



1923
INVESTMENTS

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Interim Financial Report (Unaudited)

For the period 1 January 2018 to 30 June 2018

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Interim Directors' Report Pursuant to Listing Rules 5.75.2 Period ended 30 June 2018

The directors present their interim report, together with the unaudited interim condensed financial statements (the “condensed interim financial statements”) of the company and its subsidiaries (the “group”) for the period from 1 January 2018 to 30 June 2018.

Principal activities

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

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

Business review

The group

During the period under review, the group registered an operating profit of Eur190,195 (June 2017 *Eur452,184 profit*) on revenues of Eur52,101,147 (June 2017 *Eur42,931,547*).

After accounting for the investment income and finance costs, the group registered a loss before tax of Eur947,702 (June 2017 *Eur709,757 loss*).

This is mainly attributable to a slower start in the Logistics operations in Malta and Poland during the first half of 2018. A slowdown in the sale and distribution of Apple products in Poland and Romania is a result of lower volumes sold to B2B clients when compared to last year. Sales to retail customers has increased over 2017. The management of the group is taking steps to improve the results in the second half of the year. Given the seasonability of Apple products business as well as the technology business, it is envisaged that a turnaround will happen in the coming months.

The group's net assets for the period under review amounted to Eur29,638,039 compared to *Eur33,710,824* as at 31 December 2017.

The company

During the period under review, the company registered an operating profit of Eur79,733 (June 2017 *-Eur140,897*). After accounting for investment income and finance costs, the company registered a pre-tax loss of Eur853,074 (June 2016 *-Eur830,245 loss*).

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

The net assets of the company as at 30 June 2018 amounted to Eur35,600,850 compared to *Eur36,474,533* as at 31 December 2017.

The published figures have been extracted from the unaudited management financial statements for the half-year ended 30 June 2018 and its comparative period in 2017.

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Interim Directors' Report Pursuant to Listing Rules 5.75.2 (Continued)
Period ended 30 June 2018

The company

This report is being published in terms of the Listing Rule 5.75 issued by the Listing Authority, and has been prepared in accordance with the applicable listing Rules and International Accounting Standard 34 - Interim Financial Reporting. The financial statements published in this half-yearly report have been condensed in accordance with the requirements of IAS 34. In terms of the Listing Rule 5.75.5, the Directors are stating that these condensed interim financial statements have not been audited or reviewed by the company's independent auditors.

Approved by the Board of Directors on 27 August 2018 and signed on its behalf by:



Mr Charles Borg
Chairman



Mr Stephen Kenneth Tarr
Director

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Condensed Statements of Profit or Loss and Other Comprehensive Income Period ended 30 June 2018

	Group		Company	
	1 January to 30 June 2018	1 January to 30 June 2017	1 January to 30 June 2018	1 January to 30 June 2017
	Eur	Eur	Eur	Eur
Revenue (note 3)	52,101,147	42,931,547	540,000	210,000
Cost of sales (note 3)	(45,773,207)	(38,602,556)	-	-
Gross profit	6,327,940	4,328,991	540,000	210,000
Administrative expenses (note 3)	(6,137,745)	(3,876,807)	(460,267)	(69,103)
Operating profit	190,195	452,184	79,733	140,897
Investment income	99,880	75,021	6,044	11,614
Finance costs	(1,279,295)	(1,189,755)	(938,851)	(982,756)
Share of profits in associates	46,483	-	-	-
Share of loss in joint ventures	(4,965)	(47,207)	-	-
Loss before tax	(947,702)	(709,757)	(853,074)	(830,245)
Income tax expense	(86,734)	(190,203)	(20,609)	(56,286)
Loss for the period	(1,034,436)	(899,960)	(873,683)	(886,531)
Other comprehensive income items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 4 and Note 5)	(3,038,349)	939,892	-	-
Total comprehensive income/ expense for the period	(4,072,785)	39,932	(873,683)	(886,531)
Profit attributable to:				
Owners of the company	(1,034,769)	(899,960)	-	-
Non-controlling interests	333	-	-	-
	(1,034,436)	(899,960)		
Total comprehensive income attributable to:				
Owners of the company	(4,073,118)	39,932	-	-
Non-controlling interests	333	-	-	-
	(4,072,785)	39,932		

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Condensed Statements of Financial Position at 30 June 2018



	Notes	Group		Company	
		30 June 2018 Unaudited	31 December 2017 Audited	30 June 2017 Unaudited	31 December 2017 Audited
		Eur	Eur	Eur	Eur
ASSETS AND LIABILITIES					
Non-current assets					
Goodwill	4	53,861,255	56,001,331	-	-
Intangible assets	5	11,933,376	12,724,382	-	-
Property, plant and equipment		6,762,885	7,874,394	1,061	-
Investments in subsidiaries		-	-	67,710,656	67,681,246
Investment in associates		179,840	133,357	-	-
Investment in joint venture		960,674	1,036,122	-	-
Other investments		50,000	50,000	-	-
Loans and receivables	11	7,814,574	6,476,110	1,037,064	2,039,444
Deferred tax assets		1,146,760	1,100,910	-	-
		82,709,364	85,396,606	68,748,781	69,720,690
Current assets					
Inventories		9,938,653	12,409,219	-	-
Loans and receivables	11	134,551	732,378	4,006,842	2,407,684
Trade and other receivables	6	15,583,985	15,669,804	222,470	301,489
Cash and cash equivalents		2,131,919	3,231,078	63,536	198,917
Current tax assets		239,855	1,051,271	267,534	261,503
		28,028,963	33,093,750	4,560,382	3,169,593
Total assets		110,738,327	118,490,356	73,309,163	72,890,283
Current liabilities					
Trade and other payables	7	21,181,919	26,136,896	1,568,434	610,461
Other financial liabilities	11	403,525	405,422	164,776	192,965
Bank overdraft and loans	8	6,126,102	6,009,619	-	-
Current tax liabilities		843,949	556,349	-	-
		28,555,495	33,108,286	1,733,210	803,426
Non-current liabilities					
Debt securities in issue	9	35,475,103	35,434,649	35,475,103	35,434,649
Other payables	7	1,074,511	1,076,391	-	-
Other financial liabilities	11	8,453,250	8,395,800	500,000	177,675
Liability in respect of joint venture		-	-	-	-
Bank loans	8	6,618,920	5,755,339	-	-
Deferred tax liabilities		923,009	1,009,067	-	-
		52,544,793	51,671,246	35,975,103	35,612,324
Total liabilities		81,100,288	84,779,532	37,708,313	36,415,750
Net assets		29,638,039	33,710,824	35,600,850	36,474,533

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Condensed Statements of Financial Position (Continued) at 30 June 2018

	Group		Company	
	30 June 2018 Unaudited	31 December 2017 Audited	30 June 2017 Unaudited	31 December 2017 Audited
	Eur	Eur	Eur	Eur
EQUITY				
Share capital	35,575,000	35,575,000	35,575,000	35,575,000
Other equity	(4,765,472)	(4,765,472)	130,893	130,893
Exchange reserve	(1,823,681)	1,214,668	-	-
Retained earnings/(Accumulated losses)	621,611	1,656,380	(105,043)	768,640
Equity attributable to owners of the company	29,607,458	33,680,576	35,600,850	36,474,533
Non-controlling interests	30,581	30,248	-	-
Total equity	29,638,039	33,710,824	35,600,850	36,474,533

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Condensed Statements of Changes in Equity for the period ended 30 June 2018



Group

	Share capital	Other equity	Exchange reserve	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total
	Eur	Eur	Eur	Eur	Eur	Eur	Eur
Balance as at 1 January 2017	8,399,724	(3,121,365)	(975,971)	448,036	4,750,424	600	4,751,024
Loss for the year	-	-	-	(680,323)	(680,323)	838	(679,485)
Other comprehensive income for the year	-	-	2,190,639	-	2,190,639	-	2,190,639
Total comprehensive income for the year	-	-	2,190,639	(680,323)	1,510,316	838	1,511,154
Capitalisation of loans	27,175,276	-	-	-	27,175,276	-	27,175,276
Disposal of associate	-	300,000	-	(183,487)	116,513	(600)	115,913
Disposal of subsidiary	-	-	-	(2,846)	(2,846)	-	(2,846)
Disposal of shares in subsidiary	-	-	-	-	-	29,410	29,410
Other movements in equity	-	(2,075,000)	-	2,075,000	-	-	-
Value of services provided by officer of the group	-	130,893	-	-	130,893	-	130,893
Balance as at 1 January 2018	35,575,000	(4,765,472)	1,214,668	1,656,380	33,680,576	30,248	33,710,824
Loss for the period	-	-	-	(1,034,769)	(1,034,769)	333	(1,034,436)
Other comprehensive income for the period	-	-	(3,038,349)	-	(3,038,349)	-	(3,038,349)
Total comprehensive income for the period	-	-	(3,038,349)	(1,034,769)	(4,073,118)	333	(4,072,785)
Balance as at 30 June 2018	35,575,000	(4,765,472)	(1,823,681)	621,611	29,607,458	30,581	29,638,039

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Condensed Statements of Changes in Equity (Continued) for the period ended 30 June 2018

Holding Company

	Share capital Eur	Other Equity Eur	Retained Earnings/ (accumulated losses) Eur	Total Eur
Balance as at 1 January 2017	8,399,724	-	(211,121)	8,188,603
Capitalisation of loans	27,175,276	-	-	27,175,276
Value of services provided by an officer of the group	-	130,893	-	130,893
Profit for the year	-	-	979,761	979,761
Balance as at 1 January 2018	35,575,000	130,893	768,640	36,474,533
Loss and other comprehensive expense for the period	-	-	(873,683)	(873,683)
Balance as at 30 June 2018	35,575,000	130,893	(105,043)	35,600,850

**Condensed Statements of Cash Flows
for the period ended 30 June 2018**

	Group		Holding	
	30 June 2018 Unaudited Eur	30 June 2017 Unaudited Eur	30 June 2018 Unaudited Eur	30 June 2017 Unaudited Eur
Cash flows from operations	(1,187,385)	(3,172,166)	(205,569)	(115,707)
Interest paid	(189,722)	(322,094)	(1,188)	(12,690)
Taxation paid	(247,616)	(220,117)	(150,225)	(56,286)
Net cash flows used in operating activities	(1,624,723)	(3,714,377)	(356,982)	(184,683)
Cash flows from investing activities				
Payments to acquire property, plant and equipment	(108,591)	(394,307)	-	-
Net cash flows used in investing activities	(108,591)	(394,307)	-	-
Cash flows from financing activities				
Payments from/(to) related companies	(616,086)	840,808	221,600	-
Repayment of bank loans	(1,230,346)	(858,420)	-	-
Net cash flows (used in)/from financing activities	(1,846,432)	(17,612)	221,600	-
Net movement in cash and cash equivalents	(3,579,746)	(4,126,296)	(135,382)	(184,683)
Cash and cash equivalents at the beginning of the period	2,108,883	3,157,799	198,917	199,879
Cash and cash equivalents at the end of the period	(1,470,863)	(968,497)	63,535	15,196

1. Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2018 have been extracted from the unaudited management accounts of the Group and the Company and have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting.

2. Significant accounting policies

The condensed interim financial statements have been prepared under the historic cost convention, except for financial instruments at fair value through profit or loss and available-for-sale financial assets, which are stated at their fair values. The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the group's and company's annual financial statements for the year ended 31 December 2017.

3. Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Revenue reported below represents revenue generated from external customers. There were no intersegment sales in the period. The group's reportable segments under IFRS 8 are direct sales attributable to each country where the group operates.

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

Measurement of operating segment profit or loss, assets and liabilities

Segment profit represents the profit earned by each segment after the allocation of central administration costs and finance costs based on services and finance provided. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The accounting policies of the reportable segments are the same as the group's accounting policies.

Notes to the Condensed Interim Financial Statements (Continued)
for the period ended 30 June 2018

3. Segmental reporting (continued)

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

Profit or loss before tax

	1 January to 30 June 2018 Unaudited Eur	1 January to 30 June 2017 Unaudited Eur
Total profit for reportable segments	179,333	317,166
Other unallocated amounts	(1,127,035)	(1,026,923)
	<u>(947,702)</u>	<u>(709,757)</u>

Assets

	30 June 2018 Eur Unaudited	31 Dec 2017 Eur Audited
Total assets for reportable segments	53,393,067	81,961,767
Elimination of receivables	(28,338,721)	(49,352,974)
Unallocated amounts:		
Property, plant and equipment	61,921	31,486
Goodwill	53,861,255	56,273,148
Intangible assets	11,646,230	12,559,588
Loans and receivables	18,350,588	27,547,732
Cash and cash equivalents	177,466	247,418
Other unallocated amounts	1,586,520	(10,777,809)
	<u>110,738,327</u>	<u>118,490,356</u>

Liabilities

	30 June 2018 Eur Unaudited	31 Dec 2017 Eur Audited
Total liabilities for reportable segments	51,856,814	52,957,565
Elimination of liabilities	(28,338,721)	(49,352,974)
Unallocated amounts:		
Bank Loans	5,825,071	10,462,762
Debt securities in issue	35,475,103	35,434,649
Trade and other payables	16,024,836	35,451,531
Other unallocated amounts	257,185	(174,001)
	<u>81,100,288</u>	<u>84,779,532</u>

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Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2018



3. Segmental reporting (continued)

The group's revenue and results from continuing operations from external customers and information about its net assets by reportable segment are detailed below:

	Retail and IT Solutions (Poland and Romania)		Payment processing services		IT solutions and security systems		Logistics		Total		Unallocated		Eliminations and adjustments		Consolidated	
	2018 Eur	2018 Eur	2018 Eur	2018 Eur	2018 Eur	2018 Eur	2018 Eur	2018 Eur	2018 Eur	2018 Eur	2018 Eur	2018 Eur	2018 Eur	2018 Eur	2018 Eur	2018 Eur
Revenue	36,866,255	1,674,391	6,107,881	8,290,335	52,938,862	1,069,246	(1,906,961)	52,101,147								
Profit / (loss) before tax	(748,942)	704,886	(95,836)	319,225	179,333	2,584,441	(3,532,143)	(947,702)								
Depreciation and amortisation	(641,503)	(90,884)	(55,289)	(70,340)	(858,016)	(907,417)	36,825	(870,592)								
Segment assets	33,063,838	3,373,863	7,837,545	9,117,821	53,393,067	234,255,134	(176,909,874)	110,738,327								
Capital expenditure	103,325	-	-	5,266	108,591	-	-	108,591								
Segment liabilities	33,023,150	1,421,126	7,384,642	10,027,896	51,856,814	91,277,198	(62,033,724)	81,100,288								
Income tax (expense)/ credit	90,893	(271,914)	33,997	(85,585)	(232,609)	145,875	-	(86,734)								

The increase in revenue, cost of sales and administrative expenses is mainly attributable to the operations of the Hili Logistics business acquired within 1923 Investments plc as from 1 January 2018.

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Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2018



3. Segmental reporting (continued)

	Retail and IT Solutions (Poland) 2017 Eur	Payment processing services 2017 Eur	IT solutions and security systems 2017 Eur	Logistics 2017 Eur	Total 2017 Eur	Unallocated 2017 Eur	Eliminations and adjustments 2017 Eur	Consolidated 2017 Eur
Revenue	36,695,642	1,074,369	5,942,971	-	43,712,982	-	(781,435)	42,931,547
Profit / (loss) before tax	(135,086)	270,012	182,240	-	317,166	(1,026,923)	-	(709,757)
Depreciation and amortisation	(848,511)	(8,298)	(35,898)	-	(892,707)	(74,448)	23,998	(943,157)
Segment assets	36,486,276	2,052,679	7,155,451	36,267,361	81,961,767	188,972,327	(152,443,738)	118,490,356
Capital expenditure	2,630,349	9,694	90,313	4,363,279	7,093,635	5,861	-	7,099,496
Segment liabilities	35,187,246	656,447	6,640,468	10,473,404	52,957,565	81,174,506	(49,352,539)	84,779,532
Income tax expense	(13,210)	(94,504)	(64,023)	-	(171,737)	(18,466)	-	(190,203)

4. Goodwill

Group	Eur
At 01.01.2017	28,606,957
Amounts recognised from acquisition of subsidiaries in 2017	25,674,835
Goodwill written off in subsidiaries	(31,726)
Effect of exchange differences on the retranslation of goodwill on foreign subsidiaries	1,751,265
At 01.01.2018	56,001,331
Effect of exchange differences on the retranslation of goodwill on foreign subsidiaries	(2,140,076)
At 30.06.2018	53,861,255

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Determining whether the carrying amounts of these assets can be realised requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Goodwill arising on a business combination is allocated, to the cash-generating units (“CGUs”) that are expected to benefit from that business combination. The carrying amount as at 30 June 2018 amounting to Eur53,861,255 (December 2017 – Eur56,001,331) is allocated to the Polish, Romanian and Maltese operations.

Management assessment of goodwill is detailed in the group’s annual financial statements for the year ended 31 December 2017.

5. Intangible assets

Group	Eur
Cost	
At 01.01.2017	11,931,571
Additions	553,501
Acquired on acquisition of subsidiary	5,844
Disposals	(518)
Impairment provision	(86,556)
Effect of foreign exchange differences	746,142
At 01.01.2018	13,149,984
Additions	41,938
Effect of foreign exchange differences	(898,273)
At 30.06.2018	12,293,649
Amortisation	
At 01.01.2017	397,560
Provision for the period	66,454
Acquired on acquisition of subsidiary	4,966
Released on disposal	(517)
Effect of foreign exchange differences	(42,861)
At 01.01.2018	425,602
Provision for the year	(65,329)
At 30.06.2018	360,273
Carrying amount	
At 31.12.2017	12,724,382
At 30.06.2018	11,933,376

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Notes to the Condensed Interim Financial Statements (Continued) for the period ended 30 June 2018

6. Trade and other receivables

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

	Group		Holding	
	30 June 2018 Unaudited Eur	31 December 2017 Audited Eur	30 June 2018 Unaudited Eur	31 December 2017 Audited Eur
Trade receivables	6,914,882	7,272,215	-	-
Amounts owed by ultimate parent	1,362,566	2,011,817	36,031	37,540
Amounts owed by associates	333,289	396,753	-	-
Amounts owed by related parties	1,262,942	1,481,772	2,787	256,892
Other receivables	2,876,105	2,196,690	172,057	7,057
Prepayments and accrued income	2,834,201	2,310,557	11,595	-
	15,583,985	15,669,804	222,470	301,489
Less: amount due for settlement within 12 months (shown under current liabilities)	(15,583,985)	(15,669,804)	(222,470)	(301,489)
Amounts due for settlement after 12 months	-	-	-	-

No interest is charged on trade and other receivables.

Allowance for estimated irrecoverable amounts

Trade and other receivables are stated net of an allowance for estimated irrecoverable amounts from trade receivables amounting to Eur781,016 (2017 – Eur525,878).

7. Trade and other payables

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

	Group		Holding	
	30 June 2018 Unaudited Eur	31 December 2017 Audited Eur	30 June 2018 Unaudited Eur	31 December 2017 Audited Eur
Trade payables	9,403,588	16,587,422	16,792	37,006
Other payables	1,074,510	4,435,945	-	38,422
Accruals and deferred income	11,744,435	6,104,193	1,551,642	535,033
Amounts due to ultimate parent	33,897	85,727	-	-
	22,256,430	27,213,287	1,568,434	610,461
Less: amount due for settlement within 12 months (shown under current liabilities)	(21,181,919)	(26,136,896)	(1,568,434)	(610,461)
Amount due for settlement after 12 months	1,074,511	1,076,391	-	-

8. Bank overdrafts and loans

Group

The group's bank loans and overdraft facilities bear effective interest at a floating rate of 5.57% (December 2017 – 5.57%) p.a.

Bank Overdraft facilities amounting to Eur4,176,826 are in place for the following group companies:

	Eur
Carmelo Caruana Company Limited	1,286,350
PTL Limited	700,000
SAD Sp. Z.o.o.	2,190,476
	<u><u>4,176,826</u></u>

Bank Overdraft usage at 30 June 2018 amounted to Eur3,602,782 across group companies.

Bank Loans as at 30 June 2018 amounted to Eur 9,142,240 as follows:

	Eur
Carmelo Caruana Company Limited	656,672
Allcom Sp. Z.o.o.	2,485,568
ISPOT Poland Sp. Z.o.o.	6,000,000
	<u><u>9,142,240</u></u>

Eur6,656,672 of bank borrowings have been repaid between reporting date and approval date. The remaining bank borrowings will be repaid by end of quarter three.

The bank loan at Carmelo Caruana Company Limited is secured by special and general hypothecs on the company's assets and by guarantees given by directors of the company and related companies.

A bank loan taken by ISPOT Poland Sp. Z.o.o. for the acquisition of the investment in SAD Sp. Z.o.o. This loan has an effective interest rate of 3-month WIBOR plus 3.5% margin. The facility is secured by a pledge and financial pledge on the shares of SAD Sp. Z.o.o.. This registered pledge on shares is established for maximum security of Eur18,000,000 (December 2017 – Eur18,000,000). In addition, the group has a registered pledge on things and rights belonging to iSPOT Poland Sp. Z.o.o. amounting to PLN 52,500,000 (December 2017 – PLN 52,500,000).

Allcom Sp. Z.o.o. had two bank credit facilities. The investments credit facility bears interests at a variable interest rate that amounted to 4.95% (2017: 4.98%) at 30 June 2018. The credit facility for operating capital needs bears an interest at the variable rate that amounted to 3.64% (2017: 3.96%) at 30 June 2018.

9. Debt securities in issue

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

9. Debt securities in issue (continued)

The carrying amount of the bonds is net of direct issue costs of Eur524,897 (December 2017 – Eur565,351) which are being amortised over the life of the bonds. The market value of debt securities on the last trading day before the statement of financial position date was Eur37,440,000 (December 2017 – Eur37,267,200).

10. Related party transactions

During the course of the year, the group and the company entered into transactions with related parties, as set out below.

Group

	2018			2017		
	Related party activity Unaudited Eur	Total activity Unaudited Eur	%	Related party activity Unaudited Eur	Total activity Unaudited Eur	%
Revenue:						
<i>Related party transactions with:</i>						
Other related parties	<u>984,726</u>	<u>52,101,147</u>	<u>2%</u>	<u>79,949</u>	<u>42,931,547</u>	<u>0%</u>
Cost of sales:						
<i>Related party transactions with:</i>						
Other related parties	<u>693,919</u>	<u>45,773,207</u>	<u>2%</u>	<u>43,388</u>	<u>38,602,556</u>	<u>0%</u>
Administrative expenses:						
<i>Related party transactions with:</i>						
Other related parties						
Parent company	<u>411,146</u>	<u>6,137,745</u>	<u>7%</u>	<u>144,562</u>	<u>3,876,807</u>	<u>4%</u>
	<u>411,146</u>	<u>6,137,745</u>	<u>7%</u>	<u>144,562</u>	<u>3,876,807</u>	<u>4%</u>

**Notes to the Condensed Interim Financial Statements (Continued)
for the period ended 30 June 2018**
10. Related party transactions (continued)
Holding company

	2018			2017		
	Related party activity Unaudited Eur	Total activity Unaudited Eur	%	Related party activity Unaudited Eur	Total activity Unaudited Eur	%
Revenue						
<i>Related party transactions with:</i>						
Other related parties	<u>540,000</u>	<u>540,000</u>	<u>100%</u>	<u>210,000</u>	<u>210,000</u>	<u>100%</u>
Administrative expenses:						
<i>Related party transactions with:</i>						
Parent company	<u>330,000</u>	<u>460,267</u>	<u>72%</u>	<u>-</u>	<u>69,103</u>	<u>0%</u>
Investment Income						
<i>Related party transactions with:</i>						
Subsidiaries	<u>6,044</u>	<u>6,044</u>	<u>0%</u>	<u>11,614</u>	<u>11,614</u>	<u>100%</u>

11. Fair value of financial assets and financial liabilities

At 30 June 2018 and 31 December 2017, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value, other than the shares in subsidiary companies that are carried at cost, and the debt securities in issue (where fair value is disclosed in note 9), are not materially different from their carrying amounts due to the fact that the interest rates are considered to represent market rates at the year end.

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair value of the derivative financial instruments is established by using a valuation technique. Valuation techniques comprise discounted cash flow analysis. The valuation technique is consistent with generally accepted economic methodologies for pricing financial instruments. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the rates at end of the reporting period and the credit risk inherent in the contract.

The following table provides an analysis of financial instruments that are not measured subsequent to initial recognition at fair value, other than those with carrying amounts that are reasonable approximations of fair value and other than shares in subsidiary companies, grouped into Levels 1 to 3.

Notes to the Condensed Interim Financial Statements (Continued)
for the period ended 30 June 2018

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

Group

Fair value measurement at end of reporting period using:

	Level 1 Eur	Level 2 Eur	Level 3 Eur	Total Eur	Carrying amount Eur
Financial assets					
<i>Loans and receivables</i>					
Receivables from related parties As at 31.12.2017	-	7,208,488	-	7,208,488	7,208,488
Receivables from related parties As at 30.06.2018	-	7,949,125	-	7,949,125	7,949,125
Financial liabilities					
Financial liabilities at amortised cost					
Related party loans	-	8,801,222	-	8,801,222	8,801,222
Bank loans	-	11,764,958	-	11,764,958	11,764,958
Debt securities	37,267,200	-	-	37,267,200	35,434,649
As at 31.12.2017	37,267,200	20,566,180	-	57,833,380	56,000,829
Related party loans	-	8,856,775	-	8,856,775	8,856,775
Bank loans	-	12,745,023	-	12,745,023	12,745,023
Debt securities	37,440,000	-	-	37,440,000	35,475,103
As at 30.06.2018	37,440,000	21,601,798	-	59,041,798	57,076,901

Notes to the Condensed Interim Financial Statements (Continued)
for the period ended 30 June 2018

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

Holding Company

	Fair value measurement at end of reporting period using:				Carrying amount €
	Level 1 €	Level 2 €	Level 3 €	Total €	
Financial assets					
<i>Loans and receivables</i>					
Receivables from related parties As at 31.12.2017	-	4,447,128	-	4,447,128	4,447,128
Loans and receivables Receivables from related parties As at 30.06.2018	-	5,043,906	-	5,043,906	5,043,906
Financial liabilities					
<i>Financial liabilities at amortised cost</i>					
Related party loans	-	370,640	-	370,640	370,640
Debt securities As at 31.12.2017	37,267,200	-	-	37,267,200	35,434,649
	37,267,200	370,640	-	37,637,840	35,805,289
Related party loans	-	664,776	-	664,776	664,776
Debt securities As at 30.06.2018	37,440,000	-	-	37,440,000	35,475,103
	37,440,000	664,776	-	38,104,776	36,139,879

12. Events after the end of the reporting period

During the extraordinary general meeting held on the 08 August 2018, it was agreed:

- to increase the authorised share capital of the company from thirty-six million Euro (€36,000,000) divided into thirty-six million Euro Ordinary shares of one Euro (€1.00) each in nominal value, to seventy million Euro (€70,000,000) divided into seventy million Ordinary shares of one Euro (€1.00) each in nominal value;
- to increase the issued share capital of the Company from thirty-five million five hundred and seventy-five thousand Euro (€35,575,000) divided into thirty-five million, five hundred and seventy-five thousand Ordinary shares of one Euro (€1.00) each in nominal value to forty-nine million five hundred and seventy-five thousand Euro (€49,575,000) divided into forty-nine million five hundred and seventy-five thousand Ordinary shares of one Euro (€1.00) each in nominal value.
- to issue and allot fourteen million (14,000,000) Ordinary shares of one Euro (€1.00) each from the unissued share capital of the Company in favour of Hili Ventures Limited, having Company Registration Number C57902, of Nineteen Twenty Three, Valetta Road, Marsa, MRS 3000, Malta, for a cash consideration in the amount of fourteen million Euro (€14,000,000).

1923 Investments p.l.c.

Statement Pursuant to Listing Rules 5.75.3 issued by the Listing Authority
for the period ended 30 June 2018




We confirm that to the best of our knowledge:

- (a) the condensed interim financial statements give a true and fair view of the financial position of 1923 Investments p.l.c. (the “company”) and its subsidiaries (the “group”) as at 30 June 2018, and the financial performance and cash flows of the company and the group for the half year then ended, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting); and
- (b) the interim Directors’ report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Approved by the Board of Directors on 27 August 2018 and signed on its behalf by:



Mr Charles Borg
Chairman



Mr Stephen Kenneth Tarr
Director