

PTL Holdings plc

C 63261

Report and financial statements

31 December 2015

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PTL Holdings p.l.c.

Directors, officer and other information

Directors: Carmelo sive Melo Hili (Chairman)
Richard Abdilla Castillo
Karl Fritz
John Trefor Price Roberts
Stephen Kenneth Tarr
Tomasz Nawrocki

Secretary: Karen Coppini

Registered office: Nineteen Twenty-Three
Valletta Road
Marsa
Malta

Country of incorporation: Malta

*Company registration
number:* C 63261

Auditor: Deloitte Audit Limited
Deloitte Place
Mriehel Bypass
Mriehel
Malta

Banker: HSBC Bank Malta p.l.c.
HSBC Head Office
Mill Street
Qormi
Malta

PTL Holdings p.l.c.

Directors' report

Period ended 31 December 2015

The directors present their report and the audited financial statements of the group and holding company for the year ended 31 December 2015. The company was registered on 23 December 2013. On 20 October 2014 the company changed its status from a private limited liability company to a public limited liability company.

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.

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

Performance review

During the year under review, the Group registered an operating profit of *Eur4,906,279* (2014 – *Eur535,208*) on revenue of *Eur128,596,538* (2014 – *Eur66,572,477*). After accounting for finance costs, the Group registered a pre-tax profit of *Eur2,189,753* (2014 – pre-tax loss of *Eur889,619*).

The group's net assets at the end of 2015 amounted to *Eur6,591,640* (2014 – *Eur6,132,620*).

During the year under review, the company earned revenue and investment income of *Eur600,000* and *Eur2,929,473* respectively (2014: investment income of *Eur882,112*). After accounting for finance costs and administrative expenditure, the company registered a pre-tax profit of *Eur1,426,335* (2014: *Eur24,832*). The net assets of the company at the end of 2015 amounted to *Eur8,669,883* (2014: *Eur8,415,865*).

IT products and services

The IT hardware, software and services industry is very fragmented and highly competitive. PTL competes with a large number and wide variety of marketers and resellers of IT hardware, software and services. The competitive landscape in the industry is continually changing as various competitors expand their product and service offerings. In addition, emerging models such as cloud computing are creating new competitors and opportunities in messaging, infrastructure, security, collaboration and other services offerings, and, as with other areas, PTL both resells and competes directly with many of these offerings.

PTL Holdings p.l.c.

Directors' report (continued)

Period ended 31 December 2015

Reselling of Apple products and services

The market in Poland for Apple products and services is highly competitive. As with other developed markets, the market is characterised by frequent product introductions and rapid technological advances that have substantially increased the capabilities and use of mobile communication and media devices, personal computers, and other digital electronic devices. SAD competes with other resellers of Apple products and services, and therefore the main competing factors are not price or quality of products, but location of stores, quality of service provided and share of the business-to-business market. SAD's other competitors, who sell mobile devices and personal computers based on other operating systems, typically undertake aggressive price cuts and lower their product margins to gain or maintain market share.

SAD is highly dependent on Apple to continuously introduce new and improved products and services ahead of competitors so as to maintain high demand for Apple offerings. Principal competitive factors important to SAD include price, product features, relative price/performance, product quality and reliability, design innovation, a strong third-party software and peripherals ecosystem, marketing and reselling capability, service and support, and corporate reputation.

Electronic payment gateway and related services

APCO believes that electronic transactions will expand further in the future and that an increasing percentage of these transactions will be processed through emerging technologies. Competitors are continually offering innovative products and enhanced services, such as products that support smart phones that contain mobile wallet software. As mobile payments continue to evolve and are desired by merchants and consumers, APCO will continue to develop new products and services that will leverage the benefits that these new technologies can offer customers. In addition, it is expected that new markets will develop in areas that have been previously dominated by paper-based transactions. Industries such as e-commerce, government, recurring payments and business-to-business should continue to see transaction volumes migrate to more electronic-based settlement solutions.

As a result, the continued development of new products and services and the emergence of new vertical markets will provide opportunities for APCO to expand its business in the years to come.

PTL Holdings p.l.c.

Directors' report (continued)

Period ended 31 December 2015

Results and dividends

The results for the year ended 31 December 2015 are shown in the statements of profit or loss and other comprehensive income on page 11. The group's profit for the year after taxation was *Eur1,215,675* (2014 – loss of *Eur997,775*), whilst the company's profit for the year after taxation was *Eur1,254,018* (2014: *Eur16,141*).

An interim dividend of *Eur1,000,000* was declared. No final dividend is being recommended.

Directors

The directors who served during the period were:

Carmelo (sive) Melo Hili (Chairman)
Richard Abdilla Castillo
Karl Fritz
Stephen Kenneth Tarr
John Trefor Price Roberts
Tomasz Nawrocki (appointed on 1st October 2015)

In accordance with the company's articles of association all the directors are to remain in office.

Going Concern

After reviewing the group's and company's budget for the next financial year, and other longer term plans, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Auditors

A resolution to reappoint Deloitte Audit Limited as auditor of the company will be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors and signed on its behalf on 29 April 2016 by:


Carmelo (sive) Melo Hili
Chairman


Tomasz Nawrocki
Director

PTL Holdings p.l.c.

Statement of directors' responsibilities

The directors are required by the Companies Act (Cap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU, which give a true and fair view of the state of affairs of the company and its group at the end of each financial year and of its profit or loss of the company and its group for the year then ended. In preparing the financial statements, the directors should:

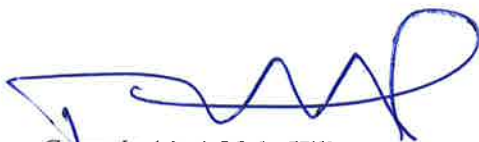
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company and the group will continue in business as a going concern.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and the group and which enable the directors to ensure that the financial statements comply with the Companies Act (Cap 386). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of responsibility pursuant to the Listing Rules issued by the Listing Authority

We confirm that to the best of our knowledge:

- a. In accordance with the Listing Rules, the financial statements give a true and fair view of the financial position of the company and its group as at 31 December 2015 and of their financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU; and
- b. In accordance with the Listing Rules, the Directors' report includes a fair review of the performance of the business and the position of the Issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.



Carmelo (sive) Melo Hili
Chairman



Tomasz Nawrocki
Director

PTL Holdings p.l.c.

Corporate governance statement

Introduction

Pursuant to the Listing Rules as issued by the Listing Authority of the Malta Financial Services Authority, PTL Holdings p.l.c. (the 'company') is hereby reporting on the extent of its adoption of the Code of Principles of Good Corporate Governance (the 'Principles') contained in Appendix 5.1 of the Listing Rules.

The Board acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. Nonetheless, the Board strongly believes that the Principles are in the best interest of the shareholders and other stakeholders since they ensure that the Directors, Management and employees of the group adhere to internationally recognised high standards of Corporate Governance.

The group currently has a corporate decision-making and supervisory structure that is tailored to suit the group's requirements and designed to ensure the existence of adequate checks and balances within the group, whilst retaining an element of flexibility, particularly in view of the size of the group and the nature of its business. The group adheres to the Principles, except for those instances where there exist particular circumstances that warrant non-adherence thereto, or at least postponement for the time being.

Additionally, the Board recognises that, by virtue of Listing Rule 5.101, the company is exempt from making available the information required in terms of Listing Rules 5.97.1 to 5.97.3; 5.97.6 and 5.97.7.

The Board of Directors

The Board of Directors of the company is responsible for the overall long-term direction of the group, in particular in being actively involved in overseeing the systems of control and financial reporting and that the group communicates effectively with the market.

The Board of Directors meets regularly, with a minimum of four times annually, and is currently composed of five Members, two of which are completely independent from the company or any other related companies.

Mr John Trefor Price Roberts and Mr Karl Fritz are independent non-executive directors of the company.

Executive Directors

Richard Abdilla Castillo

Non-Executive Directors

Carmelo (sive) Melo Hili (Chairman)

Stephen Kenneth Tarr

John Trefor Price Roberts

Karl Fritz

Tomasz Nawrocki (appointed 01 October 2015)

PTL Holdings p.l.c.

Corporate governance statement (continued)

The Board of Directors (continued)

The Board Meetings are attended by the Chief Financial Officer of the group in order for the Board to have direct access to the financial operation of the group. This is intended to, inter alia, ensure that the policies and strategies adopted by the Board are effectively implemented.

The remuneration of the board is reviewed periodically by the shareholders of the company.

The company ensures that it provides directors with relevant information to enable them to effectively contribute to board decisions.

The directors are fully aware of their duties and obligations, and whenever a conflict of interest in decision making arises, they refrain from participating in such decisions.

Audit Committee

The Terms of Reference of the Audit Committee are modelled on the principles set out in the Listing Rules. The Audit Committee assists the Board in fulfilling its supervisory and monitoring responsibility by reviewing the group financial statements and disclosures, monitoring the system of internal control established by management as well as the audit processes.

The Board of Directors established the Audit Committee, which meets regularly, with a minimum of four times annually, and is currently composed of the following individuals:

Karl Fritz (Chairman)
Carmelo (sive) Melo Hili
Richard Abdilla Castillo

Mr Karl Fritz is an independent non-executive director of the company who the Board considers to be competent in accounting and/or auditing in terms of the Listing Rules.

The Chief Financial Officer of the group is also present during the Audit Committee meetings.

The Audit Committee did not meet during the year 2014 and has met six times during 2015. Communication with and between the Secretary, top level management and the Committee is ongoing and considerations that required the Committee's attention were acted upon between meetings and decided by the Members (where necessary) through electronic circulation and correspondence.

PTL Holdings p.l.c.

Corporate governance statement (continued)

Internal Control

While the Board is ultimately responsible for the group's internal controls as well as their effectiveness, authority to operate the group is delegated to the Chief Executive Officer.

The group's system of internal controls is designed to manage all the risks in the most appropriate manner. However, such controls cannot provide an absolute elimination of all business risks or losses. Therefore, the Board, inter alia, reviews the effectiveness of the group's system of internal controls in the following manner:

1. Reviewing the group's strategy on an on-going basis as well as setting the appropriate business objectives in order to enhance value for all stakeholders;
2. Implementing an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group objectives;
3. Appointing and monitoring the Chief Executive Officer whose function is to manage the operations of the group;
4. Identifying and ensuring that significant risks are managed satisfactorily; and
5. Company policies are being observed.

Corporate Social Responsibility

The Board is mindful of and seeks to adhere to sound principles of Corporate Social Responsibility in their daily management practices, which is also extended throughout the company's subsidiary companies. There is continuing commitment to operate the business ethically at all times, at the same time as contributing to economic development whilst improving the quality of life of its employees and their families together with the local community and society at large.

In carrying on its business, the group is fully aware of its obligation to preserving the environment and has, in fact, put in place a number of policies aimed at respecting the environment and reducing waste.

Relations with the market

The market is kept up to date with all relevant information, and the company regularly publishes such information on its website to ensure consistent relations with the market.

PTL Holdings p.l.c.

Corporate governance statement (continued)

Non-compliance with the code

Principle 7: Evaluation of the board's performance

Under the present circumstances, the board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role as the board's performance is always under scrutiny of the shareholders of the company.

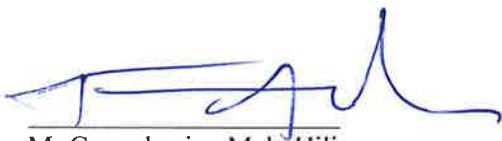
Principle 8: Committees

Under the present circumstances the board does not consider it necessary to appoint a remuneration committee and a nomination committee as decisions on these matters are taken at shareholder level.

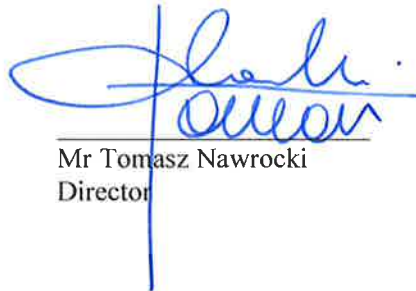
Principle 10: Institutional shareholders

This principle is not applicable since the company has no institutional shareholders.

Approved by the Board of Directors and signed on its behalf on 29 April 2016 by:



Mr Carmelo sive Melo Hili
Chairman



Mr Tomasz Nawrocki
Director

Independent auditor's report on corporate governance statement to the members of

PTL Holdings p.l.c.

Pursuant to Listing Authority Listing Rules 5.94 and 5.97 issued by the Malta Financial Services Authority, the directors are required to include in their annual financial report a Corporate Governance Statement to the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance with these principles.

Our responsibility is laid down by Listing Rule 5.98, which requires us to include a report on the Corporate Governance Statement.

We read the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information included in the annual financial report.

We are not required to perform additional work necessary to, and we do not, express an opinion on the effectiveness of either the company's or the group's system of internal control or its corporate governance procedures.

In our opinion, the Corporate Governance Statement set out on pages 6 to 9 has been properly prepared in accordance with the requirements of Listing Rules 5.94 and 5.97.



Annabelle Zammit Pace as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Mriehel, Malta

29 April 2016

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PTL Holdings p.l.c.

Statements of profit or loss and other comprehensive income

Period ended 31 December 2015

	Notes	Group 01.01.2015 to 31.12.2015 (52 weeks) Eur	Group 01.01.2014 to 31.12.2014 (52 weeks) Eur	Holding company 01.01.2015 to 31.12.2015 (52 weeks) Eur	Holding company 23.12.2013 to 31.12.2014 (53 weeks) Eur
Revenue	6	128,596,538	66,572,477	600,000	-
Cost of sales		(118,205,439)	(60,329,279)	-	-
Gross profit		10,391,099	6,243,198	600,000	-
Other operating income		66,177	96,536	-	-
Administrative expenses		(5,550,997)	(5,804,526)	(124,668)	(40,854)
Operating profit/(loss)		4,906,279	535,208	475,332	(40,854)
Investment income	7	121,177	9,545	2,929,473	882,112
Investment losses	8	-	(50,032)	-	-
Finance costs	9	(2,784,158)	(1,280,069)	(1,978,470)	(816,426)
Share of profit of associates	18	40,117	35,085	-	-
Share of losses of joint ventures	18	(93,662)	(139,356)	-	-
Profit/(loss) before tax	10	2,189,753	(889,619)	1,426,335	24,832
Income tax expense	13	(974,078)	(108,156)	(172,317)	(8,691)
Profit/(loss) for the period		1,215,675	(997,775)	1,254,018	16,141
Total comprehensive income/ (expense) for the period, net of tax		1,215,675	(997,775)	1,254,018	16,141
<i>Profit/(loss) attributable to:</i>					
Owners of the company		1,217,040	(1,014,770)		
Non-controlling interests		(1,365)	16,995		
		1,215,675	(997,775)		
<i>Total comprehensive income/ (expense) attributable to:</i>					
Owners of the company		1,217,040	(1,014,770)		
Non-controlling interests		(1,365)	16,995		
		1,215,675	(997,775)		

PTL Holdings p.l.c.

Statements of financial position

31 December 2015

	Notes	Group 2015 Eur	Group 2014 Eur	Holding Company 2015 Eur	Holding Company 2014 Eur
ASSETS AND LIABILITIES					
Non-current assets					
Goodwill	15	29,122,297	29,259,988	-	-
Intangible assets	16	11,830,464	11,935,653	-	-
Property, plant and equipment	17	4,422,851	3,633,900	-	-
Investments in subsidiaries	18	-	-	4,399,723	4,399,723
Investments in associates	18	345,204	305,087	-	-
Investments in joint venture	18	7,207	2,500	-	-
Loans and receivables	18	1,020,496	227,500	36,950,115	34,997,203
Deferred tax assets	24	678,294	484,143	-	-
		47,426,813	45,848,771	41,349,838	39,396,926
Current assets					
Inventories	19	9,019,844	7,567,394	-	-
Loans and receivables	18	3,308,255	692,572	5,245,254	1,558,064
Trade and other receivables	20	8,499,966	9,484,282	600,000	348,746
Cash and cash equivalents	29	2,088,866	8,684,747	4,204	3,696,414
Current tax assets		199,637	197,363	-	-
		23,116,568	26,626,358	5,849,458	5,603,224
Total assets		70,543,381	72,475,129	47,199,296	45,000,150
Current liabilities					
Trade and other payables	21	17,317,234	13,486,447	202,557	446,450
Other financial liabilities	23	651,454	4,098,868	2,971,937	-
Bank overdraft and loans	22	1,490,679	2,587,546	-	-
Current tax liability		161,898	288,571	-	-
		19,621,265	20,461,432	3,174,494	446,450
Non-current liabilities					
Debt securities in issue	25	35,272,734	35,262,835	35,272,734	35,262,835
Trade and other payables	21	532,515	607,606	-	-
Other financial liabilities	23	-	-	82,185	875,000
Liabilities in respect of joint venture	18	237,408	139,039	-	-
Bank overdraft and loans	22	7,931,764	9,686,554	-	-
Deferred tax liabilities	24	356,055	185,043	-	-
		44,330,476	45,881,077	35,354,919	36,137,835
Total liabilities		63,951,741	66,342,509	38,529,413	36,584,285
Net assets		6,591,640	6,132,620	8,669,883	8,415,865

PTL Holdings p.l.c.

Statements of financial position (continued)

31 December 2015

	<i>Notes</i>	Group 2015 Eur	Group 2014 Eur	Holding Company 2015 Eur	Holding Company 2014 Eur
EQUITY					
Equity attributable to owners of the Holding Company					
Share capital	26	8,399,724	8,399,724	8,399,724	8,399,724
Other equity	27	(1,367,314)	(1,367,314)	-	-
Exchange reserve		89,200	(154,145)	-	-
(Accumulated losses)/ Retained earnings		(555,344)	(772,384)	270,159	16,141
		6,566,266	6,105,881	8,669,883	8,415,865
Non-controlling interests		25,374	26,739	-	-
Total equity		6,591,640	6,132,620	8,669,883	8,415,865

These financial statements were approved by the directors, authorised for issue on 29 April 2016 and signed by:



Carmelo sive Melo Hili
Chairman



Tomasz Nawrocki
Director

PTL Holdings p.l.c.

Statement of changes in equity – Group

Period ended 31 December 2015

	Share capital Eur	Other equity Eur	Exchange reserve Eur	(Accumulated Losses) Retained earnings Eur	Attributable to equity holders of parent Eur	Non-controlling interests Eur	Total Eur
Balance as at 1 January 2014	5,000	3,027,410	-	242,386	3,274,796	9,744	3,284,540
(Loss)/profit and other comprehensive income for the year	-	-	-	(1,014,770)	(1,014,770)	16,995	(997,775)
Exchange differences arising on translation of foreign operations	-	-	(154,145)	-	(154,145)	-	(154,145)
Capitalisation of other equity (note 27)	4,394,724	(4,394,724)	-	-	-	-	-
Issue of share capital (note 26)	4,000,000	-	-	-	4,000,000	-	4,000,000
Balance as at 1 January 2015	8,399,724	(1,367,314)	(154,145)	(772,384)	6,105,881	26,739	6,132,620
Profit/(loss) and other comprehensive income for the year	-	-	-	1,217,040	1,217,040	(1,365)	1,215,675
Exchange differences arising on translation of foreign operations	-	-	243,345	-	243,345	-	243,345
Dividend (note 14)	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
Balance as at 31 December 2015	8,399,724	(1,367,314)	89,200	(555,344)	6,566,266	25,374	6,591,640

PTL Holdings p.l.c.

Statement of changes in equity – Holding company

Period ended 31 December 2015

	Share capital Eur	Other equity Eur	Retained earnings Eur	Total Eur
Issue of initial share capital	5,000	-	-	5,000
Profit and other comprehensive income for the period	-	-	16,141	16,141
Shareholders' loans earmarked for capitalisation (note 27)	-	4,394,724	-	4,394,724
Capitalisation of other equity (note 27)	4,394,724	(4,394,724)	-	-
Issue of share capital (note 26)	4,000,000	-	-	4,000,000
Balance as at 1 January 2015	<u>8,399,724</u>	<u>-</u>	<u>16,141</u>	<u>8,415,865</u>
Profit and other comprehensive income for the year	-	-	1,254,019	1,254,019
Dividend (note 14)	-	-	(1,000,000)	(1,000,000)
Balance at 31 December 2015	<u><u>8,399,724</u></u>	<u><u>-</u></u>	<u><u>270,160</u></u>	<u><u>8,669,884</u></u>

PTL Holdings p.l.c.

Statements of cash flows

Period ended 31 December 2015

	Group 01.01.2015 to 31.12.2015 (52 weeks) Eur	Group 01.01.2014 to 31.12.2014 (52 weeks) Eur	Holding company 01.01.2015 to 31.12.2015 (52 weeks) Eur	Holding company 23.12.2013 to 31.12.2014 (53 weeks) Eur
Cash flows from operating activities				
Profit/(loss) before tax	2,189,753	(889,619)	1,426,336	24,832
<i>Adjustments for:</i>				
Depreciation and amortisation	1,259,795	799,542	-	-
Dividend income	-	-	(1,035,538)	-
Exchange differences	253,941	(101,261)	-	-
Bad debts written off	9,389	37,291	-	-
Bond amortisation costs	81,765	-	-	-
Movement in provision for doubtful debts	79,489	184,520	-	-
Other interest income	(121,177)	(9,545)	-	-
Share of profit of associated undertakings	(40,117)	(35,085)	-	-
Write off property, plant and equipment	-	-	-	-
Share of losses in joint ventures	93,662	139,356	-	-
Stock written off	113,886	-	-	-
Interest payable	2,702,393	1,143,992	1,896,704	680,349
Interest income	-	-	(1,893,935)	(882,112)
Operating profit before working capital movements	6,622,779	1,269,191	393,567	(176,931)
Movement in inventories	(1,566,332)	(1,237,678)	-	-
Movement in trade and other receivables	895,438	581,181	(251,254)	(348,745)
Movement in trade and other payables	3,683,830	3,251,970	(233,993)	446,450
Cash flows from operations	9,635,715	3,864,664	(91,680)	(79,226)
Interest paid	(2,702,393)	(1,143,992)	(1,836,000)	(680,349)
Taxation paid	(1,043,441)	(627,824)	-	-
Net cash flows from operating activities	<u>5,889,881</u>	<u>2,092,848</u>	<u>(1,927,680)</u>	<u>(759,575)</u>
Cash flows from investing activities				
Payments to acquire property, plant and equipment	(2,034,508)	(529,254)	-	-
Payments to acquire intangible assets	(33,807)	(23,907)	-	-
Proceeds from sale of property, plant and equipment	124,826	70,484	-	-
Net cash outflow on acquisition of subsidiaries (note 30)	(3,862,309)	(42,513,343)	-	-
Advances to group companies	-	-	-	(34,806,846)
Interest received	121,177	9,545	-	-
Cash and cash equivalents taken over upon acquisition of subsidiaries (note 30)	-	1,116,892	-	-
Payments to related companies	(3,949,483)	(2,055,390)	(1,764,530)	-
Net cash flows used in investing activities	<u>(9,634,104)</u>	<u>(43,924,973)</u>	<u>(1,764,530)</u>	<u>(34,806,846)</u>

PTL Holdings p.l.c.

Statements of cash flows (continued)

Period ended 31 December 2015

	Group 01.01.2015 to 31.12.2015 (52 weeks) Eur	Group 01.01.2014 to 31.12.2014 (52 weeks) Eur	Holding company 01.01.2015 to 31.12.2015 (52 weeks) Eur	Holding company 23.12.2013 to 31.12.2014 (53 weeks) Eur
Cash flows from financing activities				
Proceeds from bond issue	-	35,262,835	-	35,262,835
Proceeds from bank loans	-	11,463,459	-	-
Repayment of bank loans	(2,252,066)	(1,064,326)	-	-
Proceeds from issue of share capital	-	4,000,000	-	4,000,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash flows (used in)/from financing activities	(2,252,066)	49,661,969	-	39,262,835
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net movement in cash and cash equivalents	(5,996,289)	7,829,843	(3,692,210)	3,696,414
Cash and cash equivalents at the beginning of the period	8,005,977	176,134	3,696,414	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the period (note 29)	2,009,688	8,005,977	4,204	3,696,414
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

1. Basis of preparation

The financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards as adopted by the EU. The significant accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period

2. Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the holding company and entities controlled by the holding company. The company controls an investee when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Acquisition of entities and businesses under common control

The acquisition of subsidiaries under common control is accounted for under the principles of predecessor accounting as from the date these subsidiaries are acquired by the holding company's parent at their previous carrying amounts of assets and liabilities included in the consolidated financial statements of the company's parent. Differences on acquisition between the consideration given in exchange for the acquired entities and the amounts at which the assets and liabilities of the acquired are initially recognised are included within equity.

Acquisition of subsidiaries

The acquisition of subsidiaries that are not under common control is accounted for by applying the acquisition method. The consideration is measured as the aggregate of the fair values, at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred, except for costs to issue debt or equity securities.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies

Acquisition of subsidiaries (continued)

The acquiree's identifiable assets and liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except as specifically required by other International Financial Reporting Standards as adopted by the EU. A contingent liability assumed in a business combination is recognised at the acquisition date if there is a present obligation that arises from past events and its fair value can be measured reliably.

The results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, in preparing these consolidated financial statements, appropriate adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by group entities. Intra-group balances, transactions, income and expenses are eliminated on consolidation.

Goodwill

Goodwill arising in a business combination that is accounted for using the acquisition method is recognised as an asset at the date that control is acquired. Goodwill is measured as the excess of (a) the aggregate of: (i) the consideration transferred; (ii) the amount of any non-controlling interests in the acquiree; and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

The goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Any gain on a bargain purchase, after reassessment, is recognised immediately in profit or loss.

Non-controlling interest

Non-controlling interests in the acquiree that are present ownership interests and entitle their shareholders to a proportionate share of the entity's net assets in the event of liquidation, may be initially measured either at the present ownership interests proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on an acquisition-by-acquisition basis. After initial recognition, non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the holding company's owners' equity therein. Non-controlling interests in the profit or loss and other comprehensive income of consolidated subsidiaries are also disclosed separately. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Basis of consolidation (continued)

Investments in associates/joint ventures

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The results and assets and liabilities of associates/joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates/joint ventures are initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associates/joint ventures, less any impairment in the value of individual investments.

When the Group's share of losses of an associate/joint venture exceeds the Group's interest in that associate/joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate/joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate/joint venture recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether there is evidence of any impairment loss with respect to the Group's investment in an associate/joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Basis of consolidation (continued)

Investment in subsidiaries

A subsidiary is an entity that is controlled by the company. The company controls an investee when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The holding company accounts for its investment in subsidiaries on the basis of the direct equity interest and is stated at cost less any accumulated impairment losses. Dividends from the investment are recognised in profit or loss.

Property, plant and equipment

The group's property, plant and equipment are classified into the following classes – land and buildings, plant and equipment, motor vehicles, furniture, fittings and other equipment and computer equipment.

Property, plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Basis of consolidation (continued)

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over its estimated useful lives, using the straight-line method, on the following bases:

Improvements to premises	-	2.5% - 4.5%
Plant and equipment	-	14% - 33%
Motor vehicles	-	14% - 20%
Furniture, fittings and other equipment	-	10% - 20%
Computer equipment	-	25% - 33%

The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 company and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost, being the fair value at the acquisition date for intangible assets acquired in a business combination. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria or the item is acquired in a business combination and cannot be recognised as an intangible asset, in which case it forms part of goodwill at the acquisition date.

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Intangible assets (continued)

Patents and trademarks

Patents and trademarks are classified as intangible assets. After initial recognition, patents and trademarks are carried at cost less any accumulated amortisation and any accumulated impairment losses. Patents and trademarks are amortised on a straight-line basis over ten years.

Other financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the respective entities become party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when the group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(i) Trade and other receivables

Trade and other receivables are classified with current assets and are stated at their nominal value unless the effect of discounting is material, in which case trade receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Other financial instruments (continued)

(ii) Other investments

The group's other investments are classified into the following category – loans and receivables. The classification depends on the purpose for which the investments were acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that are held for trading or are designated upon initial recognition as at fair value through profit or loss or as available-for-sale financial assets or those for which the company may not recover substantially all of its initial investment other than because of credit deterioration.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process.

(iii) Bank borrowings

Subsequent to initial recognition, interest-bearing bank loans are measured at amortised cost using the effective interest method. Bank loans are carried at face value due to their market rate of interest. Subsequent to initial recognition, interest-bearing bank overdrafts are carried at face value in view of their short-term maturities.

(iv) Other borrowings

Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

(v) Trade and other payables

Trade and other payables are classified with current liabilities and are stated at their nominal value unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

(vi) Shares issued by the company

Ordinary shares issued by the company are classified as equity instruments.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Other financial instruments (continued)

(vi) Shares issued by the company (continued)

Redemptions or refinancing of equity instruments are recognised as changes in equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method and comprises expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and an appropriate proportion of production overheads based on the normal level of activity. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Impairment

At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

Intangible assets with an indefinite useful life and intangible assets that are not yet available for use are tested for impairment annually, irrespective of whether an indication of impairment exists.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Impairment (continued)

Goodwill arising on associates/joint ventures accounted for using the equity method is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Goodwill arising on the acquisition of subsidiaries is tested for impairment annually and whenever there is an indication of impairment.

In the case of financial assets that are carried at amortised cost, objective evidence of impairment includes observable data about the following loss events – significant financial difficulty of the issuer (or counterparty) or a breach of contract or it becoming probable that the borrower will enter bankruptcy or other financial reorganisation or the company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the company would not otherwise consider.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

For loans and receivables, if there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced directly.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less costs of disposal and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Where it is not possible to estimate the recoverable amount of an individual asset, then the recoverable amount of the cash-generating unit to which the asset belongs is determined. For cash-generating units, where the recoverable amount is less than the carrying amount, the carrying amount of the assets of the unit is reduced first to reduce the carrying amount of any goodwill allocated, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case, the impairment loss is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Impairment (continued)

For loans and receivables, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly.

In the case of other assets tested for impairment, an impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

Impairment reversals are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case, the impairment reversal is recognised directly other comprehensive income and increases the revaluation surplus for that asset, unless an impairment loss on the same asset was previously recognised in profit or loss.

For a cash-generating unit, the carrying amount is not increased above the lower of its recoverable amount (if determinable) and the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit, except for goodwill.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of value-added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Revenue recognition (continued)

(i) Sale of goods

Revenue from the sale of goods is recognised on the transfer of the risks and rewards of ownership, which generally coincides with the time of shipment, when the costs incurred or to be incurred in respect of the transaction can be measured reliably and when the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

(ii) 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.

(iii) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee.

All other leases are classified as operating leases. Lease classification is made at the inception of the lease, which is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provision of the lease.

Rentals payable under operating leases, less the aggregate benefit of incentives received from the lessor, are recognised as an expense in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, including deferred tax assets for the carryforward of unused tax losses and unused tax credits, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries/associates/interests in joint arrangements where the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences arising on investments in subsidiaries/associates/interests in joint arrangements where it is probable that taxable profit will be available against which the temporary difference can be utilised and it is probable that the temporary difference will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the group entities have a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Employee benefits

The group contributes towards the state pension in accordance with local legislation. The only obligation of the group is to make the required contributions. Costs are expensed in the period in which they are incurred.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Currency translation

The financial statements of the company and the group are presented in the company's functional currency, the Euro, being the currency of the primary economic environment in which the company operates. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at period-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Foreign exchange gains and losses are classified with other operating income or other operating expenses as appropriate, except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate.

For the purpose of presenting consolidated financial statements, income and expenses of the group's foreign operations are translated to Euro at the average exchange rates. Assets and liabilities of the group's foreign operations are translated to Euro at the exchange rate ruling at the date of the statement of financial position. Exchange differences are recognised in other comprehensive income accumulated in a separate component of equity. Such differences are reclassified from equity to profit or loss in the period in which the foreign operation is disposed of.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities in the statement of financial position.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Dividends

Dividends to holders of equity instruments are recognised as liabilities in the period in which they are declared. Dividends to holders of equity instruments are recognised directly in equity.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the group's and company's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:

The group reviews property, plant and equipment, investments and loans and receivables, including trade receivables and intangible assets with a finite useful life, to evaluate whether events or changes in circumstances indicate that the carrying amounts may not be recoverable. The company reviews investments in subsidiaries, and loans and receivables from subsidiaries to evaluate whether events or changes in circumstances indicate that the carrying amounts may not be recoverable. At the period-end there was no objective evidence of impairment in this respect.

In addition, the group tests goodwill and intangible assets with an indefinite useful life annually for impairment or more frequently if there are indications that goodwill or intangibles might be impaired. Determining whether the carrying amounts of these assets can be realised requires an estimation of the recoverable amount 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 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.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

In the prior year, goodwill was allocated as follows:

- *Eur21,597,083* to the polish subsidiary SAD SP. Z.O.O. which operates the Apple Premium Reseller Business.
- *Eur3,412,590* to APCO Systems Limited which operates the electronic payment gateway.
- *Eur2,754,112* to APCO Limited which operates in the business of selling and maintenance of IT solutions and security systems.
- *Eur1,496,203* to PTL Limited business.

In 2014, the group also recognised separately from goodwill, identifiable intangible assets acquired valued at *Eur12,000,000* which are allocated to the above businesses SAD SP. Z.O.O and Apco Systems Limited as disclosed in note 16.

In the current year, goodwill in Apco Systems Limited and Apco Limited was adjusted downwards by *Eur55,342* and *Eur82,349* respectively following the adjustment of the deferred consideration of subsidiaries acquired in 2014.

The recoverable amount of the CGUs is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The assessment of recoverability of the carrying amount of goodwill and intangible assets with indefinite useful life includes:

- forecasted cash flow projections for the next three – four years (2014 – 5 years);
- growth rates of 2% - 3% (2014 – 3%); and
- use of 11.67% -15.15% (pre-tax) to discount the projected cash flows to net present values. (2014 – 14.5% - 15.7%).

Based on the above assessment, management expects the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.

4. International Financial Reporting Standards in Issue but not yet Effective

At the date of the approval of these financial statements, a number of International Financial Reporting Standards were in issue but not yet effective. The directors are assessing the potential impact of these International Financial Reporting Standards on the group and company's financial statements.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

4. International Financial Reporting Standards in Issue but not yet Effective (continued)

IFRS 9 Financial Instruments

The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The Standard supersedes all previous versions of IFRS 9.

IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single, forward-looking 'expected loss' impairment model that will require more timely recognition of expected credit losses.

IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements.

IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, this standard has not yet been endorsed by the EU. The company is in the process of assessing the potential impact, if any, of the new standard on the financial position and performance of the company.

IFRS 15 Revenue from Contracts with Customers

The standard is the result of a convergence project between the IASB and the FASB. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions being leases, financial instruments and insurance contracts. As at the date of authorisation of these financial statements, this standard had not as yet been endorsed by the EU.

By virtue of an amendment issued on 11 September 2015, the effective date of the Standard was deferred by one year to annual periods beginning on or after 1 January 2018, with earlier application being permitted. This Standard has not as yet been endorsed by the EU at the date of authorisation of these financial statements.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

4. International Financial Reporting Standards in Issue but not yet Effective (continued)

IFRS 16 Leases

IFRS 16 Leases, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. IFRS 16 supersedes IAS 17 'Leases' and related interpretations. IFRS 16 is effective for periods beginning on or after 1 January 2019. Early application is permitted for companies that also apply IFRS 15 Revenue from Contracts with Customers.

IAS 1 and IAS 7 Amendments – Disclosure Initiative

The Amendments to IAS 1, Presentation of Financial Statements, address perceived impediments to preparers exercising their judgement in presenting their financial reports. The Amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the Amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The Amendments are applicable for annual periods beginning on or after 1 January 2016. The Amendments have been endorsed by the European Union.

The Amendments to IAS 7, Statement of Cash Flows, are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted. The Amendments have not as yet been endorsed by the European Union at the date of authorisation of these financial statements.

The directors are assessing the potential impact of these standards on the company's and the group's financial statements.

The directors anticipate that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements of the company and the group in the period of initial application.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

5. Segment information

The group operates three business activities which are the sale of retail and IT solutions in Poland predominately as an Apple Premium Reseller, the sale of payment processing services and the provision of IT solutions and security systems. Each of these operating segments is managed separately as each of these lines requires local resources. All inter segment transfers for management services are carried out on a cost basis.

The accounting policy for identifying segments is based on internal management reporting information that is regularly reviewed by the chief operating decision maker.

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 line of business.

The group operated in two principal geographical areas -Malta (country of domicile) and Poland. The sale of payment processing services and the provision of IT solutions and security systems are derived from Malta whilst the sale of Apple products is derived from Poland.

In 2015 the group had one major customer in Poland and the revenue from this customer amounts to *Eur18,690,253* (2014 - *Eur16,951,144*) which represents 14.5% (2014 – 25%) of the total revenue of the group.

As at the end of the reporting period the total amount of intangible assets and property, plant and equipment in Poland and Malta amounted to *Eur15,364,630* (2014 – *Eur14,292,626*) and *Eur1,158,820* (2014 – *Eur1,276,927*) respectively.

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 2.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

5. Segment information (continued)

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

Profit and loss before tax

	2015 Eur	2014 Eur
Total profit for reportable segments	4,752,452	1,989,244
Elimination of inter segment loss	(26,588)	(945,746)
Unallocated amounts:		
Interest expense	(2,381,844)	(994,571)
Other unallocated amounts	(154,267)	(938,546)
	<u>2,189,753</u>	<u>(889,619)</u>

Assets

	2015 Eur	2014 Eur
Total assets for reportable segments	33,377,325	28,175,967
Elimination of receivables	(91,869,743)	(75,073,384)
Unallocated amounts:		
Property, plant and equipment	14,976	5,391
Goodwill	29,122,297	29,259,988
Intangible assets	11,830,464	11,865,658
Loans and receivables	87,732,185	71,717,391
Cash and cash equivalents	39,355	6,269,086
Other unallocated amounts	296,522	255,032
	<u>70,543,381</u>	<u>72,475,129</u>

Liabilities

	2015 Eur	2014 Eur
Total liabilities for reportable segments	25,061,216	17,822,356
Elimination of liabilities	(90,876,608)	(75,073,384)
Unallocated amounts:		
Bank Loans	9,422,443	11,463,459
Debt securities in issue	35,272,734	35,262,835
Trade and other payables	84,712,227	76,639,705
Other unallocated amounts	359,729	227,538
	<u>63,951,741</u>	<u>66,342,509</u>

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

5. Segment information (continued)

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

	Retail and IT Solutions (Poland) 2015 Eur	Payment processing services 2015 Eur	IT solutions and security systems 2015 Eur	Total 2015 Eur	Unallocated 2015 Eur	Eliminations and adjustments 2015 Eur	Consolidated 2015 Eur
Revenue	115,599,777	1,265,800	12,865,619	129,731,196	16,544	(1,151,202)	128,596,538
Profit/(loss) before tax	4,498,115	149,558	104,779	4,752,452	4,334,172	(6,896,871)	2,189,753
Depreciation and amortisation	1,008,435	16,272	142,827	1,167,534	119,218	(26,957)	1,259,795
Segment assets	24,856,092	1,734,784	6,786,450	33,377,326	168,221,551	(131,055,500)	70,543,377
Capital expenditure	2,000,340	70,555	50,087	2,120,982	11,475	-	2,132,457
Segment liabilities	18,367,335	682,838	6,011,044	25,061,217	129,767,134	(90,876,610)	63,951,741
Income tax expense	847,256	52,345	38,326	937,927	71,689	(35,538)	974,078

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

5. Segment information (continued)

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

	Retail and IT Solutions (Poland) 2014 Eur	Payment processing services 2014 Eur	IT solutions and security systems 2014 Eur	Total 2014 Eur	Unallocated 2014 Eur	Eliminations and adjustments 2014 Eur	Consolidated 2014 Eur
Continuing operations							
Revenue	57,583,829	779,911	8,950,333	67,314,073	19,193	(664,253)	66,669,013
Profit/(loss) before tax	2,410,032	(86,237)	(334,551)	1,989,244	(1,933,117)	(945,746)	(889,619)
Depreciation and amortisation	457,777	3,053	199,822	660,652	180,556	(41,666)	799,542
Segment assets	18,524,116	2,496,675	7,155,176	28,175,967	159,371,563	(115,072,401)	72,475,129
Capital expenditure	608,089	5,290	92,618	705,997	9,938	-	715,935
Segment liabilities	9,873,795	1,541,941	6,406,620	17,822,356	123,454,498	(74,934,345)	66,342,509
Income tax expense/(credit)	461,504	(29,324)	(150,592)	281,588	(173,432)	-	108,156

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

6. Revenue

Revenue represents the amount receivable for goods sold and services rendered during the period, net of any indirect taxes as follows:

	Group 01.01.2015 to 31.12.2015 (52 weeks) Eur	Group 01.01.2014 to 31.12.2014 (52 weeks) Eur	Holding company 01.01.2015 to 31.12.2015 (52 weeks) Eur	Holding company 23.12.2013 to 31.12.2014 (53 weeks) Eur
<i>By activity:</i>				
Sale of goods	122,022,534	61,491,197	-	-
Rendering of services	2,319,404	1,440,444	-	-
Maintenance and support	2,988,800	2,860,925	-	-
Payment gateway systems	1,265,800	779,911	-	-
Management fees	-	-	600,000	-
	<u>128,596,538</u>	<u>66,572,477</u>	<u>600,000</u>	<u>-</u>

7. Investment income

	Group 01.01.2015 to 31.12.2015 (52 weeks) Eur	Group 01.01.2014 to 31.12.2014 (52 weeks) Eur	Holding company 01.01.2015 to 31.12.2015 (52 weeks) Eur	Holding company 23.12.2013 to 31.12.2014 (53 weeks) Eur
Other interest income	118,107	9,545	-	-
Intra group interest income	-	-	1,893,935	882,112
Dividend from subsidiaries	-	-	1,035,538	-
Bank Interest	3,070	-	-	-
	<u>121,177</u>	<u>9,545</u>	<u>2,929,473</u>	<u>882,112</u>

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

8. Investment losses

	Group 01.01.2015 to 31.12.2015 (52 weeks) Eur	Group 01.01.2014 to 31.12.2014 (52 weeks) Eur	Holding company 01.01.2015 to 31.12.2015 (52 weeks) Eur	Holding company 23.12.2013 to 31.12.2014 (53 weeks) Eur
Loss on acquisition of subsidiary	-	50,032	-	-

9. Finance costs

	Group 01.01.2015 to 31.12.2015 (52 weeks) Eur	Group 01.01.2014 to 31.12.2014 (52 weeks) Eur	Holding company 01.01.2015 to 31.12.2015 (52 weeks) Eur	Holding company 23.12.2013 to 31.12.2014 (53 weeks) Eur
Interest on bank loan	611,212	908,230	-	493,202
Interest on bond	1,836,000	140,844	1,836,000	140,844
Other interest payable	31,653	94,918	60,705	46,303
Other finance costs	223,528	136,077	-	136,077
Amortisation of bond issue costs	81,765	-	81,765	-
	<u>2,784,158</u>	<u>1,280,069</u>	<u>1,978,470</u>	<u>816,426</u>

10. Profit/ (loss) before tax

	Group 01.01.2015 to 31.12.2015 (52 weeks) Eur	Group 01.01.2014 to 31.12.2014 (52 weeks) Eur	Holding company 01.01.2015 to 31.12.2015 (52 weeks) Eur	Holding company 23.12.2013 to 31.12.2014 (53 weeks) Eur
<i>This is stated after charging/(crediting):</i>				
Depreciation and amortisation	1,259,795	799,542	-	-
Net exchange differences	253,940	(58,531)	-	-

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

10. Profit/ (loss) before tax (continued)

The analysis of the amounts that are payable to the auditors and that are required to be disclosed as follows:

Group

Total remuneration payable to the parent company's auditors in respect of the audit of the financial statements and the undertakings included in the consolidated financial statements amounted to *Eur37,000* (2014 – *Eur35,300*) and the remuneration payable to the other auditors in respect of the audits of the undertakings included in the consolidated financial statements amounted to *Eur28,360* (2014 - *Eur32,750*). Other fees payable to the parent company's auditors for non-audit services amounted to *Eur19,266* (2014 – *Eur93,570*).

Holding company

Total remuneration payable to the parent company's auditors for the audit of the company's financial statements amounted to *Eur6,000* (2014 – *Eur2,000*). Other fees payable to the parent company's auditors for non-audit services other than other assurance services and tax advisory services amounted to *Eur860*. (2014 – *Eur58,000*).

11. Key management personnel compensation

	Group 01.01.2015 to 31.12.2015 (52 weeks) Eur	Group 01.01.2014 to 31.12.2014 (52 weeks) Eur	Holding company 01.01.2015 to 31.12.2015 (52 weeks) Eur	Holding company 23.12.2013 to 31.12.2014 (53 weeks) Eur
Directors' compensation				
<i>Short-term benefits:</i>				
Fees	24,000	8,000	24,000	8,000
Management remuneration	100,000	-	-	-
	<u>124,000</u>	<u>8,000</u>	<u>24,000</u>	<u>8,000</u>
<i>Other key management personnel compensation:</i>				
<i>Short-term benefits:</i>				
Salaries and social security contributions	829,730	839,375	-	-
Termination benefits: Compensation for loss of office	-	80,000	-	-
	<u>829,730</u>	<u>919,375</u>	<u>-</u>	<u>-</u>
<i>Total Key management personnel compensation:</i>				
Short-term benefits	953,730	847,375	24,000	8,000
Termination benefits	-	80,000	-	-
	<u>953,730</u>	<u>927,375</u>	<u>24,000</u>	<u>8,000</u>

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

12. Staff costs and employee information

	Group 01.01.2015 to 31.12.2015 (52 weeks) Eur	Group 01.01.2014 to 31.12.2014 (52 weeks) Eur	Holding company 01.01.2015 to 31.12.2015 (52 weeks) Eur	Holding company 23.12.2013 to 31.12.2014 (53 weeks) Eur
<i>Staff costs:</i>				
Wages and salaries	7,485,905	5,408,779	24,000	8,000
Social security costs	864,316	416,257	-	-
	<u>8,350,221</u>	<u>5,825,036</u>	<u>24,000</u>	<u>8,000</u>
Recharges from related parties	183,612	266,143	-	-
Recharges to related parties	(189,957)	(238,724)	-	-
	<u>8,343,876</u>	<u>5,852,455</u>	<u>24,000</u>	<u>8,000</u>

The average number of persons employed during the year by the group excluding executive directors, was made up of:

Group	2015 Number	2014 Number
Operations	327	340
Administration	73	36
	<u>400</u>	<u>376</u>

13. Income tax expense

	Group 01.01.2015 to 31.12.2015 (52 weeks) Eur	Group 01.01.2014 to 31.12.2014 (52 weeks) Eur	Holding company 01.01.2015 to 31.12.2015 (52 weeks) Eur	Holding company 23.12.2013 to 31.12.2014 (53 weeks) Eur
Current tax expense	868,109	263,931	172,317	8,691
Deferred tax expense (note 24)	(23,139)	(155,775)	-	-
Prior year under provided deferred tax expense	129,108	-	-	-
	<u>974,078</u>	<u>108,156</u>	<u>172,317</u>	<u>8,691</u>

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

13. Income tax expense (continued)

Tax applying the statutory domestic income tax rate and the income tax expense for the year/period are reconciled as follows:

	Group 01.01.2015 to 31.12.2015 (52 weeks) Eur	Group 01.01.2014 to 31.12.2014 (52 weeks) Eur	Holding company 01.01.2015 to 31.12.2015 (52 weeks) Eur	Holding company 23.12.2013 to 31.12.2014 (53 weeks) Eur
Profit/(loss) before tax	2,189,753	(889,619)	1,426,335	24,832
Tax at the applicable rate of 35%	766,414	(311,367)	499,217	8,691
Tax effect of:				
Effect of prior year re-statement	-	(55,835)	-	-
Income subject to 15%	-	(4,771)	-	-
Accounting gain on disposal of investment	-	(11,582)	-	-
Different tax rates of subsidiaries operating in other jurisdictions	(719,698)	(40,305)	-	-
Income not chargeable to tax	(15,813)	(2,722)	(326,900)	-
Movement in fair value of associates and jointly controlled entities	18,741	36,495	-	-
Deferred tax not recognised	239,204	142,537	-	-
Fines and penalties	-	21,340	-	-
Increase in provision for bad debts	-	1,050	-	-
Disallowable expenses	704,032	327,633	-	-
Amortisation on ineligible assets	-	5,250	-	-
Other permanent differences	(18,802)	433	-	-
Income tax expense	974,078	108,156	172,317	8,691

14. Dividends

During 2015, the Company/Group declared an interim dividend of *Eur1,000,000* (Eur0.119 per share). No final dividend is being recommended.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

15. Goodwill

Group

	Eur
At 01.01.2014	1,496,203
Amounts recognised from acquisition of subsidiaries occurring during the year (note 30)	27,763,785
At 31.12.2014	29,259,988
Reduction of purchase price consideration from acquisition of subsidiary in 2014	(137,691)
	29,122,297

Amounts recognised as goodwill prior to 2014 were based on predecessor accounting principles while the goodwill recognised in 2014 was based on the acquisition accounting principles.

16. Intangible assets

Group

	Eur
Cost	
At 01.01.2014	
Acquired on acquisition of subsidiaries	170,000
Additions	12,050,635
Disposals	23,907
	(170,000)
At 01.01.2015	12,074,542
Additions	33,807
Disposals	(1,251)
Effect of foreign exchange differences	488
At 31.12.2015	12,107,586
Amortisation	
At 01.01.2014	113,334
Provision for the year	195,555
Released on disposal	(170,000)
At 01.01.2015	138,889
Provision for the year	139,253
Released on disposal	(1,020)
At 31.12.2015	277,122
Carrying amount	
At 31.12.2014	11,935,653
At 31.12.2015	11,830,464

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

16. Intangible assets (continued)

Group (continued)

The amortisation charge was included in administrative expenses.

Intangible assets include separately identified intangible assets acquired during 2014 as part of the business combinations amounting to *Eur12,000,000* which have been recognised separately from goodwill.

These intangible assets relate to:

- SAD's Apple Premium Reseller operations operating under the brand iSpot together with related contracts – *Eur11,000,000*. The useful life of this asset is considered to be indefinite as there was no foreseeable limit to the period over which the asset is expected to generate net cash inflows. In arriving at this conclusion management considered such factors as the stability of the industry and changes in the demand for such products. This assessment is reassessed periodically.
- APCO's payment gateway system – *Eur1,000,000*. The useful life of this asset was considered to be finite due to possible technological obsolescence and is being amortised on a straight line basis. Until 31 December 2014, the Group was amortising the intangible asset over 3 years. Following the knowledge generated, the Group re-assessed the remaining useful life of the asset to be 10 years. Had the Company not-reassessed the remaining useful life, the additional amortisation for the year would have amounted to *Eur233,000* more. The amortisation charge for the year is included within administrative expenses.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

17. Property, plant and equipment						
Group		Improvements to premises Eur	Equipment Eur	Motor vehicles Eur	Furniture, fixtures, and fittings Eur	Total Eur
Cost						
At 01.01.2014		-	436,532	63,355	231,954	731,841
Additions		135,458	183,597	46,449	163,750	529,254
Taken over on acquisition of subsidiaries (note 30)		2,224,481	1,143,672	356,681	1,678,191	5,403,025
Disposals		-	(251,344)	-	(3,933)	(255,277)
Effect of foreign currency exchange differences		(33,441)	(15,731)	(5,237)	(27,799)	(82,208)
At 01.01.2015		2,326,498	1,496,726	461,248	2,042,163	6,326,635
Additions		470,074	811,986	130,798	621,650	2,034,508
Disposals		-	(231,290)	(111,946)	(44,343)	(387,579)
Effect of foreign currency exchange differences		(9,924)	(9,083)	(1,432)	(3,505)	(23,944)
At 31.12.2015		2,786,648	2,068,339	478,668	2,615,965	7,949,620
Accumulated depreciation						
At 01.01.2014		-	257,116	63,355	26,499	346,970
Provision for the period		108,846	271,520	26,071	197,549	603,986
Taken over on acquisition of subsidiaries (note 30)		515,583	638,615	168,215	633,481	1,955,894
Released on disposal		-	(181,989)	-	(2,802)	(184,791)
Effect of foreign currency exchange differences		(8,832)	(7,916)	(2,382)	(10,194)	(29,324)
At 01.01.2015		615,597	977,346	255,259	844,533	2,692,735
Provision for the year		251,795	385,139	71,384	412,481	1,120,799
Released on disposal		-	(126,141)	(111,946)	(35,331)	(273,418)
Effect of foreign currency exchange differences		(4,469)	(2,547)	(311)	(6,020)	(13,348)
At 31.12.2015		862,923	1,233,797	214,386	1,215,663	3,526,768
Carrying amount						
At 31.12.2014		1,710,901	519,380	205,989	1,197,630	3,633,900
At 31.12.2015		1,923,725	834,542	264,282	1,400,302	4,422,851

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

18. Financial assets

Investments in subsidiaries, associates and joint ventures

Holding company

	Investments in subsidiaries Eur
Carrying amount	
Additions during the period ended 31 December 2014	4,399,723
At 01.01.15/31.12.2015	<u><u>4,399,723</u></u>

Group

Subsidiaries

Name of subsidiary	Place of incorporation and ownership	Portion of ownership interest 2015/2014 %	Holding	Portion of voting power held 2015/2014 %	Principal activity
PTL International Limited	Malta	100	Direct	100	Holding Company
PTL B.V.	Netherlands	100	Indirect	100	Holding Company
PTL Limited	Malta	100	Indirect	100	Sale of IT solutions and security systems
APCO Limited	Malta	100	Indirect	100	Sale of IT solutions and security systems
APCO Systems Limited	Malta	100	Indirect	100	Sale of payment processing services
PTL Poland SP. Z O.O	Poland	100	Indirect	100	Holding Company
SAD SP. Z O.O	Poland	100	Indirect	100	Sale of retail and IT solutions
PTL Baltics SIA	Latvia	100	Indirect	100	Sale of software
Ipsyon Ltd	Malta	100	Indirect	100	Holding of intellectual property
Newera Marketing Limited	Malta	70	Indirect	70	Sale of software
Newera Solutions Limited	Malta	70	Indirect	70	Sale of software

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

18. Financial assets (continued)

Investment in associates

The investment in the associate is indirectly owned through PTL International Limited.

The registered office of the above associate is 1st Floor, 'Navi Buildings', Pantar Road, Lija, Malta. The company leases computer hardware and software and provides maintenance and support services across a broad platform of machine types, operating systems and programming languages.

	Proportion of ownership interest 2015 and 2014 %
Smart Technologies Limited	33

Investment in joint ventures

The investment in the joint ventures is indirectly owned through PTL International Limited.

The registered office of Hili Salomone Company Limited entity is Nineteen Twenty-Three, Valletta Road, Marsa, Malta. The company through its subsidiaries listed below operate a number of Apple outlets in Romania and Hungary. The registered address of Fuel Automation Services Limited is 42, Spencer Hill, Marsa, Malta. The company is engaged in the trading of products used to dispense, pump and otherwise deliver petroleum products from service stations.

	Proportion of ownership interest 2015 and 2014 %
Hili Salomone Company Limited	50
Fuel Automation Services Limited	50

The group also holds investments in three entities indirectly through Hili Salomone Company Limited, which exercises control over these entities as follows:

	Proportion of ownership interest held by Hili Salomone Company Limited 2015 and 2014 %
Alfa Capital B.V.	100
Starking Obuda Kft	100
Alfa Capital SRL	100

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

18. Financial assets (continued)

Investment in joint ventures (continued)

The registered office of Alfa Capital B.V. is Schiphol Boulevard 231, 1118 BH, Amsterdam Schiphol, Netherlands, of Starking Obuda Kft is Bécsi út 77-79, 1036 Budapest, Hungary and of Alfa Capital S.R.L. is 246 B Calea Floreasca, Peomenada Shopping Center, 1st Floor, Unit nr. 1F-055, District 1, Bucharest, Romania.

Summarised financial information in respect of associates that are not individually material is set out below:

	2015	2014
	Eur	Eur
Carrying amount	<u><u>345,204</u></u>	<u><u>305,087</u></u>
Group's s share of total profit/ total comprehensive income	<u><u>40,117</u></u>	<u><u>35,085</u></u>

Summarised financial information in respect of joint ventures that are not individually material is set out below

	2015	2014
	Eur	Eur
Carrying asset amount	<u><u>7,207</u></u>	<u><u>2,500</u></u>
Carrying liability amount	<u><u>(237,208)</u></u>	<u><u>(136,539)</u></u>
Group's s share of total profit/ total comprehensive income.	<u><u>4,707</u></u>	<u><u>-</u></u>
Group's s share of total expense/ total comprehensive loss.	<u><u>(98,369)</u></u>	<u><u>(139,356)</u></u>

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

18. Financial assets (continued)

Loans and receivables

	Group Loans to related parties Eur	Holding company Loans to subsidiaries Eur
Amortised cost		
At 31.12.2014	920,072	36,555,267
Less: amount expected to be settled within 12 months (shown under current assets)	(692,572)	(1,558,064)
Amount expected to be settled after 12 months	<u>227,500</u>	<u>34,997,203</u>
At 31.12.2015	4,328,751	42,195,369
Less: amount expected to be settled within 12 months (shown under current assets)	(3,308,255)	(5,245,254)
Amount expected to be settled after 12 months	<u>1,020,496</u>	<u>36,950,115</u>

The terms and conditions of amounts owed to related parties are disclosed in note 31.

19. Inventory

	Group 2015 Eur	Group 2014 Eur	Holding Company 2015 Eur	Holding Company 2014 Eur
Finished goods and goods held for resale	9,019,844	7,562,871	-	-
Raw materials and consumables	-	4,523	-	-
	<u>9,019,844</u>	<u>7,567,394</u>	<u>-</u>	<u>-</u>

The amount of inventories recognised as an expense during the year amounted to EUR1,452,450.

Write-downs of inventories recognised in the statement of profit or loss and other comprehensive income during the year amounted to EUR150,083 (2014 – Nil) and are included with cost of sales.

PTL Holdings p.l.c.

Notes to the financial statements

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20. Trade and other receivables

	Group 2015 Eur	Group 2014 Eur	Holding Company 2015 Eur	Holding Company 2014 Eur
Trade receivables	4,511,399	5,693,144	-	-
Amounts owed by ultimate parent	379,552	284,410	-	284,410
Amounts owed by joint venture	15,916	225,286	-	-
Amounts owed by associates	116,014	116,014	-	-
Amounts owed by other related parties	128,904	1,117,049	600,000	-
Other receivables	1,873,728	602,771	-	64,135
Prepayments and accrued income	1,474,453	1,445,608	-	201
	8,499,966	9,484,282	600,000	348,746
Less: amount due for settlement within 12 months (shown under current assets)	(8,499,966)	(9,484,282)	(600,000)	(348,746)
Amounts due for settlement after 12 months	-	-	-	-

No interest is charged on trade and other receivables. The terms and conditions of amounts owed by related parties are disclosed in note 31.

Allowance for estimated irrecoverable amounts

Trade and other receivables are stated net of an allowance for estimated irrecoverable amounts from trade receivables amounting to *Eur652,404* (2014 – *Eur605,470*). Movements in provisions for bad and doubtful receivables are included with administrative expenses

PTL Holdings p.l.c.

Notes to the financial statements

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21. Trade and other payables

	Group 2015 Eur	Group 2014 Eur	Holding Company 2015 Eur	Holding Company 2014 Eur
Trade payables	10,508,838	8,894,303	38,229	274,440
Other payables	3,300,445	1,020,580	-	-
Accruals and deferred income	4,040,466	4,179,170	164,328	172,010
	17,849,749	14,094,053	202,557	446,450
Less: amount due for settlement within 12 months (shown under current liabilities)	(17,317,234)	(13,486,447)	(202,557)	(446,450)
Amount due for settlement after 12 months	532,515	607,606	-	-

No interest is charged on trade and other payables.

22. Bank overdrafts and loans

	Group 2015 Eur	Group 2014 Eur	Holding Company 2015 Eur	Holding Company 2014 Eur
Bank overdrafts	79,178	678,770	-	-
Bank loans	9,343,265	11,595,330	-	-
	9,422,443	12,274,100	-	-
Less: amount due for settlement within 12 months (shown under current liabilities)	(1,490,679)	(2,587,546)	-	-
Amount due for settlement after 12 months	7,931,764	9,686,554	-	-

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

22. Bank overdrafts and loans (continued)

Bank overdrafts and loans are repayable as follows:

	Group 2015 Eur	Group 2014 Eur	Holding Company 2015 Eur	Holding Company 2014 Eur
On demand or within one year	1,545,074	2,587,546	-	-
In the second year	1,465,896	1,436,554	-	-
In the third year	1,465,896	1,500,000	-	-
In the fourth year	1,002,396	1,500,000	-	-
In the fifth year	3,943,181	5,250,000	-	-
	9,422,443	12,274,100	-	-

The group's bank loans and overdraft facilities bear effective interest at a floating rate of 5.15% (2014 – 4.85% - 5.5%) p.a. Bank overdraft are secured by a first general hypothecs over the assets of the PTL Limited. Bank loans comprise a bank loan taken by PTL 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 (2014 – 18,000,000)*. In addition the group has a registered pledge on on things and rights belonging to SAD SP. z O.O. amounting to *Eur3,167,899 (2014 – 1,759,613)*

23. Other financial liabilities

	Group 2015 Eur	Group 2014 Eur	Holding Company 2015 Eur	Holding Company 2014 Eur
Amounts owed to parent	31,495	31,496	-	-
Amounts owed to related parties	619,959	67,372	3,054,122	875,000
Deferred consideration (note 30)	-	4,000,000	-	-
	651,454	4,098,868	3,054,122	875,000
Less: amount due for settlement within 12 months (shown under current liabilities)	(651,454)	(4,098,868)	(2,971,937)	-
Amount due for settlement after 12 months	-	-	82,185	875,000

The terms and conditions of the amounts owed to the parent and other related parties are disclosed in note 31. Interest on deferred consideration was charged at the rate of 200 basis points over the month rate issued by the European Central Bank on closing date of the deferred consideration.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

24. Deferred taxation

Group

	Opening balance Eur	Taken over on acquisition of subsidiary Eur	Recognised in profit or loss Eur	Closing balance Eur
2014				
Arising on:				
Intangible asset	-	-	88,472	88,472
Other temporary differences	-	85,234	11,337	96,571
	-	85,234	99,809	185,043
Arising on:				
Property, plant and equipment	(10,708)	173,803	(5,877)	157,218
Unutilised tax losses	-	-	23,745	23,745
Provision for bad debts	36,091	-	151,249	187,340
Other temporary differences	-	29,373	86,467	115,840
	25,383	203,176	255,584	484,143
	25,383	117,942	155,775	299,100
2015				
Arising on:				
Intangible asset	(88,472)	-	(110,782)	(199,254)
Unutilised capital loss	-	-	(9,592)	(9,592)
Other temporary differences	(96,571)	-	(50,638)	(147,209)
	(185,043)	-	(171,012)	(356,055)
Arising on:				
Property, plant and equipment	157,218	-	10,795	168,013
Unutilised tax losses	23,745	-	85,304	109,049
Provision for bad debts	187,340	-	94,931	282,271
Other temporary differences	115,840	-	3,121	118,961
	484,143	-	194,151	678,294
	299,100	-	23,139	322,239

Deferred tax assets have been recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. The majority of the deferred tax asset arising on unutilised tax losses reverses when dividends are declared from the subsidiaries. The aggregate amount of unused tax losses associated with investments in subsidiaries for which deferred tax assets have not been recognised amounts to *Eur239,204 (2014: Eur142,537)*.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

24. Deferred taxation (continued)

Group

The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised, amounts to *Eur10,118,393* (2014 – *Eur2,130,877*)

25. Debt securities in issue

	Group and Holding 2015 Eur	Group and holding 2014 Eur
5.1% unsecured bonds redeemable 2024	<u><u>35,272,734</u></u>	<u><u>35,262,835</u></u>

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. The carrying amount of the bonds is net of direct issue costs of *Eur727,266* (2014 - *Eur737,165*) 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 *Eur38,484,000* (2014 - *Eur37,710,000*).

PTL Holdings p.l.c.

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26. Share capital

	2014 and 2015	
	Authorised Eur	Issued and called up Eur
10,000,000 Ordinary shares of Eur1 each, 8,399,724 of which have been issued and called up	10,000,000	8,399,724

During 2014 the company increased its issued and called up Share capital from *Eur5,000* to *Eur8,399,724* through the capitalisation of shareholder loans amounting to *Eur4,394,724* and the issuance of *4,000,000* ordinary shares with a nominal value of Eur1 per share.

27. Other equity

	Group 2015 Eur	Group 2014 Eur
Other equity	1,367,314	1,367,314

On 30 December 2013, the company, through its direct subsidiary, PTL International Limited, acquired 100% interest in PTL Limited, 50% interest in Hili Salomone Company Limited and 33% interest in Smart Technologies Limited from a related party, Hili Company Limited (see notes 17 and 27). Both Hili Company Limited and PTL Holdings p.l.c. have the same parent company, Hili Ventures Limited.

The acquisition of the subsidiary, PTL Limited, and its underlying subsidiaries by the company falls outside the scope of International Financial Reporting Standard 3 – Business Combinations (“IFRS 3”) because the transaction merely represents a group reorganisation and because in terms of paragraph 2(c) of IFRS 3, the acquisition of these entities by the company is a combination of businesses under common control in which all the combining entities are ultimately controlled by the same party, Hili Ventures Limited, both before and after the business combination and that control is not transitory.

The difference of *Eur1,367,314* between consideration for the acquired entities of *Eur3,551,791* and the amounts at which the assets and liabilities of the acquired entities were recognised of *Eur2,184,477* are included in equity in terms of predecessor accounting.

PTL Holdings p.l.c.

Notes to the financial statements

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28. Significant non-cash transactions

During 2013, the company through its direct subsidiary acquired a number of subsidiaries, associate and joint ventures. All balances due by the company to the parent arising from these acquisitions have been earmarked for capitalisation and therefore have been included with other equity. The amount is unsecured, interest-free and repayable exclusively at the option of the company. This amount was capitalised in 2014.

29. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statement of financial position:

	Group 2015 Eur	Group 2014 Eur	Holding Company 2015 Eur	Holding Company 2014 Eur
Cash at bank and on hand	2,088,866	8,684,747	4,204	3,696,414
Bank overdraft	(79,178)	(678,770)	-	-
Cash and cash equivalents in in the statements of cash flows	<u>2,009,688</u>	<u>8,005,977</u>	<u>4,204</u>	<u>3,696,414</u>

Any interest earned on cash at bank is based on market rates.

30. Business combination

On 1 July 2014, the group acquired 100% interest in SAD SP. Z O.O., a company registered in Poland, which principal activity as an Apple Premium Reseller is the sale of Apple products. The 2014 consolidated financial statements include the results of the subsidiary for the six month period from the date of acquisition.

On 1 August 2014, the group acquired 100% interest in APCO Limited, a company registered in Malta, which principal activity is the sale and maintenance of IT solutions and security systems, and APCO Systems Limited, a company registered in Malta, which principal activity is the sale of payment processing services. The 2014 consolidated financial statements include the results of these 2 subsidiaries for the five month period from the date of acquisition.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

30. Business combination (continued)

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

	Eur
Cash and cash equivalents	1,116,892
Current tax asset	102,402
Current tax liabilities	(562,802)
Deferred tax asset	214,034
Deferred tax liabilities	(96,093)
Intangible assets	12,050,635
Inventories	5,674,144
Investment in joint venture	15,441
Loans and receivables	124,133
Other financial liabilities	(2,140,579)
Property, plant and equipment	3,447,130
Trade and other receivables	6,724,592
Trade and other payables	(7,920,371)
	<hr/>
Fair value of assets acquired	18,749,558
	<hr/> <hr/>
Goodwill arising on acquisition	
Consideration transferred	46,513,343
Fair value of identifiable assets and liabilities acquired	(18,749,558)
	<hr/>
Goodwill (note 15)	27,763,785
	<hr/> <hr/>

Acquisition related expenses amounting to *Eur830,900* have been excluded from the consideration transferred and have been recognised as an expense in the period within the administration expenses line item in the consolidated statement of profit or loss and other comprehensive income.

The receivables acquired (which principally comprised trade receivables) in these transactions with fair value of *Eur6,724,592* had gross contractual amounts of *Eur6,907,683*. The best estimate at acquisition date of the contracted cash flows not expected to be collected are *Eur183,091*.

Goodwill arose in the acquisition of SAD SP. Z O.O., APCO Limited and APCO Systems Limited because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

30. Business combination (continued)

The net cash outflow on acquisition of subsidiaries was as follows:

	Eur
Cash consideration paid	42,513,343
Deferred consideration (note 23)	4,000,000
Net cash and cash equivalents assumed	(1,116,892)
	<u>45,396,451</u>

Included in the 2014 profit for the year is a profit of *Eur2,073,190* attributable to the newly acquired subsidiaries. Revenue included *Eur59,365,081* in respect of the said subsidiaries. Had the acquisition of the subsidiaries been effected on 1 January 2014 the revenue of the group would have increased by *Eur48,883,993* while profit after tax would have increased by *Eur1,340,511*. The directors consider these numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

There were no acquisitions during 2015.

31. Related party transactions

PTL Holdings p.l.c. is the parent company of the subsidiary undertakings highlighted in note 18. The parent company of PTL Holdings p.l.c. is Hili Ventures Limited which is incorporated in Malta.

During the year/period under review, the group entered into transactions with related parties as set out below:

Group

	Related party activity Eur	2015 Total activity Eur	%	Related party activity Eur	2014 Total activity Eur	%
Revenue:						
<i>Related party transactions with:</i>						
Other related parties	<u>192,313</u>	<u>128,262,328</u>	<u>0.1</u>	<u>226,556</u>	<u>66,669,013</u>	<u>0.3</u>
Cost of sales:						
<i>Related party transactions with:</i>						
Other related parties	<u>140,745</u>	<u>114,646,381</u>	<u>0.1</u>	<u>-</u>	<u>60,329,979</u>	<u>-</u>

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

31. Related party transactions (continued)

Group

	Related party activity Eur	2015 Total activity Eur	%	Related party activity Eur	2014 Total activity Eur	%
Administrative expenses:						
<i>Related party transactions with:</i>						
Other related parties	<u>194,905</u>	<u>9,110,055</u>	<u>2</u>	<u>184,967</u>	<u>5,804,526</u>	<u>3</u>
Interest income:						
<i>Related party transactions with:</i>						
Other related parties	<u>111,344</u>	<u>132,151</u>	<u>84</u>	<u>-</u>	<u>9,545</u>	<u>-</u>

Holding Company

	Related party activity Eur	2015 Total activity Eur	%	Related party activity Eur	2014 Total activity Eur	%
Revenue						
<i>Related party transactions with:</i>						
Other related parties	<u>600,000</u>	<u>600,000</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment Income						
<i>Related party transactions with:</i>						
Other related parties	<u>2,929,473</u>	<u>2,929,473</u>	<u>100</u>	<u>882,112</u>	<u>882,112</u>	<u>100</u>

Other related parties consist of related parties other than the parent, entities with joint control or significant influence over the company, subsidiaries, associates, joint ventures in which the company is a venture and key management personnel of the company or its parent.

No expense has been recognised in the period for bad or doubtful debts in respect of amounts due by related parties and there are no provisions for doubtful debts in respect of outstanding amounts due by related parties.

The share of profit/loss on associate and joint ventures is disclosed in note 18. Key management personnel compensation is disclosed in note 11. Dividend income is disclosed in note 7.

The amounts due to/from other related parties at period-end are disclosed in notes 18, 20 and 23. The terms and conditions in respect of the related party balances do not specify the nature of the consideration to be provided in settlement. No guarantees have been given or received.

The amounts owed to the group by other related parties disclosed in note 18 are unsecured, interest free and repayable on demand. The amounts owed to the company by related parties and subsidiaries disclosed in note 18 are unsecured, bear interest at 5% and are repayable by 31 December 2020. The amounts due in note 20 are unsecured, interest free and repayable on demand.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

31. Related party transactions (continued)

The group's other financial liabilities disclosed in note 23 are unsecured, and *Eur500,000* bear interest at 5% with the remaining balance being interest-free. These amounts have no fixed date for repayment. Though the loans have no fixed date for repayment, the company has no unconditional right to defer settlement of these loans for at least twelve months after the end of the reporting period. The company's other financial liabilities disclosed in note 23 are unsecured and interest-free except for an amount of *Eur875,000* which bears interest at 5%. Though the loans have no fixed date for repayment, the company has no unconditional right to defer settlement of these loans for at least twelve months after the end of the reporting period.

As disclosed in notes 18 and 28, the company through its direct subsidiary acquired a number of subsidiaries, an associate and joint ventures. Contingent liabilities and guarantees are disclosed in note 31 and 22 respectively.

The dividends payable and the movement in share capital are disclosed in notes 14 and 26 respectively.

32. Operating leases

Group

	2015 Eur	2014 Eur
Minimum lease payments under operating lease recognised as an expense for the year/period	2,841,128	1,201,371
Contingent rent	221,106	150,432
	<u>3,062,234</u>	<u>1,351,803</u>

The group is part to several operating lease agreements for the lease of premises in various shopping malls from which they operate a number of outlets selling Apple products in Poland. The group also leases certain properties whereby it is committed to pay monthly payments to lessors based in the sale of each particular shop.

At the end of the reporting period, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group 2015 Eur	Group 2014 Eur	Holding Company 2015 Eur	Holding Company 2014 Eur
Within one year	2,291,018	1,950,890	-	-
Between one and five years	4,890,209	3,981,948	-	-
Over five years	2,556,082	1,466,379	-	-
	<u>9,737,309</u>	<u>7,399,217</u>	<u>-</u>	<u>-</u>

PTL Holdings p.l.c.

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33. Contingent liabilities

At the end of the reporting period, one of the group's subsidiaries had issued guarantees amounting to *Eur770,000* (2014 -*Eur600,000*) in relation to bank facilities granted to related undertakings. The same subsidiary also had guarantees amounting to *Eur697,884* (2014 -*Eur151,316*) granted to third parties as collateral for liabilities. One of the group's subsidiaries signed an agreement with HSBC Bank on line guarantees and letters of credit in the amount of *Eur5,628,650*.

34. Fair values of financial assets and financial liabilities

At 31 December 2015 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 the debt securities in issue as disclosed in note 25. The fair values of other non-current financial liabilities and the non-current loans and receivables 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 or because the receivables are repayable on demand.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the company determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

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 investments in subsidiaries, associates and joint ventures, grouped into Levels 1 to 3.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

34. Fair values of financial assets and financial liabilities (continued)

Group (continued)

Fair value measurement at end of the reporting period using:

Group

	Level 1 €	Level 2 €	Level 3 €	Total €	Carrying amount €
2015					
<i>Financial assets</i>					
<i>Loans and receivables</i>					
<i>-receivables from related parties</i>	-	4,983,294	-	4,983,294	4,983,294
Total	-	4,983,294	-	4,983,294	4,983,294
<i>Financial liabilities</i>					
<i>Financial liabilities at amortised cost</i>					
<i>-related party loans</i>	-	651,454	-	651,454	651,454
<i>-bank loans</i>	-	9,422,443	-	9,422,443	9,422,443
<i>-debt securities</i>	38,484,000	-	-	38,484,000	35,272,734
Total	38,484,000	10,073,897	-	48,557,897	45,346,631
2014					
<i>Financial assets</i>					
<i>Loans and receivables</i>					
<i>-receivables from related parties</i>	-	2,662,831	-	2,662,831	2,662,831
Total	-	2,662,831	-	2,662,831	2,662,831
<i>Financial liabilities</i>					
<i>Financial liabilities at amortised cost</i>					
<i>-related party loans</i>	-	98,868	-	98,868	98,868
<i>-other loans</i>	-	4,000,000	-	4,000,000	4,000,000
<i>-bank loans</i>	-	12,274,100	-	12,274,100	12,274,100
<i>-debt securities</i>	37,710,000	-	-	37,710,000	35,262,835
Total	37,710,000	16,372,968	-	54,082,968	51,635,803

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

34. Fair values of financial assets and financial liabilities (continued)

Holding company

	Level 1 €	Level 2 €	Level 3 €	Total €	Carrying amount €
2015					
<i>Financial assets</i>					
Loans and receivables					
-receivables from related parties	-	42,179,215	-	42,179,215	42,179,215
Total	-	42,179,215	-	42,179,215	42,179,215
<i>Financial liabilities</i>					
<i>Financial liabilities at amortised cost</i>					
-related party loans	-	3,054,122	-	3,054,122	3,054,122
-debt securities	38,484,000	-	-	38,484,000	35,272,734
Total	38,484,000	3,054,122	-	41,538,122	38,326,856
2014					
<i>Financial assets</i>					
Loans and receivables					
- receivables from related parties	-	36,839,677	-	36,839,677	36,839,677
Total	-	36,839,677	-	36,839,677	36,839,677
<i>Financial liabilities</i>					
<i>Financial liabilities at amortised cost</i>					
- related party loans	-	875,000	-	875,000	875,000
-debt securities	37,710,000	-	-	37,710,000	35,262,835
Total	37,710,000	875,000	-	38,585,000	36,137,835

35. Financial risk management

The exposures to risk and the way risks arise, together with the group's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where applicable, any significant changes in the group's exposure to financial risks or the manner in which the group manages and measures these risks are disclosed below.

Where possible, the group aims to reduce and control risk concentrations. Concentration of financial risk areas when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

35. Financial risk management (continued)

Credit risk

Financial assets which potentially subject the group and the company to concentrations of credit risk consist principally of receivables and cash at bank.

Receivables are presented net of an allowance for doubtful debts. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Credit risk with respect to trade receivables is limited due to credit control procedures and the large number of customers comprising the group's debtor base.

Loans and receivables comprise amounts due from related parties. The group's and company's concentration to credit risk arising from these receivables are considered limited as there were no indications that these counterparties are unable to meet their obligations. The company reviews loans and receivables to evaluate whether events or changes in circumstances indicate that the carrying amounts may not be recoverable as explained in note 3.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies. The company's bank balances are held with HSBC Bank Polska S.A, whose ultimate parent company is HSBC Holdings plc and is rated A (2014 – A) based on rating agency Standard & Poor's.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's and the company's maximum exposure to credit risk, without taking account of the value of the collateral obtained. Guarantees are disclosed in note 31.

The group assesses the credit quality of its customers by taking into account their financial standing, past experience and other factors, such as bank references and the customers' financial position.

Management considers the credit quality of these financial assets as being acceptable. These financial assets do not include any material balances with past default experience.

Management is responsible for the quality of the Group's credit portfolios and has established credit processes involving delegated approval authorities and credit procedures, the objective of which is to build and maintain assets of high quality.

Individual risk limits are set in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Each new individual customer is analysed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from management. Customers that fail to meet the group's benchmark creditworthiness may transact with the group only on a prepayment basis.

Included in the group's trade receivable balance are the following debtors which are past due at the end of the reporting period for which the group has not provided as the amounts are still considered recoverable:

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

35. Financial risk management (continued)

Credit risk - continued

Group	2015	2014
	Eur	Eur
31-60 days	828,157	1,397,353
61-90 days	310,542	413,671
Over 90 days	626,109	764,054
	<u>1,764,808</u>	<u>2,575,078</u>

The group does not hold any collateral over the above balances.

Currency risk

Foreign currency transactions arise when the group buys or sells goods or services whose price is denominated in a foreign currency, borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency or acquires or disposes of assets, or incurs or settles liabilities, denominated in a foreign currency. Foreign currency transactions comprise mainly transactions in PLN, USD and GBP.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

Interest rate risk

The company has debt securities in issue with a fixed coupon as disclosed in note 25, loans and receivables with a fixed coupon as disclosed in note 18 and cash at bank with a floating coupon as disclosed in note 29. The group has taken out interest bearing facilities as disclosed in notes 22 and 25. The interest rates thereon and the terms of such borrowings are disclosed accordingly. The group also has loans and receivables and cash at bank with interest rates as disclosed in notes 18 and 29.

The company and the group are exposed to cash flow interest rate risk on borrowings and debt instruments carrying a floating interest.

Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by adjusting its selling prices or by restructuring its financing structure.

The carrying amounts of the group's and company's financial instruments carrying a rate of interest at the end of the reporting period are disclosed in the notes to the financial statements.

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2015

35. Financial risk management (continued)

Liquidity risk

The company and the group monitor and manages its risk to a shortage of funds by maintaining sufficient cash, by matching the maturity of both its financial assets and financial liabilities, as far as possible, and by monitoring the availability of raising funds to meet commitments associated with financial instruments.

The following maturity analysis for financial liabilities shows the remaining contractual maturities using the contractual undiscounted cash flows on the basis of the earliest date on which the company can be required to pay. The analysis includes both interest and principal cash flows:

Group

	On demand or within 1 year Eur	1-2 years Eur	2-5 years Eur	More than 5 years Eur	Total Eur
2015					
<i>Non-derivatives financial liabilities</i>					
Non-interest bearing	17,968,688	532,515	-	-	18,501,203
Fixed rate instruments	2,487,454	1,836,000	5,508,000	43,344,000	53,175,454
Variable rate instruments	1,704,204	1,599,761	6,685,832	-	9,989,797
	<u>22,160,346</u>	<u>3,968,276</u>	<u>12,193,832</u>	<u>43,344,000</u>	<u>81,666,454</u>
2014					
<i>Non-derivatives financial liabilities</i>					
Non-interest bearing	13,574,371	607,606	-	-	14,181,977
Fixed rate instruments	1,836,000	1,836,000	5,508,000	45,180,000	54,360,000
Variable rate instruments	7,302,752	2,019,719	4,668,104	4,733,020	18,723,595
	<u>22,713,123</u>	<u>4,463,325</u>	<u>10,176,104</u>	<u>49,913,020</u>	<u>87,265,572</u>

PTL Holdings p.l.c.

Notes to the financial statements

31 December 2014

35. Financial risk management (continued)

Holding Company

	On demand or within 1 year Eur	1-2 years Eur	2-5 years Eur	More than 5 years Eur	Total Eur
2015					
Non-derivatives financial liabilities					
Non-interest bearing	202,558	-	-	-	202,558
Fixed rate instruments	4,839,484	1,918,185	5,508,000	43,344,000	55,609,669
	<u>5,042,042</u>	<u>1,918,185</u>	<u>5,508,000</u>	<u>43,344,000</u>	<u>55,812,227</u>
2014					
Non-derivatives financial liabilities					
Non-interest bearing	446,450	875,000	-	-	1,321,450
Fixed rate instruments	1,836,000	1,836,000	5,508,000	45,180,000	54,360,000
	<u>2,282,450</u>	<u>2,711,000</u>	<u>5,508,000</u>	<u>45,180,000</u>	<u>55,681,450</u>

Capital risk management

The group's and the company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group and the company consists of debt, which includes the borrowings disclosed in notes 22 and 25, cash and cash equivalents as disclosed in note 29 and of items presented within equity in the statement of financial position.

The group's directors manage the capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the group balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Independent auditor's report to the members of

PTL Holdings p.l.c.

We have audited the accompanying financial statements of PTL Holdings p.l.c. and its group set out on pages 11 to 69, which comprise the statements of financial position of the company and the group as at 31 December 2015, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the company and the group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As explained more fully in the statement of directors' responsibilities on page 5, the directors of the company are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the directors determine is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud and error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report (continued) to the members of

PTL Holdings p.l.c.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of PTL Holdings p.l.c. and its group as at 31 December 2015 and of the company's and its group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap -386).



Annabelle Zammit Pace as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Mriehel, Malta

29 April 2016