



Busy Bee
FINANCE PLC

INTERIM
REPORT
2019

Ten months ended
31st May 2019

INTERIM DIRECTORS' REPORT

The Directors present the unaudited consolidated interim results of Busy Bee Finance plc.

1. Business Overview/Directors Report

Busy Bee Finance Limited ('the company') was incorporated on 31st July 2018 as a private limited liability company and subsequently converted into a public limited liability company on the 31st January 2019.

Busy Bee Finance plc announced the offer of € 5,000,000 Unsecured Bonds 2029, issued in terms of the Company Admission Document dated the 17th June 2019 ('the Bonds'). Bond subscriptions closed on the 25th June 2019 with the bond being fully subscribed and admitted to the Prospects MTF on the 28th June 2019.

In July 2018, Busy Bee operations migrated from its premises in Msida to the new state of the art premises in Mriehel which doubled the manufacturing capacity leading to a significant reduction in the unit cost of production. In December 2018 the new cafeteria was inaugurated, and success immediately followed with turnover exceeding targets. During the same period, the company has also undergone an extensive corporate restructuring exercise designed to facilitate succession planning, achieve financial and tax efficiency, and have a better operational framework.

The company had to undergo all these changes in the shortest possible timeframe without jeopardising the high quality that Busy Bee is renowned for. Albeit not without challenges, these important milestones were all achieved on time. Inevitably, these changes had an impact

on the profitability as explained in more detail under Financial Performance.

During the first months of operation, the new factory brought about new running costs. The corporate restructuring resulted in the addition of 6 new companies, 3 of which subsidiaries to Busy Bee Finance plc. To implement the restructuring programme additional recruitment was needed mostly in senior management posts.

The first milestone of setting up the production facility has been reached and as expected the results obtained are lower than in previous years, mostly due to the creation of unutilised capacity. In the short run this will have a bearing on profitability, however, this trend is expected to gradually improve as increased volumes of business will absorb most of the factory's capacity.

2. Financial Performance

The group's operations started on 31 January 2019, when it acquired Busy Bee Manufacturing Limited as one of its subsidiaries. Over the period, the Group registered a profit before tax of €3.1 million and its turnover amounted to €1.4 million. Notwithstanding, additional fixed costs arising from the management of a larger production facility and restructuring costs the company managed to obtain very positive results. This situation led to an operating loss of €28K for the first ten months of operations. This is reinforced by the segment results, whereby the segments have registered a total income of €0.4 million before unallocated costs, depreciation, net finance costs and other income.

During the period under review, the company generated other income of €3.37 million which was mainly attributed to the revaluation of investment property to fair value. This is reported by one of the

Group's subsidiaries. The revaluation surplus amounted to €2 million. In addition, The Group also realised a gain on the acquisition of Busy Bee Manufacturing's net assets which were purchased for less than their fair value by €1.2 million. These one-off items have neutralised the Group's operational loss arising from the factors mentioned above.

3. Financial Position

Total assets as at 31 May 2019 stood at €14 million, while equity attributable to the shareholders amounted to €6.8 million. In line with expectations, the company's gearing remains relatively low at 45%. Interest cover amounted to 44.8 times the company's earnings before interest and tax.

4. Outlook

In the upcoming months the Company will continue focusing on delivering better results to its stakeholders and will embark on several initiatives aimed to improve the overall performance.

From a manufacturing perspective, the strategic actions will be aimed at re-designing specific production flows to be leaner, thus reducing operational costs through economies of scale.

Furthermore, Busy Bee Finance has already commissioned a study for the set up a photovoltaic farm which is expected to produce 190 kWp. Plant will be installed in Mriehel by the end of the current financial year.

The company will also be financing the 'outside seating' area of the Msida cafeteria. This development was approved by the Planning Authority in May 2017. Additionally, this outlet will have minor refurbishment of its interior.

Following the acquisition of property by Busy Bee Properties from Busy Bee Limited and the transfer of the manufacturing operation to Mriehel, the company will focus and engage experts within the field to identify potential alternative uses to the Msida facilities (approximately 3,000 square meters spread over 3 and 4 floors).

5. Dividends

No interim dividends are being proposed.

Approved by the Board of Directors on the 23rd July 2019.

Registered Office:

Busy Bee Group,
Zone 4, Central Business District
Mdina Road
Birkirkara CBD 4010

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED INCOME STATEMENTS

TEN MONTHS ENDED 31 MAY 2019

	Group 31-May-19 (unaudited) €'000	Company 31-May-19 (unaudited) €'000
Continuing Operations:		
Revenue	1,446	-
Gross Profit	437	-
Operating losses	(28)	(201)
Other income	3,370	193
Depreciation	(159)	-
Finance Income/Costs	(71)	-
Profit before tax	3,112	(8)
Taxation	41	-
Profit for the period	3,153	(8)
EPS*	€ 152.17	€ (0.19)
Diluted EPS	€ (3.04)	€ (0.19)

*EPS – Earnings Per Share

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

TEN MONTHS ENDED 31 MAY 2019

	Group 31-May-19 (unaudited) €'000	Company 31-May-19 (unaudited) €'000
Profit for the period	3,153	(8)
Other Comprehensive income:		
Transfer to Consolidation reserve – Bargain purchase on acquisition of subsidiary	(1,201)	-
Other comprehensive income for the period	(1,201)	-
Total comprehensive income for the period	1,952	(8)

CONDENSED STATEMENTS OF FINANCIAL POSITION

TEN MONTHS ENDED 31 MAY 2019

	Group 31-May-19 (unaudited) €'000	Company 31-May-19 (unaudited) €'000
ASSETS		
Non-current assets	13,150	702
Current assets	1,033	168
Total assets	14,183	870
EQUITY AND LIABILITIES		
Capital and reserves	6,804	641
Non-current liabilities	2,846	-
Current liabilities	4,533	229
Total liabilities	7,379	229
Total equity and Liabilities	14,183	870

CONDENSED STATEMENTS OF CASH FLOWS

TEN MONTHS ENDED 31 MAY 2019

	Group 31-May-19 (unaudited) €'000	Company 31-May-19 (unaudited) €'000
Net cash generated from /(used in) operating activities	700	(108)
Net cash used in investing activities	(10,312)	(102)
Net cash generated from financing activities	9,252	215
Net movement in cash and cash equivalents	(360)	5
Cash and cash equivalents at 1 December 2018	-	-
Cash and cash equivalents at 31 May 2019	(360)	5

CONDENSED STATEMENTS OF CHANGES IN EQUITY**TEN MONTHS ENDED 31 MAY 2019**

	Share Capital €'000	Consolidation reserve €'000	Shareholders Loans €'000	Retained earnings €'000	Total €'000
Group					
Period ended 31 May 2019:					
At 1 December 2018	-	-	-	-	-
Comprehensive income					
Profit for the period	-	-	-	3,153	3,153
Transfer to Consolidation - Bargain purchase on acquisition of subsidiary	-	1,201	-	(1,201)	-
Total comprehensive income	-	1,201	-	1,952	3,153
Transactions with owners					
Increase in share capital	50	-	-	-	50
Shareholders Loans	-	-	3,601	-	1,247
Total transactions with owners	50	-	3,601	-	1,297
At 31 May 2019	50	1,201	3,601	1,952	6,804
Company					
Period ended 31 May 2019:					
At 1 December 2018	-	-	-	-	-
Comprehensive income					
Profit for the period	-	-	-	(8)	(8)
Total comprehensive income	-	-	-	(8)	(8)
Transactions with owners					
Increase in share capital	50	-	-	-	50
Shareholders Loans	-	-	600	-	600
Total transactions with owners	50	-	600	-	650
At 31 May 2019	50	-	600	(8)	642

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The published figures have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The condensed Group financial statements have been extracted from Busy Bee Finance plc's unaudited group management accounts for the six months ended 31 May 2019. The interim results are being published in terms of the Prospects MTF Rules and the Prevention of Financial Markets Abuse Act 2005. In terms of Rule 4.11.12 of the Prospects MTF Rules, this interim report has not been audited by the Group's independent auditors.

IAS 34, Interim Financial Reporting, requires the Group to include in these interim financial statements the comparative statements of financial position information of the previous financial year end and the comparative statements of profit or loss and statements of comprehensive income information for the comparable interim periods of the immediately preceding financial year.

Since the company was incorporated on the 31 July 2018 these are the company's first financial statements. Thus, no comparative information is being presented.

These interim financial statements are presented using the Euro, being the currency that reflects the economic substance of the underlying events and circumstances relevant to the company.

They are prepared under the historical cost convention.

2. Accounting policies

The accounting policies applied in these interim financial statements are in accordance with International Financial Reporting Standards, with the provisions of the Maltese Companies Act, 1995, and the requirements of International Financial Reporting Standards as adopted by the EU.

3. Use of judgements and estimates

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In the opinion of the directors, the accounting estimates and judgements 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.

4. New standards effective during the period

A number of new standards became applicable for the current reporting period and the Group has adopted the following standards:

IFRS 9: Financial instruments

IFRS 15: Revenue from contracts with customers

5. New standards not yet effective during the period

IFRS 16: Leases, will take effect on 1 January 2019 but the Group will be obliged to adopt the standards in the financial year starting 1 December 2019.

6. Earnings per share

Earnings per share (EPS) is calculated as the Group/Company's profit after tax attributable to the ordinary shares of Busy Bee Finance plc divided by the weighted average number of ordinary shares in issue during the period.

Diluted EPS adjusts for extraordinary items included in other income, being:

- Valuation surplus on investment property
- Gain on purchasing Busy Bee Manufacturing's net assets

7. Segment Reporting

The Group's operations consist of the cafeterias and gelateria, outside catering and other income. The Groups business segments operate in the local market. An analysis by segment of the group's turnover and profitability is set out below:

SEGMENT ANALYSIS

TEN MONTHS ENDED 31 MAY 2019

	Cafeterias & Gelateria €'000	Outside Catering €'000	Group €'000
Revenue	1,042	404	1,446
Segment results	315	122	437
Unallocated costs			(465)
Operating profit			(28)
Other income (note 8)			3,370
Depreciation			(159)
Net finance costs			(71)
Profit before tax			3,112
Taxation			41
Profit for the period			3,153

Other income

	Group €'000
Surplus on revaluation on investment property	2,015
Gain on purchasing Busy Bee Manufacturing's net assets	1,201
Rent receivable	55
Other income	99
Total	3,370
