

DIZZ GROUP OF COMPANIES LIMITED
(GROUP ACCOUNTS)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the period 1 January 2017 to 30 June 2017

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,
Santa Venera

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS

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Interim Directors' Report

For the period 1 January 2017 to 30 June 2017

The directors present their report and the condensed interim consolidated accounts for the period 1 January 2017 to 30 June 2017.

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 an 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 € 64,184 (2016 – loss: € 152,251). Turnover volume increased substantially as a result of new brand acquisitions made possible by the issue of bonds by Dizz Finance plc. 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 2017, 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

30 August 2017

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

	Note	Period Jan17–Jun 17 (unaudited) €	Period Jan16–Jun16 (unaudited) €
Revenue	4	7,206,010	3,078,689
Cost of sales		(3,321,876)	(1,453,410)
Gross profit		3,884,134	1,625,279
Other gains and losses		5,256	98,000
Administration expenses		(3,791,267)	(1,663,543)
Finance costs		(354,165)	(137,987)
Loss before tax		(256,042)	(78,251)
Income tax		191,858	(74,000)
Loss for the period		€ (64,184)	€ (152,251)
Other comprehensive income for the period, net of income tax		€ -	€ -
Total comprehensive loss for the period		€ (64,184)	€ (152,251)

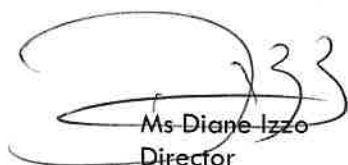
Condensed Interim Consolidated Statement of Financial Position

	Notes	As at 30 June 2017 (unaudited) €	As at 31 December 2016 (audited) €
Assets			
Property, plant and equipment	5	7,973,053	7,697,543
Investment property	6	3,062,165	3,062,165
Intangible asset		1,012,147	1,079,429
Investment in subsidiaries	7	-	-
Deferred tax		308,022	36,817
Other financial assets	8	-	100,092
Other assets	9	1,272,941	792,942
		<hr/>	<hr/>
Total non-current assets		13,628,328	12,768,988
		<hr/>	<hr/>
Inventories	10	2,054,258	2,018,804
Trade and other receivables		3,227,386	1,651,156
Cash and bank balances		727,674	600,404
		<hr/>	<hr/>
Total current assets		6,009,318	4,270,364
		<hr/>	<hr/>
Total assets		€ 19,637,646	€ 17,039,352
		<hr/>	<hr/>
Equity			
Issued capital		3,290,000	3,290,000
Other reserves		512,909	512,909
Retained earnings		745,838	801,898
		<hr/>	<hr/>
Equity attributable to owners of the Company		4,548,747	4,604,807
Non-controlling interest		(21,577)	57,598
		<hr/>	<hr/>
Total equity		4,527,170	4,662,405
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Condensed Interim Consolidated Statement of Financial Position (continued)

	Notes	As at 30 June 2017 (unaudited) €	As at 31 December 2016 (audited) €
Liabilities			
Borrowings	11	7,774,984	7,762,844
Deferred tax		194,183	194,183
Total non-current liabilities		7,969,167	7,957,027
Borrowings	11	2,506,528	1,073,725
Trade and other payables	12	4,404,230	3,186,753
Current tax liabilities		230,551	159,442
Total current liabilities		7,141,309	4,419,920
Total liabilities		15,110,476	12,376,947
Total equity and liabilities		€ 19,637,646	€ 17,039,352

The condensed interim consolidated financial statements on pages 2 – 12 were approved by the board of directors on 30 August 2017 and were signed on its behalf by:


Ms Diane Izzo
Director


Ms Denise Bonello
Director

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS

Condensed Interim Consolidated Statement of Changes in Equity

Group

	Issued capital €	Retained earnings €	Properties revaluation reserve €	Non- controlling interest €	Total €
Changes in equity for 2016					
Balance at 1 January 2016	2,280,000	196,517	512,909	53,603	3,043,029
Loss for the period	-	(110,503)	-	(41,748)	(152,251)
Share of loss upon acquisition of subsidiary	-	-	-	(39,369)	(39,369)
Issue of ordinary shares	-	-	-	480	480
Balance at 30 June 2016	€ 2,280,000	€ 86,014	€ 512,909	€ (27,034)	€ 2,851,889

Group

	Issued capital €	Retained earnings €	Properties revaluation reserve €	Non- controlling interest €	Total €
Changes in equity for 2017					
Balance at 1 January 2017	3,290,000	801,898	512,909	57,598	4,662,405
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)
Balance at 30 June 2017	€ 3,290,000	€ 745,838	€ 512,909	€ (21,577)	€ 4,527,170

DIZZ GROUP OF COMPANIES LIMITED – CONSOLIDATED ACCOUNTS

Condensed Interim Consolidated Statement of Cash Flows

	Period Jan17–Jun 17 (unaudited) €	Period Jan16–Jun16 (unaudited) €
Net cash (used in)/generated from operating activities	(750,919)	1,539,486
Net cash used in investing activities	(554,614)	(3,006,696)
Net cash generated from financing activities	-	306,612
	<hr/>	<hr/>
Net movement in cash and cash equivalents	(1,305,533)	(1,160,598)
Cash and cash equivalents at beginning of period	(473,321)	(651,578)
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Cash and cash equivalents at end of the period	€ (1,778,854)	€ (1,812,176)
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Notes to the Condensed Consolidated Interim Financial Statements

For the period 1 January 2017 to 30 June 2017

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 as at and for the six months ended 30 June 2017, 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 2016 as described in those financial statements.

2.1.2 Standards, Interpretations and amendments to published standards effective in 2016

During 2016, 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 2016.

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 authorization for the issue of these Condensed Interim Financial Statements that are mandatory for the Group's accounting periods beginning after 1 January 2017. 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 2017 to 30 June 2017

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. 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 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 2017 to 30 June 2017

4 REVENUE

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

	Period Jan17–Jun 17 (unaudited) €	Period Jan16–Jun16 (unaudited) €
Sale of fashion-related items	6,490,680	2,599,575
Sale of food and beverages	612,038	385,014
Rental income	103,292	94,100
	<hr/>	<hr/>
	€ 7,206,010	€ 3,078,689
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5 PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment amounting to € 654,706 during the period from 1 January 2017 to 30 June 2017 (2016 - € 1,054,522).

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 2017 to 30 June 2017

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	
	2017	2016
D3 Fashion Ltd	100%	100%
Dizz Finance PLC	100%	100%
Dizz Franchises Ltd	100%	100%
Dizz Labs Ltd	100%	60%
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%	50%
DVA Ltd	100%	100%
DKM Ltd	49%	-

Dizz Ltd has another subsidiary as follows:

Name of subsidiary	Proportion of ownership interest and voting power held	
	2017	2016
DKM Ltd	51%	51%

DKM Limited has another subsidiary as follows:

Name of subsidiary	Proportion of ownership interest and voting power held	
	2017	2016
Dal Cafe Limited	60%	60%

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the period 1 January 2017 to 30 June 2017

8 OTHER FINANCIAL ASSETS

The Group has acquired investments on the Malta Stock Exchange during the year ended 31 December 2016. All such investments were disposed of during the period January to June 2017.

9 OTHER ASSETS

Advance deposits on property acquisitions have increased by €480,000 during the period January 2017 to June 2017. Such amounts will be transferred to property, plant and equipment or investment property when the contracts of purchase are actually signed.

10 INVENTORIES

The inventories as at 30 June 2017 and 31 December 2016 do not include goods held on consignment by the Group.

11 BORROWINGS

11.1 Summary of borrowing arrangements

- (i) The bank loans are secured by a general hypothec over the Group's assets, by a special hypothec over property owned by the Group and by personal guarantees of the directors and shareholders. The bank loans were repaid in full during 2016.
- (ii) The Group enjoys bank overdraft facilities with its bankers. These facilities are secured by general hypothecs over the Group's assets, by a special hypothecs over properties of the Group, by pledges taken over various insurance policies and by personal guarantees of the directors and shareholders.
- (iii) 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.
- (iv) Amounts due to related parties are unsecured, interest free, with no fixed date of repayment.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

For the period 1 January 2017 to 30 June 2017

12 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.

13 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.

14 COMMITMENTS FOR EXPENDITURE

During the period 1 January 2017 to 30 June 2017 the Group had contracted capital commitments with regards to purchase of immovable property for the aggregate amount of € 2,507,291. During the period January 2017 to June 2017 the Group had € 1,272,941 (2016 - € 792,942) as deposits paid on account on such immovable property.