

PHN/36

COMPANY ANNOUNCEMENT

The following is a Company Announcement by Phoenicia Finance Company p.l.c. (C 88958) (hereinafter the “Company”) of The Phoenicia Hotel, The Mall, Floriana, pursuant to the Capital Markets Rules issued by Malta Financial Services Authority:

Quote

During a meeting of the Board of Directors of the Company held on 24 August 2022, the Board of Directors approved the Company’s interim (unaudited) financial statements for the period ended 30 June 2022.

The interim (unaudited) financial statements for the period ended 30 June 2022 are attached herewith and are also available for viewing on the Company’s website through the following link: <http://www.phoeniciafinance.com/financial-statements/>.

Unquote

BY ORDER OF THE BOARD

24 August 2022



Dr. Stephanie Manduca
COMPANY SECRETARY

Company Registration No. C 88958

PHOENICIA FINANCE COMPANY P.L.C.

**Condensed Interim Financial Statements
(Unaudited)**

30 June 2022

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2022

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PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2022

INTERIM DIRECTORS' REPORT

This interim report is published in terms of Chapter 5 of the Capital Markets Rules as prescribed by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act, Cap. 345 of the Laws of Malta.

The interim condensed financial statements have been extracted from the Company's unaudited accounts for the period ended 30 June 2022. The interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by the IASB and adopted by the EU. In terms of Capital Markets Rule 5.75.5, the Directors state that the half yearly financial report has not been audited or reviewed by the Company's independent auditor.

Principal activities

Phoenicia Finance Company p.l.c. ('the Company') was registered in Malta on 23 October 2018 as a public limited liability company under the Companies Act, Cap. 386 of the Laws of Malta. The Company's principal activity is to carry on the business of a finance company in connection with the ownership, development, operation and financing of hotels, resorts, leisure facilities, and tourism related activities.

The Company issued an aggregate of EUR25,000,000 in bonds having a face value of EUR100 per bond, subject to a minimum holding of EUR2,000 in bonds. The bonds have a coupon interest rate of 4.15% per annum as stated in the prospectus dated 15 November 2018. These bonds were admitted for listing on the Malta Stock Exchange on 12 December 2018. The proceeds from the bond issue have been advanced by the company to its parent, Phoenicia Malta Limited for re-financing of debt purposes, thus reducing the financing cost of its immediate parent company. These bonds are guaranteed by Phoenicia Malta Limited and Phoenicia Hotel Company Limited ("the Guarantors").

The Company's assets consist principally of the loans advanced to the related companies and the accrued interest thereon. Therefore, the ability of these companies to affect payments to the Company under such loans will depend on their respective cash flows and earnings.

Related party transactions

Related party transactions are disclosed in note 6 to the Condensed Interim Financial Statements.

Review of important events

The interim condensed Statement of Comprehensive Income is set out on page 4. Interest income, solely receivable from related parties, during the period ended 30 June 2022 amounted to EUR638,205. Profit before tax for the period amounted to EUR24,214.

During the first six months, the Group, comprising of the Company and the Guarantors has continued to register a significant increase in demand for its services following a period of recovery from the negative impacts of the outbreak of Covid-19 pandemic in 2020. Management continues to monitor the situation to safeguard the financial wellbeing of the business, whilst at the same time maintaining the hotel product at the highest standard possible.

INTERIM DIRECTORS' REPORT - continued

Principal risks and uncertainties

The Company's activities expose it to financial risks, including market risk, credit risk and liquidity risk.

Credit risk

Financial assets which potentially subject the Company to concentrations of credit risk consist principally of non-current financial assets and cash and short-term deposits. The Company considers that with the exception of the non-current financial assets (note 4), it is not exposed to major concentrations of credit risk.

Liquidity risk

The Company actively manages its risk of a shortage of funds by closely monitoring the maturity of its financial assets and liabilities and projected cash flows from operations.

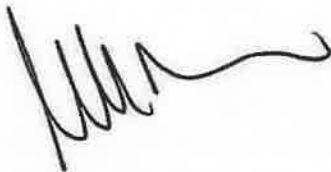
Interest rate risk

In view of the nature of its activities, the Company's transactions consist of interest income on the loans advanced to related companies from the proceeds of the bond issue and the interest payable on the bonds. However, these are independent of changes in market interest rates. Both the loans receivable from related companies and the bonds are subject to fixed interest rates. The Company has charged a higher lending rate on its receivables to cover its operating expenses. Also, the loans receivable have similar maturities to the bonds payable.

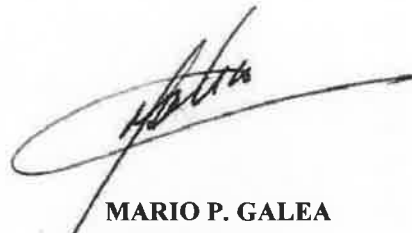
Directors' Statement Pursuant to Capital Markets Rule 5.75.3 Issued by The Malta Financial Services Authority

We confirm that, to the best of our knowledge:

- The interim condensed financial information gives a true and fair view of the assets, liabilities and financial position of the Company as at 30 June 2022 and of its financial performance and its cash flows for the period then ended, in accordance with IAS 34 Interim Financial Reporting issued by the IASB and as adopted by the EU; and
- The Interim Directors' Report includes a fair review of the information required under Capital Markets Rule 5.81 to 5.84.



MARK SHAW
Director



MARIO P. GALEA
Director

24 August 2022

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2022

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
for the period ended 30 June 2022


	6 months ended	
	2022	2021
	EUR	EUR
Finance income	638,205	638,205
Finance costs	(576,411)	(573,578)
Net interest	61,794	64,627
Administrative expenses	(37,580)	(34,741)
Profit before tax	24,214	29,886
Income tax expense	(8,475)	(10,460)
Profit for the period	15,739	19,426
Other comprehensive income for the period	-	-
Total comprehensive income for the period, net of tax	15,739	19,426

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
as at 30 June 2022

	Notes	30 June 2022 EUR	31 December 2021 EUR
ASSETS			
Non-current assets			
Financial assets	4	24,500,701	24,500,701
Deferred tax asset		4,681	4,681
		24,505,382	24,505,382
Current assets			
Financial assets	4	694,621	56,416
Other receivables		338,024	600,714
Cash and cash equivalents		258,375	70,844
		1,291,020	727,974
TOTAL ASSETS		25,796,402	25,233,356
EQUITY AND LIABILITIES			
Equity			
Issued share capital		250,000	250,000
Retained earnings		42,976	27,237
Total equity		292,976	277,237
Non-current liabilities			
Interest-bearing borrowings	5	24,809,053	24,747,128
		24,809,053	24,747,128
Current liabilities			
Interest-bearing borrowings	5	559,966	45,479
Trade and other payables		121,895	147,175
Income tax payable		12,512	16,337
		694,373	208,991
Total liabilities		25,503,426	24,956,119
TOTAL EQUITY AND LIABILITIES		25,796,402	25,233,356

The condensed interim financial statements (unaudited) on pages 4 to 10 have been authorised for issue by the Board of Directors on 24 August 2022 and signed on its behalf by:


MARK SHAW
 Director


MARIO P. GALEA
 Director

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2022

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
for the period ended 30 June 2022

	Issued capital EUR	Accumulated losses EUR	Total EUR
At 1 January 2022	250,000	27,237	277,237
Profit for the period	-	15,739	15,739
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	15,739	15,739
At 30 June 2022	250,000	42,976	292,976
At 1 January 2021	250,000	(3,104)	246,896
Profit for the period	-	19,426	19,426
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	19,426	19,426
At 30 June 2021	250,000	16,322	266,322

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2022

CONDENSED INTERIM STATEMENT OF CASH FLOWS
(UNAUDITED)
for the period ended 30 June 2022

	1 January to 30 June 2022 EUR	1 January to 30 June 2021 EUR
Net cash flows generated from operating activities	187,531	948,738
Net cash flows used in investing activities	-	-
Net cash flows generated from financing activities	-	-
Net movement in cash and cash equivalents	<u>187,531</u>	<u>948,738</u>
Cash and cash equivalents at 1 January	70,844	89,929
Cash and cash equivalents at 30 June	<u>258,375</u>	<u>1,038,667</u>

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2022

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

1 CORPORATE INFORMATION

Phoenicia Finance Company p.l.c. ('the Company') was registered in Malta on 23 October 2018 as a public limited liability company under the Companies Act, Cap. 386 of the Laws of Malta. The Company is incorporated and domiciled in Malta with its registered office at The Phoenicia Hotel, The Mall, Floriana, FRN1478, Malta.

The Company's principal activity is to carry on the business of a finance company in connection with the ownership, development, operation and financing of hotels, resorts, leisure facilities, and tourism related activities.

2 BASIS OF PREPARATION

These condensed interim financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with IAS 34, 'Interim financial reporting'.

These condensed interim financial statements have not been audited nor reviewed by the Company's independent auditors. The condensed interim financial statements do not include all the information and disclosure required in the financial statements and should be read in conjunction with the audited financial statements for the period ended 31 December 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's audited financial statements for the year ended 31 December 2021.

The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The changes resulting from these standards, interpretations and amendments are not expected to have a material effect on the financial statements. The Company will adopt the changes in standards on their effective date.

4. FINANCIAL ASSETS

	30 June 2022 EUR	31 December 2021 EUR
<i>Non-Current</i>		
Loan to parent company	24,514,074	24,514,074
Allowance for expected credit losses	(13,373)	(13,373)
Loan to parent company, net of expected credit losses	24,500,701	24,500,701
<i>Current</i>		
Accrued interest on loan to parent company	694,621	56,416

Financial assets represent the funds raised by the bond issue which have been advanced to the parent company. The loan bears interest rate of 5.25% per annum payable annually in arrears.

As at 30 June 2022, the loan is recognised net of an allowance for expected credit losses of EUR13,373 (31 December 2021: EUR13,373).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

5. INTEREST-BEARING BORROWINGS

	30 June 2022 EUR	31 December 2021 EUR
<i>Non-current</i>		
4.15% Unsecured Bonds 2023-2028 (note i)	24,809,053	24,747,128
<i>Current</i>		
Accrued interest on 4.15% Unsecured Bonds 2023-2028 (note iii)	559,966	45,479

- i) The Unsecured Bonds are disclosed at the value of the proceeds less the net book value of the issue costs, as follows:

	30 June 2022 EUR	31 December 2021 EUR
<i>Non-current</i>		
Bonds (note ii)	25,000,000	25,000,000
Issue costs	(605,698)	(605,698)
Accumulated amortisation	414,751	352,826
	24,809,053	24,747,128

- ii) Unless previously purchased and cancelled, the Unsecured Bonds will be redeemed at their nominal value (together with interest accrued up to the date fixed for redemption) on 15 December 2028 provided that the Company reserves the right to redeem all the Unsecured Bonds on any one of the Early Redemption Dates, that is, 15 December 2023, 15 December 2024, 15 December 2025, 15 December 2026 or 15 December 2027, subject to the Company giving at least 60 days' notice in writing to all Bondholders of its intention to effect such earlier redemption.
- iii) The Unsecured Bonds are subject to a fixed interest rate of 4.15%. The quoted market price as at 30 June 2022 for the Unsecured bonds was EUR100.25 (31 December 2021: EUR100.00).
- iv) The related companies Phoenicia Malta Limited and Phoenicia Hotel Company Limited have jointly and severally provided a guarantee in favour of the bondholders in respect of both the interest due and the principal amount.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

6. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

The following table provides the total amount of transactions and balances with related parties:

Transactions	1 January to 30 June 2022 EUR	1 January to 30 June 2021 EUR
Interest income from immediate parent company	638,205	638,205
	30 June 2022 EUR	31 December 2021 EUR
Balances		
<i>Included with Other receivables:</i>		
Amounts due from immediate parent company	315,058	565,058
<i>Included with Financial assets:</i>		
Loan receivable from immediate parent company	25,208,695	24,570,490
<i>Included with Trade and other payables:</i>		
Amounts owed to other related company	(86,284)	(72,767)

The Company has issued a loan to its immediate parent company (note 4), mainly for re-financing of debt purposes, thus reducing the financing cost of its immediate parent company. The Company also makes use of current accounts with its immediate parent company and another related company for expenses paid by the Company on behalf of related companies or paid by the related companies on behalf of the Company.

The bond is guaranteed by the Company's parent and other related company (note 5).

7. FAIR VALUE MEASUREMENT

The Company uses the following hierarchy for determining and disclosing the fair value of its financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

At 30 June 2022 and 31 December 2021, the carrying amounts of cash and short-term deposits, trade and other payables and current interest-bearing borrowings approximated their fair value in view of the nature of the instruments or their short-term maturity (level 2).

The fair value of non-current interest-bearing borrowings can be defined by reference to the quoted market price (level 1) which as at 30 June 2022 was EUR100.25 (31 December 2021: EUR100.00).

The fair value of the non-current financial assets is estimated as being 0.25% above the carrying amount (31 December 2021: equal to the carrying amount) in line with the quoted price of the non-current interest loans and borrowings (level 2).