

K.A. Holdings Limited

Interim Financial Report and
Consolidated Financial Statements
(unaudited)

For the period 1 January to 30 June 2023

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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 2023. 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 €441,080. (2022 profit after tax - €189,650).

By the end of the financial period under review, the Group's office rental property Centris I remained fully occupied, whilst 95% of the available space at Centris II has been rented to third parties by the end of the period under review. The Swieqi and Gzira properties remained fully rented out at their full capacity.

Directors

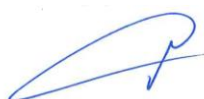
The Company and Group Directors during the period were:

Mr. Kurt Abela (Director of K.A. Holdings Ltd & KA Finance Plc)

Dr. 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 7 August 2023 by:



Kurt Abela
Director

Condensed statements of comprehensive income

	Group		Company	
	Jan-Jun 2023 € (unaudited)	Jan-Jun 2022 € (audited)	Jan-Jun 2023 € (unaudited)	Jan-Jun 2022 € (audited)
Rental income	881,335	561,490	881,335	561,490
Other income	91,457	88,436	91,457	88,436
Administrative expenses	(199,512)	(159,400)	(200,273)	(160,139)
Operating profit	773,280	490,526	772,519	489,787
Fair value gains on investment property	-	-	-	-
Finance costs	(200,000)	(215,416)	(200,000)	(215,416)
Profit before tax	573,280	275,110	572,519	274,371
Tax expense	(132,200)	(85,460)	(132,200)	(85,330)
Profit for the period	441,080	189,650	440,319	189,041

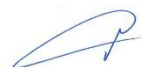
Condensed statements of financial position

	Group		Company	
	30 June 2023 (unaudited) €	31 December 2022 (audited) €	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Assets				
Non-current Assets				
Investment property	30,644,200	30,340,014	30,644,199	30,340,014
Intangible asset	225	225	225	225
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	74,968	77,087	74,968	77,087
	30,756,128	30,454,062	30,806,127	30,504,061
Current Assets				
Trade and other receivables	108,806	245,531	173,613	237,337
Cash and cash equivalents	424,124	134,744	217,062	92,210
	532,930	380,275	390,675	329,547
Total assets	31,289,058	30,834,337	31,196,802	30,833,608

Condensed statements of financial position – continued

	Group		Company	
	30 June 2023 (unaudited) €	31 December 2022 (audited) €	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Equity				
Share capital	150,000	150,000	150,000	150,000
Revaluation reserve	14,116,300	14,116,300	14,116,300	14,116,300
Retained earnings	2,587,352	2,146,273	2,581,655	2,141,337
Equity attributable to the owners of the parent	16,853,652	16,412,573	16,847,955	16,407,637
Non-controlling interest	1	1	-	-
Total equity	16,853,653	16,412,574	16,847,955	16,407,637
Non-current liabilities				
Borrowings	2,313,057	2,494,133	2,313,957	2,494,133
Debt securities in issue	5,911,974	5,904,809	-	-
Trade and other payables	1,593,192	2,133,118	8,139,114	8,071,633
Deferred tax liability	2,427,202	2,427,202	2,427,202	2,427,202
	12,245,425	12,959,262	12,880,273	12,992,968
Liabilities				
Current Liabilities				
Borrowings	290,779	360,322	290,777	360,322
Debt securities in issue	242,836	101,507	-	-
Trade and other payables	1,443,847	920,529	965,196	992,281
Current tax liability	212,519	80,143	212,600	80,400
	2,189,980	1,462,501	1,468,573	1,433,003
Total liabilities	14,435,406	14,421,763	14,348,846	14,425,971
Total equity and liabilities	31,289,058	30,834,337	31,196,802	30,833,608

The condensed interim financial statements on pages 3 to 11 were approved, authorised for issue, and signed by the director on 7 August 2023.



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 2022	150,000	13,498,788	1,638,501	15,287,289	1	15,287,290
Profit for the year	-	-	1,125,284	1,125,284	-	1,125,284
Revaluation of investment property – net	-	617,512	(617,512)	-	-	-
At 31 December 2022 (audited)	150,000	14,116,300	2,146,273	16,412,573	1	16,412,574
At 1 January 2023	150,000	14,116,300	2,146,273	16,412,573	1	16,412,574
Profit for the period	-	-	440,318	440,318	-	440,318
Revaluation of investment property – net	-	-	-	-	-	-
At 30 June 2023 (unaudited)	150,000	14,116,300	2,586,591	16,852,891	1	16,852,892

Condensed statements of changes in equity - continued

	Share capital €	Revaluation reserves €	Retained earnings €	Total equity €
Company				
At 1 January 2022	150,000	13,498,788	1,634,515	15,283,303
Profit for the year	-	-	1,124,334	1,124,334
Revaluation of investment property - net	-	617,512	(617,512)	-
At 31 December 2022 (audited)	150,000	14,116,300	2,141,337	16,407,637
At 1 January 2023	150,000	14,116,300	2,141,337	16,407,637
Profit for the period	-	-	440,318	440,318
At 30 June 2023 (unaudited)	150,000	14,116,300	2,581,655	16,847,955

Condensed statement of cash flows

	Group		Company	
	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022
	€	€	€	€
Operating activities				
Profit before tax	441,079	189,650	440,318	189,042
Adjustments	336,234	301,354	336,060	153,813
Net changes in working capital	122,236	12,132	(42,257)	(54,852)
Income tax paid	-	(1,204)	-	(1,106)
Net cash generated from operating activities	899,550	501,932	734,123	286,897
Investing activity				
Payments for improvements to investment property	(308,045)	(464,349)	(308,045)	(464,349)
Purchase of intangible assets	-	-	-	-
Net advances from related parties	-	18,838	-	-
Net cash used in investing activity	(308,045)	(445,511)	(308,045)	(464,349)
Financing activity				
Repayment of bank borrowings	(250,621)	(160,802)	(249,721)	(160,802)
Loan Proceeds	-	307,095	-	307,095
Interest paid	(51,505)	(68,484)	(51,505)	(68,484)
Net cash generated from/(used in) financing activity	302,126	77,809	(301,226)	77,809
Net change in cash and cash equivalents	289,379	134,230	124,852	(99,643)
Cash and cash equivalents, beginning of period	134,744	216,670	92,210	215,867
Cash and cash equivalents, end of period	424,124	350,900	217,062	116,224

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 2022 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 2022.

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 2023 €	Jan-Jun 2022 €	Jan-Jun 2023 €	Jan-Jun 2022 €
Finishing works charged by related company	74,968	77,907	74,968	77,907
Wages charged by related company	41,460	47,156	41,460	47,156
Management fees	-	-	37,688	37,688
Recharges	-	-	7,166	7,166
Finance cost	-	-	141,329	139,766

7 Debt securities in issue

	Group		Company	
	30 June 2023 €	31 December 2022 €	30 June 2023 €	31 December 2022 €
4.75% Secured Callable Bonds redeemable 2026 – 2029				
Amounts falling due within one year	242,836	101,507	-	-
Amounts falling due after more than one year	5,911,974	5,904,809	-	-
	6,154,810	6,006,316	-	-

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 €6,154,180 (31 Dec 2022: €6,006,316). The market value of the debt securities on the last day before the reporting date was €5,640,000 (31 Dec 2022: €5,580,000).

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 2023	30 December 2022
	€	€
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	48,505	34,173
Amortisation of bond issue costs	7,166	14,332
Accumulated amortisation at end of financial period	55,671	48,505
Unamortised bond issue costs carried	(88,025)	(95,191)
Interest accrued as at end of financial period	242,836	101,507
Amortised cost and carrying amount	6,154,810	6,006,316

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.