

K.A. Holdings Limited

Interim Financial Report and
Consolidated Financial Statements
(unaudited)

For the period 1 January to 30 June 2022

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Interim director's report

The director presents his interim report and the unaudited financial statements of K.A. Holdings Limited ("the company") and the consolidated financial statements of the group for the period ended 30 June 2022. The company and its subsidiary KA Finance Plc constitute the group. KA Finance plc was incorporated on the 22 April 2019 and acts as the financing company of the group.

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 group's principal activity is the rental of its investment properties to third parties and the raising of finance for related parties.

The company's principal activity is acting as the group's holding company and the rental of its investment properties to third parties.

Review of business

During the period under review the group registered a profit after tax of €189,650. (2021 profit after tax - €168,315).

By the end of the financial period under review, Centris I remained fully occupied whilst construction and finishing at Centris II are now complete. Furthermore, at date of these interim financial statements, the company has contracted 60% of its available space to third parties. The Swieqi and Gzira properties remained fully rented out at their full capacity.

Directors

The Company and Group Directors during the period were:

Mr. Kurt Abela (Director of K.A. Holdings Ltd & KA Finance Plc)
Mr. Etienne Borg Cardona (Independent Non-Executive Director of KA Finance Plc)
Mr. John Soler (Independent Non-Executive Director of KA Finance Plc)

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



Kurt Abela
Director

Condensed statements of comprehensive income

	Group		Company	
	Jan-Jun 2022 € (unaudited)	Jan-Jun 2021 € (audited)	Jan-Jun 2022 € (unaudited)	Jan-Jun 2021 € (audited)
Rental income	561,490	361,163	561,490	361,163
Other income	88,436	48,635	88,436	48,635
Administrative expenses	(159,400)	(134,367)	(160,139)	(135,035)
Operating profit	490,526	275,431	489,787	274,763
Fair value gains on investment property	-	-	-	-
Finance costs	(215,416)	(52,942)	(215,416)	(52,942)
Profit before tax	275,110	222,489	274,371	221,821
Tax expense	(85,460)	(54,174)	(85,330)	(54,174)
Profit for the period	189,650	168,315	189,041	167,647

Condensed statements of financial position

	Group		Company	
	30 June 2022 (unaudited) €	31 December 2021 (audited) €	30 June 2022 (unaudited) €	31 December 2021 (audited) €
Assets				
Non-current Assets				
Investment property	28,982,481	28,518,131	28,982,480	28,518,131
Intangible asset	1,075	1,075	1,075	1,075
Investment in subsidiary			49,999	49,999
Financial assets at fair value through other comprehensive income	36,736	36,736	36,736	36,736
Trade and other receivables	77,087	72,967	77,087	72,968
	29,097,379	28,628,909	29,147,377	28,678,909
Current Assets				
Trade and other receivables	168,302	272,539	168,362	261,434
Cash and cash equivalents	350,900	216,670	116,224	215,868
	519,202	489,209	284,586	477,302
Total assets	29,616,581	29,118,118	29,431,963	29,156,211

Condensed statements of financial position – continued

	Group		Company	
	30 June 2022 (unaudited) €	31 December 2021 (audited) €	30 June 2022 (unaudited) €	31 December 2021 (audited) €
Equity				
Share capital	150,000	150,000	150,000	150,000
Revaluation reserve	13,498,788	13,498,788	13,498,788	13,498,788
Retained earnings	1,828,151	1,638,501	1,823,557	1,634,515
Equity attributable to the owners of the parent	15,476,939	15,287,289	15,472,345	15,283,303
Non-controlling interest	1	1	-	-
Total equity	15,476,940	15,287,290	15,472,345	15,283,303
Non-current liabilities				
Borrowings	2,818,747	2,619,166	2,818,747	2,638,807
Debt securities in issue	5,897,642	5,890,476	-	-
Trade and other payables	1,408,662	518,257	7,277,828	6,411,041
Deferred tax liability	2,281,451	2,281,451	2,281,451	2,281,451
	12,406,502	11,309,350	12,378,026	11,331,299
Liabilities				
Current Liabilities				
Borrowings	122,161	175,447	122,159	155,807
Debt securities in issue	243,615	103,849	-	-
Trade and other payables	1,279,463	2,238,538	1,371,288	2,381,881
Current tax liability	87,900	3,644	88,145	3,921
	1,733,139	2,521,478	1,581,592	2,541,609
Total liabilities	14,139,641	13,830,828	13,959,618	13,872,908
Total equity and liabilities	29,616,581	29,118,118	29,431,963	29,156,211

The condensed interim financial statements on pages 3 to 11 were approved, authorised for issue, and signed by the director on 9 August 2022.



Kurt Abela
 Director

Condensed statements of changes in equity

	Share capital	Revaluation reserves	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
	€	€	€	€	€	€
Group						
At 1 January 2021	150,000	13,386,395	1,382,841	14,919,236	1	14,919,237
Profit for the year	-	-	368,053	368,053	-	368,053
Revaluation of investment property – net	-	112,393	(112,393)	-	-	-
At 31 December 2021 (audited)	150,000	13,498,788	1,638,501	15,287,289	1	15,287,290
At 1 January 2022	150,000	13,498,788	1,638,501	15,287,289	1	15,287,290
Profit for the period	-	-	189,650	189,650	-	189,650
At 30 June 2022 (unaudited)	150,000	13,498,788	1,828,151	15,476,939	1	15,476,940

Condensed statements of changes in equity - continued

	Share capital €	Revaluation reserves €	Retained earnings €	Total equity €
Company				
At 1 January 2021	150,000	13,386,395	1,379,794	14,916,189
Profit for the year	-	-	367,114	367,114
Revaluation of investment property – net	-	112,393	(112,393)	-
At 31 December 2021 (audited)	150,000	13,498,788	1,634,515	15,283,303
At 1 January 2022	150,000	13,498,788	1,634,515	15,283,303
Profit for the period	-	-	189,041	189,041
At 30 June 2022 (unaudited)	150,000	13,498,788	1,823,556	15,472,344

Condensed statement of cash flows

	Group		Company	
	Jan-Jun 2022	Jan-Jun 2021	Jan-Jun 2022	Jan-Jun 2021
	€	€	€	€
Operating activities				
Profit before tax	189,650	222,489	189,042	167,647
Adjustments	301,354	(711)	153,813	53,464
Net changes in working capital	12,132	470,361	(54,852)	193,036
Income tax paid	(1,204)	(105,247)	(1,106)	(105,247)
Net cash generated from operating activities	501,932	586,892	286,897	308,900
Investing activity				
Payments for improvements to investment property	(464,349)	(636,293)	(464,349)	(636,293)
Purchase of intangible assets	-	(769)	-	(769)
Net advances from related parties	18,838	91,145	-	528,014
Net cash used in investing activity	(445,511)	(545,917)	(464,349)	(109,048)
Financing activity				
Repayment of bank borrowings	(160,802)	(148,075)	(160,802)	(148,176)
Loan Proceeds	307,095		307,095	-
Interest paid	(68,484)	(52,942)	(68,484)	(52,942)
Net cash generated from/(used in) financing activity	77,809	(201,017)	77,809	(201,118)
Net change in cash and cash equivalents	134,230	(160,042)	(99,643)	(1,266)
Cash and cash equivalents, beginning of period	216,670	214,933	215,867	54,697
Cash and cash equivalents, end of period	350,900	54,892	116,224	53,431

Notes to the condensed interim financial statements

1 Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2022 have been extracted from the unaudited management accounts of the Group and have been prepared in accordance with International Accounting 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 interim financial statements are presented in euro (€), which is also the functional currency of the company and of the group. The amounts presented in the financial statements are rounded to the nearest euro.

2 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.

3 Financial risk management

The group's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2021.

4 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.

5 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 group to be made up of two segments: i) rental income and ii) raising financial resources from capital markets to finance the capital projects of the group. All the group's revenue and expenses are generated in Malta and revenue is mainly earned from rental income and recharge of expenses.

6 Related party transactions

The group's related parties include its director, shareholders, key management personnel and other companies ultimately owned by the same shareholders.

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 affected on a cost-plus basis. Outstanding balances are usually settled in cash. There were no transactions with the director and key management personnel during the reporting period under review.

6.1 Transactions with related parties

	Group		Company	
	Jan-Jun 2022 €	Jan-Jun 2021 €	Jan-Jun 2022 €	Jan-Jun 2021 €
Finishing works charged by related company	77,907	90,176	77,907	90,176
Wages charged by related company	47,156	12,000	47,156	12,000
Management fees	-	-	37,688	34,068
Recharges	-	-	7,166	7,684
Finance cost	-	-	139,766	141,329

7 Debt securities in issue

	Group		Company	
	30 June 2022 €	31 December 2021 €	30 June 2022 €	31 December 2021 €
4.75% Secured Callable Bonds redeemable 2026 – 2029				
Amounts falling due within one year	243,615	103,849	-	-
Amounts falling due after more than one year	5,897,642	5,890,476	-	-
	6,141,257	5,994,325	-	-

By virtue of Company Admission Document dated 24 July 2019, KA Finance plc 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 early redemption from 23 August 2026 at the option of KA Finance plc.

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 (31 Dec 2021: €5,994,326). The market value of the debt securities on the last day before the reporting date was €5,640,000 (31 Dec 2021: €5,700,000).

Interest is payable on the 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.

Proceeds from the bond issuance of €5,963,603 (2021: €5,963,603) were advanced to K.A. Holdings Limited.

The bonds are guaranteed by K.A. Holdings Limited.

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 2022	30 December 2021
	€	€
4.75% Secured Callable Bonds redeemable 2026 – 2029		
Fair value of bonds issued	6,000,000	6,000,000
Gross amount of bond issue costs	(143,696)	(143,696)
Net proceeds from issuance	5,856,304	5,856,304
Opening balance of amortised bond issue costs	34,172	20,912
Amortisation of bond issue costs	7,166	13,259
Accumulated amortisation at end of financial period	41,338	34,172
Unamortised bond issue costs carried	(102,358)	(109,524)
Interest accrued as at end of financial period	243,615	103,849
Amortised cost and carrying amount	6,141,257	5,994,325

8 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.