



1923  
INVESTMENTS

## COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by 1923 Investments p.l.c.  
(the "Company") in terms of Listing Rule 5.16.20

### QUOTE

The Company hereby announces that the Board of Directors approved the Company's half yearly financial report and unaudited Interim Financial Statements for the period ending 30 June 2019.

The Financial Statements are attached herewith and are also available for viewing on the Company's website:

<https://www.1923investments.com/financial-statements/>

### UNQUOTE

By order of the Board

A handwritten signature in blue ink, appearing to read 'Melanie Miceli Demajo', written over a light blue horizontal line.

**Dr Melanie Miceli Demajo**  
Company Secretary

26 August 2019



1923  
INVESTMENTS

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**1923 Investments p.l.c.**

Interim Financial Report (Unaudited)

For the period 1 January 2019 to 30 June 2019

# 1923 Investments p.l.c.



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# 1923 Investments p.l.c.



## Interim Directors' Report Pursuant to Listing Rules 5.75.2 Period ended 30 June 2019

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The directors present their interim report, together with the unaudited interim condensed financial statements (the “condensed interim financial statements”) of the company and its subsidiaries (the “group”) for the period from 1 January 2019 to 30 June 2019.

### Principal activities

The group is engaged in the sale and distribution of Apple Products as an Apple Premium Reseller, as well as the sale, maintenance and servicing of information technology solutions, security systems and provides electronic payment solutions. As from December 2017, the group is also engaged in providing road, sea and air logistics services in Malta and in Poland.

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

### Business review

#### The group

During the period under review, the group registered an operating loss of Eur237,609 (June 2018 *Eur190,195 profit*) on revenues of Eur55,573,446 (June 2018 *Eur52,101,147*).

After accounting for the investment income and finance costs, the group registered a loss before tax of Eur1,221,670 (June 2018 *Eur947,702 loss*).

During the first half of 2019, there has been a deterioration in the results of the Apple Unit which suffered a loss before tax of €970,149 (June 2018: *Eur 860,249*). During the last 6 months large projects in the supply of Apple products in the corporate sector were gained which however carried a lower profit margin. iSpot is currently carrying out an inventory optimisation exercise to determine the right investment in the right products to optimise working capital and reduce funding requirement. It is pertinent to point out that the Apple business is seasonal and management is confident that the results will turnaround during the second half of the year.

The first half of 2019 has been characterised by a strong performance by the Harvest Technology Unit which has achieved a consolidated profit before tax of Eur1,361,950 (June 2018: *Eur199,306*).

The Logistics Unit has also performed better than last year with a profit before tax amounting to Eur210,069 (June 2018: *Eur73,183*).

There has also been a loss on sale of investments which is a one off expense in an exercise to focus on business which generate higher margins to increase profitability at 1923 Investments as a whole.

The group's net assets as at 30 June 2019 amounted to Eur38,036,465 compared to *Eur38,317,722* as at 31 December 2018.

#### The company

During the period under review, the company registered an operating loss of Eur2,004,266 (June 2018 – profit of *Eur79,733*). As noted above, the loss on sale of investment at stand-alone level is a one-off and amounted to Eur1,229,538. After accounting for investment income and finance costs, the company registered a pre-tax loss of Eur2,983,328 (June 2018 – *Eur853,074 loss*).

## 1923 Investments p.l.c.

### Interim Directors' Report Pursuant to Listing Rules 5.75.2 (Continued) Period ended 30 June 2019

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As highlighted in note 12, on 8<sup>th</sup> of August 2018, the company increased its share capital by means of a cash injection from its shareholder amounting to Eur14,000,000.

The net assets of the company as at 30 June 2019 amounted to Eur47,572,357 compared to *Eur49,832,820* as at 31 December 2018.

The published figures have been extracted from the unaudited management financial statements for the half-year ended 30 June 2019 and its comparative period in 2018.

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 company's independent auditors.

Approved by the Board of Directors on 26 August 2019 and signed on its behalf by:



Mr Charles Borg  
Chairman



Mr Melo Hili  
Director

# 1923 Investments p.l.c.



## Condensed Statements of Profit or Loss and Other Comprehensive Income Period ended 30 June 2019

	Group		Company	
	1 January to 30 June 2019	1 January to 30 June 2018	1 January to 30 June 2019	1 January to 30 June 2018
	Eur	Eur	Eur	Eur
Revenue (note 3)	55,573,446	52,101,147	540,000	540,000
Cost of sales (note 3)	(48,245,470)	(45,773,207)	-	-
<b>Gross Profit</b>	<b>7,327,976</b>	<b>6,327,940</b>	<b>540,000</b>	<b>540,000</b>
Administrative expenses	(7,347,055)	(6,137,745)	(2,543,770)	(460,267)
<b>Operating profit</b>	<b>(19,079)</b>	<b>190,195</b>	<b>(2,003,770)</b>	<b>79,733</b>
Investment income	89,693	99,880	362,417	72,251
Finance costs	(1,378,878)	(1,279,295)	(1,341,975)	(1,005,058)
Share of profits in associates	63,534	46,483	-	-
Share of loss in joint ventures	23,060	(4,965)	-	-
<b>Loss before tax</b>	<b>(1,221,670)</b>	<b>(947,702)</b>	<b>(2,983,328)</b>	<b>(853,074)</b>
Income tax expense	442,192	(86,734)	722,865	(20,609)
<b>Loss for the period</b>	<b>(779,478)</b>	<b>(1,034,436)</b>	<b>(2,260,463)</b>	<b>(873,683)</b>
<b>Other comprehensive income items that may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translating foreign operations (Note 4 and Note 5)	498,222	(3,038,349)	-	-
<b>Total comprehensive income/expense for the period</b>	<b>(281,256)</b>	<b>(4,072,785)</b>	<b>(2,260,463)</b>	<b>(873,683)</b>
<b>Profit attributable to :</b>				
Owners of the company	(783,174)	(1,034,769)		
Non-controlling interests	3,696	333		
	(779,478)	(1,034,436)		
<b>Total comprehensive income attributable to :</b>				
Owners of the company	(284,952)	(4,073,118)		
Non-controlling interests	3,696	333		
	(281,256)	(4,072,785)		

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## Condensed Statements of Financial Position at 30 June 2019



	Notes	Group		Company	
		30 June 2019 Unaudited	31 December 2018 Audited	30 June 2019 Unaudited	31 December 2018 Audited
		Eur	Eur	Eur	Eur
<b>Assets and Liabilities</b>					
<b>Non-current assets</b>					
Goodwill	4	54,351,120	54,285,881	-	-
Intangible assets	5	12,196,761	12,099,714	-	-
Property, plant and equipment		6,175,588	6,629,098	5,454	3,000
Right of use assets	2	11,553,897	-	-	-
Investments in subsidiaries		-	-	63,679,670	64,910,308
Investments in associates		122,484	107,950	-	-
Investment in joint venture		823,500	800,439	682,375	682,375
Other investments		50,000	50,000	-	-
Other receivables		1,427,904	-	-	-
Loans and receivables	11	9,223,220	8,523,204	38,387,699	34,901,419
Deferred tax assets		2,683,643	1,545,874	722,865	-
		<u>98,608,117</u>	<u>84,042,160</u>	<u>103,478,063</u>	<u>100,497,102</u>
<b>Current assets</b>					
Inventories		11,998,746	15,840,850	-	-
Loans and Receivables	11	813,569	1,039,552	2,032,472	3,600,000
Contract assets		185,057	905,058	-	-
Other assets		1,511,845	1,612,440	-	53,189
Trade and other receivables	6	12,071,024	12,627,559	130,786	409,810
Cash and cash equivalents		1,592,916	3,604,370	68,923	1,366,403
Current tax assets		650,220	1,121,753	260,855	407,375
		<u>28,823,377</u>	<u>36,751,582</u>	<u>2,493,036</u>	<u>5,836,777</u>
<b>Total assets</b>		<u>127,431,494</u>	<u>120,793,742</u>	<u>105,971,099</u>	<u>106,333,879</u>
<b>Current Liabilities</b>					
Trade and other payables	7	18,892,898	26,652,259	4,150,457	717,201
Contract liabilities		986,769	1,591,781	-	-
Other financial liabilities		-	350,009	-	1,091,634
Bank overdraft	8	5,515,335	3,534,561	-	-
Bank loans		150,000	-	-	-
Lease liability		3,680,025	-	-	-
Current tax liabilities		1,268,081	405,120	-	-
		<u>30,493,108</u>	<u>32,533,730</u>	<u>4,150,457</u>	<u>1,808,835</u>
<b>Non-current liabilities</b>					
Debt securities in issue	9	35,556,010	35,515,557	35,556,010	35,515,557
Other payables	7	6,792,982	831,208	-	-
Other financial liabilities	11	6,040,739	12,299,722	17,192,275	19,176,666
Bank Loans		1,600,000	100,000	1,500,000	-
Lease Liability	2	7,986,470	-	-	-
Deferred tax liabilities		925,720	1,195,804	-	-
		<u>58,901,921</u>	<u>49,942,291</u>	<u>54,248,285</u>	<u>54,692,223</u>
<b>Total liabilities</b>		<u>89,395,029</u>	<u>82,476,021</u>	<u>58,398,742</u>	<u>56,501,058</u>
<b>Net assets</b>		<u>38,036,465</u>	<u>38,317,722</u>	<u>47,572,357</u>	<u>49,832,821</u>

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## Condensed Statements of Financial Position (Continued) at 30 June 2019



	Group		Company	
	30 June 2019 Unaudited	31 December 2018 Audited	30 June 2019 Unaudited	31 December 2018 Audited
	Eur	Eur	Eur	Eur
<b>Equity</b>				
Share capital	49,575,000	49,575,000	49,575,000	49,575,000
Other equity	(4,741,736)	(4,741,736)	154,629	154,629
Exchange reserve	(541,920)	(1,040,142)	-	-
Retained earnings/(Accumulated losses)	(6,302,811)	(5,519,637)	(2,157,272)	103,192
Equity attributable to owners of the company	<u>37,988,533</u>	<u>38,273,485</u>	<u>47,572,357</u>	<u>49,832,821</u>
Non-controlling interests	47,932	44,236	-	-
Total Equity	<u>38,036,465</u>	<u>38,317,721</u>	<u>47,572,357</u>	<u>49,832,821</u>



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## Condensed Statements of Changes in Equity for the period ended 30 June 2019



Group	Share capital	Other Equity	Retained earnings/ (accumulated losses)	Translation reserve	Attributable to equity holders of the parent	Non-controlling interests	Total equity
	Eur	Eur	Eur	Eur	Eur	Eur	Eur
<b>Balance as at 1 January 2018</b>	35,575,000	(4,765,472)	1,656,380	1,214,668	33,680,576	30,248	33,710,824
Adjustment from the adoption of IFRS 15	-	-	(61,869)	-	(61,869)	-	(61,869)
Adjusted balance at 1 January 2018	35,575,000	-(4,765,472)	1,594,511	1,214,668	33,618,707	30,248	33,648,955
<b>Transactions with owners:</b>							
Increase in share capital	14,000,000	-	-	-	14,000,000	-	14,000,000
Dividend paid to shareholder	-	-	(5,800,000)	-	(5,800,000)	-	(5,800,000)
Dividend paid to minority interest	-	-	-	-	-	(2,905)	(2,905)
Value of services provided by officer of the group	-	23,736	-	-	23,736	-	23,736
(Loss)/profit for the year	14,000,000	23,736	(5,800,000)	-	8,223,736	(2,905)	8,220,831
Other comprehensive income for the year	-	-	(1,219,543)	-	(1,219,543)	2,188	(1,217,355)
Total comprehensive income	-	-	(2,254,810)	(2,254,810)	(2,254,810)	-	(2,254,810)
Minority interest on purchase of subsidiary	-	-	(1,219,543)	(2,254,810)	(3,474,353)	2,188	(3,472,165)
Full acquisition of subsidiary	-	-	(94,605)	-	(94,605)	(94,605)	(94,605)
Disposal of shares in subsidiary	-	-	-	-	-	94,605	-
	-	-	(94,605)	-	(94,605)	14,705	14,705
	-	-	(94,605)	-	(94,605)	14,705	(79,900)
<b>Balance as at 31 December 2018</b>	<b>49,575,000</b>	<b>(4,741,736)</b>	<b>(5,519,637)</b>	<b>(1,040,142)</b>	<b>38,273,485</b>	<b>44,236</b>	<b>38,317,721</b>
Loss for the period	-	-	(783,174)	-	(783,174)	3,696	(779,478)
Other comprehensive income for the period	-	-	-	498,222	498,222	-	498,222
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(783,174)</b>	<b>498,222</b>	<b>(284,952)</b>	<b>3,696</b>	<b>(281,256)</b>
<b>Balance as at 30 June 2019</b>	<b>49,575,000</b>	<b>(4,741,736)</b>	<b>(6,302,811)</b>	<b>(541,920)</b>	<b>37,988,533</b>	<b>47,932</b>	<b>38,036,465</b>

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## Condensed Statements of Changes in Equity (Continued) for the period ended 30 June 2019

### Holding Company

	Share Capital	Other equity	Retained earnings	Total
	Eur	Eur	Eur	Eur
At 1 January 2018	35,575,000	130,893	3,930,080	39,635,973
Capitalisation of loans	-	-	-	-
Increase in share capital	14,000,000	-	-	14,000,000
Value of services provided by officer of the group	-	23,736	-	23,736
<b>Transactions with owners</b>	<b>14,000,000</b>	<b>23,736</b>	<b>-</b>	<b>14,023,736</b>
Profit for the year	-	-	1,973,111	1,973,111
Dividend paid	-	-	(5,800,000)	(5,800,000)
Total comprehensive income	-	-	(3,826,889)	(3,826,889)
At 31 December 2018	49,575,000	154,629	103,191	49,832,820
Loss for the period	-	-	(2,260,463)	(2,260,463)
Total comprehensive income	-	-	(2,260,463)	(2,260,463)
At 30 June 2019	49,575,000	154,629	(2,157,272)	47,572,357

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## Condensed Statements of Cash Flows for the period ended 30 June 2019

	Group		Company	
	30 June 2019 Unaudited	30 June 2018 Unaudited	30 June 2019 Unaudited	30 June 2018 Unaudited
	Eur	Eur	Eur	Eur
<b>Cash flows used in operations</b>	<b>(4,411,288)</b>	<b>(1,187,385)</b>	<b>(848,749)</b>	<b>(205,569)</b>
Interest paid	(24,323)	(189,722)	(14,229)	(1,188)
Taxation (paid)/received	47,227	(247,616)	146,523	(150,225)
<b>Net cash flows used in operating activities</b>	<b>(4,388,384)</b>	<b>(1,624,723)</b>	<b>(716,455)</b>	<b>(356,982)</b>
<b>Cash flows from investing activities</b>				
Payments to acquire property, plant and equipment	(253,187)	(108,591)	-	-
<b>Net cash flows used in investing activities</b>	<b>(253,187)</b>	<b>(108,591)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>				
Payments from/(to) related companies	(1,000,657)	(616,086)	(2,081,025)	221,600
Bank Loans	2,500,000		1,500,000	-
Repayment of bank loans	(1,050,000)	(1,230,346)	-	-
<b>Net cash flows (used in)/from financing activities</b>	<b>449,343</b>	<b>(1,846,432)</b>	<b>(581,025)</b>	<b>221,600</b>
<b>Net movement in cash and cash equivalents</b>	<b>(4,192,228)</b>	<b>(3,579,746)</b>	<b>(1,297,480)</b>	<b>(135,382)</b>
Cash and cash equivalents at 1 January	269,809	2,108,883	1,366,403	198,917
<b>Cash and cash equivalents at 30 June</b>	<b>(3,922,419)</b>	<b>(1,470,863)</b>	<b>68,923</b>	<b>63,535</b>

### 1. Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2019 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.

#### 2.1 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 2018.

#### 2.2 Effect of new standards adopted on 1 January 2019

The Group has adopted IFRS 16 'Leases' as at 1 January 2019 using the Standard's modified retrospective approach.

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. As a result, no equity adjustment has been recognised on initial application of IFRS 16. Comparative information is not restated.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. The Group did not have any leases previously classified as finance leases.

On transition to IFRS 16, the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 4.5%.

The Group has opted to show present right-of-use assets separately. There were therefore no changes to the Group's property, plant and equipment and a further reconciliation is not required. The net present values of lease liabilities at the end of the reporting period are shown separately with current and non-current liabilities.

**2.2 Effect of new standards adopted on 1 January 2019 (continued)**

The right-of-use assets presented in this report include assets with the following net carrying amounts as period-end:

	30 June 2019
	Euro
Right of use assets	11,553,897

**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 period. The group's reportable segments under IFRS 8 are direct sales attributable to each country where the group operates.

Throughout the period, the group operated in three principal geographical areas – Malta (country of domicile), Poland and Hungary.

✦ *Measurement of operating segment profit or loss, assets and liabilities*

Segment profit represents the profit earned by each segment after the 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.

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## Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2019

### 3. Segmental reporting (continued)

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

#### Profit or loss before tax

	1 January to 30 June 2019 Unaudited	1 January to 30 June 2018 Unaudited
	Eur	Eur
Total profit for reportable segments	1,074,721	179,333
Other unallocated amounts	<u>(2,296,391)</u>	<u>(1,127,035)</u>
<b>Loss before tax</b>	<b><u>(1,221,670)</u></b>	<b><u>(947,702)</u></b>

#### Assets

	1 January to 30 June 2019 Unaudited	31 December 2018 Audited
	Eur	Eur
Total assets for reportable segments	77,120,391	71,890,441
Elimination of receivables	<u>(42,597,090)</u>	<u>(57,985,140)</u>
Property, plant and equipment	14,004	15,500
Goodwill	54,351,120	54,285,881
Intangible assets	10,736,124	10,746,987
Loan and receivables	25,554,222	42,370,244
Cash and Cash equivalents	428,039	1,803,433
Other unallocated amounts	<u>1,824,684</u>	<u>(2,333,604)</u>
	<b><u>127,431,494</u></b>	<b><u>120,793,742</u></b>

#### Liabilities

	1 January to 30 June 2019 Unaudited	31 December 2018 Audited
	Eur	Eur
Total liabilities for reportable segments	85,745,453	80,425,653
Elimination of liabilities	<u>(42,597,090)</u>	<u>(57,985,140)</u>
Unallocated amounts		
Bank loans	1,500,000	300,000
Debt securities in issue	35,556,010	35,515,557
Trade and other payables	5,418,005	33,588,410
Other unallocated amounts	<u>3,772,650</u>	<u>(9,368,459)</u>
	<b><u>89,395,028</u></b>	<b><u>82,476,021</u></b>

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### Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2019



#### 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:

	Retail and IT Solutions (Poland) 2019	Payment processing services 2019	IT solutions and security systems 2019	Logistics 2019 (Malta and Poland)	Total 2019	Unallocated 2019	Eliminations and adjustments 2019	Consolidated 2019
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	40,507,987	2,954,890	5,147,206	8,579,286	57,189,369	1,021,570	(2,637,493)	55,573,446
Profit/(loss) before tax	(959,342)	1,522,932	172,565	338,566	1,074,721	(2,666,907)	370,516	(1,221,670)
Depreciation and amortisation	(637,322)	(140,615)	(42,594)	(67,815)	(888,346)	(49,048)	13,498	(923,896)
Segment assets	79,436,966	4,192,794	9,097,594	7,793,928	100,521,282	129,931,899	(103,021,687)	127,431,494
Capital expenditure	253,187	-	-	-	253,187	-	-	253,187
Segment liabilities	34,184,188	2,650,415	8,328,140	5,206,993	50,369,736	90,617,538	(51,592,246)	89,395,028
Income tax (expense)/credit	196,645	(543,483)	(58,823)	(85,593)	(491,254)	582,365	351,081	442,192

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### Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2019



	Retail and IT Solutions (Poland and Romania) 2018	Payment processing services 2018	IT solutions and security systems 2018	Logistics 2018 (Malta and Poland)	Total 2018	Unallocated 2018	Eliminations and adjustments 2018	Consolidated 2018
	Eur	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Revenue	36,866,255	1,674,391	6,107,881	8,290,335	52,938,862	1,069,246	(1,906,961)	52,101,147
Profit/(loss) before tax	(748,942)	704,886	(95,836)	319,225	179,333	2,405,108	(3,532,143)	(947,702)
Depreciation and amortisation	(641,503)	(90,884)	(55,289)	(70,340)	(858,016)	(49,401)	36,825	(870,592)
Segment assets	33,063,838	3,373,863	7,837,545	9,117,821	53,393,067	234,255,134	(176,909,874)	110,738,327
Capital expenditure	103,325	-	-	5,266	108,591	-	-	108,591
Segment liabilities	33,023,150	1,421,126	7,384,642	10,027,896	51,856,814	91,277,198	(62,033,724)	81,100,288
Income tax (expense)/credit	90,893	(271,914)	33,997	(85,585)	(232,609)	145,875	-	(86,734)



# 1923 Investments p.l.c.



## Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2019

### 4. Goodwill

#### Group

	Eur
At 01.01.2018	56,001,331
Effect of exchange differences on the retranslation of goodwill on foreign subsidiaries	(1,715,450)
At 31.12.2018	<u>54,285,881</u>
Goodwill written off in subsidiaries	(289,388)
Effect of exchange differences on the retranslation of goodwill on foreign subsidiaries	354,627
At 30.06.2019	<u><u>54,351,120</u></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 the 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 2019 amounting to Eur54,351,120 (December 2018 – Eur54,285,881) is allocated to the Polish and Maltese operations.

Management assessment of goodwill is detailed in the group’s annual financial statements for the year ended 31 December 2018.

# 1923 Investments p.l.c.

## Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2019



### 5. Intangible assets

#### Group

	Eur
<b>Cost</b>	
<b>At 01.01.2018</b>	<b>13,149,984</b>
Additions	473,869
Disposals	(140,059)
Effect of foreign exchange differences	(745,730)
<b>At 31.12.2018</b>	<b>12,738,064</b>
Additions	97,876
Effect of foreign exchange differences	130,922
<b>At 30.06.2019</b>	<b>12,966,862</b>
<b>Amortisation</b>	
<b>At 01.01.2018</b>	<b>425,602</b>
Provision for the period	349,458
Released on disposal	(110,760)
Effect of foreign exchange differences	(25,950)
<b>At 31.12.2018</b>	<b>638,350</b>
Provision for the period	131,751
<b>At 30.06.2019</b>	<b>770,101</b>
<b>Carrying amount</b>	
At 31.12.2018	12,099,714
<b>At 30.06.2019</b>	<b>12,196,761</b>

## 1923 Investments p.l.c.

### Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2019

#### 6. Trade and other receivables

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

	Group		Company	
	30 June 2019 Unaudited	31 December 2018 Audited	30 June 2019 Unaudited	31 December 2018 Audited
	Eur	Eur	Eur	Eur
Trade receivables	7,526,648	7,718,803	-	-
Amounts owed by ultimate parent	1,141,281	1,108,216	-	16,960
Amounts owed by associates	328,635	412,955	-	-
Amounts owed by related parties	427,895	1,756,108	-	150,399
Other receivables	995,421	81,822	61,223	19,148
Prepayment and accrued income	519,531	121,464	69,563	-
Financial assets	10,939,411	11,199,368	130,786	186,507
Other receivables	1,131,613	1,428,191	-	223,303
Trade and other receivables - current	12,071,024	12,627,559	130,786	409,810

No interest is charged on trade and other receivables.

#### *Allowance for estimated irrecoverable amounts*

Trade and other receivables are stated net of an allowance for estimated irrecoverable amounts from trade receivables amounting to Eur7,526,648 (2018 – Eur 7,718,803).

#### 7. Trade and other payables

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

	Group		Company	
	30 June 2019 Unaudited	31 December 2018 Audited	30 June 2019 Unaudited	31 December 2018 Audited
	Eur	Eur	Eur	Eur
Trade payables	10,241,388	18,056,704	38,042	136,804
Amounts payable to ultimate parent	4,477	-	-	-
Amounts payable to related parties	396,184	54,158	2,645,135	208,304
Other payables	4,314,445	1,439,337	-	181,891
Accruals and deferred income	2,609,323	2,202,913	1,467,281	190,202
	17,565,817	21,753,112	4,150,458	717,201
Other creditors	6,088,221	3,446,515	-	-
Deferred income	2,031,842	2,283,840	-	-
Trade and other payables	25,685,880	27,483,467	4,150,458	717,201
Comprising				
<b>Long term payables</b>				
Trade and other payables	6,792,982	831,208	-	-
	6,792,982	831,208	-	-
Current payables				
Trade and other payables	18,892,898	26,652,259	4,150,458	717,201
	18,892,898	26,652,259	4,150,458	717,201

# 1923 Investments p.l.c.

## Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2019



### 8. Bank overdrafts and loans

#### Group

The group's bank loans and overdraft facilities bear effective interest at a floating rate of 3.33% (December 2018 – 5.39%) p.a.

Bank Overdraft facilities amounting to Eur6,223,269 are in place for the following group companies:

	<b>Eur</b>
Carmelo Caruana Company Limited	1,035,234
PTL Limited	870,000
Ipsyon Limited	200,000
Ispot	4,118,035
	<u>6,223,269</u>

Bank Overdraft usage at 30 June 2019 amounted to Eur 5,515,335 across group companies.

Bank Loans as at 30 June 2019 amounted to Eur 1,750,000 as follows:

	<b>Eur</b>
Ipsyon Limited	250,000
1923 Investments plc	1,500,000
	<u>1,750,000</u>

Ipsyon Limited has one bank credit facility. The investment credit facility bears interests at a variable interest rate that amounted to 3.475 (2018: 3.475%) at 30 June 2019.

1923 Investments plc has one bank credit facility. The investment credit facility bears interests at a variable interest rate that amounted to 3.75% (2018: Nil) at 30 June 2019.

### 9. Debt securities in issue

In December 2014, the company issued 360,000 5.1% unsecured bonds of a nominal value of *Eur100* per bond. The bonds are redeemable at their nominal value on 4 December 2024. Interest on the bonds is due and payable annually on 4 December of each year. The bonds are listed on the Official List of the Malta Stock Exchange.

## 1923 Investments p.l.c.



### Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2019

#### 9. Debt securities in issue (continued)

The carrying amount of the bonds is net of direct issue costs of Eur443,990 (December 2018 – Eur484,443) which are being amortised over the life of the bonds. The market value of debt securities on the last trading day before the statement of financial position date was at Euro104 Eur37,440,000 (December 2018 – Eur37,440,000).

#### 10. 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

	2019			2018		
	Related party activity Unaudited Eur	Total activity Unaudited Eur	%	Related party activity Unaudited	Total activity Unaudited	%
Revenue						
Related party						
Other related parties	<u>714,914</u>	<u>55,573,446</u>	1%	<u>984,726</u>	<u>52,101,147</u>	2%
Cost of sale						
Related party						
Other related parties	<u>125,065</u>	<u>48,230,346</u>	0.26%	<u>693,919</u>	<u>45,773,207</u>	2%
Administrative						
Related party						
Other related parties	755,849			-	-	
Parent company	<u>411,917</u>			<u>411,146</u>	<u>6,137,745</u>	7%
	<u>1,167,766</u>	<u>7,565,585</u>	15%	<u>411,146</u>	<u>6,137,745</u>	7%

## 1923 Investments p.l.c.



### Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2019

#### 10. Related party transactions (continued)

##### Holding company

	2019			2018		
	Related party activity Unaudited Fair	Total activity Unaudited Fair	%	Related party activity Unaudited	Total activity Unaudited	%
Revenue						
Related party						
Other related parties	<u>540,000</u>	<u>540,000</u>	100%	<u>540,000</u>	<u>540,000</u>	100%
Administrative						
Related party						
Parent company	<u>380,332</u>	<u>2,544,266</u>	15%	<u>330,000</u>	<u>460,267</u>	72%
Investment income						
Related party						
Subsidiaries	<u>362,417</u>	<u>362,417</u>	100%	<u>6,044</u>	<u>6,044</u>	0%

#### 11. Fair value of financial assets and financial liabilities

At 30 June 2019 and 31 December 2018, 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 9), are not materially different from their carrying amounts due to the fact that the interest rates are considered to represent market rates at the year end.

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 and the credit risk inherent in the contract.

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.

Notes to the Condensed Interim Financial Statements (Continued)  
for the period ended 30 June 2019

11. Fair value of financial assets and financial liabilities (continued)

Group

	Fair value measurement at end of reporting period using				Carrying amount Eur
	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	
<b>Financial assets</b>					
<b>Loans and</b>					
Receivables from related parties	-	9,562,756	-	9,562,756	9,562,756
As at 31.12.2018	-	9,562,756	-	9,562,756	9,562,756
Receivables from related parties	-	10,036,789	-	10,036,789	10,036,789
As at 30.06.2019	-	10,036,789	-	10,036,789	10,036,789
<b>Financial liabilities at amortised cost</b>					
Related party loans	-	12,649,731	-	12,649,731	12,649,731
Bank overdrafts and	-	3,634,561	-	3,634,561	3,634,561
Debt securities	37,440,000	-	-	37,440,000	35,515,557
As at 31.12.2018	37,440,000	16,284,292	-	53,724,292	51,799,849
Related party loans	-	6,040,739	-	6,040,739	6,040,739
Bank overdraft and	-	7,265,335	-	7,265,335	7,265,335
Debt securities	37,440,000	-	-	37,440,000	35,556,010
As at 30.06.2019	37,440,000	13,306,074	-	50,746,074	48,862,084

Notes to the Condensed Interim Financial Statements (Continued)  
for the period ended 30 June 2019

11. Fair value of financial assets and financial liabilities (continued)

Holding Company

	Fair value measurement at end of reporting period using				Carrying amount Eur
	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	
<b>Financial assets</b>					
Loans and receivables	-	38,501,419	-	38,501,419	38,501,419
As at 31.12.2018	-	38,501,419	-	38,501,419	38,501,419
<hr/>					
Receivables from	-	40,420,172	-	40,420,172	40,420,172
As at 30.06.2019	-	40,420,172	-	40,420,172	40,420,172
<hr/>					
<b>Financial liabilities</b>					
Related party loans	-	20,268,300	-	20,268,300	20,268,300
Debt securities	37,440,000	-	-	37,440,000	35,515,557
As at 31.12.2018	37,440,000	20,268,300	-	57,708,300	55,783,857
<hr/>					
Related party loans	-	17,192,275	-	17,192,275	17,192,275
Debt securities	37,440,000	-	-	37,440,000	35,556,010
As at 30.06.2019	37,440,000	17,192,275	-	54,632,275	52,748,285

12. Events after the end of the reporting period

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



# 1923 Investments p.l.c.

Statement Pursuant to Listing Rules 5.75.3 issued by the Listing Authority  
for the period ended 30 June 2019



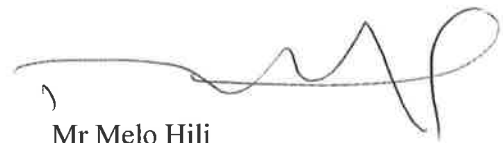
We confirm that to the best of our knowledge:

- (a) the condensed interim financial statements give a true and fair view of the financial position of 1923 Investments p.l.c. (the “company”) and its subsidiaries (the “group”) as at 30 June 2019, and the financial performance and cash flows of the 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 26 August 2019 and signed on its behalf by:



Mr Charles Borg  
Chairman



Mr Melo Hili  
Director