



Interim Financial Report (unaudited)

For the period 1 January to 30 June 2021

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Interim directors' report

The directors present their interim report and the unaudited financial statements for the period 1 January to 30 June 2021.

This interim report has been drawn up according to IAS 34 "Interim Financial Reporting Standards" and in terms of Rule 4.11.12 of the Malta Stock Exchange Prospects rules.

Principal activities

The company's principal activity is to raise finance for its parent company whose business is to rent its investment property to third parties.

Review of business

In line with expectations, results for the period were similar to the previous year, both in terms of revenues and expenditure. Interest and other expenses incurred during the period were recharged to the parent company under contractual arrangements existing between the parties.

As at 30th June 2021, a total amount of €5,936,603 (2020: €5,664,774) was advanced to the parent company, K.A. Holdings Limited, which has been used to acquire the excavated site at Triq il-Palazz l-Ahmar, Mriehel for the construction and development of Centris II, and also for the construction and development of a site in Swieqi.

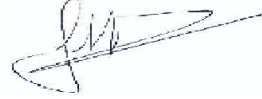
Results

The profit for the period amounted to €435 (Jun 2020: €162). The Directors do not recommend the distribution of a dividend and propose to transfer the profit for the period to reserves.

Directors

The following have served as directors of the company during the period under review:

Mr John Soler	Independent Non-Executive Chairman
Mr Etienne Borg Cardona	Independent Non-Executive Director
Mr Kurt Abela	Executive Director



John Soler
Director

Registered address:
Project Technik
Cannon Road
Qormi QRM 9032
Malta

2 August 2021



Etienne Borg Cardona
Director

Condensed statement of comprehensive income

	Jan-Jun 2021 €	Jan-Jun 2020 €
Recharged interest	149,013	141,721
Other income	34,068	37,698
Administrative expenses	(33,400)	(29,751)
Operating profit	149,681	149,668
Amortisation of bond issue costs	(7,684)	(7,698)
Finance costs	(141,329)	(141,721)
Profit before tax	668	249
Tax expense	(233)	(87)
Profit for the period	435	162
Earnings per share	0.009	0.003

Condensed statement of financial position

	30 June 2021 (unaudited) €	31 December 2020 (audited) €
Assets		
Non-current		
Trade and other receivables	6,034,726	5,660,609
	6,034,726	5,660,609
Current		
Trade and other receivables	169,511	240,551
Cash and cash equivalents	1,459	160,296
	170,970	400,847
Total assets	6,205,696	6,061,456

Condensed statement of financial position – continued

	30 June 2021 (unaudited) €	31 December 2020 (audited) €
Equity		
Share capital	50,000	50,000
Retained earnings	3,481	3,047
Total equity	53,481	53,047
Liabilities		
Non-current liabilities		
Borrowings	5,874,900	5,867,216
	5,874,900	5,867,216
Current		
Borrowings	243,617	102,288
Trade and other payables	32,973	38,413
Current tax liability	725	492
	277,315	141,193
Total liabilities	6,152,215	6,008,409
Total equity and liabilities	6,205,696	6,061,456

The condensed interim financial statements on pages 4 to 11 were approved, authorised for issue and signed by the directors on 2 August 2021.



John Soler
Director



Etienne Borg Cardona
Director

Condensed statement of changes in equity

	Share capital €	Retained earnings €	Total equity €
Balance at 1 January 2020	50,000	2,132	52,32
Profit for the period	-	162	162
At 30 June 2020	50,000	2,294	52,294
Balance at 1 January 2021	50,000	3,047	53,047
Profit for the period	-	435	435
At 30 June 2021 (unaudited)	50,000	3,481	53,481

Statement of cash flows

	1 January to 30 June 2021	1 January to 30 June 2020
	€	€
Operating activities		
Profit before tax	668	249
Adjustments	149,012	149,419
Net changes in working capital	65,599	(178,684)
Net cash used in operating activities	215,279	(29,016)
Investing activity		
Net advances (to)/from related party	(374,117)	(1,278,439)
Net cash (used in)/generated from investing activity	(374,117)	(1,278,439)
Net change in cash and cash equivalents	(158,837)	(1,307,455)
Cash and cash equivalents, beginning of period	160,296	2,289,093
Cash and cash equivalents, end of period	1,459	981,638

Notes to the condensed interim financial statements

1 Nature of operations

The company's principal activity is to raise finance for its parent company whose business is to rent its investment property to third parties.

The company was incorporated on 22 April 2019.

2 General information and statement of compliance with IFRS

KA Finance plc (the 'company'), a public limited liability company, is incorporated and domiciled in Malta. The address of the company's registered office is 'Project Technik', Cannon Road, Qormi, QRM9032, Malta.

The condensed interim financial statements for the period ended 30 June 2021 have been extracted from the unaudited management accounts of the company and have been prepared in accordance with International Financial Reporting Standard 34 – Interim Financial Reporting. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union, and in accordance with the Companies Act, Cap 386.

The financial statements are presented in Euro (€), which is also the functional currency of the company.

3 Accounting policies

The accounting policies applied in these interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those financial statements.

4 Financial risk management

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the period ended 31 December 2020.

5 Critical accounting estimates and judgements

In the process of applying the company's accounting policies, no judgements were required from management which can significantly affect the amounts recognised in these condensed financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any 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 six month period.

6 Borrowings

	30 June 2021 €	31 December 2020 €
MTF Prospects: 6,000,000 4.75% Secured Callable Bonds 2026-2029		
Amounts falling due within one year	243,617	102,288
Amounts due after more than one year	5,874,900	5,867,216
Total borrowings	6,118,517	5,969,504

By virtue of Company Admission Document dated 24 July 2019, the company has issued €6,000,000 4.75% Secured Callable Bonds of nominal value of €100 per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 22 August 2029, with the possibility of early redemption from 23 August 2026 at the option of the company.

The bonds have been admitted on Prospects MTF, a multilateral trading facility operated by the Malta Stock Exchange, on 28 August 2019 with trading in the bonds commencing on 30 August 2019. The carrying amount of the bonds is €6,118,517 (2020: €5,954,504). The market value of the debt securities on the last day before the reporting date was €5,999,400 (Dec 2020: €6,132,000).

Interest is payable on 23 August of each year at the rate of 4.75% per annum, payable annually in arrears on each interest payment date.

Transaction costs of €153,696 directly related to the bond issue are being amortised over the life of the bond.

Net proceeds from the bond issue amounting to €5,963,603 (2020: €5,664,774) were advanced to the parent company as at period-end and form part of non-current trade and other receivables. This bond is secured by a special hypothec on Centris II, Triq il-Palazz l-Ahmar, Mriehel.

The bonds are measured at the amount of net proceeds adjusted for the amortisation of the difference between net proceeds and the redemption value of the bonds using the effective interest methods as follows:

	30 June 2021 €	31 December 2020 €
4.75% Secured Callable Bonds 2026-2029		
Original face value of bonds issued	6,000,000	6,000,000
Gross amount of bond issue costs	(153,696)	(153,696)
Net proceeds from issuance	5,846,304	5,846,304
Amortisation of bond issue costs		
Opening balance of amortised bond issue costs	20,912	5,516
Amortisation charge for the period	7,684	15,396
Accumulated amortisation at end of period	28,596	20,912
Unamortised bond issue costs	(125,100)	(132,784)
Interest accrued as at end of financial period	243,617	102,288
Amortised cost and carrying amount	6,118,517	5,969,504

7 Related party transactions

The company's related parties include its parent company, key management personnel and other related companies.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantee was given or received. Transactions with related companies are generally effected on a cost-plus basis. Outstanding balances are usually settled in cash. Amounts due from parent company are shown separately in note 7.1.

7.1 Transactions with parent company

	1 January to 30 June 2021	1 January to 30 June 2020
	€	€
Amounts advanced to parent company	374,117	1,278,439
Interest recharged to parent company	141,329	141,721
Management fees charged to parent company	34,068	30,000
Expenses recharged to parent company	7,684	7,698

7.2 Transactions with key management personnel

The company's key management personnel are considered to be the directors. Transactions with key management personnel consist of their remuneration.

8 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operating segments has been identified as the board of directors, responsible for making strategic decisions. The board of directors considers the company to be made up of one segment, that is, raising financial resources from capital markets to finance the capital projects of the group. All of the company's revenue and expenses are generated in Malta and revenue is mainly earned from interest receivable on inter-company loan balances, and recharging of expenses.

9 Capital management policies and procedures

The company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders and benefits to other stakeholders by pricing products and services commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital.

The company monitors the level of debt, which includes bank loans and trade and other payables less cash and bank balances against total capital on an ongoing basis. The directors consider the company's gearing level at year end to be appropriate for its business.

10 Post-reporting date events

No adjusting or other significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation.