

BMIT Technologies p.l.c.

Condensed Consolidated  
Interim Financial Statements

For the period 1 January 2019 to  
30 June 2019

Company Registration Number: C 48299

# BMIT Technologies p.l.c.

Condensed Consolidated Interim Financial Statements  
For the period 1 January 2019 to 30 June 2019

## Contents

	Pages
Directors' Report pursuant to Listing Rule 5.75.2	1 - 2
Condensed Consolidated Interim Financial Statements:	
Condensed Consolidated Interim Statement of Financial Position	3
Condensed Consolidated Interim Statement of Comprehensive Income	4
Condensed Consolidated Interim Statement of Changes in Equity	5
Condensed Consolidated Interim Statement of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7 - 15
Statement pursuant to Listing Rule 5.75.3	16
Independent Auditor's Report on Review of Condensed Consolidated Interim Financial Information	

# **BMIT Technologies p.l.c.**

## **Condensed Consolidated Interim Financial Statements**

### **Directors' Report pursuant to Listing Rule 5.75.2**

As at 30 June 2019

---

This Half-Yearly Report is being published in terms of Chapter 5 of the Listing Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The Half-Yearly Report comprises the reviewed (not audited) condensed consolidated interim financial statements for the six months ended 30 June 2019 prepared in accordance with International Financial Reporting Standards adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). The condensed consolidated interim financial statements have been reviewed in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2018.

#### **Principal activities**

The Group offers its customers a range of data centre and hosting services, public, private and hybrid cloud services and managed IT services – which can be offered at customer premises, hosted at any of BMIT Technologies p.l.c. (BMIT Technologies) subsidiaries data centres, or integrated with services offered by other services providers - thereby scaling the solutions from the desktop to the data centre and into the cloud.

The Group proudly delivers its services to over 500 corporate customers from various industries including online gaming, financial services, ICT, manufacturing, media, transportation, retail and hospitality. BMIT Technologies Group's scale and range of customers, partnerships with leading technology players and its employees' technology certifications enable it to obtain a proficient understanding of the business, technology and also regulatory requirements, as and where applicable.

#### **Review of financial performance**

The Group generated revenue of €11.2 million in the first half of 2019 (2018: €10.7 million), an increase of €0.5 million, or 4.4% over the same comparative period last year. The most significant increases were recognized in the main revenue streams of the Group including co-location services (2%), power (13%), connectivity (18%) and cloud services (14%).

Cost of sales increased to €5.7 million (2018: €5.5 million) showing a growth of 5.2% resulting in a relatively stable Gross Profit Margin of 48.6% (2018: 49.0%).

On the other hand, administrative expenses increased by 19.2%, to €1.7 million, from €1.4 million in 2018, mainly as result of higher salary expenses of €0.4 million attributable to the increase in the employee headcount (June 2019: 57, June 2018: 43) and higher professional fees (by €0.05 million) as a result of the listing of the Company's shares on the Malta Stock Exchange.

Group earnings before interest, tax, depreciation and amortisation (EBITDA) grew by 4.7% to €5.1 million from €4.9 million in the comparative period (2018), representing an underlying growth in the overall operating performance of the Group. It should be highlighted that management adopted IFRS 16 ("Leases") retrospectively from 1 January 2019, without restating the comparatives for 2018 (kindly refer to Note 3 – Changes in accounting policies). This resulted in an improvement to EBITDA of approximately €0.3 million for the first half of 2019.

Profit before tax decreased by 3.9% to €3.7 million from €3.9 million as result of the finance expense and amortisation recognised, upon the adoption of IFRS 16. This in connection with the increase in the number of shares from 91.1 million in June 2018 to 203.6 million in June 2019, resulted in a decrease of the earnings per share (Note 8).

# **BMIT Technologies p.l.c.**

Condensed Consolidated Interim Financial Statements

**Directors' Report pursuant to Listing Rule 5.75.2**

As at 30 June 2019

---

## **Review of financial performance - continued**

Cash generated from operations amounted to €3.9 million (2018: €3.7 million) an increase of €0.3 million.

In 2019, the Group's investments in property, plant and equipment amounted to a cash outflow of €0.7 million (2018: €0.3 million), as the Group invested in energy efficient air conditioning systems and cloud equipment.

During the first half of 2019, BMIT Technologies paid the outstanding dividend balance of €0.8 million to its main shareholder GO p.l.c. Other cash used in financing activities amounted to €0.3 million relating to lease liability payments.

## **Review of financial position**

As at 30 June 2019, the Group's total assets amounted to €21.3 million, showing a growth of €7.7 million from 31 December 2018. This is a result of the higher cash balance and the recognition of the right of use of the leased assets of €4.9 million. Cash balances were lower at 31 December 2018 due to the payment of a dividend.

Total liabilities increased by €5.3 million mainly due to the recognition of lease liabilities of €4.8 million and the tax liability of €1.1 million.

Working capital decreased from €3.4 million in December 2018 to €2.3 million in June 2019 as a result of the increase of receivables following a deposit on promise of sale of €0.4 million for the acquisition of the property in Handaq, and the decrease of other payables, mainly as a result of the payment of the outstanding dividend balance.

## **Dividends**

No dividends have been declared during the first half of 2019.

Approved by the Board of Directors on 8 August 2019 and signed on its behalf by



Nikhil Patil  
Chairman



Charmaine Farrugia  
Director

Building SCM 02, Level 2  
SmartCity Malta,  
Ricasoli, Kalkara,  
SCM 1001,  
Malta

# BMIT Technologies p.l.c.

## Condensed Consolidated Interim Financial Statements

### Statement of financial position

For the period 1 January 2019 to 30 June 2019

	As at 30 June 2019 Unaudited €'000	As at 31 December 2018 Audited €'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,785	6,554
Right-of-use assets	4,867	-
Intangible assets	3,540	3,690
Investment in associate	18	18
Trade and other receivables	150	161
Total non-current assets	15,360	10,423
<b>Current assets</b>		
Inventories	207	208
Trade and other receivables	2,951	2,306
Cash and cash equivalents	2,795	667
Total current assets	5,953	3,181
<b>Total assets</b>	<b>21,313</b>	<b>13,604</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	20,360	20,360
Other reserves	(4,097)	(4,097)
Accumulated losses	(7,047)	(9,390)
<b>Total equity</b>	<b>9,216</b>	<b>6,873</b>
<b>Non-current liabilities</b>		
Trade and other payables	197	194
Lease liabilities	4,363	-
Deferred tax liabilities	450	508
Total non-current liabilities	5,010	702
<b>Current liabilities</b>		
Trade and other payables	5,377	5,846
Current tax liabilities	1,146	183
Lease liabilities	564	-
Total current liabilities	7,087	6,029
<b>Total liabilities</b>	<b>12,097</b>	<b>6,731</b>
<b>Total equity and liabilities</b>	<b>21,313</b>	<b>13,604</b>

The notes on pages 7 to 15 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements set out on pages 3 to 15 were approved by the Board of Directors on 8 August 2019 and were signed on its behalf by:



Nikhil Patil  
Chairman



Charmaine Farrugia  
Director

# BMIT Technologies p.l.c.

## Condensed Consolidated Interim Financial Statements

### Statement of comprehensive income

For the period 1 January 2019 to 30 June 2019

	<b>Six months ended 30 June 2019 Unaudited €'000</b>	Six months ended 30 June 2018 Unaudited €'000
<b>Revenue</b>	<b>11,167</b>	10,698
Cost of sales	(5,739)	(5,452)
<b>Gross profit</b>	<b>5,428</b>	5,246
Administrative expenses	(1,653)	(1,386)
<b>Operating profit</b>	<b>3,775</b>	3,860
Interest expense	(64)	-
<b>Profit before tax</b>	<b>3,711</b>	3,860
Tax expense	(1,368)	(1,330)
<b>Profit for the year</b>	<b>2,343</b>	2,530
<b>Attributable to</b>		
Owners of the Company	<b>2,343</b>	2,521
Non-controlling interest	-	9
<b>Profit for the year</b>	<b>2,343</b>	2,530
<b>Earnings per share (€)</b>	<b>0.012</b>	0.028

The notes on pages 7 to 15 are an integral part of these condensed consolidated interim financial statements.

# BMIT Technologies p.l.c.

## Condensed Consolidated Interim Financial Statements

### Statement of changes in equity

For the period 1 January 2019 to 30 June 2019

Unaudited	Attributable to the owners of the Company					
	Share capital €'000	Other reserves - adjustment relating to non- controlling interest €'000	Accumulated losses €'000	Total €'000	Non- controlling interest €'000	Total equity €'000
Balance at 1 January 2018	9,110	(2,964)	(9,877)	(3,731)	730	(3,001)
<b>Comprehensive income</b>						
Profit for the year	-	-	2,521	2,521	9	2,530
<b>Transactions with owners</b>						
<i>Changes in ownership interest that do not result in loss of control</i>						
Acquisition of non-controlling interest in subsidiary	-	(1,133)	-	(1,133)	(739)	(1,872)
Total transactions with owners	-	(1,133)	-	(1,133)	(739)	(1,872)
<b>Balance at 30 June 2018</b>	<b>9,110</b>	<b>(4,097)</b>	<b>(7,356)</b>	<b>(2,343)</b>	<b>-</b>	<b>(2,343)</b>
Balance at 1 January 2019	20,360	(4,097)	(9,390)	6,873	-	6,873
<b>Comprehensive income</b>						
Profit for the year	-	-	2,343	2,343	-	2,343
<b>Balance at 30 June 2019</b>	<b>20,360</b>	<b>(4,097)</b>	<b>(7,047)</b>	<b>9,216</b>	<b>-</b>	<b>9,216</b>

The notes on pages 7 to 15 are an integral part of these condensed consolidated interim financial statements.

# BMIT Technologies p.l.c.

## Condensed Consolidated Interim Financial Statements

### Statement of cash flows

For the period 1 January 2019 to 30 June 2019

	<b>Six months ended 30 June 2019 Unaudited €'000</b>	Six months ended 30 June 2018 Unaudited €'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>4,397</b>	4,118
Income tax paid	<b>(463)</b>	(439)
Net cash from operating activities	<b>3,934</b>	3,679
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, net of disposals	<b>(650)</b>	(275)
Payment to acquire non-controlling interest in subsidiary	-	(1,872)
Net cash used in investing activities	<b>(650)</b>	(2,147)
<b>Cash flows from financing activities</b>		
Dividends paid	<b>(800)</b>	(1,516)
Principal elements of lease payments	<b>(356)</b>	-
Net cash used in financing activities	<b>(1,156)</b>	(1,516)
<b>Net movement in cash and cash equivalents</b>	<b>2,128</b>	16
<b>Cash and cash equivalents at beginning of year</b>	<b>667</b>	2,244
<b>Cash and cash equivalents at end of year</b>	<b>2,795</b>	2,260

The notes on pages 7 to 15 are an integral part of these condensed consolidated interim financial statements.



# BMIT Technologies p.l.c.

## Condensed Consolidated Interim Financial Statements

### Notes to the Condensed Consolidated Interim Financial Statements

For the period 1 January 2019 to 30 June 2019

#### 1 General information

BMIT Technologies p.l.c. (“the Company”) is a public listed company, which is traded on the Malta Stock Exchange. The Company is domiciled and incorporated in Malta. The condensed consolidated interim financial statements as at 30 June 2019 and for the six-month period then ended comprise the Company and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 are available upon request from the Company’s registered office at Building SCM 02, Level 2 SmartCity Malta, Ricasoli, Kalkara, SCM 1001, Malta. They are also available for viewing on its website at [www.bmittechnologies.com](http://www.bmittechnologies.com).

This condensed consolidated interim financial information was approved for issue by the Board of Directors on 8 August 2019.

The condensed consolidated interim financial information has been reviewed in accordance with the requirements of ISRE 2410 ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’.

#### 2 Basis of preparation

The condensed consolidated interim financial information as at and for the six-month period ended 30 June 2019 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, ‘Interim Financial Reporting’). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRSs as adopted by the EU.

##### (a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 Leases. The impact of the adoption of this standard and the new accounting policy are disclosed in Note 3 below. The other standards did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.

##### (b) Impact of standards issued but not yet applied by the Group

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group’s accounting periods beginning after 1 January 2019. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, and the Company’s Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group’s financial statements in the period of initial application.

# BMIT Technologies p.l.c.

## Condensed Consolidated Interim Financial Statements

### Notes to the Condensed Consolidated Interim Financial Statements

For the period 1 January 2019 to 30 June 2019

#### 3 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policy that have been applied from 1 January 2019 below.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

##### *(a) Adjustments recognised on adoption of IFRS 16*

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.15%.

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	<b>As at 30 June 2019 Unaudited €'000</b>	<b>As at 1 January 2019 Unaudited €'000</b>
Properties	<b>4,749</b>	5,090
Motor vehicles	<b>107</b>	90
Equipment	<b>11</b>	8
Total right-of-use assets	<b>4,867</b>	5,188

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by €5.2 million
- lease liabilities – increase by €5.2 million

# BMIT Technologies p.l.c.

## Condensed Consolidated Interim Financial Statements

### Notes to the Condensed Consolidated Interim Financial Statements

For the period 1 January 2019 to 30 June 2019

#### *Practical expedients applied*

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

#### *(b) The Group's leasing activities and how these are accounted for*

The Group leases various properties, motor vehicles and equipment. Rental contracts are typically made for fixed periods of 2 to 20 years for properties, 5 to 6 years for motor vehicles and 3 years for equipment but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

# BMIT Technologies p.l.c.

## Condensed Consolidated Interim Financial Statements

### Notes to the Condensed Consolidated Interim Financial Statements

For the period 1 January 2019 to 30 June 2019

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

#### Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

#### Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

## **4 Fair values of financial instruments**

The Group is required to disclose fair value measurements by level of a fair value measurement hierarchy for financial instruments (Level 1, 2 or 3). The different levels of the fair value hierarchy are defined as fair value measurements using:

- *Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).*
- *Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly i.e. as prices, or indirectly i.e. derived from prices (Level 2).*
- *Inputs for the asset or liability that are not based on observable market data i.e. unobservable inputs (Level 3).*

At 30 June 2019 and 31 December 2018, the carrying amounts of financial instruments not carried at fair value comprising cash at bank, receivables, payables and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realization.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

# **BMIT Technologies p.l.c.**

Condensed Consolidated Interim Financial Statements

## **Notes to the Condensed Consolidated Interim Financial Statements**

For the period 1 January 2019 to 30 June 2019

### **5 Segment Information**

#### **5.1 Operating segments**

The Group's internal reporting organisation and structure is such that its services within the Data Centre Services business line are treated as one business segment taking cognisance of segment technology, market dynamics and consumer demand. The operations within the *Data Centre Services* comprise the Group's data centre facilities and provision of ICT solutions in Malta.

Cash flows generated and returns secured from the different services are significantly interdependent, also in the context of commonality of risks to which the Group is exposed as a result of the provision of these services and in the context of commonality of customer base. Management of these service lines has been adapted to reflect the factors mentioned above, with a view to achieving synergies and to approach the business market in a manner focusing on the evolution of customer demands.

The Group's internal reporting to the Board of Directors and Senior Management is analysed accordingly, and the Board of Directors reviews internal management reports at least on a monthly basis.

#### **5.2 Information about geographical segments**

The Group's revenues are derived predominantly from operations carried out in Malta. However, it also derives revenue from companies operating out of Malta. Considering the nature of the Group's activities, its non-current assets are predominantly located in Malta.

#### **5.3 Information about major customers**

The Group does not have any particular major customer, as it largely derives revenue from a significant number of customers availing of its services. Accordingly, the Group does not deem necessary any relevant disclosures in respect of reliance on major customers.

# BMIT Technologies p.l.c.

## Condensed Consolidated Interim Financial Statements

### Notes to the Condensed Consolidated Interim Financial Statements

For the period 1 January 2019 to 30 June 2019

#### 6 Transactions with non-controlling interests

##### *Acquisition of non-controlling stake in subsidiary*

In January 2016, BMIT Technologies finalised the acquisition of 51% of the issued share capital of Kinetix for a consideration of €1,200,000. Kinetix is principally engaged in providing managed IT services, a service offering that subsidiaries of BMIT Technologies had been developing in the preceding years and that was also ancillary to the services provided by the other subsidiaries.

On 1 March 2018, the Group exercised its option to acquire the remaining 49% of the issued share capital of Kinetix for a purchase consideration of €1,872,000. As at the date of this transaction, the carrying amount of the non-controlling interests in this subsidiary was €739,000. The purchase consideration exceeded the amounts attributable to the non-controlling interests as at that date by €1,133,000, which difference was recognised in equity. The Company now holds 100% of the equity share capital of the subsidiaries.

The effect of changes in the ownership interest in Kinetix on the equity attributable to owners of the Group is summarised as follows:

	<b>2018</b> <b>€'000</b>
Carrying amount of non-controlling interests acquired	<b>739</b>
Consideration paid to non-controlling interests	<b>(1,872)</b>
	<hr/>
Excess of consideration paid recognised in parent's equity	<b>(1,133)</b>
	<hr/>

##### *Payments for acquisition of non-controlling stake in subsidiary*

The amounts presented in the statement of cash flows for the period ended 30 June 2018 comprise the payments referred to above amounting to €1,872,000 for 49% stake in Kinetix.

#### 7 Dividends

A dividend in respect of the year ended 31 December 2018 of €0.02 (2017: €0.05) per share, amounting to €4,000,000 (2017: €4,350,000), was proposed by the Board of Directors. The 2018 dividend was approved for payment by the Board of Directors during the Annual General Meeting held on 27 May 2019.

# BMIT Technologies p.l.c.

## Condensed Consolidated Interim Financial Statements

### Notes to the Condensed Consolidated Interim Financial Statements

For the period 1 January 2019 to 30 June 2019

#### 8 Earnings per share

Earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

The denomination has been restated for the period ending 30 June 2018 to reflect the impact of the redenomination in share capital that occurred during the latter part of 2018 as if the redenomination had already occurred on 1 January 2018.

	<b>As at 30 June 2019 Unaudited</b>	As at 30 June 2018 Unaudited
Profit attributable to equity holders of the Company (€'000)	<b>2,343</b>	2,530
Weighted average number of shares in issue (thousands)	<b>203,595</b>	restated 91,100
Earnings per share (€)	<b>0.012</b>	0.028

The Company has no instruments or arrangements which give rise to potential ordinary shares and accordingly diluted earnings per share is equivalent to basic earnings per share.

#### 9 Contingencies

- (a) A guarantee for a maximum amount of €67,500,000 (2018: €67,500,000) was issued by the Company, together with its subsidiaries, in favour of the immediate parent's bankers for facilities provided.
- (b) At the end of the reporting period, the Group had a contingent liability arising from an overseas court judgement requiring that a Group company implements measures to prevent a specific client from providing certain services. The company was ordered to pay for the costs of the court proceedings and to pay a fine of €100,000 per day subsequent to service of the said judgement, unless and until the company complies with it. On the basis of legal advice obtained by the Group, the company has not yet been correctly served with the judgement and, additionally, the judgement can be enforced in Malta only in the event that it is declared enforceable by the Courts in Malta. This legal advice obtained by the Group highlights serious doubts on the enforceability of the overseas court judgement in Malta and accordingly no provision has been recognised as the Directors are of the opinion that a cash outflow is not probable.

Another overseas court proceeding has been instituted against the same Group company with respect to similar claims in relation to services provided to another client. Until the date of authorisation for issue of these financial statements, no judgement has been delivered by the court. No provision for expected losses was deemed necessary by the Directors as at the end of the reporting period taking cognisance of legal advice received.

# BMIT Technologies p.l.c.

Condensed Consolidated Interim Financial Statements

## Notes to the Condensed Consolidated Interim Financial Statements

For the period 1 January 2019 to 30 June 2019

### 10 Commitments

	<b>As at 30 June 2019 Unaudited €'000</b>	As at 31 December 2018 Audited €'000
<b>Operating lease commitments – where Group is the lessee</b>		
Non-cancellable operating lease rentals are payable as follows:		
Within one year	-	605
Between one and five years	-	762
Over five years	-	118
	-	<u>1,485</u>
<b>Capitalised expenditure commitments</b>		
Authorised and contracted for	<b>207</b>	<u>768</u>

Following the adoption of IFRS 16 (Note 3) on 1 January 2019, non-cancellable lease commitments amounting to €1.5 million were recognised as a right-of-use asset. The right-of-use asset recognised on 1 January 2019 includes terms extension options beyond the non-cancellable period where it was deemed reasonably certain that such terms will be extended.

### 11 Events after the end of the reporting period

During an extraordinary general meeting held on 6 August 2019, the acquisition of the immovable property constructed on two plots of land, known as plot 55 and 56, in Triq Manwel Borg Gauci corner with Triq Luigi Maria Galea in Tal-Handaq, Qormi by BMIT Technologies p.l.c. or any of its subsidiaries of the Company at a price of €4,000,000, was approved. This property is currently being leased for a term up to November 2023, by a subsidiary of the Group and is included as a right-of-use asset amount to €849,000 in the statement of financial position.



# BMIT Technologies p.l.c.

Condensed Consolidated Interim Financial Statements

## Notes to the Condensed Consolidated Interim Financial Statements

For the period 1 January 2019 to 30 June 2019

### 12 Related party transactions

The Company and its subsidiaries have a related party relationship with Société Nationale des Télécommunications (Tunisie Telecom), the Company's ultimate parent, related entities ultimately controlled by Société Nationale des Télécommunications, together with the Company's Directors (key management personnel). The Company's immediate parent, GO p.l.c. (GO), is controlled by Société Nationale des Télécommunications. Dubai Holding LLC (GO's former ultimate parent) and all entities ultimately controlled by it are also considered to be related parties, in view of Dubai Holding LLC's interest in and significant influence on Société Nationale des Télécommunications. The following transactions were carried out with related parties:

	<b>Six months ended 30 June 2019 Unaudited €'000</b>	<b>Six months ended 30 June 2018 Unaudited €'000</b>
<b>Transactions with immediate parent</b>		
Services provided to immediate parent	<b>510</b>	384
Services provided by immediate parent	<b>817</b>	809

The Group has not entered into material transactions with key management personnel which would warrant disclosure thereof for the purpose of understanding the Group's financial results or its financial position. Also, the Group has not entered into material transactions with entities in which the Group's key management personnel directly or indirectly have an interest or over which they have direct or indirect influence. Any such transactions would constitute normal operating transactions under normal market and commercial terms relating to provision of operational services by the Group, and would not comprise financing transactions.

# BMIT Technologies p.l.c.

## Statement pursuant to Listing Rule 5.75.3

---

I hereby confirm that to the best of my knowledge:

the condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 30 June 2019, and of its financial performance and cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, 'Interim Financial Reporting');

the Interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

A handwritten signature in blue ink, appearing to read 'Nikhil Patil', with a horizontal line underneath the name.

Nikhil Patil

Chairman

8 August 2019



## Independent auditor's report

### To the Board of Directors of BMIT Technologies p.l.c. Report on Review of Condensed Consolidated Interim Financial Statements

#### *Introduction*

We have reviewed the accompanying condensed consolidated interim statement of financial position of BMIT Technologies p.l.c. and its subsidiaries (the Group) as at 30 June 2019, the related condensed consolidated income statement and statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes ('the condensed consolidated interim financial statements'). The directors are responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 'Interim Financial Reporting'). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

#### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

#### **PricewaterhouseCoopers**

78 Mill Street  
Qormi  
Malta

A handwritten signature in blue ink that reads 'Fabio Axisa'.

Fabio Axisa  
Partner

8 August 2019

- 
- a) The maintenance and integrity of the BMIT Technologies p.l.c. website is the responsibility of the Directors of the Company; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed consolidated interim financial information since this was initially presented on the website.
- b) Legislation in Malta governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.