BORTEX GROUP HOLDINGS COMPANY LIMITED
(formerly BORCHILD LIMITED)

Condensed Consolidated Interim Financial Statements
for the period 1 November 2017 to 30 April 2018

Company Registration Number: C 4863

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Director’s report

This Half Yearly report is published in terms of the Malta Financial Services Authority Listing Rules Chapter 5 and the Prevention of Financial Markets Abuse Act 2005. The Half-Yearly Report comprises the condensed consolidated interim financial statements for the six months ended 30 April 2018 prepared in accordance with International Financial Reporting Standards adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting').The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 October 2017.

Principal activities

The Group’s principal activities are mainly the manufacture, sale and retailing of quality menswear and ladies wear locally and within the European Union, from the operations of a hotel locally and the development of property with a view to sell or lease out once completed.

Financial performance of the Group

During the six months period, the Group kept expanding its operations in most business sectors. The directors expect that the present level of activity will be sustained for the foreseeable future.

The results of the Group reflect the performance of the company, together with those of its subsidiaries for the six months ended 30 April 2018.

The Group reported a turnover of €8,485,006 (2017: €9,808,348) adjusted downwards after intra-Group company transactions were reversed. The decrease in revenue was mainly due to loss of revenue from the closure of the former Hotel Plevna and Plevna Beach Club, which are being largely rebuilt and rebranded. It is pertinent to point out that although total turnover was lower, the gross contribution rate was higher, resulting in a gross contribution of €3,329,150 (2017: €3,244,336), before operating costs.

Earnings before depreciation, interest and taxation excluding profit or loss from disposal of fixed assets amounted to €345,587, up from the previous year by €406,000. After deducting losses incurred on disposal of fixed assets, EBITDA for the six months ended 30 April 2018 amounted to €269,747.

After taking into consideration depreciation, investment income and finance costs, the Group reported a loss before tax of €310,951 (2017: a loss of €664,097).

Directors' report – continued

Manufacture, sale and retailing of clothing

During the six-months period, the manufacturing and retail sector contributed an operating profit before depreciation and finance costs of €786,464 (2017: €126,000), including a profit from disposal of investment of €197,563. The six months period was a good one for the Group's local and international retail operations, with sales increasing by 11% over those of last year. As for the Group's manufacturing operations, production activity was stable leading to constant output and efficiency.

Hospitality

During the six-months period, the new Hotel 1926 was being rebuilt and refurbished and will continue until 1 November 2018 when it will open as a luxury wellness and spa hotel. Thus, no revenues were generated from the hotel during this period and until the end of the year. The hotel will resume operations under the name of Hotel 1926 on 1 November 2018.

The Group's boutique hotel project in Valletta, known as Palazzo Jean Parisot, which involved the renovation of a palazzo in St Paul's Street, was in its final stages of completion for the six months ended 30 April 2018.

Real Estate

The project comprising the re-development of a plot of land owned by the Group in Sliema, into a block of luxury apartments, named 'TEN', consisting of 18 apartments and 2 penthouses over 7 floors together with 69 underground car parking spaces, was fully excavated and construction works were in initial stages for the six months ended 30 April 2018.

Works are progressing to plan, and although the project had only just been launched on the market, the company has already managed to secure the promise of sale of four apartments and nine car spaces by way of Preliminary Agreement for a total of €1,829,250.

Results and dividends

The condensed consolidated interim financial results are set out page 6 .The directors have proposed and paid a final dividend of €784,000 (2017: None).

Directors' report - continued

The directors of the company who held office during the period were:

Peter Borg (Chairman)
Karen Bugeja
Sam Borg
Alexandra Borg
Christine Demicoli
David Debono

The company's Articles of Association do not require any directors to retire.

Approved by the Board of Directors on 28 June 2018 and signed on its behalf by:

Peter Borg
Director

Karen Bugeja
Director

Registered office
32 Hughes Hallet Street
Sliema
Malta

Condensed consolidated interim statement of financial position

	Notes	**As at 30 April 2018 € (unaudited)**	As at 31 October 2017 €
ASSETS			
Non-current assets			
Property, plant and equipment	6	**19,685,632**	16,978,035
Investment property		**24,404**	685,274
Investment in associates		**559**	559
Available-for-sale investments	11	**278,922**	245,799
Loans and advances		**2,145,739**	2,146,749
Trade and other receivables		**439,802**	926,787
Total non-current assets		**22,575,058**	20,983,203
Current assets			
Inventories		**17,260,248**	15,281,523
Trade and other receivables		**3,869,886**	4,177,044
Current tax assets		**31,925**	19,702
Term placements		**7,777**	7,727
Cash and cash equivalents		**2,022,347**	1,519,046
Total current assets		**23,192,183**	21,005,042
Total assets		**45,767,241**	41,988,245

Condensed consolidated interim statement of financial position - continued

	Notes	As at 30 April 2018 € (unaudited)	As at 31 October 2017 €
EQUITY AND LIABILITIES			
Share capital		**46,587**	46,587
Revaluation reserves		**6,864,305**	6,871,958
Other reserves		**506,652**	506,652
Retained earnings		**20,432,113**	21,688,039
Total equity		**27,849,657**	29,113,236
Non-current liabilities			
Deferred taxation		**1,164,711**	1,157,058
Borrowings	7	**14,478,429**	2,455,777
Total non-current liabilities		**15,643,140**	3,612,835
Current liabilities			
Trade and other payables		**2,234,588**	3,148,593
Current tax liabilities		**2,164**	9,712
Borrowings	7	**37,692**	6,103,869
Total current liabilities		**2,274,444**	9,262,174
Total liabilities		**17,917,584**	12,875,009
Total equity and liabilities		**45,767,241**	41,988,245

The condensed consolidated interim financial statements on pages 2 to 9 were authorised for issue by the board on 28 June 2018 and were signed on its behalf by:

Peter Borg
Director

Karen Bugeja
Director

Condensed consolidated interim income statement

	Notes	Six-months ended 30 April 2018 € (unaudited)	Six-months ended 30 April 2017 € (unaudited)
Revenue		**8,485,006**	9,808,348
Cost of Sales		**(5,155,856)**	(6,564,012)
Gross profit		**3,329,150**	3,244,336
Administrative expenses		**(1,403,127)**	(1,794,764)
Selling expenses		**(2,188,869)**	(2,013,960)
Other operating expenses		**(31,212)**	(30,049)
Operating loss		**(294,058)**	(594,437)
Net finance costs		**(16,893)**	(69,660)
Loss before tax		**(310,951)**	(664,097)
Tax income/(expense)		**-**	1,497,434
(Loss)/profit for the period		**(310,951)**	833,337
Earnings per share	8	**(15.55)**	41.66

Condensed consolidated interim statement of comprehensive income

	Six-months ended 30 April 2018 € (unaudited)	Six-months ended 30 April 2017 € (unaudited)
(Loss)/profit for the period	**(310,951)**	833,337
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
(Loss)/gains from changes in fair value of available-for-sale financial assets	**-**	(3,447)
Currency translation differences	**(160,975)**	(56,473)
Other movements	**(7,653)**	-
Total comprehensive income for the period	**(479,579)**	773,417

Condensed consolidated interim statement of changes in equity

	Share capital €	Revaluation reserves €	Other reserves €	Retained earnings €	Total €
Balance at 1 November 2016	46,587	6,876,765	506,652	20,626,307	28,056,311
Comprehensive income					
Profit for the period	-	-	-	833,337	833,337
Other comprehensive income:					
Losses from changes in fair value of available-for-sale financial assets	-	(3,447)	-	-	(3,447)
Currency translation differences	-	-	-	(56,473)	(56,473)
Total comprehensive income	-	(3,447)	-	776,864	773,417
Balance at 30 April 2017	**46,587**	**6,873,318**	**506,652**	**21,403,171**	**28,829,728**
Balance at 1 November 2017	46,587	6,871,958	506,652	21,688,039	29,113,236
Comprehensive income					
Loss for the period	-	-	-	(310,951)	(310,951)
Other comprehensive income:					
Currency translation differences	-	-	-	(160,975)	(160,975)
Other movements	-	(7,653)	-	-	(7,653)
Total comprehensive income	-	(7,653)	-	(471,926)	(479,579)
Transaction with owners					
Dividends declared	-	-	-	(784,000)	(784,000)
Balance at 30 April 2018	**46,587**	**6,864,305**	**506,652**	**20,432,113**	**27,849,657**

Condensed consolidated interim statement of cash flows

	Six-months ended 30 April	
	2018	2017
	€	€
	(unaudited)	(unaudited)
Net cash generated from operating activities	**(1,920,635)**	474,621
Net cash used in investing activities	**(2,338,276)**	(560,502)
Net cash generated from financing activities	**4,923,187**	253,331
Net movement in cash and cash equivalents	**664,276**	167,450
Cash and cash equivalents at beginning of period	**1,519,046**	(4,023,722)
Effects of currency translation	**(160,975)**	(56,473)
Cash and cash equivalents at end of period	**2,022,347**	(3,912,745)

Notes to the condensed consolidated interim financial statements

1. General information

Bortex Group Holdings Company Limited (formerly Borchild Limited) is a limited liability company with its principal activity, being that of holding investments.

The Group's principal activities are mainly the manufacture and sale of quality menswear and ladies wear locally and within the European Union and from the operations of a hotel locally.

The consolidated financial statements of the Group as at and for the year ended 31 October 2017 are available upon request from the Company's registered office at 32 Hughes Hallet Street, Sliema, Malta. They are also available for viewing on its website at www.bortexgroupholdings.com.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on 28 June 2018.

2. Basis of preparation

The condensed consolidated interim financial statements include the financial statements of Bortex Group Holdings Company Limited and its subsidiaries. The condensed consolidated interim financial statements for the six months ended 30 April 2018 have been prepared in accordance with IAS 34, 'Interim Financial Reporting'.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 October 2017, which have been prepared in accordance with IFRSs as adopted by the EU.

Assessment of going concern assumption

The directors have a reasonable expectation, at the time of approving the condensed consolidated interim financial statements, that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in the preparation of the condensed consolidated interim financial statements.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements of Bortex Group Holdings Company Limited (formerly Borchild Limited) for the year ended 31 October 2017, as described in those financial statements. Adoption of new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 November 2017 did not result in changes to the Company's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements that are mandatory for the Group's accounting periods beginning after 1 November 2017. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Group's directors are of the opinion that, with the exception of the below pronouncements, there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

2. Basis of preparation - continued

Standards, interpretations and amendments to published standards that are not yet effective-continued

IFRS 9, 'Financial instruments', addresses the classification and measurement of financial assets, and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the reporting entity's business model for managing the financial assets and the contractual characteristics of the financial assets. IFRS 9, 'Financial instruments', also addresses the classification and measurement of financial liabilities, and retains the majority of the requirements in IAS 39 in relation to financial liabilities. The Group is considering the implications of the standard and its impact on the company's financial results and position, together with the timing of its adoption and will also consider the full impact of IFRS 9 on the Group.

Under IFRS 16, 'Leases', a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts; an optional exemption is available for certain short-term leases and leases of low-value assets. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to endorsement by the EU, and subject to the Group also adopting IFRS 15. The Group is assessing the impact of IFRS 16.

3. Segment information

The Group has two activities:

a) which comprises primarily the manufacture and sale of quality menswear and ladies wear first locally and within the European Union; and
b) the operations of a hotel locally.

These two activities are considered to be one operating segment and therefore no segment reporting was deemed necessary.

4. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 October 2017.

5. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree, which would warrant their description as critical in term of the requirements of IAS 1.

6. Property, plant and equipment

	Land and buildings €	Plant and equipment €	Furniture, fixtures, fittings and soft furnishings €	Motor vehicles €	Total €
Balance at 1 November 2016					
Opening net book amount	12,327,337	1,440,312	2,081,455	82,122	15,931,226
Additions	158,476	73,929	424,785	18,407	675,597
Currency translation differences	(2,332)	(70,018)	(25,967)	(694)	(99,011)
Depreciation charge	(64,718)	(124,850)	(180,811)	(13,392)	(383,771)
Closing net book amount	**12,418,763**	**1,319,373**	**2,299,462**	**86,443**	**16,124,041**
At 30 April 2017					
Cost	12,904,017	5,932,768	6,528,330	349,391	25,714,506
Accumulated depreciation	(485,254)	(4,613,395)	(4,228,868)	(262,948)	(9,590,465)
Net book amount	**12,418,763**	**1,319,373**	**2,299,462**	**86,443**	**16,124,041**

6. Property, plant and equipment - continued

	Land and buildings €	Plant and equipment €	Furniture, fixtures, fittings and soft furnishings €	Motor vehicles €	Advance payments €	Total €
Balance at 1 November 2017						
Opening net book amount	12,288,805	1,113,083	2,488,091	81,938	1,006,118	16,978,035
Additions	10,149	76,903	365,045	-	2,907,908	3,360,005
Currency translation differences	(235)	(8,431)	(4,195)	(67)	-	(12,928)
Disposals	-	(801,311)	(811,828)	-	-	(1,613,139)
Depreciation charge	(21,816)	(104,018)	(194,092)	(7,713)	-	(327,639)
Depreciation released on disposal	-	591,968	709,330	-	-	1,301,298
Closing net book amount	**12,276,903**	**868,194**	**2,552,351**	**74,158**	**3,914,026**	**19,685,632**
At 30 April 2018						
Cost	12,851,483	5,103,469	6,479,189	356,162	3,914,026	28,704,329
Accumulated depreciation	(574,580)	(4,235,275)	(3,926,838)	(282,004)	-	(9,018,697)
Net book amount	**12,276,903**	**868,194**	**2,552,351**	**74,158**	**3,914,026**	**19,685,632**

7. Borrowings

	As at 30 April 2018 € (unaudited)	As at 31 October 2017 €
Current		
Bank overdrafts	**-**	5,012,904
Bank loan	**37,692**	1,090,965
	37,692	6,103,869
Non-current		
Bank loans	**14,229,141**	2,201,159
Loans from ultimate shareholders	**249,288**	254,618
	14,478,429	2,455,777
Total borrowings	**14,516,121**	8,559,646

8. Earnings per share

Earnings per share is calculated by dividing the results attributable to equity holders of the Company by the weighted average number of ordinary shares of Bortex Group Holdings Company Limited in issue. During both six month periods ended 30 April 2018 and 30 April 2017, the weighted average number of shares in issue amounted to 20,000.

9. Related party transactions

As at 30 April 2018, the Group was ultimately owned by Peter Borg and Karen Bugeja. All companies which are ultimately controlled by these individuals but which do not form part the Group of companies of which Bortex Group Holdings Company Limited is the parent, are considered by the directors to be related parties.

The Group's balances carried out with related parties were as follows:

	As at 30 April 2018 € (unaudited)	As at 31 October 2017 €
Non-current		
Loans to related parties	**1,973,539**	1,974,549
Loans to associate	**172,200**	172,200
Loans from shareholders	**249,288**	254,618
Current		
Amounts owed by related parties	**701,950**	636,116
Amounts owed by shareholders	**532,000**	258,577
Amounts owed to related parties	**900,046**	136,052
Amounts owed to shareholders	**-**	258,112

9. Related party transactions - continued

The principal transactions carried out with related parties during the period were as follows:

	Six-months ended 30 April	
	2018	2017
	€	€
	(unaudited)	(unaudited)
Interest income	**25,836**	25,836

10. Commitments

Operating lease commitments – where a subsidiary undertaking is the lessee

The future minimum lease payments under non-cancellable property operating leases for retail outlets, with a weighted average residual period of 19 years, expire within a period ranging from 1 to 21 years from the end of the reporting period. The future minimum lease payment obligations under non-cancellable property operating leases are as follows:

	As at 30 April 2018	As at 31 October 2017
	€	€
	(unaudited)	
Less than one year	**536,675**	961,125
Between one and five years	**480,379**	716,863
More than five years	**1,155,143**	1,752,870
	2,172,197	3,430,858

Capital commitments

Commitments for capital expenditure in relation to property development not provided for in these financial statements:

	As at 30 April 2018	AS at 31 October 2017
	€	€
	(unaudited)	
Authorised but not contracted for	**4,058,339**	5,941,000
Authorised and contracted for	**5,566,862**	5,710,000
	9,625,201	11,651,000

11. Contingencies

At 30 April 2018, subsidiaries had contingent liabilities amounting to €118,334 (31 October 2017: €118,334) in respect of guarantees issued by banks on behalf of the company in favour of third parties in the ordinary course of business.

12. Fair value 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).

The following table presents the Group's financial assets that are measured at fair value at 30 April 2018 and 31 October 2017:

	Level 1	
	As at 30 April 2018 € (unaudited)	As at 31 October 2017 €
Assets		
Available-for-sale financial assets	**278,922**	245,799

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 for the company comprise primarily listed bonds and equities classified as available-for-sale.

As 30 April 2018 and 31 October 2017 the carrying amounts of cash at bank, receivables, payables, accrued expenses and short-term borrowings 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 realisation. The fair value of non-current financial instruments for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amount of the Group's non-current advances to related parties fairly approximates the estimated fair value of these assets based on discounted cash flows. The fair value of the Group's non-current floating interest rate borrowings as at the end of the reporting period is not significantly different from the carrying amounts.

13. Events occurring after the reporting period

There were no material events which occurred subsequent to the balance sheet date.

Statement pursuant to listing rule 5.75.3

We hereby confirm that to the best of our knowledge:

- The condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 30 April 2018, as well as of the financial performance and cash flows for the said period, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34: 'Interim Financial Reporting'); and

- The Interim Directors' Report includes a fair review of the information required in terms of Listing Rule 5.81.

On behalf of the board

Peter Borg
Director

Karen Bugeja
Director

28 June 2018