

Company Registration No. C 88958

PHOENICIA FINANCE COMPANY P.L.C.

**Condensed Interim Financial Statements
(Unaudited)**

30 June 2024

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2024

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PHOENICIA FINANCE COMPANY P.L.C.

Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2024

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 2024. 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

During the period ended 30 June 2024, the Company incurred a loss before tax of EUR43,356 (period ended 30 June 2023: profit before tax of EUR13,319). The results for this period were impacted by costs in relation to the bond issue of EUR50,000,000 5.75% Unsecured Bonds 2028-2033 disclosed below.

During the first six months, the Company issued EUR50,000,000 5.75% Unsecured Bonds 2028-2033 ("New Bonds"). The New Bonds were admitted to listing on the Official List of the Malta Stock Exchange on 11 March 2024 with trading commencing on 12 March 2024.

An amount of EUR20,000,000 of the New Bond, which was reserved for Authorised Financial Intermediaries through placement agreements, was heavily oversubscribed.

A total of EUR19,288,600 was subscribed by the existing bond holders of the 4.15% Unsecured Bond 2023-2028 ("Existing Bonds") in exchange for their respective bonds, equivalent to 77.15% of the Existing Bonds. Moreover, an additional EUR6,094,500 was also subscribed by these existing bondholders, bringing a total value of EUR25,383,100.

The Company has further allocated a total amount of EUR4,616,900 in New Bonds to Authorised Financial Intermediaries participating in the intermediaries' offer.

The New Bonds are redeemable on 30 December 2033, subject to early redemption at the option of the Company at any date falling between 30 December 2028 and 30 December 2033 subject to the Company giving the Bondholders at least 60 days' notice in writing. Interest is payable annually on 30 December.

Following the issue of the New Bonds, the balance on the EUR25,000,000 4.15% Unsecured Bond amounted to EUR5,711,400.

INTERIM DIRECTORS' REPORT - continued

Review of the business - continued

The Existing Bonds are redeemable on 15 December 2028, subject to early redemption at the option of the Company on 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 7 to the Condensed Interim Financial Statements.

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.

PHOENICIA FINANCE COMPANY P.L.C.

Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2024

INTERIM DIRECTORS' REPORT - continued

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 2024 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

6 August 2024

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2024

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2024

	6 months ended	
	30 June	
	2024	2023
	EUR	EUR
Finance income	1,233,985	638,205
Finance costs	(1,213,478)	(579,381)
Net interest	20,506	58,824
Administrative expenses	(63,862)	(45,505)
(Loss)/profit before tax	(43,356)	13,319
Income tax credit/(expense)	15,175	(4,662)
(Loss)/profit for the period	(28,181)	8,657
Other comprehensive income for the period	-	-
Total comprehensive (loss)/income for the period, net of tax	(28,181)	8,657

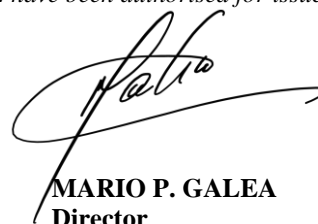
PHOENICIA FINANCE COMPANY P.L.C.**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2024****CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
as at 30 June 2024**

	Notes	30 June 2024 EUR	31 December 2023 EUR
ASSETS			
Non-current assets			
Financial assets	4	48,924,846	24,500,701
Other receivables		-	124,048
Deferred tax asset		19,856	4,681
		48,944,702	24,629,430
Current assets			
Financial assets	4	1,038,026	56,416
Other receivables		928,450	823,848
Current tax receivable		8,224	15,549
Cash and cash equivalents	5	5,685,305	21,246
		7,660,005	917,059
TOTAL ASSETS		56,604,707	25,546,489
EQUITY AND LIABILITIES			
Equity			
Issued share capital		250,000	250,000
Retained earnings		36,038	64,219
Total equity		286,038	314,219
Non-current liabilities			
Interest -bearing borrowings	5	54,794,592	25,000,000
		54,794,592	25,000,000
Current liabilities			
Interest accrued	5	1,009,289	45,355
Trade and other payables		514,788	186,915
		1,524,077	232,270
Total liabilities		56,318,669	25,232,270
TOTAL EQUITY AND LIABILITIES		56,604,707	25,546,489

The condensed interim financial statements (unaudited) on pages 5 to 12 have been authorised for issue by the Board of Directors on 6 August 2024 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 2024****CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2024**

	Issued capital EUR	Retained earnings EUR	Total EUR
At 1 January 2024	250,000	64,219	314,219
Loss for the period	-	28,181	28,181
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	28,181	28,181
At 30 June 2024	250,000	36,038	286,038
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

PHOENICIA FINANCE COMPANY P.L.C.**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2024****CONDENSED INTERIM STATEMENT OF CASH FLOWS
for the period ended 30 June 2024**

	1 January to 30 June 2024 EUR	1 January to 30 June 2023 EUR
Net cash flows from/(used in) operating activities	347,483	(239,980)
Net cash flows used in investing activities	(24,424,145)	-
Net cash flows from financing activities	29,740,719	-
Net movement in cash and cash equivalents	5,664,059	(239,980)
Cash and cash equivalents at 1 January	21,246	248,964
Cash and cash equivalents at 30 June	5,685,305	8,984

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2024

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 2024 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 year ended 31 December 2023.

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 2023.

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 2024 EUR	31 December 2023 EUR
<i>Non-Current</i>		
Loan to parent company	48,938,219	24,514,074
Allowance for expected credit losses	(13,373)	(13,373)
	48,924,846	24,500,701
<i>Current</i>		
Accrued interest on loan to parent company	1,038,026	56,416

Financial assets represent the funds raised by the bond issues which have been advanced to the parent company. On 11 March 2024, the loan has been increased with the proceeds from the recent bond issue. As from 11 March 2024, the loan bears a fixed interest rate of 6.25% (previously 5.25%) per annum payable annually in arrears. The loan is now repayable on 30 December 2033.

As at 30 June 2024, the loan is recognised net of an allowance for expected credit losses of EUR13,373 (31 December 2023: EUR13,373).

PHOENICIA FINANCE COMPANY P.L.C.**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2024****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued****5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statement of cash flows comprise of the following items within the statement of financial position:

	30 June 2024 EUR	31 December 2023 EUR
<i>Non-current</i>		
Cash at bank	18,635	21,246
Short-term deposits	5,666,670	-
	5,685,305	21,246

6. INTEREST-BEARING BORROWINGS

	30 June 2024 EUR	31 December 2023 EUR
<i>Non-current</i>		
5.75% Unsecured Bonds 2028-2033 (ii)	49,083,192	-
4.15% Unsecured Bonds 2023-2028 (iii)	5,711,400	25,000,000
	54,794,592	25,000,000
<i>Current</i>		
Accrued interest on 5.75% Unsecured Bonds 2028-2033 (ii)	886,458	-
Accrued interest on 4.15% Unsecured Bonds 2023-2028 (iii)	122,831	45,355
	1,009,289	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:

	30 June 2024 EUR	31 December 2023 EUR
<i>Non-current</i>		
Bonds (note ii)	55,711,400	25,000,000
Issue costs	1,576,379	(605,698)
Accumulated amortisation	(659,570)	605,698
	54,794,592	25,000,000

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

6. INTEREST-BEARING BORROWINGS - continued

- ii) The 5.75% Unsecured Bonds 2028-2033 are redeemable on 30 December 2033, subject to early redemption at the option of the Company at any date falling between 30 December 2028 and 30 December 2033 subject to the Company giving the Bondholders at least 60 days' notice in writing. Interest is payable annually on 30 December. These bonds are subject to a fixed interest rate of 5.75%. The quoted market price as at 30 June 2024 for the Unsecured bonds was EUR104.00.
- iii) The 4.15% Unsecured Bonds 2023-2028 are redeemable on 15 December 2028, subject to early redemption at the option of the Company on 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. These bonds are subject to a fixed interest rate of 4.15%. The quoted market price as at 30 June 2024 for the Unsecured bonds was EUR99.86 (31 December 2023: EUR99.00).
- 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.

7. 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 2024 EUR	1 January to 30 June 2023 EUR
Transactions		
Interest income from immediate parent company	1,177,282	638,205
Balances		
<i>Included with Other receivables:</i>		
Amounts due from immediate parent company	797,455	797,455
<i>Included with Financial assets:</i>		
Loan receivable from immediate parent company	49,976,244	24,570,490
<i>Included with Trade and other payables:</i>		
Amounts owed to other related company	(478,562)	(59,559)

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 bonds are guaranteed by the Company's parent and other related company (note 6).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

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 2024 and 31 December 2023, 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) for the 5.75% Unsecured Bonds 2028-2033 which as at 30 June 2024 was EUR104.00. As at 31 December 2023, the fair value of non-current interest-bearing borrowings was defined by reference to the quoted market price (level 1) for the 4.15% Unsecured Bonds 2023-2028 which as at 31 December 2023 was EUR99.00.

The fair value of the non-current financial assets is estimated at 4% above the carrying amount (31 December 2023: 1% below the carrying amount) in line with the quoted price of the non-current interest loans and borrowings (level 2).