

K.A. Holdings Limited

Interim Financial Report and
Consolidated Financial Statements
(unaudited)

For the period 1 January to 30 June 2024

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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 2024. 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 €460,147. (2023 profit after tax - €460,628).

The company reports that, at interim stage, the occupancy in its premises was of 90% in Centris I, and 100% in Centris II. The property in Swieqi remains fully occupied as well. Properties in Gzira are still covered by a promise of sale agreement and one of them remains occupied with the other one being currently vacant.

Directors

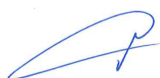
The Company and Group Directors during the period were:

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 7 August 2024 by:



Kurt Abela
Director

Condensed statements of comprehensive income

	Group		Company	
	Jan-Jun 2024 € (unaudited)	Jan-Jun 2023 € (audited)	Jan-Jun 2024 € (unaudited)	Jan-Jun 2023 € (audited)
Rental income	961,760	881,335	961,760	881,335
Other income	96,346	91,457	96,346	91,457
Administrative expenses	(241,170)	(199,512)	(240,429)	(200,273)
Operating profit	816,936	773,280	817,677	772,519
Finance costs	(212,411)	(200,000)	(212,411)	(200,000)
Profit before tax	604,525	573,280	605,266	572,519
Tax expense	(144,378)	(132,200)	(144,638)	(132,200)
Profit for the period	460,147	441,080	460,628	440,319

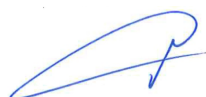
Condensed statements of financial position

	Group		Company	
	30 June 2024 (unaudited) €	31 December 2023 (audited) €	30 June 2024 (unaudited) €	31 December 2023 (audited) €
Assets				
Non-current Assets				
Investment property	34,874,251	34,777,000	34,874,251	34,777,000
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	81,371	81,371	81,371	81,371
	34,992,358	34,895,107	35,042,357	34,945,106
Current Assets				
Trade and other receivables	258,026	255,782	256,294	249,364
Assets held for resale	703,059	702,956	703,059	702,956
Advance Payments	306,967	290,000	306,967	290,000
Cash and cash equivalents	481,710	737,324	198,809	712,550
	1,749,762	1,986,062	1,465,129	1,954,870
Total assets	36,742,120	36,881,169	36,507,486	36,899,976

Condensed statements of financial position – continued

	Group		Company	
	30 June 2024 (unaudited) €	31 December 2023 (audited) €	30 June 2024 (unaudited) €	31 December 2023 (audited) €
Equity				
Share capital	150,000	150,000	150,000	150,000
Revaluation reserve	18,366,873	18,366,873	18,366,873	18,366,873
Retained earnings	3,488,092	3,027,465	3,481,538	3,021,391
Equity attributable to the owners of the parent	22,004,965	21,544,338	21,998,411	21,538,264
Non-controlling interest	1	1	-	-
Total equity	22,004,966	21,544,339	21,998,411	21,538,264
Non-current liabilities				
Borrowings	1,962,538	2,116,224	1,962,538	2,116,224
Debt securities in issue	5,926,306	5,919,141	-	-
Trade and other payables	1,770,678	2,218,126	7,806,578	8,234,084
Deferred tax liability	2,838,398	2,838,396	2,838,398	2,838,396
	12,497,920	13,091,887	12,607,514	13,188,704
Liabilities				
Current Liabilities				
Borrowings	290,779	386,273	290,779	386,273
Debt securities in issue	242,835	101,507	-	-
Trade and other payables	1,549,262	1,451,833	1,454,842	1,481,664
Current tax liability	156,358	305,330	155,940	305,071
	2,239,234	2,244,943	1,901,561	2,173,008
Total liabilities	14,737,154	15,336,830	14,509,075	15,361,712
Total equity and liabilities	36,742,120	36,881,169	36,507,486	36,899,976

The condensed interim financial statements on pages 3 to 11 were approved, authorised for issue, and signed by the director on 7 August 2024.



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 2023	150,000	14,116,300	2,146,273	16,412,573	1	16,412,574
Profit for the year	-	-	5,131,765	5,131,765	-	5,131,765
Revaluation of investment property – net	-	4,250,573	(4,250,573)	-	-	-
At 31 December 2023 (audited)	150,000	18,366,873	3,027,465	21,544,338	1	21,544,339
At 1 January 2024	150,000	18,366,873	3,027,465	21,544,338	1	21,544,339
Profit for the period	-	-	460,628	460,628	-	460,628
Revaluation of investment property – net	-	-	-	-	-	-
At 30 June 2024 (unaudited)	150,000	18,366,873	3,488,092	22,004,965	1	22,004,966

Condensed statements of changes in equity - continued

	Share capital €	Revaluation reserves €	Retained earnings €	Total equity €
Company				
At 1 January 2023	150,000	14,116,300	2,141,337	16,407,637
Profit for the year	-	-	5,130,627	5,130,627
Revaluation of investment property - net	-	4,250,573	(4,250,573)	-
At 31 December 2023 (audited)	150,000	18,366,873	3,021,391	21,538,264
At 1 January 2024	150,000	18,366,873	3,021,391	21,538,264
Profit for the period	-	-	460,147	460,147
At 30 June 2024 (unaudited)	150,000	18,366,873	3,481,538	21,998,411

Condensed statement of cash flows

	Group		Company	
	Jan-Jun 2024	Jan-Jun 2023	Jan-Jun 2024	Jan-Jun 2023
	€	€	€	€
Operating activities				
Profit before tax	605,226	441,079	604,525	440,318
Adjustments	148,378	336,234	-	187,565
Net changes in working capital	(369,230)	122,236	(461,262)	106,239
Income tax paid	(293,496)	-	(293,394)	-
Net cash generated from/ (used in) operating activities	90,918	899,550	(150,131)	734,123
Investing activity				
Payments for improvements to investment property	(97,354)	(308,045)	(114,320)	(308,045)
Net cash used in investing activity	(97,354)	(308,045)	(114,320)	(308,045)
Financing activity				
Repayment of bank borrowings	(249,180)	(250,621)	(249,290)	(249,721)
Interest paid	-	(51,505)	-	(51,505)
Net cash generated from/ (used in) financing activity	(249,180)	(302,126)	(249,290)	(301,226)
Net change in cash and cash equivalents	737,324	289,379	712,550	124,852
Cash and cash equivalents, beginning of period	(255,615)	134,744	(513,741)	92,210
Cash and cash equivalents, end of period	481,710	424,124	198,809	217,062

Notes to the condensed interim financial statements

1 Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2024 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 2023, 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 2023, 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 2023.

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 2024 €	Jan-Jun 2023 €	Jan-Jun 2024 €	Jan-Jun 2023 €
Finishing works charged by related company	57,431	74,968	57,431	74,968
Wages charged by related company	45,675	41,460	45,675	41,460
Management fees	-	-	37,770	37,688
Recharges	-	-	7,166	7,166
Finance cost	-	-	141,328	141,329

7 Debt securities in issue

	Group		Company	
	30 June 2024 €	31 December 2023 €	30 June 2024 €	31 December 2023 €
4.75% Secured Callable Bonds redeemable 2026 – 2029				
Amounts falling due within one year	242,835	101,507	-	-
Amounts falling due after more than one year	5,926,306	5,919,141	-	-
	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 €6,169,141 (31 Dec 2023: €6,020,648). The market value of the debt securities on the last day before the reporting date was €5,697,000 (31 Dec 2023: €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 €5,856,304 (2023: €5,856,304) 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 2024	30 December 2023
	€	€
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	62,475	48,143
Amortisation of bond issue costs	7,166	14,332
Accumulated amortisation at end of financial period	69,641	62,475
Unamortised bond issue costs carried	(73,696)	(80,502)
Interest accrued as at end of financial period	242,835	101,507
Amortised cost and carrying amount	6,169,141	6,020,648

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.