

Company Registration No. C 88958

PHOENICIA FINANCE COMPANY P.L.C.

Unaudited Financial Statements

31 December 2018

PHOENICIA FINANCE COMPANY P.L.C.
Unaudited Financial Statements for the period ended 31 December 2018

CONTENTS

	Pages
Statement of comprehensive income	2
Statement of financial position	3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the financial statements	6 - 17

PHOENICIA FINANCE COMPANY P.L.C.
Unaudited Financial Statements for the period ended 31 December 2018

STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2018

	Notes	Period from 23 October 2018 to 31 December 2018 EUR
Finance income	4	73,706
Finance costs	5	(79,300)
Net interest earned		(5,594)
Administrative expenses	6	(15,463)
Expected credit losses	8	(13,373)
Loss before tax		(34,430)
Income tax expense	7	-
Loss for the period		(34,430)
Other comprehensive income for the period		-
Total comprehensive income for the period, net of tax		(34,430)

The accounting policies and explanatory notes on pages 6 to 17 form an integral part of the financial statements.

PHOENICIA FINANCE COMPANY P.L.C.
Unaudited Financial Statements for the period ended 31 December 2018

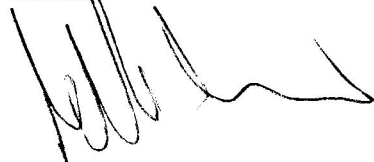
STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Notes	2018 EUR
ASSETS		
Non-current assets		
Financial assets	8	22,499,407
		<u>22,499,407</u>
Current assets		
Other receivables	9	40,545
Cash and short-term deposits	10	2,490,033
		<u>2,530,578</u>
TOTAL ASSETS		<u><u>25,029,985</u></u>
EQUITY AND LIABILITIES		
Equity		
Issued share capital	11	250,000
Accumulated losses		(34,430)
Total equity		<u>215,570</u>
Non-current liabilities		
Interest-bearing borrowings	12	24,401,554
		<u>24,401,554</u>
Current liabilities		
Interest-bearing borrowings	12	72,049
Trade and other payables	13	340,812
		<u>412,861</u>
Total liabilities		<u>24,814,415</u>
TOTAL EQUITY AND LIABILITIES		<u><u>25,029,985</u></u>

The accounting policies and explanatory notes on pages 6 to 17 form an integral part of the unaudited financial statements.

The unaudited financial statements on pages 2 to 17 have been authorised for issue by the Board of Directors on 16 April 2019 and signed on its behalf by:

MARK SHAW
Director



MARIO P. GALEA
Director



PHOENICIA FINANCE COMPANY P.L.C.
Unaudited Financial Statements for the period ended 31 December 2018

STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2018

	Issued capital EUR	Accumulated losses EUR	Total EUR
At 23 October 2018	-	-	-
Issue of share capital	250,000	-	250,000
Comprehensive income			
Loss for the period	-	(34,430)	(34,430)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(34,430)	(34,430)
At 31 December 2018	250,000	(34,430)	215,570

The accounting policies and explanatory notes on pages 6 to 17 form an integral part of the unaudited financial statements.

PHOENICIA FINANCE COMPANY P.L.C.
Unaudited Financial Statements for the period ended 31 December 2018

STATEMENT OF CASH FLOWS
for the period ended 31 December 2018

	Notes	Period from 23 October 2018 to 31 December 2018 EUR
Operating activities		
Loss before tax		(34,430)
<i>Adjustments to reconcile loss before tax to net cash flows</i>		
Non-cash:		
Finance income	4	(73,706)
Finance costs	5	79,300
Movement in expected credit losses		13,373
Working capital adjustments:		
Increase in trade and other payables		54,838
Increase in other receivables		(40,544)
Net cash flows from operating activities		(1,169)
Investing activities		
Loan issued to related party		(22,439,074)
Net cash flows used in investing activities		(22,439,074)
Financing activities		
Proceeds from issue of share capital	11	250,000
Proceeds from issue of bonds	12	25,000,000
Payment of bond issue costs		(351,235)
Advances from related company		31,511
Net cash flows from financing activities		24,930,276
Net movement in cash and cash equivalents		2,490,033
Cash and cash equivalents at 23 October 2018		-
Cash and cash equivalents at 31 December	10	2,490,033

The accounting policies and explanatory notes on pages 6 to 17 from an integral part of the unaudited financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 is 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

The unaudited financial statements have been prepared in accordance with International Financial Reporting Standards issued as adopted by the European Union and have been prepared in Euro (EUR), which represents the functional and presentation currency of the Company. These unaudited financial statements have been prepared under the historical cost convention.

3.1 ACCOUNTING POLICIES

Standards, interpretations and amendments to published standards as adopted by the EU which are not yet effective

Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but which are not yet effective for the current reporting year and which the Company has not early adopted, but plans to adopt upon their effective date. The new and amended standards follow:

- IFRS 16 Leases (effective for financial year beginning on or after 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective for financial year beginning on or after 1 January 2019)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (effective for financial year beginning on or after 1 January 2019)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (effective for financial year beginning on or after 1 January 2019)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective for financial year beginning on or after 1 January 2019)
- Amendments to IAS 12 Income tax consequences of payments on financial instruments classified as equity (effective for financial year beginning on or after 1 January 2019)
- Amendments to IAS 23 Borrowing costs eligible for capitalisation (effective for financial year beginning on or after 1 January 2019)
- Amendments to IFRS 3 and IFRS 11 Previously held interest in a joint operation (effective for financial year beginning on or after 1 January 2019)

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.

NOTES TO THE FINANCIAL STATEMENTS

3.1 ACCOUNTING POLICIES - continued

Standards, interpretations and amendments to published standards that are not yet adopted by the European Union

- IFRS 17 Insurance Contracts (effective for financial year beginning on or after 1 January 2021)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for financial year beginning on or after 1 January 2020)
- Amendment to IFRS 3 Business Combinations (effective for financial year beginning on or after 1 January 2020)
- Amendments to IAS 1 and IAS 8: Definition of Material (effective for financial year beginning on or after 1 January 2020)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred Indefinitely)

The Company is still assessing the impact that these new standards will have on the financial statements.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred in the purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

NOTES TO THE FINANCIAL STATEMENTS - continued

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS - continued

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments - continued

Financial assets – continued

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired
or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS - continued

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments - continued

Financial assets – continued

Impairment of financial assets – continued

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The 12-month ECL is calculated by multiplying the 12-month PD, LGD, and EAD. Lifetime ECL is calculated on a similar basis for the residual life of the exposure.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial liabilities - continued

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and short-term deposits.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents with an original maturity of three months or less, net of outstanding bank overdrafts.

3.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, the Directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and, if a change is needed, it is accounted for in the year the changes become known.

In the opinion of the Directors, the accounting estimates, assumptions 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 significant in terms of the requirements of IAS 1 (revised) - 'Presentation of financial statements'.

4. FINANCE INCOME

	Period from 23 October 2018 to 31 December 2018 EUR
Interest on loan to parent company	73,706
	<hr/>
	73,706
	<hr/> <hr/>

PHOENICIA FINANCE COMPANY P.L.C.
Unaudited Financial Statements for the period ended 31 December 2018

NOTES TO THE FINANCIAL STATEMENTS - continued

5. FINANCE COSTS

	Period from 23 October 2018 to 31 December 2018 EUR
Interest on bonds	(72,048)
Amortisation of bond issue costs	(7,252)
	<u>(79,300)</u>

6. EXPENSES BY NATURE

	Period from 23 October 2018 to 31 December 2018 EUR
Professional fees	5,000
Corporate expenses	4,891
Directors' fees	5,572
Administrative expenses	<u>15,463</u>

7. INCOME TAX EXPENSE

The income tax expense differs from the theoretical tax expense that would apply on the Company's profit before tax using the applicable tax rate in Malta of 35% as follows:

	Period from 23 October 2018 to 31 December 2018 EUR
Loss before tax	<u>(34,430)</u>
Theoretical tax expense at 35%	(12,051)
Tax effect of	
- expenses not deductible for tax purposes	12,051
Income tax expense	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

8. FINANCIAL ASSETS

	2018 EUR
Loan to parent company	22,512,780
Allowance for expected credit losses	(13,373)
	<hr/>
Loan to parent company, net of expected credit losses	<u>22,499,407</u>

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. The loan is repayable on 30 November 2028.

As at 31 December 2018, the loan is recognised net of an allowance for expected credit losses of EUR13,373.

9. OTHER RECEIVABLES

	2018 EUR
Prepayments	40,544
	<hr/>
	<u>40,544</u>

10. CASH AND SHORT-TERM DEPOSITS

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

	2018 EUR
Cash at bank	2,490,033
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11. SHARE CAPITAL

	2018 EUR
Authorised:	
250,000 Ordinary shares of EUR1 each	250,000
	<hr/>
Issued and fully paid:	
250,000 Ordinary shares of EUR1 each	250,000
	<hr/>

The ordinary shares shall rank *pari passu* amongst each other for all purposes irrespective of any premium paid thereon. Each ordinary share shall be entitled to one vote.

NOTES TO THE FINANCIAL STATEMENTS - continued

12. INTEREST-BEARING BORROWINGS

	2018 EUR
<i>Non-current</i>	
4.15% Unsecured Bonds 2023-2028 (note i)	24,401,554

<i>Current</i>	
Accrued interest on 4.15% Unsecured Bonds 2023-2028 (note i)	72,049

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

	2018 EUR
<i>Non-current</i>	
Bonds (note i)	25,000,000
Issue costs	(605,698)
Accumulated amortisation	7,252
	<u>24,401,554</u>

- 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 31 December 2018 for the Unsecured bonds was EUR104.15.

13. TRADE AND OTHER PAYABLES

	2018 EUR
Trade creditors	166,613
Amounts due to related parties (i)	163,627
Accruals	10,572
	<u>340,812</u>

- (i) Amounts due to related parties represent amounts which are unsecured, non-interest bearing and with no fixed date for repayment (note 15).

NOTES TO THE FINANCIAL STATEMENTS - continued

16. FINANCIAL RISK MANAGEMENT - continued

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

The table does not reflect the expected cash flows. It summarises the maturity profile of the Company's financial liabilities at 31 December based on contractual undiscounted payments:

	Carrying amount	Undiscounted contractual cash flows	Within one year	1 to 5 years	Over 5 years
	EUR	EUR	EUR	EUR	EUR
31 December 2018					
Interest-bearing loans and borrowings	25,000,000	35,553,680	1,123,958	4,210,521	30,219,201
Trade and other payables	340,812	340,812	340,812	-	-
	25,340,812	35,894,492	1,464,770	4,210,521	30,219,201

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or adjust financing arrangements. No changes were made in the objectives, policies or processes during the period ended 31 December 2018.

17. FAIR VALUE MEASUREMENT

At 31 December 2018 the carrying amounts of the non-current financial assets and 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. The fair values of non-current interest-bearing borrowings can be defined by reference to the quoted market price which as at 31 December 2018 was EUR104.15.

NOTES TO THE FINANCIAL STATEMENTS - continued

14. PARENT AND ULTIMATE CONTROLLING PARTY

The immediate parent of the Company is Phoenicia Malta Limited registered in Malta. The ultimate parent company is Phoenicia Hotel (Lux) S.a.r.l. registered in Luxembourg. The ultimate controlling party is Mark Shaw, a British national residing in Edinburgh, Scotland.

15. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

The following table provides the total amount of transactions and balances with related parties:

	Interest income	Amounts owed to
Immediate parent company	73,706	(132,116)
Other related company	-	(31,511)

The Company has issued a loan to its immediate parent company (note 8) on which interest is being generated. The Company also has current accounts with its immediate parent company and other related company.

16. FINANCIAL RISK MANAGEMENT

The Company's principal financial assets comprise of non-current financial assets and cash and short-term deposits which arrive directly from its operations. The Company's main financial liabilities are interest-bearing borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finances for the Company and related company's operations.

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 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 8), it is not exposed to major concentrations of credit risk.

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

The maximum exposures to credit risk is represented by the carrying amount of each financial assets as disclosed in note 8 and note 10.