

BORTEX GROUP FINANCE p.l.c.

Condensed Interim Financial Statements  
30 April 2019

	<b>Pages</b>
Interim directors' report	1 - 2
Condensed statement of financial position	3
Condensed statement of comprehensive income	4
Condensed statement of changes in equity	5
Condensed statement of cash flows	6
Notes to the condensed interim financial statements	7 - 9

## **Interim directors' report**

The directors present their report and the condensed interim financial statements in terms of Chapter 5 of the Listing Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The condensed financial statements have been extracted from Bortex Finance p.l.c.'s unaudited financial information as at 30 April 2019 and the six month period then ended, prepared in accordance with International Financial Reporting Standards as adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). This half-yearly report has not been audited or reviewed by the company's independent auditors.

## **Trading performance**

### *The Company*

The company was incorporated on 30 August 2017 in terms of the Maltese Companies Act (Cap. 386). The company's principal activity is to carry on the business of a finance and investment company in connection with ownership, development, operation and financing of the business activities of the companies forming part of the Bortex Group of Companies.

On 1 December 2018, the company paid out €478,125, being the annual interest due to its bond holders. Interest income principally receivable from related parties for the current period ended 30 April 2019 amounted to €281,169 (2018: €234,312). Profit before taxation for the current six month period was €7,677 (2018: loss of €1,609). The directors are not anticipating any significant changes during the forthcoming six months.

### *The Group*

Bortex Group Holdings Company Limited is a private limited liability company incorporated and registered in Malta with company registration number C4863. The Group's operations are divided into two principal sectors, the garment manufacturing and retailing and the property development and hotel operations. Although the core business of the Group knows its origins in the garment manufacturing sector, and the eventual retailing of these garments, it has also established itself in the hospitality sector. During the current six month period ended 30 April 2019, the Group has partially opened the newly refurbished 'Hotel 1926' in Sliema, having 70 rooms in operation as at 30 April 2019. The remaining 102 rooms will be opened as their respective floors are completed. The hotel is planned to reach full capacity by July 2019. In the meantime the Group is working on improving its retail margins whilst expanding its 'Gagliardi' brand in overseas territories via owned as well as franchised retail outlets. Moreover the Group has embarked on a process re-engineering exercise within the manufacturing division. As a result, the directors are confident that the Group's results for the financial year ending 31 October 2019 will surpass the previous financial year's results both in terms of turnover being generated and especially in the resulting profitability of the Group.

## **Dividends**

The directors do not recommend the payment of an interim dividend.

**Director's statement pursuant to Listing Rule 5.75.3**

We hereby confirm that to the best of our knowledge:

1. the condensed half-yearly report gives a true and fair view of the financial position of the company as at 30 April 2019 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34).
2. the interim directors' report includes a fair review of the information required in terms of Listing Rule 5.81.



Peter Borg  
Chairman



Karen Bugeja  
Director

Registered office:  
32,  
Hughes Hallet,  
Sliema  
SLM 3142,  
Malta

25 June 2019

## Condensed statement of financial position

	Notes	<b>As at 30 April 2019</b> € <b>(unaudited)</b>	As at 31 October 2018 € (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loans receivable	4	<b>12,646,627</b>	12,496,627
<b>Current assets</b>			
		<b>364,042</b>	733,276
<b>Total assets</b>		<b>13,010,669</b>	13,229,903
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
		<b>277,498</b>	269,821
<b>Non-current liabilities</b>			
Borrowings	2	<b>12,528,703</b>	12,517,730
<b>Current liabilities</b>			
		<b>204,468</b>	442,352
<b>Total liabilities</b>		<b>12,733,171</b>	12,960,082
<b>Total equity and liabilities</b>		<b>13,010,669</b>	13,229,903

The notes on pages 7 to 9 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 3 to 9 were authorised for issue by the board of directors on 25 June 2019 and were signed on its behalf by:

  
Peter Borg  
Director

  
Karen Bugeja  
Director

## Condensed statement of comprehensive income

	Note	6 months ended 30 April		Period from 30 August 2017 to 30 April 2018
		2019 € (unaudited)	2018 € (unaudited)	€ (unaudited)
Finance income		<b>281,169</b>	234,312	234,312
Finance costs		<b>(248,487)</b>	(209,770)	(209,770)
<b>Net interest income</b>		<b>32,682</b>	24,542	24,542
Administrative expenses		<b>(25,005)</b>	(26,151)	(26,151)
<b>Profit/(loss) for the period – total comprehensive income</b>		<b>7,677</b>	(1,609)	(1,609)
Earnings per share (cents)	3	<b>0.03c</b>	(0.01c)	(0.01c)

The notes on pages 7 to 9 are an integral part of these condensed financial statements.

### Condensed statement of changes in equity

	Share capital €	Retained earnings €	Total €
Balance at 1 November 2017	250,000	-	250,000
Loss for the period - total comprehensive income	-	(1,609)	(1,609)
Balance at 30 April 2018	250,000	(1,609)	248,391
Balance at 1 November 2018	250,000	19,821	269,821
Profit for the period - total comprehensive income	-	7,677	7,677
<b>Balance at 30 April 2019</b>	<b>250,000</b>	<b>27,498</b>	<b>277,498</b>

The notes on pages 7 to 9 are an integral part of these condensed interim financial statements.

## Condensed statement of cash flows

	6 months ended 30 April	
	2019 € (unaudited)	2018 € (unaudited)
<b>Cash flows from operating activities</b>	<b>61,940</b>	196,257
<b>Cash flows from investing activities</b>	<b>(150,000)</b>	(12,496,627)
<b>Cash flows from financing activities</b>	-	12,496,627
Net movement in cash and cash equivalents	<b>(88,060)</b>	196,257
Cash and cash equivalents at beginning of period	<b>217,790</b>	250,000
<b>Cash and cash equivalents at end of period</b>	<b>129,730</b>	446,257

The notes on pages 7 to 9 are an integral part of these condensed interim financial statements.



## Notes to the condensed interim financial statements

### 1. Basis of preparation

This condensed interim financial information for the six month period ended 30 April 2019 has been prepared in accordance with IAS 34, '*Interim financial reporting*'. They have been prepared under the historical cost convention. These financial statements have not been audited nor reviewed by the company's independent auditors. The condensed interim financial information does not include all the notes of the type normally included in the annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the period ended 31 October 2018, which have been prepared in accordance with IFRSs as adopted by the EU.

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied in the annual financial statements for the period ended 31 October 2018, with the exception of the adoption of IFRS 9, 'Financial instruments' as set out below in Note 1.1.

#### 1.1 New and amended standards adopted by the company and changes in accounting policies

During the current financial period, the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 November 2018. Apart from the adoption of IFRS 9 '*Financial Instruments*', the other standards did not have any impact on the company's accounting policies.

As from 1 November 2018, the company's directors reviewed the company's financial assets in particular the loans advanced to fellow subsidiaries (see Note 4). In view of the respective entities' history and results to date, as well as forward looking estimates, the directors applied judgement in determining the appropriate expected credit loss provisions as a result of adopting the expected future loss framework under IFRS 9, rather than the incurred loss impairment framework under IAS 39.

Following the assessment of the directors, all of the company's financial assets are considered to have low credit risk and a low risk of default. In this respect, the loss allowance was deemed immaterial to be recognised in the opening balance sheet on 1 November 2018 and during the current interim period.

**2. Borrowings**

	<b>30 April 2019</b>	31 October 2018
	€	€
<b>Non-current</b>		
127,500 3.75% Bonds 2027	<b>12,528,703</b>	12,517,730

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 method as follows:

	<b>30 April 2019</b>	31 October 2018
	€	€
Original face value of bonds issued	<b>12,750,000</b>	<b>12,750,000</b>
Bond issue costs	<b>253,373</b>	253,373
Accumulated amortisation	<b>(32,076)</b>	(21,103)
Closing net book amount of bond issue costs	<b>221,297</b>	232,270
<b>Amortised cost and closing carrying amount of the bonds</b>	<b>12,528,703</b>	12,517,730

By virtue of an offering memorandum dated 30 October 2017, the company issued €12,750,000 bonds with a face value of €100 each. The bonds have a coupon interest of 3.75% which is payable annually in arrears on 1 December of each year. The bonds are redeemable at par and are due for redemption on 1 December 2027, unless they are previously re-purchased and cancelled. The bonds are guaranteed by Bortex Group Holdings Company Limited, which has bound itself jointly and severally liable with the issuer, for the repayment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds were admitted on the Official List of the Malta Stock Exchange on 4 December 2017. The quoted market price for the bonds as at 31 April 2019 was €103.75 (31 October 2018: €103) which in the opinion of the directors fairly represents the fair value of these financial liabilities. At 30 April 2019 and 31 October 2018, bonds having a face value of €297,000 were held by company directors.

In accordance with the provisions of the prospectus, the proceeds from the bond issue have been advanced by the company to related parties (refer to Note 4).

### 3. Earnings per share

Earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares in issue during the period. The diluted earnings per share is equal to the basic earnings per share.

	<b>6 months ended 30 April</b>		Period from 30 August 2017 to 30 April 2018
	<b>2019</b>	2018	
Net profit/(loss) attributable to owners of the company	<b>€7,677</b>	(€1,609)	(€1,609)
Weighted average number of ordinary shares in issue	<b>250,000</b>	250,000	250,000
Earnings per share (€ cents)	<b>0.03c</b>	(0.01c)	(0.01c)

### 4. Related party transactions

The company forms part of the Bortex Group of Companies. All companies forming part of the Bortex Group, which are all ultimately owned by Bortex Group Holdings Company Limited, are considered to be related parties in view of common ultimate shareholding.

Balances with related parties at the end of the financial reporting periods were as follows:

	<b>30 April 2019</b>	31 October 2018
	€	€
<b>Non-current</b>		
Loans receivable from fellow subsidiaries	<b>12,646,627</b>	12,496,627
<b>Current</b>		
Interest income receivable from fellow subsidiaries	<b>234,312</b>	515,486

The proceeds from the bond issue (see Note 2) have been advanced by the company to Roosendaal Hotels Limited, Roosendaal Trading Limited and Bortex Clothing Industry Company Limited (fellow subsidiaries forming part of the Bortex Group). These loans are subject to interest at a fixed interest rate of 4.5%, are unsecured and repayable by not later than 1 December 2027.

Interest income during the current and the comparative six month period is disclosed below:

	<b>6 months ended 30 April</b>	
	<b>2019</b>	2018
	€	€
Finance income from loans to fellow subsidiaries	<b>281,169</b>	234,312