



# Interim Financial Report (unaudited)

For the period 1 January to 30 June 2022

## **Contents**

<b>Interim directors' report</b>	<b>2</b>
<b>Condensed statement of comprehensive income</b>	<b>3</b>
<b>Condensed statement of financial position</b>	<b>4</b>
<b>Condensed statement of changes in equity</b>	<b>6</b>
<b>Condensed statement of cash flows</b>	<b>7</b>
<b>Notes to the condensed interim financial statements</b>	<b>8</b>

## **Interim directors' report**

The directors present their interim report and the unaudited financial statements for the period 1 January to 30 June 2022.

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**

As at 30<sup>th</sup> June 2022, a total amount of €5,936,603 (2021: €5,936,603) was advanced to the parent company, K.A. Holdings Limited, to be 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 another site in Swieqi.

Interest and other expenses incurred during the period were recharged to the parent company under contractual arrangements between the parties.

### **Results**

The profit for the period amounted to €608 (Jun 2021: €435). 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

Approved by the Board of Directors and signed on its behalf on the 9 August 2022 by:



**John Soler**  
Director



**Etienne Borg Cardona**  
Director

## Condensed statement of comprehensive income

	Jan-Jun 2022 €	Jan-Jun 2021 €
Recharged interest	146,932	149,013
Other income	37,688	34,068
Administrative expenses	(36,950)	(33,400)
<b>Operating profit</b>	<b>147,670</b>	<b>149,681</b>
Amortisation of bond issue costs	(7,166)	(7,684)
Finance costs	(139,766)	(141,329)
<b>Profit before tax</b>	<b>738</b>	<b>668</b>
Tax expense	(130)	(233)
<b>Profit for the period</b>	<b>608</b>	<b>435</b>
<b>Earnings per share</b>	<b>0.012</b>	<b>0.009</b>

## Condensed statement of financial position

	30 June 2022 (unaudited) €	31 December 2021 (audited) €
<b>Assets</b>		
<b>Non-current</b>		
Trade and other receivables	5,873,466	5,892,784
	<b>5,873,466</b>	<b>5,892,784</b>
<b>Current</b>		
Trade and other receivables	118,637	182,112
Current Taxation	245	277
Cash and cash equivalents	234,676	802
	<b>353,558</b>	<b>183,191</b>
<b>Total assets</b>	<b>6,227,024</b>	<b>6,075,975</b>

## Condensed statement of financial position – continued

	30 June 2022 (unaudited) €	31 December 2021 (audited) €
<b>Equity</b>		
Share capital	50,000	50,000
Retained earnings	4,594	3,985
<b>Total equity</b>	<b>54,594</b>	<b>53,985</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	5,897,642	5,890,476
	<b>5,897,642</b>	<b>5,890,476</b>
<b>Current</b>		
Borrowings	243,615	103,849
Trade and other payables	31,173	27,665
	<b>274,788</b>	<b>131,514</b>
<b>Total liabilities</b>	<b>6,172,430</b>	<b>6,021,990</b>
<b>Total equity and liabilities</b>	<b>6,227,024</b>	<b>6,075,975</b>

The condensed interim financial statements on pages 4 to 11 were approved, authorised for issue and signed by the directors on 9 August 2022.



**John Soler**  
Director



**Etienne Borg Cardona**  
Director

## Condensed statement of changes in equity

	Share capital €	Retained earnings €	Total equity €
Balance at 1 January 2021	50,000	3,047	53,047
Profit for the year	-	938	938
<b>At 31 December 2021</b>	<b>50,000</b>	<b>3,985</b>	<b>53,985</b>
Balance at 1 January 2022	50,000	3,985	53,985
Profit for the period	-	608	608
<b>At 30 June 2022 (unaudited)</b>	<b>50,000</b>	<b>4,593</b>	<b>54,594</b>

## Statement of cash flows

	1 January to 30 June 2022	1 January to 30 June 2021
	€	€
<b>Operating activities</b>		
Profit before tax	738	668
Adjustments	148,494	149,012
Net changes in working capital	65,422	(65,599)
Tax paid	(98)	-
<b>Net cash generated from operating activities</b>	<b>214,556</b>	<b>84,081</b>
<b>Investing activity</b>		
Net advances from/(to) related party	19,318	(374,117)
<b>Net cash generated/(used in) from investing activity</b>	<b>19,318</b>	<b>(374,117)</b>
Net change in cash and cash equivalents	233,874	(158,837)
Cash and cash equivalents, beginning of period	802	160,296
<b>Cash and cash equivalents, end of period</b>	<b>234,676</b>	<b>1,459</b>



## **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 2022 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 2021, 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 2021, 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 2021.

### **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

	<b>30 June 2022</b>	<b>31 December 2021</b>
	€	€
<b>MTF Prospects: 6,000,000 4.75% Secured Callable Bonds 2026-2029</b>		
Amounts falling due within one year	243,615	103,849
Amounts due after more than one year	5,897,642	5,890,477
<b>Total borrowings</b>	<b>6,141,257</b>	<b>5,994,326</b>

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 €6,141,257 (2021: €5,994,326). The market value of the debt securities on the last day before the reporting date was €5,640,000 (Dec 2021: €5,700,000).

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 €143,696 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 (2021: €5,963,603) 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:

	<b>30 June 2022</b>	<b>31 December 2021</b>
	€	€
<b>4.75% Secured Callable Bonds 2026-2029</b>		
Original face value of bonds issued	6,000,000	6,000,000
Gross amount of bond issue costs	(143,696)	(143,696)
<b>Net proceeds from issuance</b>	<b>5,856,304</b>	<b>5,856,304</b>
<b>Amortisation of bond issue costs</b>		
Opening balance of amortised bond issue costs	34,172	20,913
Amortisation charge for the period	7,166	13,259
<b>Accumulated amortisation at end of period</b>	<b>41,338</b>	<b>34,172</b>
Unamortised bond issue costs	(102,358)	(109,524)
<b>Interest accrued as at end of financial period</b>	<b>243,615</b>	<b>103,849</b>
<b>Amortised cost and carrying amount</b>	<b>6,141,257</b>	<b>5,994,325</b>

## **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**

	<b>1 January to 30 June 2021</b>	<b>1 January to 30 June 2020</b>
	<b>€</b>	<b>€</b>
Amounts advanced to parent company	-	374,117
Amounts advanced from parent company	19,318	-
Interest recharged to parent company	139,766	141,329
Management fees charged to parent company	37,688	34,068
Expenses recharged to parent company	7,166	7,684

### **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.