

PHN/42

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 22 August 2023, the Board of Directors approved the Company’s interim (unaudited) financial statements for the period ended 30 June 2023.

The interim (unaudited) financial statements for the period ended 30 June 2023 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

22 August 2023



Dr. Stephanie Manduca
COMPANY SECRETARY

Company Registration No. C 88958

PHOENICIA FINANCE COMPANY P.L.C.

**Condensed Interim Financial Statements
(Unaudited)**

30 June 2023

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2023

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PHOENICIA FINANCE COMPANY P.L.C.

Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2023

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 2023. 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.

Company incorporation

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.

Principal activities

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.

Review of the business

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 2023 amounted to EUR638,205. Profit before tax for the period amounted to EUR13,319.

The Company has issued EUR25,000,000 4.15% Unsecured Bonds to the general public by virtue of prospectus dated 15 November 2018 and approved by the Malta Financial Services Authority on the same date. The unsecured bonds are redeemable on 15 December 2028, subject to early redemption at the option of the Company on 15 December 2023, 15 December 2024, 15 December 2025, 15 December 2026 or 15 December 2027 subject to the Company giving the Bondholders at least 60 days' notice in writing.

Interest is payable annually on 15 December. Phoenicia Malta Limited and Phoenicia Hotel Company Limited have provided a corporate guarantee in favour of the bondholders, in respect of which further information is contained in Annex II of the securities note forming part of the prospectus, as guarantors.

The Company's assets consist principally of the loans advanced to the related companies and the accrued interest thereon.

Related party transactions

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

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 current and non-current financial assets and cash and short-term deposits.

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. 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.

The Company's short-term deposits are placed with quality financial institutions.

Liquidity risk

The presentation of the financial assets and liabilities under the present headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

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 2023 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

22 August 2023

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2023

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2023

	6 months ended	
	30 June	
	2023	2022
	EUR	EUR
Finance income	638,205	638,205
Finance costs	(579,381)	(576,411)
Net interest	58,824	61,794
Administrative expenses	(45,505)	(37,580)
Profit before tax	13,319	24,214
Income tax expense	(4,662)	(8,475)
Profit for the period	8,657	15,739
Other comprehensive income for the period	-	-
Total comprehensive income for the period, net of tax	8,657	15,739

PHOENICIA FINANCE COMPANY P.L.C.**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2023****CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
as at 30 June 2023**

	Notes	30 June 2023 EUR	31 December 2022 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		624,901	577,770
Current tax receivable		7,897	9,292
Cash and cash equivalents		8,984	248,964
		1,336,403	892,442
TOTAL ASSETS		25,841,785	25,397,824
EQUITY AND LIABILITIES			
Equity			
Issued share capital		250,000	250,000
Retained earnings		54,155	45,498
Total equity		304,155	295,498
Non-current liabilities			
Interest-bearing borrowings	5	24,938,399	24,873,505
		24,938,399	24,873,505
Current liabilities			
Interest-bearing borrowings	5	559,966	45,479
Trade and other payables		39,265	183,342
		599,231	228,821
Total liabilities		25,537,630	25,102,326
TOTAL EQUITY AND LIABILITIES		25,841,785	25,397,824

The condensed interim financial statements (unaudited) on pages 4 to 10 have been authorised for issue by the Board of Directors on 22 August 2023 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 2023****CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2023**

	Issued capital EUR	Retained earnings EUR	Total EUR
At 1 January 2023	250,000	45,498	295,498
Profit for the period	-	8,657	8,657
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	8,657	8,657
At 30 June 2023	250,000	54,155	304,155
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

PHOENICIA FINANCE COMPANY P.L.C.

Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2023

CONDENSED INTERIM STATEMENT OF CASH FLOWS
for the period ended 30 June 2023

	1 January to 30 June 2023	1 January to 30 June 2022
	EUR	EUR
Net cash flows (used in)/generated from operating activities	(239,980)	187,531
Net cash flows used in investing activities	-	-
Net cash flows generated from financing activities	-	-
Net movement in cash and cash equivalents	(239,980)	187,531
Cash and cash equivalents at 1 January	248,964	70,844
Cash and cash equivalents at 30 June	8,984	258,375

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2023

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 2022.

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 2022.

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 2023 EUR	31 December 2022 EUR
<i>Non-Current</i>		
Loan to parent company	24,514,074	24,514,074
Allowance for expected credit losses	(13,373)	(13,373)
	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 a fixed interest rate of 5.25% per annum payable annually in arrears. The loan is repayable on 30 November 2028.

As at 30 June 2023, the loan is recognised net of an allowance for expected credit losses of EUR13,373 (31 December 2022: EUR13,373).

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2023

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

5. INTEREST-BEARING BORROWINGS

	30 June 2023 EUR	31 December 2022 EUR
<i>Non-current</i>		
4.15% Unsecured Bonds 2023-2028 (note i)	24,938,399	24,873,505
<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 2023 EUR	31 December 2022 EUR
<i>Non-current</i>		
Bonds (note ii)	25,000,000	25,000,000
Issue costs	(605,698)	(605,698)
Accumulated amortisation	544,097	479,203
	24,938,399	24,873,505

- 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 2023 for the Unsecured bonds was EUR95.00 (31 December 2022: EUR90.00).
- 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:

	1 January to 30 June 2023 EUR	1 January to 30 June 2022 EUR
Transactions		
Interest income from immediate parent company	638,205	638,205
	30 June 2023 EUR	31 December 2023 EUR
Balances		
<i>Included with Other receivables:</i>		
Amounts due from immediate parent company	564,547	564,547
Amounts due from other related company	40,175	-
<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	-	(92,917)

The Company has issued a loan to its immediate parent company (note 4) mainly for the purpose of re-financing of debt. The Company also makes use of current accounts with its immediate parent company and another related company, Phoenicia Hotel Company Limited, 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 2023 and 31 December 2022, 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 2023 was EUR95.00 (31 December 2022: EUR90.00).

The fair value of the non-current financial assets is estimated at 5% below the carrying amount (31 December 2022: 10% below the carrying amount) in line with the quoted price of the non-current interest loans and borrowings (level 2).