The following is a Company Announcement issued by HUDSON MALTA P.L.C., a company registered under the laws of Malta with company registration number C 83425 (hereinafter the 'Company'), pursuant to the Listing Rules issued by the Listing Authority.

Quote

Approval and Publication of Half-Yearly Financial Statements

The Company hereby announces that during the meeting of its Board of Directors held yesterday, Thursday, 22nd August 2019, the Company's half-yearly financial report and unaudited financial statements for the six-month financial period ended 30th June 2019 were approved.

Copies of the aforesaid half-yearly unaudited financial statements are available for viewing below as an annex to this announcement and are available for download from the following link on the Hudson Group's website: https://hudson.com.mt/investor-relations/.

Unquote

Dr Luca Vella
Company Secretary
23rd August 2019

HUDSON MALTA PLC

Condensed interim consolidated financial statements (unaudited)

For the period 1 January 2019 to 30 June 2019

Company Registration Number: C 83425

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Interim directors' report pursuant to Listing Rule 5.75.2

This condensed interim report is published in terms of Chapter 5 of the *Listing Rules listed by the Listing Authority* and the *Prevention of Financial Market Abuse Act, 2005*. The interim consolidated financial information included in this report has been extracted from Hudson Malta plc unaudited financial information for the period ending 30 June 2019. In accordance with the terms of listing rule 5.75.5, this interim report has not been audited or reviewed by the Company's independent auditors.

Principal activities

The Company

The Company was registered in Malta on the 10 November 2017. The principal activity of the Company is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, moveable and immovable property or other assets, including but not limited to securities and other financial interests.

On 20 December 2017, Hudson Malta plc acquired from Hudson Holdings Limited the entire issued share capital of Time International (Sport) Limited and Hudson International Company Limited, which together comprise the Group as defined in these financial statements. Hudson Malta plc is a wholly owned subsidiary of Hudson Holdings Limited.

The Group

The Group is involved in the importation and distribution of branded consumer products in Malta, Italy and Tunisia. The Group also operates its own retail stores in Malta.

Review of the business

The Company

In May 2018, the Company issued an aggregate of €12,000,000 in bonds, bearing an interest rate of 4.35% which were listed on the Official List of the Malta Stock Exchange. The two subsidiaries of the Company, Time International (Sport) Limited and Hudson International Company Limited are acting as joint and several guarantors to the Bond issue.

The proceeds from this Bond issue were used to repay the Group's bank loans, partially used for retail expansion in Malta and loaned or advanced to Hudson Holdings Limited for use in capital projects, including retail expansion and a new enlarged distribution center as per the prospectus dated 23 March 2018.

The Group

During the period ended 30 June 2019, the Group generated revenues amounting to €19,668,637 from its retail and wholesale businesses. The profitability during this period was negatively impacted by the adoption of IFRS 16 and by increased operating costs as a result of which the Group reported a loss for the period after tax of €30,835. The result is below expectations but the indications are that the level of activity for the second half of the year will be more positive and should close the gap with expectations.

As at 30 June 2019 the Group had total assets of €43,932,653 and current assets exceeded current liabilities by €3,563,927.

The Board resolved not to declare an interim dividend.

Directors' report - *continued*

Future developments

As a significant operator in the retail industry, the Group will continue with its plans to expand and diversify its retail operations in Malta.

Director's Statement pursuant to Listing Rule 5.75.3

We hereby confirm, to the best of our knowledge:

- That the condensed interim consolidated financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for period then ended and;

- The Interim Directors' Report includes a fair view of the information required in terms of listing rules 5.81 and 5.84.

On behalf of the Board of Directors,

Alfred Borg
Director

Victor Spiteri
Director

Registered office:
Hudson House
Burmarrad Road,
Burmarrad
St. Paul's Bay SPB 9060
Malta

22 August 2019

Consolidated statement of financial position

	As at 30 June 2019 Unaudited €	As at 31 December 2018 Audited €
ASSETS		
Non-current assets		
Property, plant and equipment	**3,716,523**	2,469,519
Right-of-use leased assets	**16,033,399**	-
Intangible assets	**1,204,490**	1,206,753
Deferred tax asset	**563,464**	546,860
Financial assets at amortised cost	**6,914,219**	6,914,219
Total non-current assets	**28,432,095**	11,137,351
Current assets		
Inventories	**4,348,332**	4,126,100
Financial assets at amortised cost	**12,535**	58,398
Trade and other receivables	**9,006,905**	10,560,098
Current Tax Asset	**77,650**	-
Cash and cash equivalents	**2,055,136**	2,284,308
Total current assets	**15,500,558**	17,028,904
Total assets	**43,932,653**	28,166,255

Consolidated statement of financial position - continued

	As at 30 June 2019 Unaudited €	As at 31 December 2018 Audited €
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	**16,450,000**	16,450,000
Other reserves	**(15,994,856)**	(15,994,856)
Retained earnings	**5,649,285**	5,680,119
Total equity	**6,104,429**	6,135,263
Non-current liabilities		
Lease liabilities	**14,084,596**	-
Borrowings	**11,806,997**	11,792,700
Total non-current liabilities	**25,891,593**	11,792,700
Current liabilities		
Lease liabilities	**2,208,205**	-
Trade and other payables	**9,161,031**	9,958,021
Borrowings	**404,192**	130,296
Current tax liabilities	**163,203**	149,975
Total current liabilities	**11,936,631**	10,238,292
Total liabilities	**37,828,224**	22,030,992
Total equity and liabilities	**43,932,653**	28,166,255

The notes on pages 8 to 14 are an integral part of these financial statements.

The financial statements on pages 3 to 14 were approved and authorised for issue by the Board on 22 August 2019 and were signed on its behalf by:

Alfred Borg
Director

Victor Spiteri
Director

Consolidated statement of comprehensive income

	Period from 1 January to 30 June 2019 Unaudited €	Period from 10 November to 30 June 2018 Unaudited €
Revenue	**19,668,637**	20,148,409
Cost of sales	**(13,521,308)**	(13,794,884)
Gross profit	**6,147,329**	6,353,525
Other operating income	**80,891**	67,713
Operation and administrative expenses	**(5,800,892)**	(5,495,409)
Operating profit	**427,328**	925,829
Finance income	**255,222**	257,073
Finance costs	**(729,988)**	(342,074)
(Loss)/profit before tax	**(47,438)**	840,828
Income tax expense	**16,604**	(305,550)
(Loss)/profit for the period – total comprehensive income	**(30,834)**	535,278

The notes on pages 8 to 14 are an integral part of these financial statements.

Consolidated statement of changes in equity

	Share capital €	Other Reserves €	Retained earnings €	Total €
Transactions with owner				
Issue of ordinary shares	50,000	-	-	50,000
Total transactions with owner	50,000	-	-	50,000
Adjustments relating to reorganisation				
Acquisition of subsidiaries	16,400,000	(15,994,856)	4,512,236	4,917,380
	16,400,000	(15,994,856)	4,512,236	4,917,380
Comprehensive income				
Profit for the period	-	-	535,278	535,278
Total comprehensive income	-	-	535,278	535,278
Balance at 30 June 2018	16,450,000	(15,994,856)	5,047,514	5,502,658
Balance as at 1 January 2019	16,450,000	(15,994,856)	5,680,119	6,135,263
Comprehensive income				
Loss for the period	-	-	(30,834)	(30,834)
Total comprehensive income	-	-	(30,834)	(30,834)
Balance at 30 June 2019	**16,450,000**	**(15,994,856)**	**5,649,285**	**6,104,429**

The notes on pages 8 to 14 are an integral part of these financial statements.

Consolidated statement of cash flows

	Period from 1 January to 30 June 2019 Unaudited €	Period from 10 November to 30 June 2018 Unaudited €
Cash flows from operating activities		
Cash generated from/(used in) operations	2,348,409	(1,942,015)
Interest received	255,222	257,073
Income tax paid	(149,975)	(487,888)
Interest paid	(312,864)	(342,074)
Net cash generated from/(used in) operating activities	2,140,792	(2,514,904)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,517,185)	(107,443)
Disposals of property, plant and equipment	-	10,329
Loans and receivables granted	-	(7,000,000)
Receipts from loans and receivables	45,863	85,898
Net cash used in investing activities	(1,471,322)	(7,011,216)
Cash flows from financing activities		
Issue of share capital	-	50,000
Proceeds from business combinations	-	2,294,768
Principal elements of lease payments	(1,172,538)	-
Drawdowns on borrowings	-	10,406,390
Repayment of borrowings	-	(1,671,141)
Net cash (used in)/generated from financing activities	(1,172,538)	11,080,017
Net movement in cash and cash equivalents	(503,068)	1,553,900
Cash and cash equivalents at the beginning of the period	2,154,012	-
Cash and cash equivalents at the end of the period	1,650,944	1,553,900

The notes on pages 8 to 14 are an integral part of these financial statements.

Selected explanatory notes to the interim consolidated financial statements

1. General information

The principal activity of the Company is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, moveable and immovable property or other assets, including but not limited to securities and other financial interests.

On 20 December 2017, Hudson Malta plc acquired from Hudson Holdings Limited the entire issued share capital of Time international (Sport) Limited and Hudson International Company Limited Company Limited. Hudson Malta plc is a wholly owned subsidiary of Hudson Holdings Limited.

The interim consolidated financial statements include the financial statements of Hudson Malta plc and its subsidiaries (the Group). The condensed interim financial information has been extracted from the Company's unaudited consolidated financial information as at 30 June 2019.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The condensed consolidated interim financial information as at and for the six-month period ended 30 June 2019 has 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'). These financial statements have not been audited nor reviewed by the Company's independent auditors. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRSs as adopted by the EU.

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those of the annual financial statements of Hudson Malta p.l.c. for the year ended 31 December 2018, as described in those financial statements. Adoption of new standards, amendments and interpretations to existing standards that are mandatory for the accounting period beginning on 1 January 2019 did not require retrospective adjustments.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 Leases. The impact of the adoption of this standard and the new accounting policy are disclosed below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policy that has been applied from 1 January 2019 below.

The Group has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5%.

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	As at 30 June 2019 Unaudited €'000	As at 1 January 2019 Unaudited €'000
Properties	**16,033**	20,269
Total right-of-use assets	**16,033**	20,269

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by €20.3 million
- lease liabilities – increase by €20.3 million

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(b) The Group's leasing activities and how these are accounted for

The Group leases various properties, motor vehicles and equipment. Rental contracts are typically made for fixed periods of 5-7 years for properties but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

<u>Extension and termination options</u>

Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Impact of standards issued but not yet applied by the Group

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1 January 2019. The Group 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 there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

3. Fair values of financial instruments

The Group is required to disclose fair value measurements by level of a fair value measurement hierarchy for financial instruments (Level 1, 2 or 3). The different levels of the fair value hierarchy are defined as fair value measurements using:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly i.e. as prices, or indirectly i.e. derived from prices (Level 2).

Inputs for the asset or liability that are not based on observable market data i.e. unobservable inputs (Level 3).

At 30 June 2019 and 31 December 2018, the carrying amounts of financial instruments not carried at fair value comprising cash at bank, receivables, borrowings, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realization.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Segment Information

4.1 Operating segments

The Group's internal reporting organisation and structure is such that its retail and wholesale operations are treated as one business segment. This comprises the Group's fashion and sportswear retail and wholesale operations in Malta.

Cash flows generated and returns secured from the different services are significantly interdependent, also in the context of commonality of risks to which the Group is exposed as a result of the provision of these services and in the context of commonality of customer base.

The Group's internal reporting to the Board of Directors and Senior Management is analysed accordingly, and the Board of Directors reviews internal management reports at least on a monthly basis.

4.2 Information about geographical segments

The Group's revenues are derived from operations carried out in Malta. Considering the nature of the Group's activities, its non-current assets are located in Malta.

4.3 Information about major customers

The Group does not have any particular major customer, as it largely derives revenue from a significant number of customers availing of its services. Accordingly, the Group does not deem necessary any relevant disclosures in respect of reliance on major customers.

5. Borrowings – Bond issue

	As at 30 June 2019 € Unaudited	As at 31 December 2018 € Audited
Non-Current		
(4.35%) bonds 2026	11,806,997	11,792,700

The bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds, using the effective interest rate as setout below:

	As at 30 June 2019 € Unaudited	As at 31 December 2018 € Audited
Face Value		
(4.35%) bonds 2026	12,000,000	12,000,000
Bond Issue Costs	(228,745)	(228,745)
Accumulated Amortisation	35,742	21,445
Closing net book value	193,003	207,300
Amortised costs as 30 June 2019	**11,806,997**	**11,792,700**

6. Investments in subsidiaries

The principal subsidiaries at 30 June 2019 are shown below. Unless otherwise stated, they have share capital consisting solely of ordinary shares.

Subsidiaries	Voting rights held by the Group 2019	Interest held directly by the Company 2019	Interest held by the Group 2019
Time International (Sport) Limited	**100.0%**	**100.0%**	**100.0%**
Hudson International Company Limited	**100.0%**	**100.0%**	**100.0%**

The registered office of the subsidiaries is *Hudson House, Burmarrad Road, Burmarrad, St Paul's Bay, SPB 9060, Malta.*

7. Commitments

	As at 30 June 2019 Unaudited	As at 31 December 2018 Audited
Operating lease commitments – where Company is the lessee		
Non-cancellable operating lease rentals are payable as follows:		
Within one year	-	2,075,757
Between one and five years	-	9,075,201
Over five years	3,206,846	9,864,143
	3,206,846	21,015,101

Following the adoption of IFRS 16 (Note 2) on 1 January 2019, non-cancellable lease commitments amounting to €21,015,101 were recognised as a right-of-use asset. The-right-of use asset recognised on 1 January 2019 includes terms extension options beyond the non-cancellable period where it was deemed reasonably certain that such terms will be extended.

8. Contingent liabilities

As at 30 June 2019, the Group provided third parties with guarantees amounting to €3,808,594 (31 December 2018: €3,160,244). As at the end of the reporting period, the bank provided the Group with a facility covering these amounts up to a limit of €4,035,000 (31 December 2018: €5,036,600). The unutilised facility as at year end amounts to €3,522,736 (31 December 2018: €1,876,256).

9. Related party transactions

The Company is a wholly owned subsidiary of Hudson Holdings Limited, the registered office of which is situated at Hudson House, Burmarrad Road, Burmarrad, St Paul's Bay SPB 9060, Malta.

The Company has related party transactions with its ultimate parent company and entities controlled by it in the normal course of business.