smartcare
FINANCE PLC

Smartcare Finance P L C
326, Mdina Road, Qormi, Malta
Co. Reg. No. C 90123
The “**Company**”

COMPANY ANNOUNCEMENT

The following is a company announcement issued by the Company pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.

Approval and Publication of Interim Financial Statements

QUOTE

The Company hereby announces that during the meeting of its Board of Directors held on Friday, 25th August 2023, the Company's interim financial statements for the six-month financial period ended 30th June 2023 were approved.

Copies of the aforesaid interim condensed financial statements are attached to this announcement and are also available for viewing and download on the Company's website.

The Board of Directors resolved not to declare an interim dividend.

UNQUOTE

Dr Katia Cachia
Company Secretary
25th August 2023

Smartcare Finance p.l.c.

Report & Financial Statements (Unaudited)

For the period 1 January to 30 June 2023

Company Registration Number: C 90123

Contents

Directors' report pursuant to capital markets rule 5.75.2

This half-yearly directors' report is being published in terms of Chapter 5 of the Capital Markets Rules published by the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The half-yearly report, of which the present directors' report forms part, comprises the unaudited condensed interim financial statements of Smartcare Finance p.l.c. (the "Company") for the six months ended 30 June 2023 prepared in accordance with International Financial Reporting Standards adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2022.

Principal activity

The company was formed principally to act as a finance and investment company, in particular to finance or re-finance the funding requirements of related companies within the Smartcare Group of Companies.

Review of business

The company made a profit before tax of € 17,879 for the period ended 30 June 2023 (2022: loss before tax of € 48,299).

Interest incurred on debt securities in issue amounted to € 476,625 (2022: € 302,250). Dividend income from subsidiary amounted to € 589,000 (2022: € 326,000). During the period, the company registered a profit after tax of € 17,879 (2022: loss after tax of € 31,395).

Principal risks and uncertainties

The company is exposed to risks inherent to its operation and can be summarised as follows:

1. Strategy risk

Risk management falls under the responsibility of the Board of Directors. The Board is continuously analysing its risk management strategy to ensure that risk is adequately identified and managed.

2. Operational risks

The company's revenue is mainly derived from interest charges and hence the company is heavily dependent on the performance of the Smartcare Group. The company regularly reviews the financial performance of Smartcare Group of Companies to ensure that there is sufficient liquidity to sustain its operations.

3. Legislative risks

The company is governed by a number of laws and regulations. Failure to comply could have financial and reputational implications and could materially affect the company's ability to operate. The company has embedded operating policies and procedures to ensure compliance with existing legislation.

Dividends

The directors do not recommend the payment of an interim dividend.

Future developments

The company is not envisaging any changes in operating activities for the forthcoming year.

Andrew Debattista Segond
Director

William Wait
Director

Registered address:
326, Mdina Road
Qormi
Malta

25 August 2023

Income statement

	Notes	2023 6 months (unaudited) €	2022 6 months (unaudited) €
Revenue	5	589,000	326,000
Administrative expenses		(44,963)	(39,272)
Income before finance charges		**544,037**	**286,728**
Finance costs	6	(526,158)	(335,027)
Profit (loss) before tax	7	**17,879**	**(48,299)**
Tax expense	8	-	16,904
Profit (loss) for the period		**17,879**	**(31,395)**

Statement of financial position

	Notes	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Assets			
Non-current			
Investment in subsidiary	9	20,101,200	20,101,200
Loan receivable	10	3,411,949	2,788,602
		23,513,149	**22,889,802**
Current			
Receivables	11	16,894	16,321
Cash and cash equivalents	12	2,148	64,972
Current tax asset		-	256,347
		19,042	**337,640**
Total assets		**23,532,191**	**23,227,442**

Statement of financial position – continued

	Notes	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Equity			
Share capital	13	250,000	250,000
Retained earnings		220,396	202,516
Total equity		**470,396**	**452,516**
Liabilities			
Non-current			
Debt securities in issue	14	19,715,160	19,665,629
Loan payable	15	2,862,767	2,479,217
		22,577,927	**22,144,846**
Current			
Trade and other payables	16	483,868	629,598
Current tax payable		-	482
		483,868	**630,080**
Total liabilities		**23,061,795**	**22,774,926**
Total equity and liabilities		**23,532,191**	**23,227,442**

The financial statements on pages 4 to 23 were approved by the board of directors, authorised for issue on 25 August 2023 and signed on its behalf by:

Andrew Debattista Segond
Director

William Wait
Director

Statement of changes in equity

	Share capital €	Retained earnings €	Total equity €
At 1 January 2022	250,000	20,996	270,996
Profit for the year	-	181,520	181,520
At 31 December 2022 (audited)	**250,000**	**202,516**	**452,516**
At 1 January 2023	250,000	202,516	452,516
Profit for the period	-	17,879	17,879
At 30 June 2023 (unaudited)	**250,000**	**220,395**	**470,396**

Statement of cash flows

	Notes	2023 6 months (unaudited) €	2022 6 months (unaudited) €
Operating activities			
Profit (loss) before tax		17,879	(48,299)
Adjustments	17	(62,844)	9,027
Net changes in working capital	17	237,437	352,592
Net cash generated from operating activities		**192,472**	**313,320**
Investing activities			
Net receipts on loans issued to related parties		349,203	-
Cash used in investing activities		**349,203**	**-**
Financing activities			
Bond issue cost		-	(102,864)
Interest paid		(604,500)	(220,753)
Net cash used in financing activities		**(604,500)**	**(323,617)**
Net increase in cash and cash equivalents		(62,824)	(10,297)
Cash and cash equivalents, beginning of year		64,972	1,381
Cash and cash equivalents, end of year	12	**2,148**	**(8,916)**

Notes to the financial statements

1 Nature of operations

Smartcare Finance p.l.c. (the 'Company') was incorporated on 7 January 2019. The Company was formed principally to act as a financing and investment company, in particular the financing of companies within Smartcare Group of Companies.

2 Basis of preparation

2.1 General information and statement of compliance with International Financial Reporting Standards (IFRS)

Smartcare Finance p.l.c. is a public listed company registered on 7 January 2019 incorporated and domiciled in Malta. The registered office is located at 326, Mdina Road, Qormi, Malta.

The Company's parent company is Smartcare Holdings Ltd with the same place of incorporation and registered address as the Company. The ultimate beneficial owner of Smartcare Finance p.l.c. is Mr Andrew Debattista Segond.

Consolidated financial statements have not been drawn up, since the Company has taken advantage of the exemption from so doing conferred to it by article 174 of the Companies Act, Cap 386. Accordingly, these separate financial statements present information about the Company as an individual undertaking and not about its group. The parent company is responsible for the preparation of the consolidated financial statements for the whole group.

The financial statements have been prepared in accordance with the requirements of IFRS, as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU), and in accordance with the Companies Act, Cap 386.

The financial statements are presented in euro (€), which is also the Company's functional currency.

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2023

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the company's financial results or position.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments, and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. No new standards, amendments and interpretations are expected to have a material impact on the Company's financial statements.

4 Summary of accounting policies

4.1 Overall considerations and presentation of financial statements

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

The accounting policies are consistent with those applied in previous years.

The financial statements are presented in accordance with IAS 1 'Presentation of Financial Statements' (Revised 2007). The Company did not have any items classified as 'other comprehensive income' and consequently, management have elected to present only an income statement.

4.2 Revenue

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Company and these can be measured reliably. The following specific, recognition criteria must also be met before revenue is recognised.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income is recognised in the income statement when the right to receive payment is established.

4.3 Expenses

Expenses are recognised in the income statement upon utilisation of the service or at the date of their origin.

4.4 Borrowing costs

Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs are expensed in the period in which they are incurred and reported within 'finance costs'.

4.5 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the income statement.

4.6 Investment in subsidiary

Investment in subsidiary is included in the Company's statement of financial position at cost less any impairment loss that may have arisen. Income from investment is recognised only to the extent of distributions received by the Company from post-acquisition profits. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.

At the end of each reporting period, the Company reviews the carrying amount of its investments in subsidiary to determine whether there is any indication of impairment and, if any such indication exists, the recoverable amount of the investment is estimated. An impairment loss is the amount by which the carrying amount of an investment exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss that has been previously recognised is reversed if the carrying amount of the investment exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount of the investment does not exceed the carrying amount that would have been determined if no impairment loss had been previously recognised. Impairment losses and reversals are recognised immediately in the income statement.

4.7 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the periods presented, the Company does not have any financial assets categorised at FVTPL and FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the income statement are presented within 'finance income' and 'finance costs', except for impairment of receivables which is presented within 'credit impairment loss'.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss model'. Instruments within the scope of the requirements include most receivables.

The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Receivables

The Company makes use of a simplified approach in accounting for receivables and records the loss allowance as expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics. Refer to note 19.1 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables and debt securities in issue.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designates a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

4.8 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the income statement, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise demand deposits with bank.

4.10 Equity and dividend distributions

Share capital is determined using the nominal value of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the income statement less dividend distributions.

Dividend distributions payable to equity shareholders are included with short-term financial liabilities when the dividends are approved in the general meeting prior to the end of the reporting period.

4.11 Provisions

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events; for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

4.12 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Except as disclosed below, 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 (revised).

Significant management judgement

Measurement of the expected credit losses

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviours.

A number of significant judgements are required when measuring the expected credit loss, such as:

- determining criteria for significant increase in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL; and
- establishing the number and relative weightings of forward-looking scenarios and associated ECL.

5 Revenue

	2023 6 months (unaudited) €	2022 6 months (unaudited) €
Dividend income from subsidiary	589,000	326,000
	589,000	**326,000**

6 Finance costs

Finance costs may be analysed as follows:

	2023 6 months (unaudited) €	2022 6 months (unaudited) €
Interest on debt securities in issue	476,625	302,250
Bank and other interest	3	-
Amortisation of bond issue costs	49,531	32,777
	526,158	**335,027**

7 Profit (loss) before tax

Profit (loss) before tax is stated after charging:

	2023 6 months (unaudited) €	2022 6 months (unaudited) €
Auditor's remuneration	3,100	3,100
Directors' fees	12,626	13,670

8 Tax expense

The relationship between the expected tax income (expense) based on the effective tax rate of the company at 35% (2022: 35%) and the actual tax income (expense) recognised in the income statement can be reconciled as follows:

	2023 6 months (unaudited) €	2022 6 months (unaudited) €
Profit (loss) before tax	17,879	47,331
Tax rate	35%	35%
Expected tax income (expense)	**(6,258)**	**(16,566)**
Disallowed expenses	(70,843)	-
Non-taxable income	77,100	-
Actual tax income (expense), net	-	**(16,566)**

During 2022, the Board resolved to consolidate the company with its subsidiary company for fiscal unit purposes in line with the Consolidated Group (Income Tax) Rules.

9 Investment in subsidiary

	30 June 2023 (unaudited) €	31 December 2022 (audited) €
At 1 January	20,101,200	20,101,200
Additions	-	-
At December 31	**20,101,200**	**20,101,200**

The company has an unquoted investment in the following subsidiary:

Name of company	Nature of business	% ownership
Smartcare Group Investments Ltd	Holding company	100

As at 31 December 2022, the Company owned 20,101,200 shares at € 1 each in Smartcare Group Investments Ltd. These represented 100% of the total issued shares of the investee.

In 2023, the Company had indirect investments in the companies mentioned below through its investment in Smartcare Group Investments Ltd.

Name of company	Nature of business	% ownership
Smartcare Developments Ltd	Develop and sell property	100
Smartcare Properties Limited	Develop and sell property	100

Smarcare Pinto Ltd	Care home service	100
Segond Boutique Hotels Limited	Hotel	100
Smart Suites Limited	Non-trading	100

The registered office of Smartcare Developments Ltd, Smartcare Properties Limited, and Smartcare Pinto Ltd is situated at 326, Mdina Road, Qormi QRM 9014, Malta, whilst the one of Segond Boutique Hotels Limited and Smart Suites Limited at The Segond, Triq Ta' Gajdoru c/w Triq il-Komittiva, Xaghra (Gozo) XRA 2543, Malta.

10 Loan receivable

	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Loans to group companies	29,000	29,000
Loans to subsidiary	3,399,612	2,776,265
Estimated credit loss	(16,663)	(16,663)
	3,411,949	**2,788,602**

The movement in the expected credit losses is presented below:

	30 June 2023 (unaudited) €	31 December 2022 (audited) €
At 1 January	16,663	16,663
Provision for expected credit loss	-	-
At 31 December	**16,663**	**16,663**

The Company's management considers that all the above financial assets that are not impaired or past due are of good credit quality.

11 Receivables

	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Prepayments	16,894	16,321
Total receivables	**16,894**	**16,321**

All amounts are short-term. The carrying value of financial assets is considered a reasonable approximation of fair value.

12 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks. Cash and cash equivalents included in the statement of cash flows reconcile to the amounts shown in the statement of financial position as follows:

	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Cash at bank	2,184	64,972
Cash and cash equivalents within the statement of financial position	**2,184**	**64,972**

The company did not have any restrictions on its bank balances at year-end.

13 Share capital

The share capital of Smartcare Finance p.l.c. consists of only ordinary shares with a par value of €1 each. All shares are equally eligible to receive dividends and repayment of capital and represent one vote at the shareholder's meeting of the company.

	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Shares issued and fully paid at 30 June / 31 December		
250,000 ordinary shares at € 1 each	**250,000**	**250,000**
Shares authorised at 30 June / 31 December		
250,000 ordinary shares at € 1 each	**250,000**	**250,000**

14 Debt securities in issue

	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Opening balance	19,665,629	13,000,000
Bond issued during the year	-	7,500,000
Bond issue costs	-	(990,619)
Amortisation of bond issue costs	49,531	156,248
Bonds, at face value	**19,715,160**	**19,665,629**
Bonds, at face value	20,500,000	20,500,000
Bond issue costs	(990,619)	(990,619)
Amortisation of bond issue costs	205,779	156,248
	19,715,160	**19,665,629**

At period/year end, the company had a balance of € 19,715,160 (2022: € 19,665,629) from the two bond issues of € 13 million 4.65% bonds of € 100 nominal value each, redeemable at par in 2031, and € 7.5 million 4.65% bonds of € 100 nominal value each, redeemable at par in 2032. The amount as at 30 June 2023 is made up of both bond issues totalling €20.5 million, net of the bond issue costs which are being amortised over the lifetime of the bonds. Interest on the bonds is due and payable annually in arrears on 22 April and 23 August of each year at the above-mentioned rate. The bonds are listed on the Official Companies List of the Malta Stock Exchange and are jointly guaranteed by Smartcare Pinto Ltd and Smartcare Holdings Ltd..

At the end of the current reporting period, bonds with a face value of € 35,500 (2022: €35,500) were held by a company director.

15 Loan payable

	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Loans from group companies	1,391,235	1,006,235
Loans from companies under common control	44,488	44,488
Loans from parent	1,427,044	1,428,494
	2,862,767	2,479,217

16 Trade and other payables

	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Trade payables	38,526	13,041
Accruals	445,341	616,557
Financial liabilities at amortised cost	**483,867**	**629,598**

The carrying value of financial liabilities is considered a reasonable approximation of fair value.

17 Cash flow adjustments and changes in working capital

The following non-cash flow adjustments and changes in working capital have been made to profit before tax to arrive at operating cash flow:

	2023 6 months (unaudited) €	2022 6 months (unaudited) €
Adjustments:		
Amortisation of bond issue costs	49,531	32,777
Interest expense on debt securities in issue	476,625	302,250
Dividend income from subsidiary	(589,000)	(326,000)
	(62,844)	**9,027**
Net changes in working capital:		
Receivables	(573)	(37,590)
Trade and other payables	238,010	390,182
	237,437	**352,592**

18 Related party transactions

Smartcare Finance p.l.c. forms part of the Smartcare Group of Companies.

The company's parent company is Smartcare Holdings Ltd. The ultimate beneficial owner of Smartcare Finance p.l.c is Mr Andrew Debattista Segond.

All companies forming part of Smartcare Group of Companies, entities ultimately owned by Andrew Debattista Segond and key management personnel are considered by the director to be related parties.

Unless otherwise stated, none of the transactions incorporates special terms and conditions and no guarantee was given or received. Outstanding balances are usually settled in cash. Amounts due from/to related parties are disclosed in notes 10 and 15. Directors' fees are disclosed in note 7.

18.1 Transactions with related parties

	2023 6 months (unaudited) €	2022 6 months (audited) €
Dividend income from subsidiary	589,000	326,000
Recharges from group company	7,842	11,392

19 Risk management objectives and policies

The company is exposed to various risks in relation to financial instruments. The company's financial assets and liabilities by category are summarised in note 19.4. The main types of risks are credit risk, liquidity risk and market risk.

The company's business involves taking on risks in a targeted manner and managing them professionally. The cost functions of the company's risk management are to identify all key risks for the company, measure these risks, manage the risk positions and determine capital allocations. Management regularly reviews the policies and systems in place to reflect changes in markets, products and best market practice. The company's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the company's financial performance. The company defines risk as the possibility of losses or profits forgone, which may be caused by internal or external factors.

The most significant risks to which the company is exposed to are described below.

19.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	Notes	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Classes of financial assets – carrying amounts			
Loan receivable	10	3,411,949	2,788,602
Receivables	11	16,894	16,321
Cash and cash equivalents	12	2,184	64,972
		3,431,027	**2,869,895**

Credit risk management

The credit risk is managed based on the company's credit risk management policies and procedures.

Bank balances at year end are held with a reputable local financial institution. Management considers that expected credit loss on bank balances is not significant.

The company applies IFRS 9 simplified model of recognising expected credit losses for all receivables as these items do not have significant financing component.

In measuring expected credit losses, the amounts due from related parties have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Based on the length of time a receivable is outstanding, the debtor's payment history as well as current and forward-looking information on macroeconomic factors affecting the debtor's ability to pay, management concluded that the credit quality of receivables including those that are past due but not impaired to be good. The company provided for an expected credit loss on its related party balances amounting to € 16,663 (2022: € 16,663).

19.2 Liquidity risk

As at 30 June 2023 and 31 December 2022, the company's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

30 June 2023 (unaudited)	Current	Non-current	
	within 1 year	2 to 5 years	later than 5 years
	€	€	€
Debt securities in issue	-	-	20,500,000
Interest on debt securities in issue	953,250	2,859,750	5,719,500
Trade and other payables	483,867	-	-
	1,437,117	**2,859,750**	**26,219,500**

31 December 2022 (audited)	Current within 1 year	2 to 5 years	Non-current later than 5 years
	€	€	€
Debt securities in issue	-	-	20,500,000
Interest on debt securities in issue	953,250	2,859,750	5,719,500
Trade and other payables	629,598	-	-
	1,582,848	**2,859,750**	**26,219,500**

19.3 Market risk

Foreign currency risk

The company transacts business mainly in euro and had no foreign currency denominated financial assets and liabilities at the end of the financial reporting period under review. Consequently, the company is not exposed to foreign currency risk.

Interest rate risk

The company does not have any significant banking or other variable interest-bearing facilities and therefore is not subject to interest rate fluctuations.

19.4 Summary of financial assts and liabilities by category

The carrying amounts of the company's financial assets and liabilities are recognised at the end of the reporting periods may also be categorised as follows. See note 4.7 for explanations about how the category of financial instruments affects subsequent measurement.

	Notes	30 June 2023 (unaudited) €	31 December 2022 (audited) €
Non-current assets			
Financial assets at amortised cost:			
- Loan receivable	10	**3,411,949**	**2,788,602**
Current assets			
Financial assets at amortised cost:			
- Receivables	11	16,894	16,321
- Cash and cash equivalents	12	2,184	64,972
		19,078	**81,293**
Non-current liabilities			
Financial assets at amortised cost:			
- Debt securities in issue	14	19,715,160	19,665,629
- Loan payable	15	2,862,797	2,479,217
		22,577,957	**22,144,846**
Current liabilities			
Financial assets at amortised cost:			
- Trade and other payables	16	483,867	629,598
		483,867	**629,598**

20 Capital management policies and procedures

The company's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial position, are:

- to safeguard the company's ability to continue as going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders; and
- to maintain a strong capital base to support the development of its business.

Accordingly, the purpose of the company's capital management is essentially that of ensuring efficient use of capital taking cognisance of the company's risk appetite and profile as well as its objectives for business development.

21 Post-reporting date events

No other adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation.

Statement pursuant to Capital Markets Rule 5.75.3

We 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 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) applicable to interim financial reporting (International Accounting Standard 34, *'Interim Financial Reporting'*);

• the interim directors' report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.

W.W

Andrew Debattista Segond
Director

William Wait
Director

25 August 2023