

Company Registration No. C 88958

**PHOENICIA FINANCE COMPANY P.L.C.**

**Condensed Interim Financial Statements  
(Unaudited)**

**30 June 2020**

**PHOENICIA FINANCE COMPANY P.L.C.**  
**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2020**

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**PHOENICIA FINANCE COMPANY P.L.C.**  
**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2020**

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**INTERIM DIRECTORS' REPORT**

*This interim report is published in terms of Chapter 5 of the Listing rules as prescribed by the Listing 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 2020. 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 Listing 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.*

**Results**

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. These bonds are guaranteed by Phoenicia Malta Limited and Phoenicia Hotel Company Limited.

The interim condensed Statement of Comprehensive Income is set out on page 4. Interest and related income, principally receivable from related parties, during the period ended 30 June 2020 amounted to EUR631,493. Profit before tax for the period amounted to EUR24,083.

**Related party transactions**

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

**Review of important events**

The Company has a loan agreement with its immediate parent, Phoenicia Malta Limited. As a result of the pandemic and measures taken by the Governments, the hotel, owned by Phoenicia Malta Limited and operated by Phoenicia Hotel Company Limited had experienced curtailment of its business since March 2020, and due to the health and safety risk to our guests and staff resulting from COVID-19, the hotel could not accommodate hotel guests at that time, thus not being able to generate revenue since then. Following the lifting of legal notices by the Government, the Hotel has re-started its food and beverage operations during June, and as of 1 July 2020, the hotel has been welcoming guests to the hotel and its outlets. As a result of this, the Group, as a combined entity has been ahead of the projections which were originally prepared following the outbreak of COVID-19 and which have been referred to in the latest set of audited financial statements.

The Group continues to be in receipt of various COVID-19 business assistance programmes in order to mitigate against the adverse financial impact of this pandemic on the Company, and to safeguard its future wellbeing and that of its bondholder and other stakeholders.

The Group has obtained additional funding for liquidity purposes through the BOV MDB Covid-19 Assist scheme.

The Directors continue to monitor the situation on an ongoing basis with a view to minimizing the impact of the COVID-19 pandemic on the Company, and to continue ensuring the safety to its customers, employees and all stakeholders.



**MARK SHAW**  
**Director**



**MARIO P. GALEA**  
**Director**

20 August 2020

**PHOENICIA FINANCE COMPANY P.L.C.**

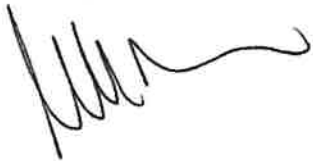
**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2020**

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**Directors' Statement Pursuant to Listing Rule 5.75.3 Issued by The Listing 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 2020 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 listing Rule 5.81 to 5.84.



**MARK SHAW**  
Director



**MARIO P. GALEA**  
Director

20 August 2020

**PHOENICIA FINANCE COMPANY P.L.C.**  
**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2020**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**  
**for the period ended 30 June 2020**


	6 months ended 30 June		Period from 23 October 2018 to 30 June 2019
	2020 EUR	2019 EUR	EUR
Finance income	631,493	580,998	654,704
Finance costs	(572,461)	(574,824)	(654,124)
<b>Net interest</b>	<b>59,032</b>	<b>6,174</b>	<b>580</b>
Administrative expenses	(34,949)	(27,944)	(43,409)
Expected credit losses	-	-	(13,373)
<b>Profit/(loss) before tax</b>	<b>24,083</b>	<b>(21,770)</b>	<b>(56,201)</b>
Income tax expense	(8,429)	-	-
<b>Profit/(loss) for the period</b>	<b>15,654</b>	<b>(21,770)</b>	<b>(56,201)</b>
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income/(loss) for the period, net of tax</b>	<b>15,654</b>	<b>(21,770)</b>	<b>(56,201)</b>

**PHOENICIA FINANCE COMPANY P.L.C.**  
**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2020**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**(UNAUDITED)**  
**as at 30 June 2020**

	Notes	30 June 2020 EUR	31 December 2019 EUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	4	24,300,701	24,175,701
Deferred tax asset		20,797	20,797
		<b>24,321,498</b>	<b>24,196,498</b>
<b>Current assets</b>			
Financial assets	4	687,161	55,668
Other receivables	6	173,350	181,970
Cash and cash equivalents		251,130	461,083
		<b>1,111,641</b>	<b>698,721</b>
<b>TOTAL ASSETS</b>		<b>25,433,139</b>	<b>24,895,219</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued share capital		250,000	250,000
Accumulated losses		(22,969)	(38,622)
<b>Total equity</b>		<b>227,031</b>	<b>211,378</b>
<b>Non-current liabilities</b>			
Interest-bearing borrowings	5	24,567,988	24,511,442
		<b>24,567,988</b>	<b>24,511,442</b>
<b>Current liabilities</b>			
Interest-bearing borrowings	5	561,270	45,355
Trade and other payables	6	76,850	127,044
		<b>638,120</b>	<b>172,399</b>
<b>Total liabilities</b>		<b>25,206,108</b>	<b>24,683,841</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,433,139</b>	<b>24,895,219</b>

*The condensed interim financial statements (unaudited) on pages 4 to 10 have been authorised for issue by the Board of Directors on 20 August 2020 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 2020**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**(UNAUDITED)**  
**for the period ended 30 June 2020**

	<b>Issued capital EUR</b>	<b>Accumulated losses EUR</b>	<b>Total EUR</b>
At 1 January 2018	250,000	(34,431)	215,569
Loss for the period	-	(21,770)	(21,770)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(21,770)	(21,770)
<b>At 30 June 2019</b>	<b>250,000</b>	<b>(56,201)</b>	<b>(193,799)</b>
At 1 January 2020	250,000	(38,623)	211,377
Profit for the period	-	15,654	15,654
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	15,654	15,654
<b>At 30 June 2020</b>	<b>250,000</b>	<b>(22,969)</b>	<b>227,031</b>

**PHOENICIA FINANCE COMPANY P.L.C.**

**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2020**

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

	<b>1 January to 30 June 2020 EUR</b>	<b>1 January to 30 June 2019 EUR</b>
Net cash flows used in operating activities	<b>(87,733)</b>	<b>(61,022)</b>
Net cash flows used in investing activities	<b>(125,000)</b>	<b>(1,750,000)</b>
Net cash flows generated from/(used in) financing activities	<b>2,782</b>	<b>(248,854)</b>
Net movement in cash and cash equivalents	<b>(209,953)</b>	<b>(2,059,875)</b>
Cash and cash equivalents at 1 January	<b>461,083</b>	<b>2,490,033</b>
Cash and cash equivalents at 30 June	<b>251,130</b>	<b>430,158</b>



**PHOENICIA FINANCE COMPANY P.L.C.**  
**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2020**

**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 2020 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 2019.

**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 period ended 31 December 2019.

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**

	<b>30 June 2019</b>	30 June 2019
	<b>EUR</b>	EUR
<i>Non-Current</i>		
Loan to parent company	<b>24,314,074</b>	24,189,074
Allowance for expected credit losses	<b>(13,373)</b>	(13,373)
Loan to parent company, net of expected credit losses	<b>24,300,701</b>	24,175,701
<i>Current</i>		
Accrued interest on loan to parent company	<b>687,161</b>	55,668

Financial assets represent the funds raised by the bond issue which have been advanced to the parent company. The loan bears interest rate of 4.73% per annum payable annually in arrears. On 1 September 2019 the interest rate was revised to 5.25% per annum. The loan is repayable on 30 November 2028.

As at 30 June 2020, the loan is recognised net of an allowance for expected credit losses of EUR13,373 (31 December 2019: EUR13,373).

**PHOENICIA FINANCE COMPANY P.L.C.**  
**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2020**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued**

**5. INTEREST-BEARING BORROWINGS**

	<b>30 June 2020 EUR</b>	31 December 2019 EUR
<i>Non-current</i>		
4.15% Unsecured Bonds 2023-2028 (note i)	<b>24,567,988</b>	24,511,442
<i>Current</i>		
Accrued interest on 4.15% Unsecured Bonds 2023-2028 (note iii)	<b>561,270</b>	45,355

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

	<b>30 June 2020 EUR</b>	31 December 2019 EUR
<i>Non-current</i>		
Bonds (note ii)	<b>25,000,000</b>	25,000,000
Issue costs	<b>(605,698)</b>	(605,698)
Accumulated amortisation	<b>173,686</b>	117,140
	<b>24,567,988</b>	24,511,442

- 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 2020 for the Unsecured bonds was EUR98.99 (31 December 2019: EUR 103.90).
- 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:

	<b>1 January to 30 June 2020</b>	1 January to 30 June 2019
	EUR	EUR
<b>Transactions</b>		
Interest income from immediate parent company	<b>631,493</b>	580,998
	<b>30 June 2020</b>	31 December 2019
	EUR	EUR
<b>Balances</b>		
<i>Included with Other receivables:</i>		
Amounts due from immediate parent company	<b>146,131</b>	146,131
<i>Included with Trade and other payables:</i>		
Amounts owed to other related company	<b>(26,153)</b>	(23,270)
Amounts owed to immediate parent company	<b>(13,850)</b>	(13,850)

The Company has issued a loan to its immediate parent company (note 4) 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

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the year.

At 30 June 2020 the carrying amounts of the non-current financial assets and cash and cash equivalents, 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. The fair value of non-current interest-bearing borrowings can be defined by reference to the quoted market price which as at 30 June 2020 was EUR98.99. The fair value is estimated at EUR 24.748 million when compared to the carrying amount of EUR 25.129 million.