

PHN/28

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 the Malta Financial Services Authority:

Quote

During a meeting of the Board of Directors of the Company held on 23 August 2021, the Board of Directors approved the Company’s Interim (Unaudited) Financial Statements for the period ended 30 June 2021.

The Interim (Unaudited) Financial Statements 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

23 August 2021



Dr. Stephanie Shaw
COMPANY SECRETARY

Company Registration No. C 88958

PHOENICIA FINANCE COMPANY P.L.C.

**Condensed Interim Financial Statements
(Unaudited)**

30 June 2021

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2021

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PHOENICIA FINANCE COMPANY P.L.C.

Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2021

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 2021. 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.

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 2021 amounted to EUR638,205. Profit before tax for the period amounted to EUR29,886.

During the first six months, the Group, comprising of the Company and the Guarantors, continued to operate with the restrictions imposed by the Governments to control the spread of Covid-19. The Group has continued to adapt to the changing situations which saw the local market in a quasi-lockdown state between March and April 2021. The Hotel has since been reporting a constant increase in its average room rate and occupancy which was also further improved by the United Kingdom's decision to add Malta on its Green List in June 2021.

The Hotel continued to invest in its workforce and its product to ensure that it adequately services the increased demand at a superior five star level, and exceeds guest expectations at all times.

The Group continues to benefit from various Covid-19 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 bondholders and other stakeholders.

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 of its customers, employees and all stakeholders.

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.

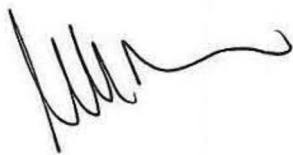
Interest rate risk

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.

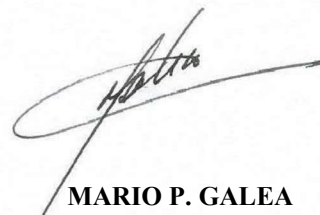
Directors' Statement Pursuant to Listing Rule 5.75.3 Issued by The Listing Authority

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 2021 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

23 August 2021

PHOENICIA FINANCE COMPANY P.L.C.**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2021****CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)****for the period ended 30 June 2021**

	6 months ended	
	30 June	
	2021	2020
	EUR	EUR
Finance income	638,205	631,493
Finance costs	(573,578)	(572,461)
Net interest	64,627	59,032
Administrative expenses	(34,741)	(34,949)
Profit before tax	29,886	24,083
Income tax expense	(10,460)	(8,429)
Profit for the period	19,426	15,654
Other comprehensive income for the period	-	-
Total comprehensive income for the period, net of tax	19,426	15,654


PHOENICIA FINANCE COMPANY P.L.C.**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2021****CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(UNAUDITED)****as at 30 June 2021**

	Notes	30 June 2021 EUR	31 December 2020 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	40,424	56,262
Other receivables		28,563	407,729
Cash and cash equivalents		1,038,667	89,928
		1,107,654	553,919
TOTAL ASSETS		25,613,036	25,059,301
EQUITY AND LIABILITIES			
Equity			
Issued share capital		250,000	250,000
Retained earnings		16,322	(3,104)
Total equity		266,322	246,896
Non-current liabilities			
Interest-bearing borrowings	5	24,685,625	24,626,533
		24,685,625	24,626,533
Current liabilities			
Interest-bearing borrowings	5	559,966	45,479
Trade and other payables		81,998	121,268
Income tax payable		19,125	19,125
		661,089	185,872
Total liabilities		25,346,714	24,812,405
TOTAL EQUITY AND LIABILITIES		25,613,036	25,059,301

The condensed interim financial statements (unaudited) on pages 4 to 10 have been authorised for issue by the Board of Directors on 23 August 2021 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 2021****CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY****(UNAUDITED)****for the period ended 30 June 2021**

	Issued capital EUR	Accumulated losses EUR	Total EUR
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
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
At 30 June 2020	250,000	(22,969)	227,031

PHOENICIA FINANCE COMPANY P.L.C.**Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2021**

CONDENSED INTERIM STATEMENT OF CASH FLOWS**(UNAUDITED)****for the period ended 30 June 2021**

	1 January to 30 June 2021 EUR	1 January to 30 June 2020 EUR
Net cash flows generated from/(used in) operating activities	948,738	(87,733)
Net cash flows used in investing activities	-	(125,000)
Net cash flows generated from financing activities	-	2,782
Net movement in cash and cash equivalents	948,738	(209,953)
Cash and cash equivalents at 1 January	89,929	461,083
Cash and cash equivalents at 30 June	1,038,667	251,130

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2021

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 2021 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 2020.

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 2020.

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 2021 EUR	31 December 2020 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	40,424	56,262

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. During the six months ending 30 June 2021, the Company received an interim payment from the parent company for accumulated interest accrued. The loan is repayable on 30 November 2028.

As at 30 June 2021, the loan is recognised net of an allowance for expected credit losses of EUR13,373 (31 December 2020: EUR13,373).

PHOENICIA FINANCE COMPANY P.L.C.
Condensed Interim Financial Statements (unaudited) for the period ended 30 June 2021

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - continued

5. INTEREST-BEARING BORROWINGS

	30 June 2021 EUR	31 December 2020 EUR
<i>Non-current</i>		
4.15% Unsecured Bonds 2023-2028 (note i)	24,685,625	24,626,533
<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 2021 EUR	31 December 2020 EUR
<i>Non-current</i>		
Bonds (note ii)	25,000,000	25,000,000
Issue costs	(605,698)	(605,698)
Accumulated amortisation	291,323	232,231
	24,685,625	24,626,533

- 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 2021 for the Unsecured bonds was EUR100.00 (31 December 2020: EUR98.00).
- 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 2021 EUR	1 January to 30 June 2020 EUR
Transactions		
Interest income from immediate parent company	638,205	631,493
	30 June 2020 EUR	31 December 2020 EUR
Balances		
<i>Included with Other receivables:</i>		
Amounts due from immediate parent company	2,266	385,723
<i>Included with Trade and other payables:</i>		
Amounts owed to other related company	(38,585)	(38,585)

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 2021 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 2021 was EUR100.00. The fair value is estimated at EUR25 million when compared to the carrying amount of EUR25.246 million.