFORMATION**

Dizz Finance P.L.C. is a limited liability Company domiciled and incorporated in Malta. The Company was incorporated on 24 June 2015. On 15 January 2016 the Company passed an extraordinary resolution to convert the status of the Company from a Private Exempt Limited Company into a Public Limited Company.

The Financial Statements for the year ended 31 December 2017 are available upon request from the company's registered office at Dizz Buildings, Carob Street, St. Venera, Malta.

The condensed interim financial statements were approved for issue by the board of directors on 27 August 2018.

**2 ACCOUNTING POLICIES**

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act, 1995. The financial statements have been prepared under the historical cost convention, except for those assets and liabilities that are measured at fair value.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

**2.2 Assessment of going concern assumption**

The directors have a reasonable expectation at the time of approving the condensed interim financial statements that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparation of the condensed interim financial statements.

**Notes to Condensed Interim Financial Statements (continued)**

For the period 1 January 2018 to 30 June 2018

**2 ACCOUNTING POLICIES (continued)**

**2.3 New and revised standards**

**2.3.1 Summary of Significant Accounting Policies**

The accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2017 as described in those financial statements.

**2.3.2 Standards, Interpretations and amendments to published standards effective in 2017**

During 2017, the Company has adopted revised standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2017.

The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the company's accounting policies.

**2.3.3 Standards interpretations and amendments to published standards that are not yet effective.**

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for the issue of these condensed interim financial statements that are mandatory for the company's accounting periods beginning after 1 January 2018. The company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that, with the exception of the below pronouncements, there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

**3 BORROWINGS**

On 16 September 2016, the Company issued a prospectus for the issue of € 8,000,000 5% Unsecured Bonds having a nominal value of € 100 each. The Bonds were issued in one tranche of € 8,000,000 on 28 September 2016 and were fully subscribed. The bond issue was admitted to the Official List of the Malta Stock Exchange plc with effect from 13 October 2016. Trading on the bond issue commenced on 14 October 2016.

The Bonds are redeemable at par on 7 October 2026. Interest on the bond issued is payable annually in arrears on 7 October.

**Notes to Condensed Interim Financial Statements (continued)**

For the period 1 January 2018 to 30 June 2018

**3 BORROWINGS (continued)**

The net proceeds from the bond issue have been advanced by the Company to the respective related Group companies to:

- settle outstanding payments on the acquisition of brands active in the fashion industry; the refurbishment and roll-out of new outlets; to acquire other high-end retail franchises; and to acquire the inventories and equipment pertaining thereto;
- advances by the Company to the related companies forming part of the Group to reduce their bank indebtedness through the refinancing of outstanding loans and general banking facilities;
- advances by the Company to Dizz Manufacturing Limited for the purpose of part funding the construction and development of immovable property; and
- advances by the Company to the related companies forming part of the Group for general corporate funding purposes.

The Bonds constitute the general, direct, unconditional, unsecured, unsubordinated obligations of the Company, and rank equally without any priority or preference with other present and future unsecured and unsubordinated obligations of the Company.

**4 EARNINGS PER SHARE**

Earnings per share is calculated by dividing the result attributable to owners of the company by the weighted average number of ordinary shares in issue during the period:

	Period Jan18 – Jun 18 (unaudited) €	Period Jan17 – Jun 17 (unaudited) €
Earnings per Share	0.09	0.03
	_____	_____

**Notes to Condensed Interim Financial Statements (continued)**

For the period 1 January 2018 to 30 June 2018

**5 RELATED PARTIES**

5.1 Parent Company

The Company is a wholly owned subsidiary of Dizz Group of Companies Limited, the Group's parent Company. The registered office of the parent Company is situated at Dizz Buildings, Carob Street St.Venera.

It is the responsibility of the parent Company to prepare consolidated financial statements of the Group.

5.2 Key management personnel and director transactions

The share capital of the Company is subscribed as to 1 share held by Diane Izzo (director and ultimate beneficiary owner) and 1,909,999 shares held by Dizz Group of Companies Limited. Key management personnel have control over the financial and operating policies of the Company.

5.3 The amounts owed by the related companies in relation to advances forwarded by the Company are unsecured, bear interest at 11% (2017: 8%) and repayable at the end of the 10 year agreement made between the parties concerned.

5.4 The amounts due to related party are unsecured, interest free and repayable on demand.

**6 CAPITAL COMMITMENTS**

As at 30 June 2018, the company had entered into capital commitments amounting to € 2,507,291 (2017: € 2,507,291).

**7 FINANCIAL RISK MANAGEMENT**

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2017.

**8 CONTINGENT LIABILITIES**

No events occurred since 31 December 2017 that require disclosure of any contingent liabilities as at 30 June 2018.