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

Date 31th August 2018

Reference 07/2018

COMPANY ANNOUNCEMENT

Publication of Half Yearly Report

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 Company hereby announces that the Board of Directors approved the Company's half yearly financial report and unaudited Interim Financial Statements for the period ending 30 June 2018.

A copy of the signed half yearly financial report and unaudited Interim 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

JSD

JD CAPITAL plc

Condensed Interim Consolidated Financial Statements (unaudited)

for the six months ended 30 June 2018

JD CAPITAL plc

CONTENTS

GENERAL INFORMATION

Registration

JD Capital plc. 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 and resigned on 26 February 2018)
Stephen Muscat	(appointed on 26 February 2018)

Company secretary

Josef Dimech	(resigned on 8 February 2018)
Stanley Portelli	(appointed on 8 February 2018 and resigned on 2 July 2018)
Jesmond Manicaro	(appointed on 2 July 2018)

Registered office

HHF 303 Industrial Estate
Halfar
Birzebugga 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

INTERIM DIRECTORS' REPORT

This Half-Yearly Report is being published in terms of Chapter 4 of the Prospects Rules of the Malta Stock Exchange and the Prevention of Financial Markets Abuse Act, 2005. The Half-Yearly Report comprises the condensed interim consolidated financial statements for the six months ended 30 June 2018 prepared in accordance with International Financial Reporting Standards as adopted by the EU for interim financial statements (IAS 34 'Interim Financial Reporting').

General information

The Company was incorporated on 9 August 2017 as a private limited company and converted to a public limited liability company on 15 March 2018.

Principal Activity

The principal object of the company is to carry on the activities of a parent company. JD Capital plc itself does not have any substantial assets and is a special purpose vehicle that was set up specifically to act as a holding company of JD Operations Ltd and JD Birkirkara Ltd.

The Group is involved in the manufacture and installation of Steel and Aluminium works for large scale projects within the Maltese market.

Events after the reporting period

There have been no events after the reporting period that materially affected the financial position of the company.

Review of the business and results

During the period under review, the group registered a profit before taxation of €300,417.

JD Capital plc registered the Company Admission document dated 16 May 2018 in respect to an issue of €5,000,000, 5% Unsecured Bonds 2028 of a nominal value of €100 per bond issued at par. Bond trading started on 1 June 2018. The bond proceeds net of issue expenses were loaned to the subsidiary JD Operations Ltd by way of a loan agreement. The funds were utilised by JD Operations Ltd to:

a) Partially settle the acquisition of the business assets, manufacturing facilities, property, plant and equipment as stipulated in the Transfer of Business Agreement included in the Admission Document.
b) For the working capital and trade finance requirements.

The Directors expect that the activities of the company will remain encouraging in a challenging foreseeable future.

Approved by the Board of Directors on 29 August 2018 and signed on its behalf by:

Mr Josef Dimech
Director

Dr Stanley Portelli
Director

DIRECTORS' STATEMENT

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 June 2018, and of its financial performance and cash flows for the six-month period then ended in accordance with IAS 34, "Interim Financial Reporting"; and
- The Interim Directors' Report includes a fair review of the information required in terms of Prospects Rule 4.11.12.

Mr Josef Dimech
Director

Dr Stanley Portelli
Director

JD CAPITAL plc

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months period ended 30 June 2018

	01.01.2018 to 30.06.2018 (Unaudited) €
Turnover	5,918,512
Cost of sales	(2,551,051)
Direct costs	(2,157,670)
Gross profit	1,209,791
Other income	33,257
Selling and distribution expenses	(56,618)
General and administrative expenses	(723,632)
Finance costs	(162,381)
Profit before tax	300,417
Taxation	(130,650)
Profit for the period	169,767
Total comprehensive income for the period	169,767
Earnings per share	3.64

JD CAPITAL plc

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Note	30.06.2018 (Unaudited) €	31.12.2017 (Unaudited) €
ASSETS			
Non-current assets			
Property, plant and equipment		**11,548,163**	-
Intangible assets		**224,497**	-
Investment property		**4,000,000**	4,000,000
		15,772,660	4,000,000
Current assets			
Trade and other receivables		**33,250**	2,400
Cash and cash equivalents		**491,316**	1,200
		524,566	3,600
TOTAL ASSETS		**16,297,226**	4,003,600
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**46,600**	1,200
Retained earnings		**169,767**	-
TOTAL EQUITY		**216,367**	1,200
Non-current liability			
Bonds payable	5	**4,877,494**	-
Current liabilities			
Trade and other payables		**601,977**	-
Current tax liabilities		**130,650**	
Other financial current liabilities	4	**10,470,738**	4,002,400
		11,203,365	4,002,400
TOTAL LIABILITIES		**16,080,859**	4,002,400
TOTAL EQUITY AND LIABILITIES		**16,297,226**	4,003,600

The financial statements on pages 6 to 15 were authorised for issue by the Board of Directors on 29 August 2018 and signed on its behalf by:

Mr Josef Dimech
Director

Dr Stanley Portelli
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months period ended 30 June 2018

	Share capital	Retained earnings	Total
	€	€	€
Financial period ended 30 June 2018			
Opening balance	1,200	-	1,200
Issuance of share capital	45,400	-	45,400
Total comprehensive income for the period:			
Profit for the period	-	169,768	169,768
Balance at 30 June 2018	**46,600**	**169,768**	**216,368**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months period ended 30 June 2018

	01.01.2018 to 30.06.2018 (Unaudited) €
Cash flows from operating activities	
Profit before tax	300,417
Adjustments for:	
Depreciation expense	246,429
Amortisation of bond issue costs	1,029
Loss from operations	547,875
Increase in trade and other receivables	(30,850)
Increase in trade and other payables	732,627
Cash used in operating activities	217,990
Income tax paid	(130,650)
Net cash flows used in operating activities	87,340
Cash flows from investing activities	
Acquisition of property, plant and equipment	(11,794,592)
Acquisition of intangibles	(224,497)
Net cash flows used in investing activities	(12,019,089)
Cash flows from financing activities	
Proceeds from issuance of share capital	45,400
Proceeds from borrowings from related party	7,500,000
Proceeds from issuance of bonds	4,876,465
Net cash flows from financing activities	12,421,865
Net movement in cash and cash equivalents	490,116
Cash and cash equivalents at beginning of period	1,200
Cash and cash equivalents at end of period	491,316

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

This Half-Yearly Report is being published in terms of Chapter 4 of the Prospects Rules of the Malta Stock Exchange and the Prevention of Financial Markets Abuse Act 2005.

The unaudited condensed interim consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting".

There is no comparative information in the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows since the company was incorporated on 9 August 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these condensed interim consolidated financial statements are set out below:

Accounting convention

These consolidated financial statements are prepared under the historical cost convention.

These consolidated financial statements are presented in Euro (€) which is the Group's presentation currency.

The preparation of these consolidated financial statements in conformity with IFRS as adopted by the EU, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The directors have considered the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgments are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Basis of consolidation

Subsidiaries, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated.

These consolidated financial statements comprise the Company and its subsidiaries namely:

Company	Registered Office	Holding
JD Operations Limited	Malta	100%
JD Birkirkara Limited	Malta	100%

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The cost of intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method so as to write off the cost of an asset, less its estimated residual value, over its useful economic life. The directors are of the opinion that the company's intangible asset has an indefinite useful life.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price and any directly attributable cost of preparing the asset for its intended use.

Depreciation is provided on all items of property, plant and equipment at the rates calculated to write-off the cost less residual value over their expected useful life. The percentage rates within the various entities within the Group are as follows:

Buildings and improvements thereon	-	1.54%
Equipment and machinery	-	20% - 25%
Office furniture	-	10%
Vehicles	-	20%

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the group and the costs of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Trade and other receivables

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. The amount of any provision is recognised in the profit or loss.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Trade and other payables

Trade and other payables, including amounts owed to related undertakings, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate. Any difference between the proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the financial reporting date.

Borrowing costs are recognised as an expense in the period in which they are incurred.

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. Related party accounts are carried at cost, net of any impairment charge.

Tax

Income tax on the profit or loss for the year comprises current tax 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 reporting period, and any adjustments to tax payable in respect of previous years.

Deferred income tax is determined under the balance sheet method, providing 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 by the end of 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 asset can be utilised and/or sufficient taxable temporary differences are available. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – continued

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition

Generally, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Provision of services

Revenue from the provision of services is recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. For practical purposes, when services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

Cash and cash equivalents

Cash in hand and at banks are carried at cost.

Cash and cash equivalents are defined as 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.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks, and bank credit facilities.

Impairment of assets

The carrying amounts of the Group's assets are reviewed at the end of each 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 value 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 the profit or loss.

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, net of depreciation, if no impairment loss has been recognised.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS - continued

3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

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.

4. OTHER CURRENT FINANCIAL LIABILITIES

	30.06.2018 €
Amounts owed to the parent company (Note i)	7,500,000
Amounts owed to related company (Note i)	2,858,598
Amounts owed to the beneficial owner (Note i)	112,140
	10,470,738

(i) These amounts are unsecured, interest free and have no fixed date for repayment.

5. BOND PAYABLE

	30.06.2018 €
Non-current	
5% bonds redeemable in 2028	4,877,494

During the period, the Company issued an aggregate principal amount of €5,000,000 unsecured bonds, having a nominal value of €100 each, bearing an interest rate of 5% per annum. These bonds are pursuant and subject to the terms and conditions in the Company Admission Document dated 16 May 2018.

The carrying amount of the bonds is net of direct issue costs which are being amortised over the life of the bonds.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS - continued

6. RELATED PARTY TRANSACTIONS

On 8 March 2018, one of the subsidiaries, JD Operations Limited entered into an agreement with a related company, JSDimech Limited, for the acquisition of the Business and Assets of the latter for €11.9 million with effect from 1 January 2018. It has been agreed that after 1 January 2018 JSDimech Limited shall continue to honour and perform the work in progress and shall continue to incur all costs and receive all revenues arising out of such work in progress. Consequently, the company entered into the following related party transactions during the period:

	30.06.2018
	€
Statement of Financial Position	
Property, plant and equipment	**11,930,426**

	30.06.2018
	€
Statement of Comprehensive Income	
Turnover	**5,915,999**
Direct costs	**3,148,819**
Other income	**33,257**
Selling and distribution expenses	**56,618**
General and administrative expenses	**233,636**
Finance costs	**119,120**

The amounts owed to related parties as at period end together with the terms and conditions are as disclosed in Note 4.

Directors' fees during the period amounted to €108,080.