

SD FINANCE plc

Condensed Interim Financial Statements
30 September 2019

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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 SD Finance plc's unaudited financial information as at 30 September 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's principle 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 db Group.

On 25 April 2019, the company paid out €2,827,500 (2018: €2,827,500) being 4.35% interest due to its bond holders. Interest and related income principally received from related parties during the period ended 30 September 2019 amounted to €1,506,756 (2018: €1,507,726). Profit before taxation for the current six month period amounted to €5,892 (2018: €8,207). The directors are not anticipating any significant changes during the forthcoming six months.

The Group

The db Group continues to outperform its own results on a year on year basis with revenues up by 4.4% which translate in an improved Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of over 4.5% in absolute terms. Positive and improved results have been registered across the entire business segments in which the Group operates.

The Group's positive results are reflected in a healthy and positive Group cash flow movement which will help the Group position itself in an even stronger position.

The directors of the Group are confident in achieving and surpassing the previous year's financial results both in terms of the level of turnover being generated and more importantly in the resultant profitability of the Group when the full year's results are published.

Interim directors' report - continued

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 September 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.



Arthur Gauci
Director



Stephen Muscat
Director

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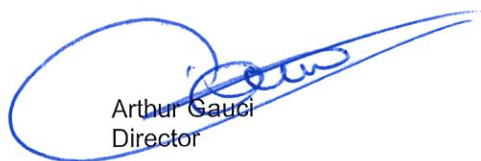
27 November 2019


Condensed statement of financial position

	Notes	As at 30 September 2019 € (unaudited)	As at 31 March 2019 € (audited)
ASSETS			
Non-current assets			
Loans receivable	3	62,232,685	62,232,686
Current assets			
		3,558,339	4,929,944
Total assets		65,791,024	67,162,630
EQUITY AND LIABILITIES			
Equity			
		274,214	270,384
Non-current liabilities			
Borrowings	2	64,273,272	64,231,846
Current liabilities			
		1,243,538	2,660,400
Total liabilities		65,516,810	66,892,246
Total equity and liabilities		65,791,024	67,162,630

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 27 November 2019 and were signed on its behalf by:


Arthur Gauci
Director


Stephen Muscat
Director

Condensed statement of comprehensive income

	6 months ended 30 September	
	2019 € (unaudited)	2018 € (unaudited)
Finance income	1,506,756	1,507,726
Finance costs	(1,459,050)	(1,457,499)
Net interest income	47,706	50,227
Administrative expenses	(41,814)	(42,020)
Profit before tax	5,892	8,207
Tax expense	(2,062)	(2,872)
Profit for the period - total comprehensive income	3,830	5,335

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 April 2018	250,000	8,199	258,199
Profit for the period - total comprehensive income	-	5,335	5,335
Balance at 30 September 2018	250,000	13,534	263,534
Balance at 1 April 2019	250,000	20,384	270,384
Profit for the period - total comprehensive income	-	3,830	3,830
Balance at 30 September 2019	250,000	24,214	274,214

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 September	
	2019	2018
	€	€
	(unaudited)	(unaudited)
Cash flows from operating activities	(2,482,796)	(2,668,999)
Net movement in cash and cash equivalents	(2,482,796)	(2,668,999)
Cash and cash equivalents at beginning of period	4,711,191	4,827,878
Cash and cash equivalents at end of period	2,228,395	2,158,879

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 September 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 March 2019, 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 March 2019.

2. Borrowings

	30 September 2019	31 March 2019
	€	€
Non-current		
650,000 4.35% bonds 2027	64,273,272	64,231,846

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:

	30 September 2019	31 March 2019
	€	€
Original face value of bonds issued	65,000,000	65,000,000
Bond issue costs	(924,036)	(924,036)
Accumulated amortisation	197,308	155,882
Closing net book amount of bond issue costs	(726,728)	(768,154)
Amortised cost and closing carrying amount of the bonds	64,273,272	64,231,846

2. Borrowings - continued

By virtue of an offering memorandum dated 27 March 2017, the company issued 650,000 bonds with a face value of €100 each, for an aggregate amount of €65,000,000. The bonds have a coupon interest of 4.35% which is payable annually in arrears on 25 April. The bonds are redeemable at par and are due for redemption on 25 April 2027 unless they are previously re-purchased and cancelled in accordance with the provisions of the offering memorandum. The bonds are guaranteed by SD Holdings Limited, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds have been admitted on the Official List of the Malta Stock Exchange on 4 May 2017. The quoted market price for the bonds as at 30 September 2019 was €106 (31 March 2019: €103). At the end of the reporting period, bonds with a face value of €500,000 (31 March 2019: €500,000) were held by a company director.

3. Related party transactions

The company forms part of the db Group of Companies. All companies forming part of the db Group are related parties since these companies are all ultimately owned by SD Holdings Limited, which is considered by the directors to be the ultimate controlling party. The main related parties with whom transactions were entered into during the current and the comparative financial periods were SD Holdings Limited, the guarantor of the bonds, and fellow subsidiaries to whom the bond proceeds were advanced in accordance with the provisions of the prospectus (see Note 2).

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

	30 September 2019	31 March 2019
	€	€
Loans receivable		
Loan to parent company	1,488,101	1,488,101
Loans to fellow subsidiaries	60,744,585	60,744,585
	62,232,686	62,232,686
Interest income receivable		
From parent company	31,310	66,975
From fellow subsidiaries	1,278,083	151,778
	1,309,393	218,753

The loans receivable are subject to a fixed interest rate of 4.55% with an additional renewal fee which is chargeable on the loans at a floating rate at the discretion of the directors of the issuer. As at the end of the current interim reporting period the element of the floating interest rate was 0.28% (31 March 2019: 0.25%). The loans are unsecured and repayable by not later than 10 April 2027.

3. Related party transactions - continued

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

	6 months ended 30 September	
	2019	2018
	€	€
Finance income from loan advanced to parent company	36,029	35,983
Finance income from loans advanced to fellow subsidiaries	1,470,727	1,471,743
	1,506,756	1,507,726