

COMPANY ANNOUNCEMENT

This is an announcement of the company KA Finance P.L.C (the “Company”), a company incorporated under the laws of Malta, having company registration number C 91544 and registered address at Project Technik, Cannon Road, Qormi, QRM 9032, Malta.

Date: December 17, 2020

Ref No: KAF016

Company Announcement relative to Rule 4.11.12 of the Prospects Rules.

The Company refers to the obligation which Prospects MTF Companies are subject to, in terms of Rule 4.11.03 and Rule 4.11.12 relating to explanations of material changes to published forecasts of any financial information. To this end, the Company is accordingly making this announcement to guide the market with regard to the forecasts it has issued for the year 2020, through the publication and dissemination of updated Financial Sustainability Forecasts (hereinafter referred to as “FSFs”), including applicable management assumptions. The below copy of the FSFs, as approved by the Board of Directors, is based on the following assumptions:

Revenue

The group is expected to register revenues of €921K for the year ending 31st December 2021, a decrease of €1,165K from what was forecasted in the Company Admission Document (“CAD”). The primary reason for this decrease is that projected revenues from the group’s Centris II and Swieqi properties in 2021 have been delayed due to impact of the current COVID-19 pandemic. It is being forecasted that Centris II will be available to prospective tenants in June 2021, one year later than previously forecasted. Nevertheless, in the interests of prudence in the current turbulent business environment, it has been forecasted that by the end of 2021 only around half of Centris II will be rented out. Swieqi will be partially complete (three units out of fifteen) by the end of March and available for short or long lets. Again, given the current situation within the tourism industry, minimal revenue has been forecasted till the end of 2021.

Revenue from the Centris I and Gzira properties is projected to be in line with the figures projected in CAD. The Gzira property, which was planned to be transformed into a boutique hotel, is instead being currently rented out on a long let.

Direct costs

Direct costs are projected to amount to €57K, a decrease of €176K from the figure forecasted in the CAD. This is as a direct result of the delays experienced in commencement of operations of the Centris II, Swieqi and Gzira properties.

Administrative costs

Administrative costs are projected to amount to €194K, a decrease of €184K from the figure forecasted in the CAD. This is as a direct result of the delays experienced in the commencement of operation of the Centris II, Swieqi and Gzira properties.

Total net profit

Total net profit including fair value gain is projected to amount to €268K, a decrease of €691K from the €959K forecasted in the CAD. This decrease is mainly attributable to a lower revenue from the Centris II property will not be operational before June 2021.

Cashflow

The company is in talks to secure a €1,200K bank loan and the board is confident that this facility will be secured by end Q1 2021. The drawdown of this loan will not violate any of the restrictive covenants in the CAD.

It is projected that the company will close the year with a positive cash balance of €117K, €1,177K lower than that forecasted in the CAD.

Consolidated forecasted income statement for the year ending 31st December 2021

	Revised €	CAD €	Variance €
Total revenue	978,354	2,319,238	(1,340,884)
Total cost of sales	(57,087)	(233,403)	176,315
Total gross profit	921,266	2,085,836	(1,164,569)
Total Administrative expenses	(194,038)	(377,698)	183,660
Operating profit	727,229	1,708,137	(980,909)
Depreciation	(37,000)	(57,000)	20,000
PBIT	690,229	1,651,137	(960,909)
Total interest	(306,395)	(401,107)	94,712
Profit before tax	383,834	1,250,031	(866,197)
Tax	(114,796)	(290,636)	175,840
Net profit before Fair Value gain	269,038	959,395	(690,357)
Fair Value gain on IP	-	-	-
Deferred Tax on Fair Value gain	-	-	-
Total Net Profit	269,038	959,395	(690,357)

Consolidated forecasted statement of financial position for the year ending 31st December 2021

	Revised €	CAD €	Variance €
ASSETS			
Total IP	29,364,209	28,678,200	686,009
PPE	1,875		1,875
Financial assets	36,736	36,736	-
Total non-current assets	29,402,820	28,714,936	687,884
			-
Current assets			-
Trade and other receivables	197,650	571,867	(374,217)
Cash and cash equivalents	117,354	1,295,175	(1,177,821)
Total current assets	315,004	1,867,041	(1,552,038)
			-
Total assets	29,717,824	30,581,977	(864,154)
EQUITY AND LIABILITIES			
			-
Capital and reserves			-
Share capital	150,000	150,000	-
Retained earnings	1,562,621	2,615,253	(1,052,631)
Revaluation reserve	14,180,770	14,973,534	(792,764)
Total equity	15,893,391	17,738,787	(1,845,396)
			-
Non-current liabilities			-
Interest-bearing borrowings	2,963,087	1,699,310	1,263,777
MTF prospects Bond	5,987,749	6,126,750	(139,001)
Shareholder's loans	-	-	-
Amounts due to related parties	812,320	662,320	150,000
Deferred taxation	2,300,416	2,300,416	-
Security Deposits received	535,803	598,552	(62,749)
Total non-current liabilities	12,599,375	11,387,348	1,212,027
			-
Current liabilities			-
Interest-bearing borrowings	232,602	145,465	87,137
Trade and other payables	877,660	1,019,741	(142,081)
Current taxation	114,796	290,636	(175,840)
Total current liabilities	1,225,058	1,455,843	(230,785)
			-
Total liabilities	13,824,433	12,843,191	981,242
			-
Total equity and liabilities	29,717,824	30,581,977	(864,154)

Consolidated forecasted statement of cash flow for the year ending 31st December 2021

	Revised €	CAD €	Variance €
Cash flows from operating activities	-		-
Total Net Profit	269,038	959,395	(690,357)
Adjustments Fair Value gain	-	-	-
Net income Before Fair Value gain	269,038	959,395	(690,357)
Interest	306,395	401,107	(94,712)
Tax	114,796	290,636	(175,840)
Operating profit	690,229	1,651,137	(960,909)
depreciation	37,000	57,000	(20,000)
Changes in working capital	-	-	-
(Increase) decrease in receivables	-	(218,159)	218,159
(Increase) decrease inventory	-	-	-
Increase (decrease) payables	99,000	107,911	(8,911)
Interest Paid	(442,895)	(389,107)	(53,788)
Tax Paid	(79,223)	(179,579)	100,356
Cash from operating activities	304,110	1,029,204	(725,093)
			-
			-
Cash flows from investing activities			-
Purchase of property plant and equipment	(1,418,259)	-	(1,418,259)
Net cash from investing activities	(1,418,259)	-	(1,418,259)
			-
Cash flows from financing activities			-
Proceeds from loans			-
Payments of loans excluding interest	(136,844)	(138,209)	1,365
Payments of new loans excluding interest	(28,381)	-	(28,381)
Proceeds from new loans	1,200,000	-	1,200,000
Net cash from financing activities	1,034,775	(138,209)	1,172,984
			-
Net cash movement for the period	(79,374)	890,994	(970,368)
			-
Opening cash balance	196,728	404,180	(207,452)
Closing cash balance	117,354	1,295,175	(1,177,821)



Gayk Ayvazyan o.b.o.
 EMCS Ltd.
 Company Secretary