

# **AX Investments plc**

**Interim Report and Interim Condensed  
Financial Statements (unaudited)**

30 April 2021

## Contents

---

	<i>Page</i>
Interim directors' report	1 - 2
Statement pursuant to listing rule 5.75.3 issued by the listing authority	3
Report on review of interim condensed financial statements	4
Condensed statement of comprehensive income	5
Condensed statement of financial position	6
Condensed statement of changes in equity	7
Condensed statement of cash flows	8
Notes to the condensed financial statements	9 - 16

# **AX Investments plc**

## **Interim directors' report**

Period ended 30 April 2021

---

### **Principal activities**

The Company's principal activity is to act as a finance and investment company, in particular the financing or re-financing of the funding requirements of related companies within the AX Group p.l.c. group of companies.

Being the finance vehicle of AX Group p.l.c. ("the Group"), the Company has raised finance through the bond issued on the Malta Stock Exchange which it lends to subsidiaries of the Group in order to finance projects and developments. As such the Company is reliant on AX Group p.l.c. and its subsidiaries for the payment of interest due on the bond as well as the repayment of the bond at maturity. In this regard, AX Group p.l.c. has in terms of the offering memorandum of the 6% AX Investments P.l.c. 2024 bond, given a parent Company Guarantee to support this commitment. The guarantee was previously provided by AX Holdings Ltd which was merged into AX Group p.l.c. as of 24 March 2021.

### **Performance review**

Rental income from the lease of Palazzo Capua to a related party remained constant in line with the comparative period. Administrative expenses were EUR3,148 lower than the comparative period. The company generated a surplus of EUR179,490 (period ended 30 April 2020: EUR301,306) on interest charged on loans to related parties net of finance costs.

The share of loss from the results of the associate undertaking amounted to EUR92,019. (period ended 30 April 2020: share of profits of EUR174,903). Given the disruption in hotel operation caused by the COVID-19 pandemic and various restrictions introduced by the local health authorities, the rent charged by Suncrest Hotels plc to a related party was waived for the full six months ended 30 April 2021.

Profit before taxation for the six months under review, amounted to EUR119,738 (period ended 30 April 2020: EUR505,328).

### **Going Concern**

Having made an appropriate assessment of going concern as discussed in Note 3 to these condensed financial statements, the Directors, at the time of approving these condensed financial statements, have determined that there is reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason, these condensed financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future and will meet its financial obligations as and when they fall due.

## **AX Investments plc**

### **Interim directors' report – continued**

Period ended 30 April 2021

---

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

The Company is exposed to risks inherent to its operation and can be summarized 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. The Audit Committee regularly reviews the risk profile adopted by the Board of Directors.

2. Operational Risks

The Company's revenue is mainly derived from interest charges and rental income charged to related parties and hence the Company is heavily dependent on the performance of the AX Group. The Company regularly reviews the financial performance of the AX 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.

#### **Dividend and reserves**

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



---

Angelo Xuereb  
**Chairman**



---

Michael Warrington  
**Chief Executive Officer**

*By order of the Board*  
24 June 2021

## **AX Investments plc**

### **Statement pursuant to listing rule 5.75.3 issued by the listing authority**

Period ended 30 April 2021

---

We confirm that to the best of our knowledge:

- The condensed interim financial information gives a true and fair view of the financial position of the Company as at 30 April 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).
- The interim Directors' Report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



---

Angelo Xuereb  
**Chairman**



---

Michael Warrington  
**Chief Executive Officer**

## Report on Review of Interim Condensed Financial Information

To the Directors of AX Investments plc

---

### Introduction

We have reviewed the accompanying interim condensed financial statements of AX Investments plc (the “Company”), which comprise the interim condensed statement of financial position as at 30 April 2021 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then-ended, and selected explanatory notes (the “interim financial information”). The Directors are responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting, IAS 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

This report has been prepared for and only for the Company for the purpose of the Listing Rules issued by the Listing Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Other matter

Comparative financial information for the period ended 30 April 2020 included in the accompanying interim financial information of the Company has not been reviewed or audited.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting.



---

The partner in charge of the review resulting in this report is  
Christopher Balzan for and on behalf of

Ernst & Young Malta Limited  
Certified Public Accountants

24 June 2021

## AX Investments plc

### Condensed statement of comprehensive income

Period ended 30 April 2021

---

	Note	30 April 2021 EUR (unaudited)	30 April 2020 EUR (unaudited and unreviewed)
Operating income	12	119,180	119,180
Administrative expenses		(86,913)	(90,061)
<b>Operating profit</b>		<b>32,267</b>	<b>29,119</b>
Finance income	6	1,379,490	1,501,306
Finance costs	7	(1,200,000)	(1,200,000)
Share of results of associate		(92,019)	174,903
<b>Profit before tax</b>		<b>119,738</b>	<b>505,328</b>
Income tax expense		(36,402)	(174,903)
<b>Profit after tax</b>		<b>83,336</b>	<b>330,425</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>83,336</b>	<b>330,425</b>
<b>Basic earnings per share</b>		<b>0.02</b>	<b>0.07</b>

## AX Investments plc

### Condensed statement of financial position

As at 30 April 2021

	Note	30 April 2021 EUR (unaudited)	31 October 2020 EUR (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,155	3,757
Investment property	8	9,025,157	9,025,157
Loans and advances to group companies	9	41,243,724	42,327,973
Investment in associate	9	12,701,083	12,793,101
<b>Total non-current assets</b>		<b>62,973,119</b>	<b>64,149,988</b>
<b>Current assets</b>			
Trade and other receivables		645,888	485,797
Cash and cash equivalents		44,727	7,248
<b>Total current assets</b>		<b>690,615</b>	<b>493,045</b>
<b>Total assets</b>		<b>63,663,734</b>	<b>64,643,033</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Called up issued share capital		5,000,000	5,000,000
Retained earnings		12,767,768	12,684,432
Fair value reserves		848,080	848,080
<b>Total equity</b>		<b>18,615,848</b>	<b>18,532,512</b>
<b>Non-current liabilities</b>			
Debt securities in issue	10	39,820,185	39,789,277
Deferred tax liabilities		4,435,133	4,467,339
<b>Total non-current liabilities</b>		<b>44,255,318</b>	<b>44,256,616</b>
<b>Current liabilities</b>			
Trade and other payables		792,568	1,853,905
<b>Total current liabilities</b>		<b>792,568</b>	<b>1,853,905</b>
<b>Total liabilities</b>		<b>45,047,886</b>	<b>46,110,521</b>
<b>Total equity and liabilities</b>		<b>63,663,734</b>	<b>64,643,033</b>



## AX Investments plc

### Condensed statement of changes in equity

Period ended 30 April 2021

---

	Share capital EUR	Retained earnings EUR	Fair value reserve EUR	Total EUR
(unaudited and unreviewed)				
<b>At 1 November 2019</b>	5,000,000	13,415,313	848,080	19,263,393
Profit for the period	-	330,425	-	330,425
<b>At 30 April 2020</b>	<b>5,000,000</b>	<b>13,745,738</b>	<b>848,080</b>	<b>19,593,818</b>
(unaudited)				
<b>At 1 November 2020</b>	5,000,000	12,684,432	848,080	18,532,512
Profit for the period	-	83,336	-	83,336
<b>At 30 April 2021</b>	<b>5,000,000</b>	<b>12,767,768</b>	<b>848,080</b>	<b>18,615,848</b>

## AX Investments plc

### Condensed statement of cash flows

Period ended 30 April 2021

---

	<b>30 April 2021</b> <b>EUR</b> <b>(unaudited)</b>	30 April 2020 EUR (unaudited and unreviewed)
<b>Net cash flows used in operating activities</b>	<b>14,567</b>	386,984
<b>Net cash flows used in investing activities</b>	<b>1,084,249</b>	823,483
<b>Net cash flows from financing activities</b>	<b>(1,061,337)</b>	(944,782)
	<hr/>	<hr/>
<b>Net movement in cash and cash equivalents</b>	<b>37,479</b>	265,685
<b>Cash and cash equivalents at the beginning of the period</b>	<b>7,248</b>	3,920
<b>Cash and cash equivalents at the end of the period</b>	<hr/> <b>44,727</b> <hr/>	<hr/> 269,605 <hr/>

# AX Investments plc

## Notes to the condensed financial statements

Period ended 30 April 2021

---

### 1. General information

AX Investments p.l.c. (“The Company”) is a public limited liability company incorporated in Malta. The Company’s principal activity is that of financing and re-financing the funding requirements of related companies within the AX Group p.l.c. group of companies.

The interim condensed financial statements (“Interim Financial Statements”) of AX Investments p.l.c. for the period ended 30 April 2021 were authorised for issue in accordance with a resolution of the directors on 22 June 2021.

### 2. Basis of preparation

The financial information of the Company as at 30 April 2021 and for the six-month period then ended reflect the financial position and the performance of AX Investments p.l.c. The comparative amounts reflect the position of the Company as included in the audited financial statements ended 31 October 2020 and the unaudited results for the period ended 30 April 2020.

These Interim Financial Statements for the period ended 30 April 2021 are being published pursuant to Listing Rule 5.74 issued by the Listing Authority and the Prevention of Financial Markets Abuse Act, 2005. The Interim Financial Statements attached to this report have been reviewed in terms of ISRE2410 ‘Review of interim financial information’ performed by the independent auditor of the Company. The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and in terms of the Listing Rules 5.81 to 5.84.

The Interim Financial Statements have been prepared under the historical cost convention, except for investment property which are stated at fair value. The same accounting policies, presentation and methods of computation have been followed in these Interim Financial Statements as were applied in the preparation of the Company’s financial statements for the year ended 31 October 2020.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements as at 31 October 2020, which form the basis for these Interim Financial Statements. These Interim Financial Statements are intended to provide an update on the latest complete set of annual financial statements and accordingly they focus on new activities, events and circumstances.

### 3. Going concern

During the period ended 30 April 2021, the Company recorded a profit before tax of EUR119,738 (30 April 2020: EUR505,328) and as at reporting date, its net asset position stood at EUR18,615,848 (31 October 2020: EUR18,532,512). As of this date, current liabilities exceeded current assets by EUR101,953 (31 October 2020: EUR1,360,860).

The reduction in profit before tax compared to the previous period is primarily due to its share of losses of the associated undertaking, Suncrest Hotels p.l.c., which did not record any rental income during this interim period as it waived rent due by a related party due to the impact of the COVID-19 pandemic.

## AX Investments plc

### Notes to the condensed financial statements – continued

Period ended 30 April 2021

---

#### 3. Going concern – continued

AX Investments p.l.c. is a finance vehicle of AX Group p.l.c. (“AX Group” or “the Group”). It has raised finance through the bond issued on the Malta Stock Exchange which it lends to subsidiaries of the AX Group in order to finance projects and developments. As such the Company is reliant on AX Group and its subsidiaries for the payment of interest due on the bond as well as the repayment of the bond at maturity. In this regard, AX Group p.l.c. has in terms of the offering memorandum of the 6% AX Investments P.l.c. 2024 bond, given a parent Company Guarantee to support this commitment. The guarantee was previously provided by AX Holdings Ltd which was merged into AX Group plc as of 24 March 2021.

The AX Group is a diversified group of companies with its main activities in the Care, Construction, Development and Hospitality sectors. This diversification is a key strength of the Group since if a particular market suffers a setback, the other business sectors may help compensate for that loss. This was in fact the case in 2020 and 2021 so far.

On 11 March 2020, the World Health Organisation (WHO) declared the COVID–19 outbreak to be a global pandemic. The local authorities responded by introducing measures aimed at containing the spread of the virus and minimising fatalities. Several restrictions were in force during this interim period which resulted in the closure or limited operations of all the Group’s hotels, restaurants and bars resulting in a loss of revenue.

As at 26 May 2021, Malta was the first EU state to obtain herd immunity with 70% of adults getting at least a first dose of the COVID-19 vaccine. As a result, transmission of the virus has lowered drastically in recent weeks. Restrictions have started to be gradually eased as of May. However, social distancing rules, certain travel restrictions and restrictions on capacity in retail establishments still apply at the time of approval of these interim condensed financial statements. As the rate of vaccinations increases, more restrictions are planned to be gradually lifted while the situation is monitored.

The Group took various steps to retain a sufficient level of liquidity in line with Group policy.

As at reporting date, the Group had aggregate banking facilities of EUR 28,938,842 (31 October 2020: EUR29,079,844) of which EUR 7,110,995 (31 October 2020: EUR15,880,407) were undrawn banking facilities. During the financial year, the Group has availed itself of various bank loan repayment moratoriums with its’ bankers which have been extended up to Q3 of 2021.

Despite the increase in gearing, the Group still retains a low gearing ratio of 33.8% as at reporting date. This fact places the Group in a good position should it need to raise further funding through bank loans or the issue of debt securities.

In addition, should it be necessary, the Group has identified certain non-operating immovable property that can be disposed of in order to ensure sufficient liquidity within the Group.

## AX Investments plc

### Notes to the condensed financial statements – continued

Period ended 30 April 2021

---

#### 3. Going concern – continued

Group management has prepared an eighteen-month forecast for the Group in order to assess the impact of the current crisis on the businesses. The assumptions modelled are based on the estimated potential impact of COVID-19 restrictions and regulations and expected levels of demand, along with management's proposed responses over the course of the period. The base case scenario includes the benefits of actions already taken by management to mitigate the trading downsides brought by COVID-19. Management has also considered a stress tested scenario, in which a slower recovery in the economy is forecasted with current restrictions remaining in place for a longer period. Under all scenarios tested, the Group is expected to continue to have sufficient liquidity relative to the funding available to it.

After taking into account all considerations described above based on information available at the time of approving these financial statements, the Directors have reasonable expectation that the Company will meet all its obligations as and when they fall due over the foreseeable future and therefore, that the going concern basis adopted for the preparation of these interim condensed financial statements is appropriate.

#### 4. Earnings per share

Earnings per share is based on the net result for the period divided by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares in issue during the period amounted to 5,000,000 shares (year ended 30 April 2020: 5,000,000 shares).

#### 5. Application of new or revised international financial reporting standards

*Standards, interpretations and amendments to published standards effective during the reporting period.*

During the financial period under review, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 November 2020. 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.

*Standards, interpretations and amendment 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 issue of these condensed interim financial statements, that are mandatory for the Company's accounting periods beginning after 1 November 2020. 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 there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

## AX Investments plc

### Notes to the condensed financial statements – continued

Period ended 30 April 2021

---

6. Finance income

	<b>1 November 2020 to 30 April 2021 EUR (unaudited)</b>	1 November 2019 to 30 April 2020 EUR (unaudited and unreviewed)
Interest income from loans and receivables	<b>1,379,490</b>	1,501,306

7. Finance costs

	<b>1 November 2020 to 30 April 2021 EUR (unaudited)</b>	1 November 2019 to 30 April 2020 EUR (unaudited and unreviewed)
Interest on debt securities in issue	<b>1,200,000</b>	1,200,000

## AX Investments plc

### Notes to the condensed financial statements – continued

Period ended 30 April 2021

---

#### 8. Investment property at fair value

##### *Valuation process*

The Company's land and buildings are classified as either property, plant and equipment or investment property depending on their intended use. The investment property is revalued by professionally qualified architects or surveyors on the basis of assessment of the fair value of the property in accordance with international valuations standards and professional practice. In the years where a valuation is not obtained, management verifies all major inputs to the independent valuation report, assesses any property valuation movements when compared to the prior year valuation report and holds discussions with the independent valuer, as necessary.

The fair value of the investment property as at 30 April 2021 is based on the valuations carried out by an independent architect, on 19 December 2020. The architect is qualified and has experience in the valuation of properties.

The current use of the property equates to the highest and best use. The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The Company's investment property has been determined to fall within Level 3 of the fair valuation hierarchy. Details of the investment property and information about the fair value hierarchy as at the end of the period is as follows:

Type of Property	Level 3	Total
	EUR	EUR
Commercial property	9,025,157	9,025,157
<b>Total</b>	<b>9,025,157</b>	<b>9,025,157</b>

The Company's policy is to recognize 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 period.

##### *Fair value hierarchy*

All financial instruments for which fair value is measured or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Company's valuation processes, valuation techniques and types of inputs used in the fair value measurements during the period.

## AX Investments plc

### Notes to the condensed financial statements – continued

Period ended 30 April 2021

#### 8. Investment property at fair value – continued

##### *Description of valuation techniques used and key inputs to valuation of the investment property*

For investment property categorized under Level 3 of the fair value hierarchy, the following approaches and inputs were used:

Type of Property	Valuation Technique	Inputs	Sensitivity
Commercial property	Replacement cost approach	This method takes into account the actual physical building fabric constituting the facility, together with an estimated land value. The valuation relies on estimated going rates of the various components of the existing building. The main inputs used were EUR250/sqm for shell construction, EUR200/sqm for building services, EUR200/sqm to EUR250/sqm for finishings depending on the area.	The higher the rates for construction, finishings, services and fittings, the higher the fair value.

#### 9. Financial assets

##### *Investment in associated undertaking*

The investment in associated undertaking relates to a 19.91% participating interest in a company whose other (the majority) shareholder is AX Group p.l.c., the immediate parent company of AX Investments p.l.c.

Suncrest Hotels p.l.c. is a limited liability company incorporated in Malta. The associate rents its investment property to a related party.

Company	Registered address	Class	Shares held percentage
Suncrest Hotels p.l.c.	AX Group, AX Business Centre, Triq id-Difiza Civili, Mosta, MST 1741, Malta	Ordinary	19.91%

This participating interest is being accounted for as an investment in associated undertaking, since the Company has determined that it has significant influence over Suncrest Hotels p.l.c. Mr Angelo Xuereb is a common Director of both entities.

##### *Loans and advances to group companies*

Loans to parent and related parties are unsecured, have no fixed date of repayment and have an annual average interest rate of 6.7% (31 October 2020: 6.7%).



## AX Investments plc

### Notes to the condensed financial statements – continued

Period ended 30 April 2021

#### 10. Debt securities in issue

	<b>30 April 2021</b> <b>EUR</b> <b>(unaudited)</b>	<b>31 October 2020</b> <b>EUR</b> <b>(audited)</b>
At beginning of period/year	<b>39,789,277</b>	39,726,948
Bond issue costs amortisation for the period/year	<b>30,908</b>	62,329
At period/year end	<b>39,820,185</b>	39,789,277
Falling due between two and five years	<b>39,820,185</b>	39,789,277

During 2014, the Company issued an aggregate principal amount of EUR40 million bonds (2014 - 2024), having a nominal value of EUR100 each, bearing interest at the rate of 6% per annum. These bonds are unsecured and subject to the terms and conditions in the prospectus dated 3 February 2014. The bonds are listed on the Official Companies List of the Malta Stock Exchange.

The carrying amount in the condensed interim statement of financial position is made up of the bond issue of EUR40 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 6 March of each year at the above-mentioned rate.

#### 11. Contingencies and capital commitments

The Company had no commitments for capital related expenditure as at 30 April 2021 and 31 October 2020.

#### 12. Related party transactions

The Company entered into transactions with related parties during the six-month periods ended 30 April 2021 and 2020 as follows:

	<b>1 November 2020 to</b> <b>30 April 2021</b> <b>EUR</b> <b>(unaudited)</b>	1 November 2019 to 30 April 2020 EUR (unaudited and unreviewed)
<b>Interest receivable</b>		
Immediate parent company	<b>914,434</b>	942,533
Other related parties	<b>465,056</b>	558,773
	<b>1,379,490</b>	1,501,306
<b>Rent receivable</b>		
Other related parties	<b>119,180</b>	119,180

## **AX Investments plc**

### **Notes to the condensed financial statements – continued**

Period ended 30 April 2021

---

#### 13. Prior period reclassifications

Certain amounts within the comparative statement of cashflows have been reclassified or amended to achieve better comparability with the current period and conformity with the financial statements as at 31 October 2020.