

PG p.l.c.

Half-Yearly Report
31 October 2017

	Pages
Half-yearly directors' report	1 - 2
Condensed consolidated statement of financial position	3
Condensed consolidated statement of comprehensive income	4
Condensed consolidated statement of changes in equity	5
Condensed consolidated statement of cash flows	6
Notes to the half-yearly report	7 - 9
Director's statement pursuant to Listing Rule 5.75.3	10

Half-yearly directors' report

Trading performance

During the six-month period ended 31 October 2017, the Group registered a turnover of €48.0 million compared to €43.6 million in the comparative period for 2016, representing a growth of 10%.

Increases in turnover were registered both in the Group's supermarket and associated retail operations (7%) and in its Zara and Zara Home franchise operations (16%). This growth was in part driven by the opening of the PAMA Shopping Mall in late 2016, including the Zara Home outlet situated therein. The growth in the Group's turnover was also attained through the increased popularity of the PAMA supermarket, which recorded a 14% increase in turnover, while sales at PAVI remained steady at 2016 levels.

The overall gross profit earned by the Group during the period amounted to €7.2 million compared to €6.3 million in 2016, registering a growth of 14%. Shop operating margins have improved as a result of the higher turnover and the increased customer base, driven in the main by the enhanced performance at the PAMA supermarket.

At the same time, the Group's sales, marketing and administrative expenses, net of sundry income, increased from €877,000 in 2016 to €1,438,000 in the six months ended 31 October 2017. The expenditure incurred was in line with expectations and with the projections made by the Group in its Prospectus dated 27 March 2017. It reflected in part the strengthening of the Group's administrative and control processes that was required following a period of rapid growth (the acquisition of 100% of the equity of PAVI Supermarket in August 2015, followed soon afterwards by the opening of the PAMA Shopping Village in October 2015). It also reflected the cost necessarily incurred in improving the Group's governance in line with its transition to a publicly listed entity.

The Group's operating profit amounted to €5.8 million, compared to €5.5 million in 2016. After deducting finance costs and taxation, the Group registered a profit for the period of €3.69 million compared to €3.55 million in the comparative period in 2016.

Capital expenditure during the six month period ended 31 October 2017 was focused on ongoing replacements, while that borrowings were reduced by €588,000 in line with the Group's loan repayment commitments. Working capital also increased, driven in the main by the impact of the PAMA Shopping Mall, including the new Zara Home outlet. In the main, however, the earnings of the Group resulted in an equivalent inflow of funds and the net cash inflow generated by the Group during the six months amounted to €3.2 million. As a result, the Group's bank overdrafts, net of cash in hand, were reduced to €449,000 as at 31 October 2017. The financial position of the Group has been further strengthened during the period, and PG plc remains well positioned to pursue new growth opportunities while retaining a strong element of resilience.

Trading prospects and plans

The Group continues to pursue opportunities for growth and to implement improvements in its existing opportunities. Particular emphasis is being placed on upgrading the PAVI supermarket, where a number of initiatives have been taken and where further refurbishment will be completed in coming months. Operations at this outlet will also be strengthened by the opening of a new Zara Home outlet in Spring 2018. Moreover, work is expected to commence in early 2018 on expanding the Group's Alhambra store in Sliema, a significant project. The overall capital expenditure expected to be incurred on the above developments will be in the region of €9 million.

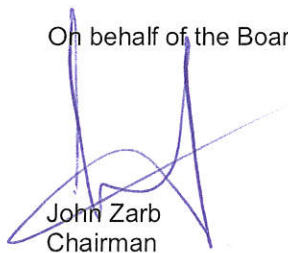
In the meantime, the Group's operations continue to benefit from a favourable economic environment and your board is cautiously optimistic that the Group will deliver positive results for the full financial year ending on 30 April 2018 in line with the projections set out in the company's prospectus dated 27 March 2017.

Half-yearly directors' report - continued

Dividends

On 4 December 2017, the board of directors resolved to distribute a net interim dividend of €1.7million in respect of the financial year ending 30 April 2018, payable on 11 December 2017, to the ordinary shareholders who were on the Register of Members of the company as at 1 December 2017. The interim dividend was paid out of taxed profits and is equivalent to €0.01574 net (€0.02422 gross) per ordinary share.

On behalf of the Board



John Zarb
Chairman



Paul Gauci
Executive Vice-Chairman

Registered office:
PG Group Head Offices,
PAMA Shopping Village,
Valleta Road,
Mosta,
Malta

20 December 2017

Condensed consolidated statement of financial position

	As at 31 October	As at 30 April
	2017	2017
	€'000	€'000
	(unaudited)	(audited)
ASSETS		
Non-current assets	57,924	58,276
Current assets	14,537	12,227
Total assets	72,461	70,503
EQUITY AND LIABILITIES		
Total equity	31,515	27,825
Total non-current liabilities	20,787	21,431
Total current liabilities	20,159	21,247
Total liabilities	40,946	42,678
Total equity and liabilities	72,461	70,503

The notes on pages 7 to 9 are an integral part of this interim condensed consolidated financial information.

The condensed interim financial information on pages 3 to 10 were authorised for issue by the board of directors on 20 December 2017 and were signed on its behalf by:



John Zarb
Chairman



Paul Gauci
Executive Vice-Chairman

Condensed consolidated income statement

	Note	Six-months ended 31 October	
		2017 €'000 (unaudited)	2016 €'000 (unaudited)
Revenue		48,025	43,592
Gross profit		7,207	6,329
Operating profit		5,769	5,452
Finance costs		(297)	(237)
Share of results of associates		35	23
Profit before tax		5,507	5,238
Tax expense		(1,817)	(1,685)
Profit for the period		3,690	3,553
Earnings per share	5	0.034	0.033

The notes on pages 7 to 9 are an integral part of this interim condensed consolidated financial information.

Condensed consolidated statement of changes in equity

	Share capital €'000	Share premium €'000	Valuation reserves €'000	Retained earnings €'000	Total €'000
Balance at 1 May 2016	15,822	1,932	7,308	(3,183)	21,879
Comprehensive income					
Profit for the period - total comprehensive income	-	-	-	3,553	3,553
Balance at 31 October 2016	15,822	1,932	7,308	370	25,432
Balance at 1 May 2017	27,000	-	-	825	27,825
Comprehensive income					
Profit for the period - total comprehensive income	-	-	-	3,690	3,690
Balance at 31 October 2017	27,000	-	-	4,515	31,515

The notes on pages 7 to 9 are an integral part of this interim condensed consolidated financial information.

Condensed consolidated statement of cash flows

	Six-months ended 31 October	
	2017 €'000 (unaudited)	2016 €'000 (unaudited)
Net cash generated from operating activities	3,966	5,543
Net cash used in investing activities	(183)	(1,229)
Net cash used in financing activities	(588)	(1,512)
Movement in cash and cash equivalents	3,196	2,802
Cash and cash equivalents at beginning of period	(3,645)	(6,673)
Cash and cash equivalents at end of period	(449)	(3,871)

The notes on pages 7 to 9 are an integral part of this interim condensed consolidated financial information.

Notes to the half-yearly report

1. Basis of preparation

This report is being published pursuant to the terms of Chapter 5 of the Listing Rules and the Prevention of Financial Markets Abuse Act 2005.

The financial information being published has been extracted from the PG group's unaudited interim financial statements for the six months ended 31 October 2017, prepared in accordance with accounting standards adopted for use in the European Union for reported interim financial information (IAS 34 – Interim Financial Reporting). In terms of Listing Rule 5.75.5, this interim report has not been audited by the group's independent auditors.

The comparative financial information for these interim accounts has been compiled on the same basis of preparation of the annual financial statements for the year ended 30 April 2017, as described in those financial statements.

2. Significant accounting policies

The accounting policies applied in the preparation of the half-yearly report are consistent with those of the annual financial statements for the year ended 30 April 2017, as described in those financial statements.

3. Segmental information

The group's operations consist of the management of supermarket operations and associated retail operations, together with the operation, in Malta, of the Zara and Zara Home franchises (the franchise operations). These operations are carried out, predominantly, on the local market. An analysis by business segment of the group's turnover and operating profit for this reporting period is set out below:

Group	Supermarkets and associated retail operations €'000	Franchise operations €'000	Group €'000
Period ended 31 October 2017			
Revenue	43,130	8,178	51,308
Less: inter-segmental sales	(2,644)	(639)	(3,283)
	40,486	7,539	48,025
Segment results	4,362	1,407	5,769
Net finance costs			(297)
Share of associates results			35
Profit before tax			5,507
Tax expense			(1,817)
Profit for the period			3,690

4. **Segmental information** - continued

Group	Supermarkets and associated retail operations €'000	Franchise operations €'000	Group €'000
Period ended 31 October 2016			
Revenue	38,549	7,140	45,689
Less: inter-segmental sales	(1,458)	(639)	(2,097)
	<u>37,091</u>	<u>6,501</u>	<u>43,592</u>
Segment results	4,008	1,444	5,452
Net finance costs			(237)
Share of associates results			23
Profit before tax			<u>5,238</u>
Tax expense			(1,685)
Profit for the period			<u>3,553</u>

5. **Earnings per share**

Earnings per share is based on the profit after taxation attributable to the ordinary shareholders of the company divided by the weighted average number of ordinary shares in issue during the period. To ensure full comparability, earnings per share for the six months ended 31 October 2016 are also computed on the basis of the current ordinary share capital of PG plc.

6. **Related party transactions**

The principal group transactions carried out with related parties during the period were as follows:

	Six-months ended 31 October	
	2017 €'000	2016 €'000
Rents and parking fees payable to associates	980	720

The group's balances with associates as at the end of the period are as follows:

	As at 31 October	As at 30 April
	2017 €'000	2017 €'000
Current		
Net amounts owed by associates	6	1,061

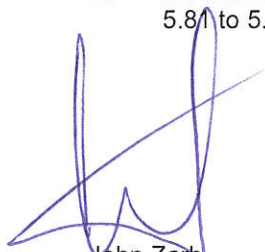
7. Commitments

The board has approved capital expenditure not provided for in these condensed consolidated financial statements amounting to €9million of which €1.8million have been contracted for during the period. These capital commitments relate to the approved investment plan that comprises in the main the extension of the Alhambra property.

Director's statement pursuant to Listing Rule 5.75.3

I hereby confirm that to the best of my knowledge:

1. the condensed half-yearly report gives a true and fair view of the financial position of the group as at 31 October 2017, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34).
2. the interim directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



John Zarb
Chairman