

# **ANCHOVY STUDIOS plc**

**Interim financial report (unaudited)**

**For the period**

1 January 2020 to 30 June 2020

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## **ANCHOVY STUDIOS plc**

### **Interim Directors Report**

for the period 1 January 2020 to 30 June 2020

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### **Interim Directors Report pursuant to Prospects Rule 4.11.12 for the period 1 January 2020 to 30 June 2020**

This Half-Yearly Report is being published in terms of Chapter 4 of the Prospects Rules of the Malta Stock Exchange and the Prevention of Financial Markets Abuse Act, 2005. The Half-Yearly Report comprises the reviewed (not audited) condensed interim financial statements for the six months ended 30 June 2020 prepared in accordance with IAS 34, 'Interim Financial Reporting'. The comparative Statement of Financial Position has been extracted from the unaudited financial statements for the year ended 30 June 2019.

#### **Principal activity**

The principal activity of Anchovy Studios p.l.c. (the Company) is to provide services of online marketing design and production.

#### **Review of business and results**

During the six months ending 30 June 2020, the Company registered a profit before tax of €55,821 (2019: €5,857), based on unaudited management accounts.

Revenue for the period under review stood at €602,137 (2019: €565,111), representing a 7% increase. Direct costs increased by €10,456 during the period under review, registering an increase of 3% whilst administrative expenses amounted to €171,782 (2019: €195,176) reflecting a 12% decrease.

The Company was also adversely impacted by the global pandemic declared by the World Health Organisation on 11 March 2020, whereby the Government of Malta imposed measures to mitigate the spread of COVID-19, including the closure of all non-essential retail outlets and imposing lockdowns on the whole country for a prolonged period. This in turn led to significant disruptions to business, lessening the scale and scope of economic activity.

In light of this situation, the Company took various measures in mitigating the negative effects brought about by the pandemic. Consequently, the aforementioned substantial decrease in administrative costs was brought about by a cost cutting exercise introduced by the Company, including a reduction in wages for executive directors, senior management and employees. Moreover, the Company also applied for the COVID-19 Wage Supplement Scheme made available by Malta Enterprise.

#### **Outlook**

The Company shall continue to closely monitor the situation and constantly assess the impact of the COVID-19 pandemic on its operations, including the operations of its subsidiaries and associate. In this respect, the Company has adjusted its financial forecasts for the remaining of 2020, and beyond. The Company acknowledges that there is still a high degree of uncertainty, however the Directors will continue to take appropriate action, as already has been the case, and consider the Company resilient enough to be able to sustain the current conditions.

## **ANCHOVY STUDIOS plc**

### **Interim Directors Report**

for the period 1 January 2020 to 30 June 2020

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#### **Going concern assessment**

The Company acknowledges that the uncertainty caused by the pandemic may have widespread implications on many businesses, and the ability of such businesses to continue as a going concern.

The Company's Directors have assessed the Company's ability to continue as a going concern, by reviewing and revising its financial forecasts for 2020 and beyond, and by assessing the Company's liquidity.

The Company's Directors are optimistic that the Company will continue to operate as a going concern.

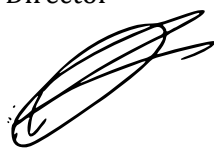
#### **Dividends**

Interim dividends of €45,112 were paid during the period.

Approved by the Board of Directors on 28 July 2020 and signed on its behalf by:

**Zachary Borg**

Director



**Registered Office**

682, High Street  
Hamrun, HMR 1012  
Malta

**Benjamin Borg**

Director



**ANCHOVY STUDIOS plc**

**Interim Directors' statement**

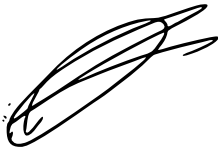
For the period 1 January 2020 to 30 June 2020

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**Directors' statement**

We hereby confirm that to the best of our knowledge:

- The condensed interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and cash flows for the six month period then ended in accordance with IAS 34, "Interim Financial Reporting"; and
- The Interim Directors' Report includes a fair view of the information required in terms of Prospects Rules 4.11.12.



**Zachary Borg**  
Director



**Benjamin Borg**  
Director

**ANCHOVY STUDIOS plc****Condensed Interim Statement of Comprehensive Income**

For the period 1 January 2020 to 30 June 2020

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	<b>30 June 2020</b> <b>(unaudited)</b> €	30 June 2019 (unaudited) €
Revenue	<b>602,137</b>	565,111
Cost of Sales	<b>(347,034)</b>	(336,578)
Gross profit	<u><b>255,103</b></u>	<u>228,533</u>
Administrative expenses	<b>(171,782)</b>	(195,176)
Operating profit	<u><b>83,321</b></u>	<u>33,357</u>
Finance costs	<b>(27,500)</b>	(27,500)
Profit before tax	<u><b>55,821</b></u>	<u>5,857</u>
Income tax expense	<b>(19,537)</b>	-
<b>Profit for the period</b>	<u><b>36,284</b></u>	<u>5,857</u>
No. of shares in issue	<b>47,000</b>	47,000
Earnings per Share	<b>0.77</b>	0.12

The notes on pages 8 to 9 form part of these financial statements.

**ANCHOVY STUDIOS plc****Condensed Interim Statement of Financial Position**

For the period 1 January 2020 to 30 June 2020

	<b>30 June 2020 (unaudited) €</b>	31 December 2019 (audited) €
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant & equipment	31,432	34,395
Right of use asset	84,440	84,440
Investment in associate	67	67
Investment in subsidiary	480	480
<b>Total Non-Current Assets</b>	<b>116,419</b>	<b>119,382</b>
<b>Current Assets</b>		
Trade & other receivables	559,479	513,473
Current tax asset	-	7,832
Cash at bank and in hand	811,443	870,738
<b>Total Current Assets</b>	<b>1,370,922</b>	<b>1,392,043</b>
<b>Total Assets</b>	<b>1,487,341</b>	<b>1,511,425</b>
<b>Equity &amp; Liabilities</b>		
<b>Equity</b>		
Called up issued share capital	11,984	11,984
Retained earnings	171,621	180,449
<b>Total Equity</b>	<b>183,605</b>	<b>192,433</b>
<b>Non-Current Liabilities</b>		
Borrowings	978,314	976,735
Lease liability	98,788	98,788
<b>Total Non-Current Liabilities</b>	<b>1,077,102</b>	<b>1,075,523</b>
<b>Current Liabilities</b>		
Borrowings	2,667	10,309
Trade & other payables	188,782	226,190
Lease liability	6,970	6,970
Current tax liability	28,215	-
<b>Total Current Liabilities</b>	<b>226,634</b>	<b>243,469</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,487,341</b>	<b>1,511,425</b>

The notes on pages 8 to 9 form part of these financial statements.

**ANCHOVY STUDIOS plc****Condensed Interim Statement of Changes in Equity**

For the period 1 January 2020 to 30 June 2020

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	Share Capital €	Profit & Loss Account €	Total €
<b>Period ended 30 June 2019</b>			
<b>Balance as at 1 January 2019</b>	11,984	109,270	121,254
Profit for the period	-	5,857	5,857
<b>Balance as at 30 June 2019</b>	<b>11,984</b>	<b>115,127</b>	<b>127,111</b>
<b>Period ended 30 June 2020</b>			
<b>Balance as at 1 January 2020</b>	11,984	180,449	192,433
Profit for the period	-	36,284	36,284
Dividends paid	-	(45,112)	(45,112)
<b>Balance as at 30 June 2020</b>	<b>11,984</b>	<b>171,621</b>	<b>183,605</b>

The notes on pages 8 to 9 form part of these financial statements.



## ANCHOVY STUDIOS plc

### Condensed Interim Statement of Cash Flows

For the period 1 January 2020 to 30 June 2020

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	<b>30 June 2020 (unaudited) €</b>	30 June 2019 (unaudited) €
Net cash flows used in operating activities	<b>110,172</b>	4,773
Net cash flows used in investing activities	<b>(70,203)</b>	(15,669)
Net cash flows from financing activities	<b>(91,622)</b>	30,969
	<b>(51,653)</b>	20,073
<b>Cash and cash equivalents at the beginning of the period</b>	<b>860,429</b>	740,300
<b>Cash and cash equivalents at the end of the period</b>	<b>808,776</b>	760,373

The notes on pages 8 to 9 form part of these financial statements.

**Notes to the Condensed Interim Financial Statements**

For the period 1 January 2020 to 30 June 2020

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**1. Basis of preparation and principal accounting policies**

**1.1 Basis of preparation**

The interim condensed financial statements for the six months ended 30 June 2020 have been prepared in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting”. The Condensed financial statements balances have been extracted from Anchovy Studios p.l.c. unaudited management accounts for the six months ended 30 June 2020.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

These condensed financial statements are intended to provide an update on the latest complete set of annual financial statements and accordingly they focus on new activities, events and circumstances, including events related to the Covid-19 outbreak which have become evident in the first half of 2020.

**1.2 New standards, interpretations and amendments adopted by the Company**

*International Financial Reporting Standards applicable in the current year*

**IAS 1 and IAS 8 Amendment – Definition of Material**

In October 2018, the IASB issued amendments to IAS 1 Financial Statement Presentation and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify the definition of ‘material’ in the context of applying IFRS. As the concept of what is and is not material is crucial in preparing financial statements in accordance with IFRS, a change in the definition may fundamentally affect how preparers make judgments in preparing financial statements.

*International Financial Reporting Standards in issue but not yet effective]*

**IFRS 16 Leases Amendment – COVID 19 – Related Rent Concessions**

As at 30 June 2020 the company did not receive any COVID 19 rent concessions and therefore this amendment did not impact the company’s financial statements.

Other accounting amendments effective 1 January 2020 have not had a significant impact on the company’s financial result, position, cash flows and accounting policies.

At the date of approval of these financial statements, a number of International Financial Reporting Standards were either not yet endorsed by the EU or were not yet applicable to the company. The directors anticipate that the adoption of these standards will have no material impact on the financial statements of the company in the period of initial application.

**Notes to the Condensed Interim Financial Statements**

For the period 1 January 2020 to 30 June 2020

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**1.3 Significant accounting policies**

The Interim Financial Statements as of 30 June 2020 have been prepared using the same accounting policies and methods of computation as those on which the preceding annual financial statements as of 31 December 2019 were based.

**1.4 Critical accounting estimates and judgements**

In preparing these Interim Financial Statements, management has made judgements and estimates that affect the application of accounting policies and that can significantly affect the amounts recognised. The significant judgements made in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Estimates and judgements are continuously being evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

**1.5 Income tax**

The interim period income tax is based on the Maltese corporate tax rate of 35%. Income taxes for the interim reporting period represent a best estimate of the weighted average annual income tax rate expected for the full financial year.

**1.6 Debt in issue**

The bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds.

	€
1,000,000, 5.5% bonds	1,000,000
Issue Costs	31,593
Accumulated amortisation	<u>(9,907)</u>
Closing net book value	21,686
<b>Amortised cost at 30<sup>th</sup> June 2020</b>	<b>978,314</b>