

TESTA FINANCE P.L.C.

CONDENSED INTERIM FINANCIAL STATEMENTS  
For the period 1 January 2022 to 30 June 2022

TESTA FINANCE P.L.C.

**Company Information**

**Directors :** Mr Jean Paul Testa  
Ms Hanna Testa  
Mr Nigel Scerri  
Mr Raymond Pace  
Dr Reuben Debono

**Secretary :** Dr Reuben Debono

**Company number :** C 85495

**Registered office :** RU 19, The Pjaza, The Point  
Tigne Point  
Sliema

TESTA FINANCE P.L.C.

**Contents**

|  | <b>Pages</b> |
|--|--------------|
| Interim Directors' Report  | 1 - 2        |
| Statement pursuant to prospects rule 4.11.12                                 | 3            |
| Condensed Interim Statement of Profit or Loss and Other Comprehensive Income | 4            |
| Condensed Interim Balance Sheet  | 5            |
| Condensed Interim Statement of Changes in Equity                             | 6            |
| Condensed Interim Statement of Cash Flows                                    | 7            |
| Notes to the Condensed Interim Financial Statements                          | 8 - 11       |

TESTA FINANCE P.L.C.

## **Interim Directors' Report**

For the period 1 January 2022 to 30 June 2022

This report is published in terms of the Prospectus MTF Rules and the Prevention of Financial Markets Abuse Act 2005. The underlying accounting policies are the same as those adopted by Testa Finance P.L.C. ('the Company') in its published annual report. The interim financial information included in this report has been extracted from the company's unaudited accounts for the six months ended 30 June 2022, as approved by the board of directors on 30 August 2022 and are prepared in accordance with IAS 34 'Interim Financial Reporting'.

### ***Principal activity***

The principal activity of the Company is to act as a finance and investment company. The activities of the Company are expected to remain consistent for the foreseeable future.

### ***Principal risks and uncertainties***

The Company is mainly dependant on the business prospects of the Testa Group of Companies (the "Group"), and consequently, the operating results of the Group have a direct effect on the Company's financial position and performance, including the ability of the Company to service its payment obligations under the issued bonds. The directors are confident that the group's operations would generate enough earnings to meet the company's commitment.

The Company's main assets consist of receivables for loans issued to related companies forming part of the Group. Therefore, the ability of these companies to effect payments to the Company under such loans will depend on their respective cash flows and earnings which may be restricted by:

- changes in applicable laws and regulations;
- the terms contained in the agreements to which they are or may become party, including the indenture governing their existing indebtedness, if any; or
- other factors beyond the control of the Company.

Additionally, the Company is directly exposed to the risks associated with the local property market. The property market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, or the exercise by tenants of their contractual rights.

### ***Review of business***

During the period under review the Company registered a profit before tax of € 19,282 (2021: € 27,100).

**Interim Directors' Report (continued)**

For the period 1 January 2022 to 30 June 2022

***Future developments***

The Group primarily operates in the catering industry. In preparing these interim financial statements, given that the Group is economically dependent on the operations carried out in the catering industry, the directors of the Company have taken into consideration the potential impact of the outbreak of COVID- 19 on the Company as well as the wider Group.

Due to the COVID-19 outbreak, all the operations of the Group were negatively affected and had to deal with government-imposed restrictions on all operations, which measures were introduced in an effort to curb the pandemic. In light of the situation, the Government of Malta announced several support measures to mitigate the negative effects brought about by the pandemic. The Group applied for various schemes including the COVID-19 Wage Supplement Scheme, COVID Electricity Bill Refund, COVID Rent Refund and the MDB COVID-19 Assist loan provided by local credit institutions, to manage the liquidity and cash flow position of the Group.

The Group shall continue to closely monitor the situation and constantly assess the impact of the COVID-19 pandemic on its operations. The Group acknowledges that there is still a high degree of uncertainty, however the directors will continue to take appropriate actions, as they have already done, and consider the Group resilient enough to be able to sustain the current conditions.

Taking into consideration all of the above factors and circumstances, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the interim consolidated financial statements.

***Dividends and reserves***

The directors do not recommend the payment of a dividend and propose to transfer the profit for the period to retained earnings.

***Directors***

The following have served as directors of the Company during the period under review:

Mr Jean Paul Testa  
Ms Hanna Testa  
Mr Nigel Scerri  
Mr Raymond Pace  
Dr Reuben Debono

TESTA FINANCE P.L.C.

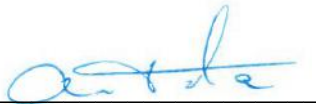
**Statement pursuant to prospectus rule 4.11.12**

For the period 1 January 2022 to 30 June 2022

We hereby confirm that to the best of our knowledge:

- The condensed interim financial statements give a true and fair view of the financial position of the company as at 30 June 2021, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34, 'Interim Financial Reporting'); and
- The interim Directors' Report includes a fair review of the information required in terms of the Prospectus Rules.

ON BEHALF OF THE BOARD



Ms Hanna Testa  
Director



Mr Jean Paul Testa  
Director

30 August 2022

**Condensed Interim Statement of Profit or Loss and Other Comprehensive Income**

|   | Period<br>Jan 22–Jun 22<br>(unaudited)<br>€ | Period<br>Jan 21- Jun 21<br>(unaudited)<br>€ |
|---|---|--|
| Finance income  | 134,389                                     | 134,421                                      |
| Administrative expenses                                     | (11,436)                                    | (3,650)                                      |
| Finance costs   | (103,671)                                   | (103,671)                                    |
|   | <hr/>                                       | <hr/>  |
| <b>Profit before tax</b>                                    | <b>19,282</b>                               | <b>27,100</b>                                |
| Income tax  | -   | -  |
|   | <hr/>                                       | <hr/>  |
| <b>Profit for the period</b>                                | <b>19,282</b>                               | <b>27,100</b>                                |
|   | <hr/>                                       | <hr/>  |
| <b>Other comprehensive income for the period net of tax</b> | <b>(11,658)</b>                             | <b>-</b>                                     |
|   | <hr/>                                       | <hr/>  |
| <b>Total comprehensive income for the period</b>            | <b>7,624</b>                                | <b>27,100</b>                                |
|   | <hr/>                                       | <hr/>  |

**Condensed Interim Balance Sheet**

|                                      | As at<br>30 June 2022<br>(Unaudited)<br>€ | As at<br>31 December 2021<br>(Audited)<br>€ |
|--------------------------------------|---|---|
| <b>Assets</b>                        |   |   |
| Trade and other receivables          | 4,010,619                                 | 2,894,488                                   |
| Cash and cash equivalents            | 531                                       | 1,200,531                                   |
|                                      | <hr/>                                     | <hr/>                                       |
| <b>Total current assets</b>          | 4,011,150                                 | 4,095,019                                   |
|                                      | <hr/>                                     | <hr/>                                       |
| <b>Total assets</b>                  | 4,011,150                                 | 4,095,019                                   |
|                                      | <hr/>                                     | <hr/>                                       |
| <b>Liabilities</b>                   |   |   |
| Borrowings                           | 3,866,307                                 | 3,863,715                                   |
|                                      | <hr/>                                     | <hr/>                                       |
| <b>Total non-current liabilities</b> | 3,866,307                                 | 3,863,715                                   |
|                                      | <hr/>                                     | <hr/>                                       |
| Trade and other payables             | 103,780                                   | 209,523                                     |
| Current tax liabilities              | 22,496                                    | 10,838                                      |
|                                      | <hr/>                                     | <hr/>                                       |
| <b>Total current liabilities</b>     | 126,275                                   | 220,361                                     |
|                                      | <hr/>                                     | <hr/>                                       |
| <b>Total liabilities</b>             | 3,992,583                                 | 4,084,076                                   |
|                                      | <hr/>                                     | <hr/>                                       |
| <b>Net assets</b>                    | 18,568                                    | 10,943                                      |
|                                      | <hr/>                                     | <hr/>                                       |
| <b>Equity</b>                        |   |   |
| Share capital                        | 12,500                                    | 12,500                                      |
| Retained earnings                    | 6,067                                     | (1,557)                                     |
|                                      | <hr/>                                     | <hr/>                                       |
| <b>Total equity</b>                  | 18,567                                    | 10,943                                      |
|                                      | <hr/>                                     | <hr/>                                       |

The financial statements on pages 4 to 11 were approved by the board of directors on 30 August 2022 and were signed on its behalf by:

Ms Hanna Testa  
Director

Mr Jean Paul Testa  
Director



**Condensed Interim Statement of Changes in Equity**

|                                   | Issued<br>capital<br>€ | Retained<br>earnings<br>€ | Total<br>€    |
|-----------------------------------|------------------------|---------------------------|---------------|
| <b>Changes in equity for 2021</b> |                        |                           |               |
| Balance at 1 January 2021         | 12,500                 | (3,738)                   | 8,762         |
| Profit for the period             | -                      | 27,100                    | 27,100        |
|                                   | <hr/>                  | <hr/>                     | <hr/>         |
| <b>Balance at 30 June 2021</b>    | <b>12,500</b>          | <b>23,362</b>             | <b>10,943</b> |
|                                   | <hr/>                  | <hr/>                     | <hr/>         |
| <b>Changes in equity for 2022</b> |                        |                           |               |
| Balance at 1 January 2022         | 12,500                 | (1,557)                   | 10,943        |
| Profit for the period             | -                      | 7,624                     | 7,624         |
|                                   | <hr/>                  | <hr/>                     | <hr/>         |
| <b>Balance at 30 June 2022</b>    | <b>12,500</b>          | <b>6,067</b>              | <b>18,567</b> |
|                                   | <hr/>                  | <hr/>                     | <hr/>         |

TESTA FINANCE P.L.C.

**Condensed Interim Statement of Cash Flows**

|  | Period<br>Jan 22 – Jun 22<br>(unaudited)<br>€ | Period<br>Jan 21 – Jun 21<br>(unaudited)<br>€ |
|--|---|---|
| Net cash generated from/(used in) operating activities | 92,821  | (209,775)                                     |
| Net cash (used in)/generated from financing activities | (1,292,821)                                   | 209,775                                       |
| Net movement in cash and cash equivalents              | (1,200,000)                                   | -   |
| Cash and cash equivalents at beginning of the period   | 1,200,531                                     | 1,200,531                                     |
| <b>Cash and cash equivalents at end of the period</b>  | <b>531</b>                                    | <b>1,200,531</b>                              |

**Notes to Condensed Interim Financial Statements**

For the period 1 January 2022 to 30 June 2022

**1 GENERAL INFORMATION**

Testa Finance PLC is a limited liability company domiciled and incorporated in Malta on 22 March 2018.

The Financial Statements for the year ended 31 December 2021 are available upon request from the company's registered office at RU 19, The Pjazza, Tigne Point, The Point, Sliema

The condensed interim financial statements were approved for issue by the board of directors on 30 August 2022.

**2 ACCOUNTING POLICIES**

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act, 1995. The financial statements have been prepared under the historical cost convention, except for those assets and liabilities that are measured at fair value.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

**2.2 Assessment of going concern assumption**

The directors have a reasonable expectation at the time of approving the condensed interim financial statements that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparation of the condensed interim financial statements.

**Notes to Condensed Interim Financial Statements (continued)**

For the period 1 January 2022 to 30 June 2022

**2 ACCOUNTING POLICIES (continued)**

**2.3 New and revised standards**

**2.3.1 Summary of Significant Accounting Policies**

The accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2021 as described in those financial statements.

**2.3.2 Standards, Interpretations and amendments to published standards effective in 2022**

During 2022, the Company has adopted revised standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2022.

The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the company's accounting policies.

**2.3.3 Standards interpretations and amendments to published standards that are not yet effective.**

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for the issue of these condensed interim financial statements that are mandatory for the company's accounting periods beginning after 1 January 2022. The company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that, with the exception of the below pronouncements, there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

**3 BORROWINGS**

On 20 December 2018, the Company issued € 3,900,000 5.5% Unsecured Bonds having a nominal value of € 100 each. The bond issue was admitted to Prospects MTF operated by the Malta Stock Exchange with effect from 9 January 2019. Trading on the bond issue commenced on 10 January 2019. The Bonds are redeemable at par on 9 January 2029.

Part of the bond proceeds amounting to € 1,200,000 have been deposited in a fixed term account with a local credit institution and then pledged in favour of the bondholders accordingly.

**Notes to Condensed Interim Financial Statements (continued)**

For the period 1 January 2022 to 30 June 2022

**3 BORROWINGS (continued)**

The remaining net proceeds from the bond issue have been advanced by the Company to the respective related Group companies to:

- partly finance the purchase of property in Bugibba at the Islets Promenade together with its improvements, additions and alternations,
- repay existing borrowings and facilities from credit institutions and third-party loan and working capital obligations and repayments.

The Bonds constitute the general, direct, unconditional, unsecured, unsubordinated obligations of the Company, and rank equally without any priority or preference with other present and future unsecured and unsubordinated obligations of the Company.

The Bond Issue was also partly secured by the General Hypothec of the ultimate shareholders as well as special hypothecs over properties of the companies forming of the Group and eventually a pledge over the fixed term deposit.

**4 RELATED PARTIES**

4.1 Parent Company

The Company is an owned subsidiary of Testa Properties Limited, the Group's parent Company. The registered office of the parent Company is situated at RU 19, The Pjazza, The Point, Tigne Point, Sliema.

It is the responsibility of the parent Company to prepare consolidated financial statements of the Group.

4.2 Key management personnel and director transactions

The share capital of the Company is subscribed as to 2 ordinary shares having a nominal value of €1 and 25% paid up held equally by Ms Hanna Testa and Mr Jean Paul Testa and 49,998 ordinary shares having a nominal value of €1 and 25% paid up held by Testa Properties Limited. Key management personnel have control over the financial and operating policies of the Company.

4.3 The amounts owed by the related companies in relation to advances forwarded by the Company are unsecured, bear interest at 7% and is repayable on demand.

4.4 The amounts due to related party are unsecured, interest free and repayable on demand.

**Notes to Condensed Interim Financial Statements (continued)**

For the period 1 January 2022 to 30 June 2022

**5 FINANCIAL RISK MANAGEMENT**

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2021.

**6 CONTINGENT LIABILITIES**

No events occurred since 31 December 2021 that require disclosure of any contingent liabilities as at 30 June 2022.