PremierCapital p.l.c

Premier Capital p.l.c.

Interim Financial Report (unaudited)

For the period 1 January 2011 to 30 June 2011

Contents

The directors present their interim report, together with the unaudited interim condensed financial statements of the company and its subsidiaries (the "group) (the "condensed interim financial statements") for the period from 1 January 2011 to 30 June 2011.

Principal activities

The group is engaged in the operations of McDonald's restaurants in Malta, Greece, Latvia, Estonia, and Lithuania. The group holds property and is also engaged in the acquisition and development of property as restaurants for its operations. The company acts as an investment company and service provider to its subsidiary undertakings.

Business review

The group

Following the group's success in the development of the McDonald's business in Malta, Latvia, Lithuania and Estonia, the group continued to expand its portfolio by taking over 18 restaurants in Greece. The group believes that there is a significant business expansion opportunity in the Greek market both for growth in sales of existing and even new restaurants. Notwithstanding the focus on the Greek market for the period ended June 2011, the group continued expanding its restaurant operations in the Baltics by opening new restaurants. In January 2011, the group opened a new restaurant in Lithuania bringing the total in the country to 9. Furthermore development works are underway in the 3 new restaurants in Latvia. These will be opened in the last quarter of 2011, bringing the total restaurants in Latvia to 11. As a result, the group's expansion and development strategy is progressing well. It is expected that the new outlets will commence generating revenue in the last quarter of this year and contribute to the overall financial results in the next financial year.

During the period under review, the group registered an operating profit of €557,615 (June 2010 - €488,316) on revenues of €28,286,814 (June 2010 - €23,629,849). After accounting for

investment income and finance costs together with other expenses in relation to the group's Greece Investment, the group registered a profit before tax of €3,737,356 (June 2010 – loss of € 471,128). The favourable variance in profit before tax was brought about mainly by investment income of €4,687,549 which represents the gain arising on the acquisition of McDonald's Hellas Company S.A., which is the group's new subsidiary in Greece, acquired on the1st June 2011.

Notwithstanding the disproportionate growth of operating profit when compared to the growth in revenues, the group registered an increase of €433,845 in EBITDA, reporting an EBITDA of €2,459,913 when compared to an EBITDA of €2,026,068 for the period ended June 2010. This indicates that the group performed better for the period ended June 2011, however the increase in capital expenditure over the first six months of 2011, have led to an increase in depreciation and amortisation of €364,546 for the period ended June 2011.

The group's net assets for the period under review amounted to €17,490,044 compared to €14,121,730 as at 31 December 2010.

The company

During the period under review, the company registered an operating profit of €121,193 (June 2010 - €69,845). After accounting for investment income and finance costs, the company registered a pre-tax profit of €224,894 (June 2010 - €1,503,422). The net assets of the company as at June 2011 amounted to €15,587,803 (June 2010 - €15,472,379).

The published figures have been extracted from the unaudited management financial statements for the six months ended 30 June 2011 and its comparative period in 2010. Comparative Statement of Financial Position has been extracted from the audited financial statements for the year ended 31 December 2010.

This report is being published in terms of the Listing Rule 5.75 issued by the Malta Financial Services 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 19 August 2011and signed on its behalf by:

Marin Hili	Melo Hili
Chairman	Director

Condensed Statements of Comprehensive Income

Period ended 30 June 2011

		Group		Company	
	Notes	6 months ended 30 June 2011 € unaudited	6 months ended 30 June 2010 € restated unaudited	6 months ended 30 June 2011 € unaudited	6 months ended 30 June 2010 € restated unaudited
Revenue		**28,286,814**	23,629,849	**-**	-
Cost of sales		**(9,986,969)**	(8,358,981)	**-**	-
Gross profit		**18,299,845**	**15,270,868**	**-**	**-**
Other operating income		**25,001**	25,000	**868,915**	867,620
Selling expenses		**(14,726,391)**	(12,900,436)	**-**	
Administrative expenses		**(3,040,840)**	(1,907,116)	**(747,722)**	(797,775)
Operating profit		**557,615**	**488,316**	**121,193**	69,845
Other expenses	5	**(250,000)**	-	**-**	-
Investment income	5	**4,687,549**	105,782	**1,000,000**	2,364,782
Finance costs		**(1,257,807)**	(1,065,226)	**(896,299)**	(931,205)
Profit/(loss) before tax		**3,737,357**	**(471,128)**	**224,894**	1,503,422
Tax		**(369,043)**	(667,990)	**(109,470)**	(597,815)
Profit/(loss) for the period		**3,368,314**	**(1,139,118)**	**115,424**	905,607
Total comprehensive income/ (loss) for the period		**3,368,314**	**(1,139,118)**	**115,424**	905,607
Attributable to:					
Owners of the company		**3,342,545**	(1,223,361)		
Non-controlling interests		**25,769**	84,243		
		3,368,314	(1,139,118)		

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Condensed Statements of Financial Position

at 30 June 2011

	Notes	Group 30 June 2011 unaudited €	Group December 2010 audited €	Company 30 June 2011 unaudited €	Company December 2010 audited €
ASSETS AND LIABILITIES					
Non-current assets					
Goodwill		14,606,999	14,606,999	-	
Intangible assets		10,884,269	10,900,645	10,100,771	10,367,819
Property, plant and equipment	4	32,272,994	27,417,690	98,571	92,927
Investment in subsidiaries		-	-	27,768,808	24,469,174
Loans and receivables		-	-	12,960,153	13,824,885
Deferred tax assets		1,619,164	1,843,892	1,567,165	1,787,789
Prepayment		1,227,511	458,910	-	-
Total non-current assets		**60,610,937**	**55,228,136**	**52,495,469**	**50,542,594**
Current assets					
Inventories		1,444,049	1,167,192	-	-
Loans and receivables		850,676	1,282,468	2,699,580	2,214,883
Trade and other receivables		2,758,142	1,884,855	493,320	3,985,852
Current tax asset		1,712,343	1,909,782	1,699,259	1,824,819
Available-for-sale investments		-	989,997	-	989,997
Cash and cash equivalents		8,078,441	6,123,247	3,079,354	2,486,915
Total current assets		**14,843,651**	**13,357,541**	**7,971,511**	**11,502,466**
TOTAL ASSETS		**75,454,588**	**68,585,677**	**60,466,980**	**62,045,060**
Current liabilities					
Trade and other payables		8,277,328	7,359,204	621,071	1,401,157
Other financial liabilities		1,161,589	1,086,686	-	327,806
Bank overdrafts and loans		2,517,792	1,867,159	1,823,075	1,820,725
Current tax liabilities		365,111	318,915	-	-
Total current liabilities		**12,321,820**	**10,631,964**	**2,444,146**	**3,549,688**
Non - Current liabilities					
Bank loans		16,824,217	15,027,288	13,939,576	14,545,454
Debt securities in issue		24,493,310	24,464,357	24,493,310	24,464,357
Other financial liabilities		490,820	390,702	490,820	390,702
Deferred tax liability		3,834,377	3,949,636	3,511,326	3,622,480
Total non current liabilities		**45,642,724**	**43,831,983**	**42,435,032**	**43,022,993**
Total liabilities		**57,964,544**	**54,463,947**	**44,879,177**	**46,572,681**
Net assets		**17,490,044**	**14,121,730**	**15,587,803**	**15,472,379**
EQUITY AND LIABILITIES					
Share capital		13,574,700	13,574,700	13,574,700	13,574,700
Exchange translation reserves		8,306	8,306	-	-
Other equity		25,143	25,143	212,351	212,351
Retained earnings		3,244,070	(98,475)	1,800,752	1,685,328
Equity attributable to the owners of the company		**16,852,219**	**13,509,674**	**15,587,803**	**15,472,379**
Non-controlling interest		637,825	612,056	-	-
		17,490,044	**14,121,730**	**15,587,803**	**15,472,379**

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Condensed Statement of Changes in Equity

for the period ended 30 June 2011

Group

	Share capital (unaudited) €	Exchange translation reserve (unaudited) €	Loss offset reserve (unaudited) €	Other equity (unaudited) €	Retained earnings (unaudited) €	Attributable to owners of the parent (unaudited) €	Non-controlling interest (unaudited) €	Total (unaudited) €
Balance at 1 January 2010	1,747,030	9,961	-	12,169,011	2,074,088	**16,000,090**	623,549	**16,623,639**
Shares issued	500,000	-	-	-	-	**500,000**	-	**500,000**
Reduction in share capital	(716,352)	-	212,350	-	504,002	-	-	-
Capitalised loans	2,000,000	-	-	(2,000,000)	-	-	-	-
Dividends	-	-	-	-	(1,500,000)	**(1,500,000)**	-	**(1,500,000)**
Loss for the period (as restated)	-	-	-	-	(1,223,361)	**(1,223,361)**	84,243	**(1,139,118)**
Balance as at 30 June 2010 (as restated)	**3,530,678**	**9,961**	**212,350**	**10,169,011**	**(145,271)**	**13,776,729**	**707,792**	**14,484,521**
Balance at 1 January 2011	13,574,700	8,306	-	25,143	(98,475)	**13,509,674**	612,056	**14,121,730**
Profit for the period	-	-	-	-	3,342,545	**3,342,545**	25,769	**3,368,314**
Balance as at 30 June 2011	**13,574,700**	**8,306**	**-**	**25,143**	**3,244,070**	**16,852,219**	**637,825**	**17,490,044**

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Condensed Statement of Changes in Equity

for the period ended 30 June 2011

Company

	Share capital (unaudited) €	Loss offset reserve (unaudited) €	Retained earnings (unaudited) €	Other equity (unaudited) €	Total (unaudited) €
Balance at 1 January 2010	1,747,030	-	(504,002)	10,044,023	**11,287,051**
Shares issued	500,000	-	-	-	**500,000**
Reduction in share capital	(716,352)	212,350	-	-	**(504,002)**
Capitalised loans	2,000,000	-	504,002	-	**2,504,002**
Dividends	-	-	(1,500,000)	-	**(1,500,000)**
Profit for the period (as restated)	-	-	905,607	-	**905,607**
Balance as at 30 June 2010 (as restated)	**3,530,678**	**212,350**	**(594,393)**	**10,044,023**	**13,192,658**
Balance at 1 January 2011	13,574,700	212,351	1,685,328	-	**15,472,379**
Profit for the period	-	-	115,424	-	**115,424**
Balance as at 30 June 2011	**13,574,700**	**212,351**	**1,800,752**	-	**15,587,803**

Condensed Statements of Cash Flows

for the period ended 30 June 2011

	Group		Company	
	30 June 2011 unaudited €	30 June 2010 unaudited €	**30 June 2011 unaudited €**	30 June 2010 unaudited €
Net cash flows from operating activities	**(983,146)**	1,369,596	**(401,939)**	39,490
Net cash flows from investing activities	**(116,036)**	(2,340,839)	**(2,373,363)**	(2,270,000)
Net cash flows from financing activities	**2,528,149**	15,029,293	**3,365,209**	7,469,898
Net movement in cash and cash equivalents	**1,428,967**	14,058,050	**589,907**	5,239,388
Cash and cash equivalents at the beginning of the period	**6,116,784**	(2,005,920)	**2,484,372**	(960,645)
Cash and cash equivalents at the end of the period	**7,545,751**	12,052,130	**3,074,279**	4,278,743

1. Basis of preparation

The condensed interim financial statements have been prepared in accordance with International Standard 34 - Interim Financial Reporting.

2. Significant accounting policies

The condensed interim financial statements have been prepared under the historic cost convention. 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 2010, except for the impact of the adoption of the Standards described below which are effective for annual periods beginning on or after 1 January 2011.

IAS 24 (revised in 2009) – Related Party Disclosures

The revised Standard clarifies and simplifies the definition of a related party and provides certain exemptions for government-related entities. The new definitions of a related party emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. The group and company have re-assessed its related party relationships and have not identified any changes in its related party relationships under the revised Standard. The adoption of the Revised Standard did not have any impact on the financial position or performance of the group and company.

Amendments to IAS 1 – Presentation of Financial Statements and IAS 34 – Interim Financial Reporting

The amendments to IAS 1 - Presentation of Financial Statements clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements. The group and company have decided to provide this analysis in the statement of changes in equity.

The amendments to IAS 34 - Interim Financial Reporting require additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements. The adoption of these amendments did not have any impact on the financial position or performance of the group and company.

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 year. The group's reportable segments under IFRS 8 are direct sales attributable to each country where it operates as a Mc Donald's development licensee.

Throughout the period, the group operated in four principal geographical areas – Malta (country of domicile), Estonia, Latvia, Lithuania. On 1 June 2011 the group started operating as Mc Donald's development licensee in Greece upon the acquisition of 100% of McDonald's HELLAS Company Operated Restaurants S.A. as disclosed in Note 5.

Measurement of operating segment profit or loss, assets and liabilities

Segment profit represents the profit earned by each segment after 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 described in note two.

3. Segmental reporting (continued)

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

Profit or loss

	2011	2010
	€	€
Total profit for reportable segment	950,996	284,450
Elimination of intra group transactions	(1,876,087)	(2,259,000)
Unallowed costs incurred on the acquisition of Mc Donald's HELLAS Company Operated Restaurants S.A.	250,000	-
Gain on bargain purchase arising on acquisition recognised as investment income in the statement of comprehensive income	(4,687,549)	-
Unallocated amounts:		
Dividend income	(1,000,000)	2,259,000
Other unallocated amounts	775,101	(755,578)
	(3,737,357)	**(471,128)**

Net assets

	2011	2010
	€	€
Net assets for reportable segments	24,888,102	14,675,829
Elimination of intra-group balances	(9,824,051)	(3,039,793)
Unallocated amounts:		
Intangible assets	10,100,771	10,672,848
Loans and receivables	15,659,733	17,076,208
Goodwill	14,606,999	14,606,999
Bank loans	(13,939,576)	(16,363,636)
Debt securities in issue	(24,493,310)	(24,417,754)
Other unallocated amounts	491,376	1,871,635
	17,490,044	**15,082,336**

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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:

Six months ended 30 June	Estonia 2010	Greece 2010	Latvia 2010	Lithuania 2010	Malta 2010	**Total 2010**	Unallocated 2010	Eliminations and adjustments 2010	**Consolidated 2010**
	€	€	€	€	€	**€**	€	€	**€**
Revenue	4,579,469	-	5,869,103	5,475,235	7,662,242	**23,586,049**	43,800	-	**23,629,849**
(Loss)/profit before tax	(231,804)	-	133,079	(112,497)	495,672	**284,450**	1,503,422	(2,259,000)	**(471,128)**
Depreciation and amortisation	181,472	-	231,122	234,950	558,714	**1,206,258**	331,494	-	**1,537,752**
Capital expenditure	1,200,633	-	95,825	537,433	416,903	**2,250,794**	90,045	-	**2,340,839**
Segment net assets	2,677,700	-	4,616,981	4,054,973	3,326,175	**14,675,829**	3,446,300	(3,039,793)	15,082,336
Income tax expense	-	-	25,025	(27,514)	72,664	**70,175**	597,815	-	**667,990**

3. Segmental reporting (continued)

Six months ended 30 June	Estonia 2011	Greece 2011	Latvia 2011	Lithuania 2011	Malta 2011	**Total 2011**	Unallocated 2011	Eliminations and adjustments 2011	**Consolidated 2011**
	€	€	€	€	€	**€**	€	€	**€**
Revenue	6,086,668	2,082,471	6,133,491	6,129,487	7,854,697	**28,286,814**	-	-	**28,286,814**
(Loss)/profit before tax	(179,789)	(42,044)	94,991	791,942	285,896	**950,996**	224,898	2,561,463	**3,737,357**
Depreciation and amortisation	354,807	39,367	284,787	290,195	615,560	**1,584,716**	317,582	-	**(1,902,298)**
Capital expenditure	260,118	1,894	568,159	1,589,849	97,087	**2,517,107**	56,835	-	**2,573,942**
Segment net assets	2,417,516	7,695,138	5,966,094	5,748,629	3,060,725	24,888,102	2,425,994	(9,824,051)	17,490,044
Income tax expense	-	-	21,770	119,538	118,266	**259,573**	109,470	-	**369,043**

4. Property, plant and equipment

During the period, the group spent approximately € 2.6m on the acquisition of property, plant and equipment and disposed of assets at a historical cost of €300k.

5. Acquisition of subsidiary

On 1 June 2011, the group acquired 100% interest in McDonald's HELLAS Company Operated Restaurants S.A. (the 'subsidiary') which is a development licensee for McDonalds restaurants in Greece. On the date of acquisition, the subsidiary operated 18 stores in various towns and cities across Greece and the islands. The acquisition is part of the group's strategic expansion plans into new territories.

The transaction involved the transfer by McDonald's of its on-going business activities to a separate company already in existence, referred to as the "spin-off". The spin-off took place on the 1st March 2011 and the spin-off company acquired the rights to operate Mc Donald's restaurants on a non-exclusive basis in Greece. The ownership of this spin-off company was transferred to Premier Capital p.l.c. on the 1st June 2011.The acquisition date fair value of acquired property, plant and equipment is preliminary and may be adjusted as a result of obtaining valuations for certain significant items. The interim consolidated financial statements include the results of the subsidiary for the one month period from the acquisition date.

Consideration transferred

	€
Cash	1,049,607

Acquisition related costs amounting to €250,000 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the 'other expenses' line item in the condensed consolidated statement of comprehensive income.

5. Acquisition of subsidiary (continued)

The provisional fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition was:

	Provisional fair value recognised on acquisition € (unaudited)
Current assets	
Cash and cash equivalents	1,393,074
Trade and other receivables	863,775
Inventories	268,506
Non-current assets	
Property, plant and equipment	5,299,274
Prepayments	901,660
Current liabilities	
Trade and other payables	(2,989,133)
	5,737,156
Purchase consideration transferred	1,049,607
Gain on bargain purchase arising on acquisition recognised as investment income in the statement of comprehensive income	**4,687,549**

In order to enable the transferring party to consolidate its position as franchisor and to incentivise further expansion and investment in the country, the parties agreed that the business' property, plant and equipment would be transferred to the subsidiary at a value which was below the historical net book value at which they were carried in the books of the transferring party.

The acquiring company believes that the historical cost of the assets as carried in the books of the transferring party reflected the fair value of the said assets.

Net cash inflow on acquisition

	€ (unaudited)
Consideration paid	(1,049,607)
Less: cash and cash equivalent balances acquired	1,393,074
	343,467

5. Acquisition of subsidiary (continued)

Impact of acquisition on the results of the group

Included in the profit for the interim period is a loss of €42,044 attributable to the newly acquired subsidiary. Revenue for the period includes €2,070,662 in respect of the said subsidiary.

Had the acquisition of the subsidiary been effected on 1 January 2011, the revenue of the group from continuing operations for the six months ended 30 June 2011 would have been € 38 million, and the profit for the year from continuing operations would have been € 2.3 million.

The directors of the group consider these pro-forma numbers to represent an approximate measure of the performance of the combined group on a half-yearly basis and to provide a reference point for comparison in future periods.

In determining the pro-forma revenue and profit of the group had the subsidiary been acquired at the beginning of the current reporting period, the directors have calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the financial statements of the acquired subsidiary

6. Contingencies and commitments

As part of the Master Franchise Agreement signed with McDonald's International Property Company Ltd, Premier Capital p.l.c. secured an irrevocable confirmed letter of credit of €1 million. This is to be adjusted by an amount equal to investments made in Mc Donald's Restaurants in Greece on the anniversary of the acquisition of Mc Donald's HELLAS Company Operated Restaurants S.A.

7. 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 and company

	2011			2010		
	Related party activity	Total activity	%	Related party activity	Total activity	%
	Eur	Eur		Eur	Eur	
Other operating income:						
Related party transactions with:						
Other related parties	9,660	25,001	39%	11,267	655,678	2%
Administrative Expenses:						
Related party transactions with:						
Other related parties	63,220	3,290,840	2%	107,187	5,053,936	2%
Finance costs:						
Related party transactions with:						
Other related parties	5,393	1,257,807	0.4%	13,141	2,193,004	1%

8. Events after the end of the reporting period

The directors have approved an interim dividend of €650,000 to be paid to the shareholders of the company.

9. Comparative figures

The (loss)/profit for the comparative period ended 30 June 2010 of the group and company was restated to adjust for additional tax charge of €597,815 in respect of movements in temporary differences relating to unutilised capital allowances and unabsorbed tax losses. The restatement did not have an impact on the financial results and position of the group and company for the year ended 31 December 2010 as reported.

Statement Pursuant to Listing Rules 5.75.3 issued by the Listing Authority

Period ended 30 June 2011

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 Premier Capital p.l.c. (the "company") and its subsidiaries (the "group") as at 30 June 2011, and the financial performance and cash flows of the company and the group for the six-month period 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 19 August 2011 and signed on its behalf by:

Marin Hili	Melo Hili
Chairman	Director