JD Capital plc
HHF 303/304,
Hal Far Industrial Estate,
Birzebbuga BBG 3000
Malta

Date 28st March 2019

Reference 11/2019

COMPANY ANNOUNCEMENT

Publication of Audited Annual Financial Statements

The following is a company announcement issued by JD Capital p.l.c. (C 82098) (hereinafter the "Company") of HHF303Y, Hal Far Industrial Estate, Birzebbugia, issued in terms of the Rules of Prospects, the market regulated as a multi-lateral trading facility operated by the Malta Stock Exchange ("Prospects"):

QUOTE

The board of directors of the Company announces that it met on 28th March 2019 and considered and approved the Company's Consolidated Audited Financial Statements for the financial period ended 31st December 2018.

A copy of the signed Consolidated Audited Financial Statements is available for viewing on the Company's website:

http://jsdimech.com/about-jd-capital.php

UNQUOTE

By order of the board

Dr Jesmond Manicaro
Company Secretary

Company registration no.: C 82098

JD CAPITAL PLC

Report
and
Consolidated Financial Statements

31 December 2018

CONTENTS

GENERAL INFORMATION

Registration

JD Capital p.l.c. ("the Company") is registered in Malta as a public limited liability company under the Companies Act (Cap. 386). The Company's registration number is C 82098.

Directors

Josef Dimech	
Stanley Portelli	
Gaetano Vella	
Etienne Borg Cardona	(appointed on 8 February 2018, resigned on 26 February 2018)
Stephen Muscat	(appointed on 26 February 2018)

Company secretary

Josef Dimech	(appointed on 9 August 2017, resigned on 8 February 2018)
Stanley Portelli	(appointed on 8 February 2018, resigned on 2 July 2018)
Jesmond Manicaro	(appointed on 2 July 2018)

Registered office

HHF 303 Industrial Estate
Hal Far
Birzebbugia BBG 3000
Malta

Bankers

Bank of Valletta p.l.c.
58, Zachary Street
Valletta VLT 1130
Malta

Auditors

RSM Malta
Mdina Road
Zebbug ZBG 9015
Malta

DIRECTORS' REPORT

The directors submit their first report and the audited financial statements of JD Capital p.l.c. ("the Company") and the audited consolidated financial statements of the Company and its subsidiaries (together, "the Group") for the period ended 31 December 2018.

Principal activity

The Company's principal activity is to act as a holding company and to provide financing to its subsidiaries.

The Group is engaged in the business of providing aluminium, steel, wrought iron, large scale glass formats, and stainless-steel works, as well as the construction of steel structures.

Incorporation

The Company was incorporated on 9 August 2017. Accordingly, these financial statements cover the period from incorporation to 31 December 2018.

Performance review

During the period under review, the Group made a profit before tax of €1,436,286. For the same period, the Company made a profit before tax of €2,935. The Directors expect that the present level of activity will be sustained in the foreseeable future.

Position review

As at 31 December 2018, the Group's total assets amounted to €28,586,552 and net assets amounted to €8,478,809.

As at 31 December 2018, the Company's total assets amounted to €12,600,346 and net assets amounted to €7,549,635.

Results and dividends

The results for the period are set out in the statements of comprehensive income on page 15. The directors do not recommend the payment of a dividend.

Financial risk management

The Group is exposed to credit, liquidity, and interest rate risks. These are further analysed in Note 23 to the financial statements.

Events after the end of the reporting period

No significant events have occurred after the end of the reporting period which would required mention in this report.

DIRECTORS' REPORT - continued

Future developments

The Directors are not envisaging any changes in the operating activities for the forthcoming year.

Directors

During the period ended 31 December 2018, the directors were as listed in page 2.

In accordance with the Company's Memorandum and Articles of Association, the present directors remain in office, but shall retire from office at least once every three years. However, they shall be elgible for re-election.

Statement of directors' responsibilities

The Companies Act (Cap. 386) requires the directors to prepare financial statements for each financial period which give a true and fair view of the financial position of the Company and of the Group as at period end and of their profit or loss for the period then ended.

In preparing the financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in the business
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period; and
- prepare the financial statements in accordance with generally accepted accounting principles as defined in the Companies Act (Cap. 386) and in accordance with the provision of the same Act.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

RSM Malta, Certified Public Accountants, have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

DIRECTORS' REPORT - continued

Statement by directors on the financial statements and other information included in the report

The directors declare that to the best of their knowledge:

- the financial statements give a true and fair view of the financial position and financial performance of the Group and of the Company and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the Companies Act (Cap 386); and
- this report includes a fair review of the development and performance of the business and positions of the Group and of the Company, together with a description of the principal risks and uncertainties that they face.

The directors' report was approved by the Board of Directors and was signed on its behalf by:

Josef Dimech Director	**Stephen Muscat** Director

28 March 2019

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

JD Capital p.l.c. ("the Company") is committed to observing the principles of transparent, responsible corporate governance. The Board considers compliance with corporate governance principles to constitute an important means of maintaining the confidence of present and future bondholders, creditors, employees, business partners and the public. Pursuant to the Malta Financial Services Authority Listing Rules 5.94 and 5.97, the Company is hereby presenting a statement of compliance with the Code of Principles of Good Corporate Governance ("the Principles" or "the Code") for the period ended 31 December 2018, which details the extent to which the Principles have been adopted, as well as the effective measures taken by the Company to ensure compliance with these Principles. Other than as stated in Part Two below, the Company has fully implemented the Principles set out in the Code.

PART I - Compliance with the Code

Principle 1: The Board

The composition of the Board of Directors during the period ensures that the Company is led by individuals who have the necessary skills and diversity of knowledge. It considers strategic issues, key projects and regularly monitors performance against delivery of the key targets of the group's business plan.

Principle 2: Chairman and Chief Executive

The Company has no employees, however the Group has a Chief Executive Officer (CEO) who is not the Chairman.

Principle 3: Composition of the Board

The Board of the Company who served during the period until 31 December 2018 was as follows:

Directors

Mr. Josef Dimech	Executive Director
Dr. Stanley Portelli	Non-executive Director
Mr. Gaetano Vella	Non-executive Director
Mr. Stephen Muscat	Non-executive Director (appointed 26 February 2018)
Mr. Etienne Borg Cardona	Non-executive Director (from 8 to 26 February 2018)

Company secretary

Mr. Josef Dimech	(from 9 August 2017 to 8 February 2018)
Dr. Stanley Portelli	(from 8 February to 2 July 2018)
Dr. Jesmond Manicaro	(appointed 2 July 2018)

The Board considers that the non-executive directors are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The members of the Board have the balance of knowledge and experience as well as a strong non-executive presence to allow continued scrutiny of performance, strategy and governance.

For the purpose of Listing Rules 5.118 and 5.119, the non-executive directors are deemed independent. Each Director is mindful of maintaining independence, professionalism and integrity in carrying out his duties and responsibilities, whilst providing judgement as a Director of the Company.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued

PART I - Compliance with the Code - continued

Principle 3: Composition of the Board - continued

The Board considers that none of the independent Directors of the Company:

- is or has been employed in any capacity by the Company;
- has or has had, over the past three years, a significant business relationship with the Company;
- has received or receives significant additional remuneration from the Company in addition to its director's fee
- has close family ties with any of the Company's executive directors or senior employees; and
- has been within the last three years an engagement partner or a member of the audit team or past external auditor of the Company.

Each of the independent Directors hereby declares that he undertakes to:

- maintain in all circumstances his independence of analysis, decision and action;
- not seek or accept any unreasonable advantages that could be considered as compromising his independence; and
- clearly express his opposition in the event that he finds that a decision of the Board may harm the Company.

Principle 4: The Responsibilities of the Board

The Board has responsibility for overseeing the strategic planning process and reviewing and monitoring management's execution of the corporate and group business plan. The Board delegates certain powers, authorities and discretions to the audit committee. The role and competence of such committees is further described in Principle 8 hereunder.

Principle 5: Board Meetings

The Board meets at least eight times a year unless further meetings are required in accordance with the needs of the Company. The Board has a schedule of matters reserved for it to discuss.

Each Director is expected to attend all meetings of the Board and Board committees of which the Director is a member. The Board recognises that occasional meetings may need to be scheduled on short notice when the participation of a Director is not possible and that conflicts may arise from time that will prevent a Director from attending or participating in a regularly scheduled meeting. However, the Board expects that each Director will make every possible effort to keep such absences to a minimum.

Principle 6: Information and Professional Development

The Company firmly believes in the professional development of all the members in the Board. The CEO and Senior management of the subsidiary are invited to attend Board meetings from time to time when appropriate.

Principle 7: Evaluation of the Board's Performance

The Board and each of its committees perform an annual self-evaluation of their performance through a series of questionnaires, the results of which are analysed accordingly.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued

PART I - Compliance with the Code - continued

Principle 8: Committees

The Board delegates certain powers, authorities and discretions to the audit committee.

Audit Committee

The audit committee's primary role is to support the main Board in terms of quality control of the Company's financial reports, its internal controls and in managing the Board's relationships with the external auditors.

The audit committee comprises of the following independent, non-executive Directors:

Stephen Muscat	Chairman
Stanley Portelli	Member
Gaetano Vella	Member

In compliance with the Listing Rule 5.118A, Mr Stephen Muscat is the independent, non-executive Director who is competent in accounting and/or auditing matters in view of his considerable experience as a warranted Certified Public Accountant.

The audit committee met four times during the period.

Principles 9 and 10: Relations with Bondholders and with the Market and Institutional Shareholders

The Company is committed to having an open and communicative relationship with its bondholders. The Board believes that bondholders should have an opportunity to send communications to the Board. Any communication from a bondholder to the Board generally or a particular Director should be in writing, signed, contain the number of bonds held in the sender's name and should be delivered to the attention of the company secretary at the registered office of the Company.

The Company issues Company Announcements to keep the market informed of Group developments.

Principle 11: Conflicts of Interest

Directors should always act in the best interests of the Company and its shareholders and investors. The procedures internally followed by the Board reflect how sensitive such situations, if and when they arise, are considered by the Company. In accordance with the provisions of the Articles of Association of the Company, any actual, potential or perceived conflict of interest must be immediately declared by a Director to the other members of the Board, who then (also possibly through a referral to the audit committee) decide on whether such a conflict exists. In the event that the Board perceives such interest to be conflicting with the Director's duties, the conflicted Director is required to leave the meeting and both the discussion on the matter and the vote, if any, on the matter concerned are conducted in the absence of the conflicted Director.

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE - continued

PART I - Compliance with the Code - continued

Principle 12: Corporate Social Responsibility

The Company remains committed to being a responsible company and making a positive contribution to society and the environment. This helps the Group develop strong relationships with its stakeholders, and create long-term value for society and its business. The Group is committed to play a leading and effective role in Malta's sustainable development whilst tangibly proving itself to be a responsible and caring citizen of the community in which it operates. The Group continues to support a number of different local initiatives aimed at improving the quality of life of the local communities it supports.

PART II - Non-compliance with the Code

Principle 7: Evaluation of the Board's Performance

Even though the Board undertook a self-evaluation of its own performance, it did not appoint an ad hoc committee to carry out such evaluation. The Board believes that the outcome of such self-assessment exercise currently provides the deliverables needed.

Principle 8: Committees

The Memorandum and Articles of Association of the Company regulates the appointment of Directors.

The Board believes that the setting up of a *Nomination Committee* and a *Remuneration Committee* is currently not suited to the Company as envisaged by the spirit of the Code.

This statement of compliance with the principles of good corporate governance has been approved by the Board of Directors and signed on its behalf by:

Josef Dimech
Director

Stephen Muscat
Director

28 March 2019

RSM

RSM Malta

Mdina Road,
Zebbug ZBG 9015,
Malta

T +356 2278 7000
F +356 2149 3318

www.rsm.com.mt

INDEPENDENT AUDITORS' REPORT

To the Shareholders of JD Capital p.l.c.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JD Capital p.l.c. ("the Company") and the consolidated financial statements of the Company and its subsidiaries (together, "the Group"), set out on pages 15 - 37, which comprise the statements of financial position as at 31 December 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018, and of their financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RSM

INDEPENDENT AUDITORS' REPORT - continued

Report on the Audit of the Financial Statements - continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue from contracts with customers

Revenue is determined through the estimation of the stage of completion and the expected outcome of the project. Given this estimation process, it is possible that changes in future conditions could require a change in the recognised amount of revenue.

Our audit procedures included an analysis of contracts, bills of quantities prepared by third parties and/or project supervisors, project costs and/or any other relevant assessments as provided by management.

Other Information

The directors are responsible for the other information. The other information comprises the general information, the statement of compliance with the principles of good corporate governance and the directors' report. Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Under Article 179(3) of the Companies Act (Cap. 386), we are required to consider whether the information given in the directors' report is compliant with the disclosure requirements of Article 177 of the same Act.

Based on the work we have performed, in our opinion:

- the directors' report has been prepared in accordance with the Companies Act (Cap. 386);
- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- in light of our knowledge and understanding of the Company and the Group, and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

RSM

INDEPENDENT AUDITORS' REPORT - continued

Report on the Audit of the Financial Statements - continued

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and the requirements of the Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors have delegated the responsibility for overseeing the financial reporting process of the Group and the Company to the Audit Committee.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

RSM

INDEPENDENT AUDITORS' REPORT - continued

Report on the Audit of the Financial Statements - continued

Auditors' Responsibilities for the Audit of the Financial Statements - continued

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and/or the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

RSM

INDEPENDENT AUDITORS' REPORT - continued

Report on Other Legal and Regulatory Requirements

Report on the Statement of Compliance with the Principles of Good Corporate Governance

The Prospects MTF Rules issued by the Malta Stock Exchange requires the directors to prepare and include in their Report a Statement of Compliance providing explanation of the extent to which they have adopted the Code of Principles of Good Governance and the effective measures that they have taken to ensure compliance throughout the period with those principles.

The Prospects MTF Rules also require the auditors to report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance with the Principles of Good Corporate Governance has been properly prepared in accordance with the requirements of the Prospects Rules issued by the Malta Stock Exchange.

This copy of the audit report has been signed by

Conrad Borg *(Partner)*
for and on behalf of

RSM Malta
Certified Public Accountants

28 March 2019

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Group 09.08.2017 to 31.12.2018 €	Company 09.08.2017 to 31.12.2018 €
Revenue	3	11,520,232	-
Cost of sales		(8,703,342)	-
Gross profit		2,816,890	-
Selling and distribution expenses		(123,362)	-
Administrative expenses		(1,570,030)	(33,414)
Other income	4	57,815	-
Operating profit	5	1,181,313	(33,414)
Gain on revaluation of investment property	10	500,000	-
Finance income		-	190,459
Finance costs	7	(245,027)	(154,110)
Profit before tax		1,436,286	2,935
Tax	8	(504,177)	-
Profit for the period		932,109	2,935
Total comprehensive income for the period		932,109	2,935
Total comprehensive income attributable to:			
Owners of the Company			
Profit for the period		932,109	2,935
Basic earnings per share	17	10.74	0.03

STATEMENTS OF FINANCIAL POSITION

	Notes	Group 31.12.2018 €	Company 31.12.2018 €
ASSETS			
Non-current assets			
Property, plant and equipment	9	11,399,357	-
Investment property	10	4,500,000	-
Intangible assets	11	224,497	-
Investment in subsidiaries	12	-	7,502,400
Financial asset at amortised cost	13	-	4,650,000
		16,123,854	12,152,400
Current assets			
Other financial assets at amortised cost	13	78,540	137,840
Contract assets		4,236,104	-
Trade and other receivables	14	8,027,207	190,459
Cash and cash equivalents	20	120,847	119,647
		12,462,698	447,946
TOTAL ASSETS		28,586,552	12,600,346
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	245,100	245,100
Other equity	16	7,301,600	7,301,600
Retained earnings		932,109	2,935
TOTAL EQUITY		8,478,809	7,549,635
Non-current liabilities			
Borrowings	18	4,886,219	4,886,219
Current liabilities			
Borrowings	18	4,897,616	-
Contract liabilities		600,060	-
Current tax liabilities		504,177	-
Trade and other payables	19	9,219,671	164,492
		15,221,524	164,492
TOTAL LIABILITIES		20,107,743	5,050,711
TOTAL EQUITY AND LIABILITIES		28,586,552	12,600,346

The financial statements on pages 15 - 37 were approved and authorised for issue by the Board of Directors on 28 March 2019 and were signed on its behalf by:

Josef Dimech
Director

Stephen Muscat
Director

STATEMENTS OF CHANGES IN EQUITY

GROUP	Share capital €	Other equity €	Retained earnings €	Total €
Financial period ended 31 December 2018				
Share capital issue	46,700	-	-	46,700
Conversion of debt to equity (Note 21)	198,400	7,301,600	-	7,500,000
Total comprehensive income for the period:				
Profit for the financial period	-	-	932,109	932,109
Balance at 31 December 2018	**245,100**	**7,301,600**	**932,109**	**8,478,809**

COMPANY	Share capital €	Other equity €	Retained earnings €	Total €
Financial period ended 31 December 2018				
Share capital issue	46,700	-	-	46,700
Conversion of debt to equity (Note 21)	198,400	7,301,600	-	7,500,000
Total comprehensive income for the period:				
Profit for the financial period	-	-	2,935	2,935
Balance at 31 December 2018	**245,100**	**7,301,600**	**2,935**	**7,549,635**

STATEMENTS OF CASH FLOWS

	Notes	Group 09.08.2017 to 31.12.2018 €	Company 09.08.2017 to 31.12.2018 €
Cash flows from operating activities			
Profit before tax		1,436,286	2,935
Adjustments for:			
Finance costs	7	245,027	159,852
Depreciation	9	524,409	-
Gain on revaluation of investment property	10	(500,000)	-
Amortisation of bond issue costs		5,742	
Finance income		-	(190,459)
Cash from/(used in) operations before working capital changes		1,711,464	(27,672)
Increase in trade and other receivables and contract assets		(12,287,077)	-
Increase in trade and other payables and contract liabilities		9,665,621	10,382
Cash used in operations		(909,992)	(17,290)
Interest paid		(90,917)	-
Taxes paid		-	-
Net cash flows used in operating activities		(1,000,909)	(17,290)
Cash flows from investing activities			
Acquisition of intangible asset	11	(224,497)	-
Loan to a subsidiary		-	(4,650,000)
Movement in amounts due from a subsidiary		-	(59,400)
Movement in amounts due from a related company		(32,200)	(35,440)
Net cash flows used in investing activities		(256,697)	(4,744,840)
Cash flows from financing activities			
Net proceeds from bonds issue		4,880,477	4,880,477
Proceeds from share capital issue		1,300	1,300
Repayment of loan from a related company		(3,850,000)	-
Movement in amounts due to ultimate shareholder		108,288	-
Net cash flows from financing activities		1,140,065	4,881,777
Net cash movement during the period		(117,541)	119,647
Cash and cash equivalents at end of period	20	(117,541)	119,647

Non-cash transactions are disclosed in Note 21 to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND INCORPORATION

JD Capital p.l.c. ("the Company") is a public limited liability incorporated and domiciled in Malta. The Company's registered office is HHF 303 Industrial Estate, Hal Far, Birzebbugia BBG 3000, Malta.

The principal activity of the Company is to act as a holding company and to provide financing to its subsidiaries. The Company together with its subsidiaries ("the Group") is engaged in the business of providing aluminium, steel, wrought iron, large scale glass formats, and stainless-steel works, as well as the construction of steel structures.

JD Holdings Limited, a limited liability company incorporated and domiciled in Malta, is the ultimate parent of the Group and of the Company. Josef Dimech, a resident in Malta, is the ultimate beneficial owner of the Group and of the Company.

The Company was incorporated on 9 August 2017. These are the first set of financial statements of the Company and of the Group and cover the period from the Company's incorporation up to 31 December 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of measurement

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with the requirements of the Companies Act (Cap. 386) enacted in Malta. These financial statements have been prepared under the historical cost convention, except for the investment property which is carried at fair value.

Presentation and functional currencies

These financial statements are presented in Euro (€). The functional currency of the Company is the Euro (€).

New or revised Standards, Interpretations, or Amendments not yet effective

Several new and revised Standards, Interpretations, or Amendments, not early adopted by the Group, were in issue and endorsed by the EU, but not yet effective for the current financial period. The Directors are of the opinion that except for the Standard discussed below, the other Standards, Interpretations or Amendments will not have a material impact on these financial statements.

IFRS 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces IAS 17 *Leases* and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 January 2019 but the impact of its adoption is yet to be assessed by the Directors.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation

The consolidated financial statements incorporate the revenues and expenses, cash flows, assets and liabilities of the Company and of its subsidiaries. Subsidiaries are companies over which the Group has control, directly or indirectly. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

These consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries that were consolidated are listed in Note 12 to these financial statements.

Intra-group transactions, balances and unrealised gains on transactions between companies within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity of the Group.

When the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary and other related component of equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss. Any interest retained is measured at fair value when control is lost.

Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euro (€) at the rates of exchange ruling at the end of reporting period. All resulting differences are taken to profit or loss.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

Revenue from contracts with customers - continued

The consideration relates to the transaction price or a portion of the transaction price allocated to each performance obligations as defined in the contract with the customer.

The transaction price may include variable consideration and the time value of money. Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events.

Performance obligations are satisfied as follows:

Revenue is recognised using the percentage of completion basis determined by reference to work performed unless the outcome of the contract cannot be reliably estimated.

Finance income

Finance income comprises interest income recognised on financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Finance costs

Finance costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of that asset. All other finance costs are recognised in profit or loss in the period in which they are incurred.

Tax

The tax charge/(credit) in the profit or loss normally comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous years.

Deferred income tax is provided using the balance sheet liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised and/or sufficient taxable temporary differences are available. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Intangible asset

An intangible asset acquired as part of a business combination, other than goodwill, is initially measured at fair value at the date of the acquisition. An intangible asset acquired separately is initially recognised at cost. An indefinite life intangible asset is not amortised and is subsequently measured at cost less any impairment. A finite life intangible asset is subsequently measured at cost less amortisation and any impairment. On derecognition, gains or losses are recognised in profit or loss as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Intellectual property

Intellectual property has an indefinite useful life.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, an investment property is carried at fair value, and unlike operational properties, it is not depreciated. A change in the fair value of an investment property is recognised in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the period in which the property is derecognised.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

	%
Industrial building	1.5
Machinery	20
Office furniture	10
Motor vehicles	20
Electronic equipment	25
Electric hand tools	20

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment - continued

The estimated useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Investment in subsidiaries

Investment in subsidiaries in the statement of financial position of the Company are stated at cost less any accumulated impairment losses.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is calculated as the present value of the expected future cash flows, discounted at the original effective interest rate inherent in the assets. The recoverable amount of the assets is the greater of their net selling price and value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

In respect of the Group's assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

Financial assets at amortised cost

Financial assets at amortised cost (other than trade receivables) are initially measured at fair value plus transaction costs. These financial assets are subsequently measured at amortised cost using the effective interest method less any allowance for expected credit losses.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Trade receivables

Trade receivables are initially recognised at fair value, which in case for trade receivables which do not have significant financing components, as a practical expedient, is the transaction price. Subsequently, these are measured at transaction price, as a practical expedient, or at amortised cost using the effective interest method when effect of discounting is material, less any allowance for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents are carried at cost.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand, cash at banks and short-term investments in a financial institution.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and trade receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs as a practical expedient. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of tax effects.

Borrowings

Borrowings are initially recognised at fair value less transaction costs and are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Trade payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. These are initially recognised at fair value. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 90 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has satisfied its performance obligation in a contract with customer.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

NOTES TO THE FINANCIAL STATEMENTS - continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Judgment and estimates

The preparation of these financial statements in accordance with IFRS as adopted by the EU requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses in the financial statements. These judgements, estimates and assumptions, which are continually evaluated, are based on historical experience and on other various factors, including expectations of future events, that the Directors believed to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgement, estimates that are significant to these financial statements are discussed below.

Revenue from contracts with customers

Management determines revenue through the estimation of the stage of completion and expected outcome of the project. Given this estimation process, it is possible that changes in the future conditions could require a change in the recognised amount of revenue.

NOTES TO THE FINANCIAL STATEMENTS - continued

3. REVENUE

Group	09.08.2017 to 31.12.2018 €
Revenue from contracts with customers	11,520,232

4. OTHER INCOME

The Group's other income pertains to sales of scrap materials.

5. OPERATING PROFIT

Operating profit is stated after charging:

	Group 09.08.2017 to 31.12.2018 €	Company 09.08.2017 to 31.12.2018 €
Staff costs (see Note 6)	3,587,308	-
Directors' remuneration (see Note 6)	254,090	-
Directors' fees	30,200	7,500
Auditors' remuneration	20,210	9,440
Depreciation (see Note 9)	524,409	-

6. STAFF COSTS

	Group 09.08.2017 to 31.12.2018 €	Company 09.08.2017 to 31.12.2018 €
Directors' remuneration	251,618	-
Social security costs and maternity fund	2,472	-
	254,090	-
Salaries and wages	3,412,256	-
Social security costs and maternity fund	175,052	-
	3,587,308	-

The average number of persons employed by the Group during the period were 95 production personnel and 26 administrative personnel. The Company has no employees of its own.

NOTES TO THE FINANCIAL STATEMENTS - continued

7. FINANCE COSTS

	Group 09.08.2017 to 31.12.2018 €	Company 09.08.2017 to 31.12.2018 €
Interest on bonds payable	154,110	154,110
Interest on bank accounts	48,228	-
Interests on late payments	27,318	-
Interest on purchase of motor vehicles	15,371	-
	245,027	154,110

8. TAX

Tax expense for the period is comprised of the following:

	Group 09.08.2017 to 31.12.2018 €	Company 09.08.2017 to 31.12.2018 €
Current tax	504,177	-

The tax on the profits at statutory rate of 35% reconciles to the tax expense for the period as follows:

	Group 09.08.2017 to 31.12.2018 €	Company 09.08.2017 to 31.12.2018 €
Profit before tax	1,436,286	2,935
Tax at statutory rate of 35%	502,700	1,027
Adjustments for:	-	-
- non-taxable income	(175,000)	(66,661)
- non-deductible expenses	176,477	65,634
	504,177	-

NOTES TO THE FINANCIAL STATEMENTS - continued

9. PROPERTY, PLANT AND EQUIPMENT

Group	Industrial buildings	Machinery	Office furniture	Motor vehicles	Electronic equipment	Electric hand tools	Total
	€	€	€	€	€	€	€
Cost							
Additions	10,057,770	731,579	65,214	826,018	60,717	182,468	11,923,766
Accumulated depreciation							
Depreciation charge	154,710	146,316	6,521	165,189	15,179	36,494	524,409
Carrying amount at 31 December 2018	**9,903,060**	**585,263**	**58,693**	**660,829**	**45,538**	**145,974**	**11,399,357**

NOTES TO THE FINANCIAL STATEMENTS - continued

10. INVESTMENT PROPERTY

Group	**31.12.2018**
	€
Fair value	**4,500,000**

Movements in investment property during the period were as follows:

	31.12.2018
	€
Addition	**4,000,000**
Fair value adjustment	**500,000**
Ending balance	**4,500,000**

The Group's investment property is used as a security under a hypothec for a banking facility of a related company.

Refer to Note 24 to these financial statements for the fair value measurement.

11. INTANGIBLE ASSET

Group	**31.12.2018**
	€
Cost	
Addition	**224,497**

The Group's intangible asset pertains to the intellectual property right to use the business brand, logo, and tradename 'JSDimech'.

12. INVESTMENT IN SUBSIDIARIES

The following are the subsidiaries of the Group with the corresponding shareholding percentage of the Group and the amount of the investment carried in the Company's statement of financial position:

Subsidiary	**Country**	**Ownership %**	**Company 31.12.2018 €**
JD Birkirkara Limited	Malta	100	**4,001,200**
JD Operations Limited	Malta	100	**3,501,200**
			7,502,400

The following table summarizes the financial information of the Company's subsidiaries as at and for the period ended 31 December 2018.

Subsidiary	**Net assets €**	**Profit €**
JD Birkirkara Limited	4,497,890	496,690
JD Operations Limited	3,933,684	432,484

NOTES TO THE FINANCIAL STATEMENTS - continued

13. FINANCIAL ASSETS AT AMORTISED COST

	Group 31.12.2018 €	Company 31.12.2018 €
Non-current		
Loan to a subsidiary	-	4,650,000
Current		
Amounts owed by subsidiaries	-	59,400
Amounts owed by ultimate parent	45,500	45,400
Amounts owed by a related company	33,040	33,040
	78,540	137,840

The loan to a subsidiary is unsecured, earns interest at 6.5% per annum, and is repayable by not later than 30 September 2027. Interest income for the period from this loan amounted to €190,459.

The amounts due from subsidiaries, ultimate parent and related company are unsecured, interest-free, and repayable on demand.

Provision for expected credit losses on the above financial assets as at 31 December 2018 is deemed nil.

14. TRADE AND OTHER RECEIVABLES

	Group 31.12.2018 €	Company 31.12.2018 €
Trade receivables	6,615	-
Trade receivables - related company	7,921,991	-
Prepayments	98,601	-
Accrued interest income	-	190,459
	8,027,207	190,459

Provision for expected credit losses on trade receivables as at 31 December 2018 is deemed nil.

15. SHARE CAPITAL

	31.12.2018 €
Authorised share capital	
245,000 Ordinary shares of €1 each	245,000
100 Ordinary A shares of €1 each	100
	245,100
Issued share capital	
245,000 Ordinary shares of €1 each	245,000
100 Ordinary A shares of €1 each	100
	245,100

The holders of Ordinary shares have all the rights in the Company.

The holders of Ordinary A shares shall not be entitled to any rights in the Company, and shall therefore not be entitled to vote at any general meeting of the Company. However, they have the right to return of capital on their shares upon liquidation of the Company.

NOTES TO THE FINANCIAL STATEMENTS - continued

16. OTHER EQUITY

The amount represents the amounts owed to the parent company which is unsecured, interest-free and is repayable at the absolute discretion of the Company.

17. BASIC EARNINGS PER SHARE

	Group 09.08.2017 to 31.12.2018	Company 09.08.2017 to 31.12.2018
Profit for the period attributable to owners of the Company	€932,109	€2,935
Weighted average number of ordinary shares	86,796	86,796
Basic earnings per share	**€10.74**	**€0.03**

The Group or the Company has no potential ordinary shares that would cause the dilution of basic earnings per share.

18. BORROWINGS

	Group 31.12.2018 €	Company 31.12.2018 €
Non-current		
€5,000,000 bonds, 5%, unsecured	4,886,219	4,886,219
Current		
Temporary banking facility	238,388	-
Loan from a related company	4,550,000	-
Amounts due to the ultimate shareholder	108,288	-
Amounts due to related company	940	-
	4,897,616	-

The bonds will mature on 21 May 2028 with annual interest payments every 21st of May until maturity. The amount presented is net of unamortised bond issue costs of €113,781. Accrued interest payable on the bonds at 31 December 2018 are as disclosed in Note 7. The fair value of the bonds for every €100 bond as at 31 December 2018 was €101.

The Group was granted a temporary banking facility which was in fact cleared soon after period end.

The loan from and amounts due to a related company and the amounts due to the ultimate parent are unsecured, interest-free, and repayable on demand.

19. TRADE AND OTHER PAYABLES

	Group 31.12.2018 €	Company 31.12.2018 €
Trade payables	172,419	942
Accrued expenses	6,776,040	163,550
Indirect taxes and social security contribution	2,271,212	-
	9,219,671	164,492

NOTES TO THE FINANCIAL STATEMENTS - continued

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statements of financial position is comprised of cash at banks. Cash and cash equivalents in the statements of financial position reconciles to the cash and cash equivalents with cash and cash equivalents in the statements of cash flows as follows:

	Group 31.12.2018 €	Company 31.12.2018 €
Cash at bank	120,847	119,647
Temporary overdraft facility	(238,388)	-
	(117,541)	119,647

21. SIGNIFICANT NON-CASH TRANSACTIONS

The following are the non-cash transactions that transpired during the period:

Group

a) Acquisition of property, plant and equipment from a related company for a consideration payable amounting to €11,900,000 .

b) Acquisition of investment property from a related company for a consideration payable amounting to €4,000,000.

c) Assignment of loan payable to related company amounting to €7,500,000 to the ultimate parent company.

d) Conversion of the loan payable to the ultimate parent company to share capital and other equity.

Company

a) Assignment to the Company of the loans of subsidiaries payable to a related company amounting to €7,500,000.

b) Assignment of loan payable to related company amounting to €7,500,000 to the ultimate parent company .

c) Conversion of the loan payable to the ultimate parent company to share capital and other equity.

22. RELATED PARTY DISCLOSURES

The Company carries out transactions with related parties on a regular basis and in the ordinary course of the business.

The following summarises the transactions with related parties that transpired during the period:

Group

a) Acquisition of assets and business of a related company for a consideration payable of €11,900,000, of which, €3,500,000 were subsequently assigned to the ultimate parent company of the Group, and €3,850,000 were partially paid.

NOTES TO THE FINANCIAL STATEMENTS - continued

22. RELATED PARTY DISCLOSURES - continued

Group - continued

b) Acquisition of an investment property from a related company for a consideration payable of €4,000,000. The loan payable was subsequently assigned to the ultimate parent company of the Group.

c) Conversion of the loan payable to the ultimate parent company arising from (a) and (b) above to share capital of €198,400 and other equity of €7,301,600.

d) Revenue from contracts with a related company amounted to €11,430,816.

e) Advances to a related company amounting to €60,000 and payments of expenses by a related company on behalf of the Group totalling €600.

f) Remuneration to directors are as disclosed in Note 6 to the financial statements.

g) Purchases (accrued) from a related company amounting to €6,154,020 and recharges to related company amounting to €399,434.

h) Acquisition of property, plant, and equipment from a related company amounting to €139,095 and capitalised internal projects of €63,589.

Company

a) Assignment to the Company of the loans of subsidiaries payable to a related company totalling €7,500,000.

b) Further assignment of the loan payable of the Company in (a) above to the ultimate parent company.

c) Conversion of the loan payable to the ultimate parent company arising from (b) above to share capital of €198,400 and other equity of €7,301,600.

d) Loan financing to a subsidiary amounting to €4,650,000.

e) Advances to a related company amounting to €40,000 and payments of expenses by a related company on behalf of the Company totalling €6,960.

f) Advances to a subsidiary amounting to €60,000 and payments of expenses by a subsidiary on behalf of the Company amounting to €600.

The outstanding amounts arising from transactions with related parties and the related terms and conditions are disclosed in Notes 13, 14, and 18 to these financial statements.

23. FINANCIAL RISK MANAGEMENT

At period end, the Group's main financial assets on the statement of financial position is comprised of cash at banks, trade and other receivables (excluding prepayments and accrued income), and other financial assets at amortised cost. There were no off-balance sheet financial assets.

At period end, the Group's main financial liabilities on the statement of financial position is comprised of trade and other payables (excluding accruals), and borrowings. There were no off-balance sheet financial liabilities, except for lease commitments.

Exposure to credit, liquidity, and interest rate risks arise from the Group's activities.

NOTES TO THE FINANCIAL STATEMENTS - continued

23. FINANCIAL RISK MANAGEMENT - continued

Timing of cash flows

The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statements of financial position is intended to indicate the timing in which cash flows will arise.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern and comply with the requirements of the prospectus issued in relation to the bonds while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity attributable to equity holders comprising issued share capital, reserves, and borrowings as disclosed in notes 15 and 18 to the financial statements and in the statements of changes in equity.

Credit risk

Credit risk refers to the risk that a counterparty in the financial assets will default on its contractual obligations resulting in financial loss to the Group or the Company. Financial assets which potentially subject the Group to concentrations of credit risk consist principally of cash at banks, trade and other receivables (excluding prepayments and accrued income), and other financial assets at amortised cost as disclosed in the statement of financial position and in the related notes.

The credit risk relating to cash at bank is considered to be low in view of management's policy of placing it with reputable financial institutions.

Contract assets and trade and other receivables are mainly due from a related company. Credit risk in this repect is deemed by the directors tp be limited given that the Company has amounts payable and accrued expenses with the same related company. The Company applied the IFRS 9 simplified approach to measure the expected credit losses which uses a lifetime loss allowance for the amounts receivable from the related company.

Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations.

The directors monitor liquidity risk by reviewing the expected cash flows and matching of the cash inflows and cash outflows arising from expected maturities of financial instruments.

The following table analyses the undiscounted contractual cash flows arising from the Group's financial liabilities:

Group	**Within 12 months**	**Between 1-5 years**	**More than 5 years**
31 December 2018	**€**	**€**	**€**
Bonds payable (including interest)	250,000	1,000,000	6,250,000
Loan from and amounts due to a related company	4,550,940	-	-
Amounts due to the ultimate shareholder	108,288	-	-
Trade and other payables	2,443,631	-	-
Temporary banking facility	238,388	-	-
Minimum lease payments	121,140	488,505	10,002,301
	7,712,387	**1,488,505**	**16,252,301**

NOTES TO THE FINANCIAL STATEMENTS - continued

23. FINANCIAL RISK MANAGEMENT - continued

Liquidity risk - continued

Company	Within 12 months	Between 1-5 years	More than 5 years
31 December 2018	**€**	**€**	**€**
Bonds payable (including interest)	250,000	1,000,000	6,250,000
Trade and other payables	942	-	-
	250,942	1,000,000	6,250,000

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from the bank overdraft which is subject to varying interest rates according to revisions to the bank's base rate. Interest rate on the bonds payable is fixed while the other financial liabilities are interest-free, thus, interest rate risk does not apply to these financial instruments.

Changes in liabilities arising from financing activities

	Amounts due to related company	Amounts due to ultimate shareholder	Bonds
	€	**€**	**€**
Beginning balance	-	-	-
Cash flows from financing activities	(3,850,000)	108,288	4,880,477
Net non-cash changes	8,400,940	-	5,742
Balance at 31 December 2018	4,550,940	108,288	4,886,219

24. FAIR VALUE MEASUREMENT

The Group measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Valuation techniques based on observable input, either directly (i.e. as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data; and

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

NOTES TO THE FINANCIAL STATEMENTS - continued

24. FAIR VALUE MEASUREMENT - continued

Financial instruments

The carrying amounts of cash at banks, trade and other receivables (excluding prepayments), other financial assets at amortised costs, trade and other payables (excluding accruals), and other financial liabilities at amortised cost approximate their fair values as at period end in view of the nature of these financial instruments or the relatively short period of time from the period end date to their realisation.

Investment property

The fair value of the investment property, appraised by an independent valuer, was determined based on level 3 inputs. These level 3 inputs include sale prices of recently completed sales of properties with similar features and characteristics with the Group's investment property. These are then adjusted for variations such as location, physical condition, use, conditions of sale, and market conditions.

25. OPERATING LEASE

Group	31.12.2018 €
Lease payments under operating leases	116,790

Operating lease commitments as at 31 December 2018 but not recognised as liabilities are as follows:

Group	31.12.2018 €
Within one year	121,140
One to five years	488,505
More than five years	10,002,301
	10,611,946

Operating lease payments represent rental for the Company's industrial buildings. Lease is fixed for a term of 65 years.

26. STATUTORY INFORMATION

JD Capital p.l.c. is a public limited liability company and is incorporated in Malta.

The parent company of JD Capital p.l.c. is JD Holdings Limited, a company registered in Malta, with its registered address at HHF 303 Industrial Estate, Hal Far, Birzebbugia, BBG 3000, Malta and owns 100% of the voting capital of the Company.

The ultimate controlling party of the Group is Mr. Josef Dimech, a resident of Malta, who owns 100% of the voting capital of JD Holdings Limited.