

DIZZ GROUP OF COMPANIES LIMITED  
(GROUP ACCOUNTS)

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

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS

**Holding Company Information**

**Directors :**

Ms Diane Izzo  
Ms Daniela Bonello  
Ms Denise Bonello  
Mr Jean Paul Muscat  
Mr Edwin Pisani

**Secretary :**

Ms Diane Izzo

**Company number :**

C 64435

**Registered office :**

Dizz Buildings,  
Triq il-Harruba,  
St. Venera

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**Interim Directors' Report**

For the period 1 January 2018 to 30 June 2018

The directors present their report and the condensed interim consolidated accounts for the period 1 January 2018 to 30 June 2018.

**Principal activity**

Dizz Group of Companies Limited (the 'Company') together with its subsidiaries (the 'Subsidiaries' and together with the company the 'Group') is involved in the sale of fashion-related items and food and beverages. The Group includes a subsidiary which is a public limited company whose primary objective is to act as a finance and investment company mainly in investment property. The public limited company issued € 8,000,000 5% Unsecured Bonds on 28 September 2016, repayable at par on 7 October 2026.

**Review of business**

During the period under review the Group registered a loss after taxation of € 414,273 (2017 – loss of € 64,184). The period under review is normally the lean period in the retail sector and the directors are confident that the final year end results, as featured in the updated FAS projections for 2018, are achievable.

**Dividends and reserves**

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

**Directors**

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

Ms Diane Izzo  
Ms Daniela Bonello  
Ms Denise Bonello  
Mr Jean Paul Muscat  
Mr Edwin Pisani

Approved by the board of directors and signed on its behalf by:



Ms Diane Izzo  
Director



Ms Denise Bonello  
Director

27 August 2018

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Period Jan18–Jun 18 (unaudited) €	Period Jan17–Jun 17 (unaudited) €
<b>Revenue</b>	4	7,023,489	7,206,010
Cost of sales		(3,721,465)	(3,321,876)
<b>Gross profit</b>		3,302,024	3,884,134
Other gains and losses		13,468	5,256
Administration expenses		(3,497,174)	(3,791,267)
Finance costs		(357,300)	(354,165)
<b>Loss before tax</b>		(538,982)	(256,042)
Income tax		124,709	191,858
<b>Loss for the period</b>		€ (414,273)	€ (64,184)
<b>Other comprehensive income for the period, net of income tax</b>		€ -	€ -
<b>Total comprehensive loss for the period</b>		€ (414,273)	€ (64,184)

**Condensed Interim Consolidated Statement of Financial Position**

		As at 30 June 2018 (unaudited) €	As at 31 December 2017 (audited) €
<b>Assets</b>	Notes		
Property, plant and equipment	5	8,381,128	8,708,266
Investment property	6	3,065,669	3,065,669
Intangible asset		1,016,952	984,520
Deferred tax		202,000	77,291
Other financial assets		97,000	97,000
Other assets	8	1,167,942	1,317,942
		<hr/>	<hr/>
<b>Total non-current assets</b>		13,930,691	14,250,688
		<hr/>	<hr/>
Inventories	9	3,600,199	2,792,367
Trade and other receivables		3,099,752	1,985,697
Cash and bank balances		630,089	232,776
		<hr/>	<hr/>
<b>Total current assets</b>		7,330,040	5,010,840
		<hr/>	<hr/>
<b>Total assets</b>		€ 21,260,731	€ 19,261,528
		<hr/>	<hr/>
<b>Equity</b>			
Issued capital		3,290,000	3,290,000
Other reserves		406,316	406,316
Retained earnings		643,399	1,057,672
		<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>		4,339,715	4,753,988
Non-controlling interest		-	-
		<hr/>	<hr/>
<b>Total equity</b>		4,339,715	4,753,988
		<hr/>	<hr/>

**Condensed Interim Consolidated Statement of Financial Position (continued)**

	Notes	As at 30 June 2018 (unaudited) €	As at 31 December 2017 (audited) €
<b>Liabilities</b>			
Borrowings	10	7,799,265	7,787,125
Deferred tax		253,378	253,378
<b>Total non-current liabilities</b>		<b>8,052,643</b>	<b>8,040,503</b>
Borrowings	10	2,371,823	1,713,762
Trade and other payables	11	6,037,435	4,282,461
Current tax liabilities		459,115	470,814
<b>Total current liabilities</b>		<b>8,868,373</b>	<b>6,467,037</b>
<b>Total liabilities</b>		<b>16,921,016</b>	<b>14,507,540</b>
<b>Total equity and liabilities</b>		<b>€ 21,260,731</b>	<b>€ 19,261,528</b>

The condensed interim consolidated financial statements on pages 2 to 12 were approved by the board of directors on 27 August 2018 and were signed on its behalf by:



Ms Diane Izzo  
Director



Ms Denise Bonello  
Director

**Condensed Interim Consolidated Statement of Changes in Equity****Group**

	Issued capital €	Retained earnings €	Properties revaluation reserve €	Non- controlling interest €	Total €
<b>Changes in equity for 2017</b>					
Balance at 1 January 2017	3,290,000	831,898	512,909	57,598	4,692,405
Loss for the period	-	(56,060)	-	(8,124)	(64,184)
Decrease in Ordinary Shares	-	-	-	(58,830)	(58,830)
Acquisition of Minority by Group	-	-	-	(12,221)	(12,221)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2017</b>	<b>€ 3,290,000</b>	<b>€ 775,838</b>	<b>€ 512,909</b>	<b>€ (21,577)</b>	<b>€ 4,557,170</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**Group**

	Issued capital €	Retained earnings €	Properties revaluation reserve €	Non- controlling interest €	Total €
<b>Changes in equity for 2018</b>					
Balance at 1 January 2018	3,290,000	1,057,672	406,316	-	4,753,988
Loss for the period	-	(414,273)	-	-	(414,273)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2018</b>	<b>€ 3,290,000</b>	<b>€ 643,399</b>	<b>€ 406,316</b>	<b>€ -</b>	<b>€ 4,339,715</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>



**Condensed Interim Consolidated Statement of Cash Flows**

	Period Jan18–Jun 18 (unaudited) €	Period Jan17–Jun 17 (unaudited) €
Net cash used in operating activities	(56,539)	(750,919)
Net cash generated from/(used in) investing activities	183	(554,614)
Net cash used in financing activities	(204,392)	-
	<hr/>	<hr/>
Net movement in cash and cash equivalents	(260,748)	(1,305,533)
Cash and cash equivalents at beginning of period	(1,480,986)	(473,321)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>	<b>€ (1,741,734)</b>	<b>€ (1,778,854)</b>
	<hr/>	<hr/>

**Notes to the Condensed Consolidated Interim Financial Statements**

For the period 1 January 2018 to 30 June 2018

**1 GENERAL INFORMATION**

Dizz Group of Companies Limited (Parent Company) is a limited liability company domiciled and incorporated in Malta. The Condensed Consolidated Financial Statements for the six months ended 30 June 2018, comprise the Company and its subsidiaries.

**2 ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these Condensed Interim Consolidated Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**2.1 New and Revised Standards**

**2.1.1 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.

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

During 2018, The Group has adopted revised standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2018.

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

**2.1.3 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 Group's accounting periods beginning after 1 January 2018. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Group'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 Group's financial statements in the period of initial application.

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

For the period 1 January 2018 to 30 June 2018

**2 ACCOUNTING POLICIES (continued)**

**2.2 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. These financial statements have been prepared under the historical cost convention, except for those assets and liabilities that are measured at fair value.

These 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 Group'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.

**3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only the period, or in the period of the revision and future periods if the revision affects both current and future periods.

**3.1 Deferred taxation on investment properties**

For the purpose of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held for capital accretion and achieve rental income. Deferred tax was calculated according to the applicable tax rate on the fair value of property.

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

For the period 1 January 2018 to 30 June 2018

**4 REVENUE**

The following is an analysis of the Group's revenue for the period.

	Period Jan18 – Jun 18 (unaudited) €	Period Jan17 – Jun 17 (unaudited) €
Sale of fashion-related items	6,408,393	6,490,680
Sale of food and beverages	564,081	612,038
Rental income	51,015	103,292
	<hr/>	<hr/>
	€ 7,023,489	€ 7,206,010
	<hr/>	<hr/>

**5 PROPERTY, PLANT AND EQUIPMENT**

The Group acquired property, plant and equipment amounting to € 118,798 during the period from 1 January 2018 to 30 June 2018 (Jan to June 2017 - € 654,706).

**6 INVESTMENT PROPERTY**

The Group's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses.

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

For the period 1 January 2018 to 30 June 2018

**7 INVESTMENTS IN SUBSIDIARIES**

Details of the Dizz Group of Companies Limited subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Proportion of ownership interest and voting power held	
	2018	2017
D3 Fashion Ltd	100%	100%
Dizz Finance PLC	100%	100%
Dizz Franchises Ltd	100%	100%
Dizz Labs Ltd	100%	100%
Dizz Ltd	100%	100%
Dizz Manufacturing Ltd	100%	100%
DK Fashion Ltd	100%	100%
DK G Ltd	100%	100%
DK Max Ltd	100%	100%
DKV & Co. Ltd	100%	100%
D's Ltd	100%	100%
Dii Ltd	100%	100%
DK Pascucci Ltd	49%	49%

Dizz Ltd has another subsidiary as follows:

Name of subsidiary	Proportion of ownership interest and voting power held	
	2018	2017
DK Pascucci Ltd	51%	51%

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

For the period 1 January 2018 to 30 June 2018

**8 OTHER ASSETS**

Advance deposits on property acquisitions have decreased by € 150,000 during the period January 2018 to June 2018. Such advance deposits will be transferred to property, plant and equipment or investment property when the contracts of purchase are actually signed.

**9 INVENTORIES**

The inventories as at 30 June 2018 and 31 December 2017 do not include goods held on consignment by the Group.

**10 BORROWINGS**

**10.1 Summary of borrowing arrangements**

- (i) The Group enjoys bank overdraft facilities with its bankers. These facilities are secured by general hypothecs over the Group's assets, by special hypothecs over properties of the Group, by pledges taken over various insurance policies and by personal guarantees of the directors and shareholders.
- (ii) During the year ended 31 December 2016, Dizz Finance p.l.c. issued € 8,000,000, 5% unsecured bonds to the general public. These bonds were fully subscribed and listed on the Malta Stock Exchange. Total proceeds from these bonds amounted to € 8,000,000. Total costs incurred by the Group to issue the bonds amounted to € 242,811. These costs are being amortised in profit or loss over the period of the bond.
- (iii) Amounts due to related parties are unsecured, interest free, with no fixed date of repayment.

**11 TRADE AND OTHER PAYABLES**

The average credit period of the Group is 4 months. No interest is charged on any outstanding balances. The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.

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

For the period 1 January 2018 to 30 June 2018

**12 RELATED PARTY TRANSACTIONS**

Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

**13 COMMITMENTS FOR EXPENDITURE**

During the period January 2018 to June 2018 the Group has capital commitments with regards to purchase of immovable property for the aggregate amount of € 2,507,291. During the period January 2018 to June 2018 the Group had € 1,167,942 (January 2017 to June 2017 - € 1,272,942) as deposits paid on account on such immovable property.