



COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by AX Group p.l.c. (the “Company”) pursuant to the Capital Market Rules as issued by the Malta Financial Services Authority:

Quote

On the 26th June 2023, the Board of Directors of AX Group p.l.c. has considered and approved the Company’s half-yearly financial report as at 30th April 2023.

A copy thereof is attached to this company announcement, and is also available for viewing at the Company’s registered office and on the following online link to the Company’s investors’ web portal: <https://axinvestor-relations.mt/ax-group/>.

Unquote

Dr. Edmond Zammit Laferla
Company Secretary

26th June 2023

Company Announcement
AXG54/2023

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AX HOTELS

AX CONSTRUCTION

AX DEVELOPMENT

AX CARE

2023

INTERIM REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30TH APRIL 2023



AX GROUP

AX GROUP P.L.C.
C12271

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INTERIM DIRECTORS' REPORT

The Directors present their report and the interim condensed consolidated financial statements ("Interim Condensed Financial Statements") of AX Group p.l.c. and its subsidiaries (collectively "the Group" or "AX Group") for the six-month period ended 30 April 2023.

PRINCIPAL ACTIVITIES

The AX Group is primarily engaged in four main business sectors namely, Healthcare, Construction, Hospitality, Real Estate and Development and is also involved in renewable energy. The Group comprises of 26 companies that own operate and manage property for its businesses and for rental and investment purposes.

REVIEW OF THE BUSINESS

The Group registered total revenue of EUR 16.1 million, representing an increase of EUR 0.7 million over same period last year.

The primary growth was driven by the hospitality division as revenues increased by EUR 2.5 million when compared to the same period last year. Tourism has regained its momentum and in the recent months, the industry has reached levels of activity that are similar to pre-COVID levels. The Group's hotels have performed exceptionally well by surpassing their projected room revenue in certain months and overall achieving their targeted profits. Management expects that this positive trajectory will continue during the rest of the year.

The Healthcare division registered an increase in revenue of 9.6% compared to the same period last year. The independent apartments at Hilltop Gardens were fully occupied throughout the period while occupancy at the care home exhibited a steady increase.

During the period under review, the Construction division was largely involved in two main internal developments, the extension of the Suncrest Hotel in Qawra, now rebranded to AX ODYCY, including the lido redevelopment and the redevelopment of the Verdala site in Rabat. As a result, revenue from third-party construction projects decreased by EUR 1.8 million compared to the corresponding period last year. The main third-party projects were the restoration of the Oratories of the Jesuits Church in Valletta, construction works on the St. John Co-Cathedral Annex and finishes at the KPMG Annex in Gzira.

Construction work on the AX ODYCY site began in late 2021. This ambitious project was successfully completed within the anticipated timeline, and the newly revamped hotel officially opened its doors in May 2023 as originally planned. The extensive development and full refurbishment of the hotel included the addition of four storeys to the existing construction, increasing the number of guestrooms to 599. Work on the redevelopment of the lido is still ongoing and is expected to be completed by July 2023.

Works on the Verdala project in Rabat are progressing steadily. As at the end of April, the construction of the second residential block was nearing completion, while finishing works on the first residential block had commenced. The foundations of the hotel have been completed and the construction of the hotel floors is currently underway. By mid-May, a show apartment and a sales office were setup to visibly showcase prospective customers the luxury and level of detail of these unique apartments.

The Real Estates and Development division closed the sale of an apartment at Falcon House in Sliema during these six months. The revenue in the prior period included the sale of the remaining apartments at Targa Gap Complex in Mosta and Falcon House in Sliema.

In addition to the above projects, the development division continued working on the redevelopment of Palazzo Lucia in Merchant Street Valletta to be converted into a premium office. Construction and finishing works are expected to be concluded in 2023.

INTERIM DIRECTORS' REPORT – CONTINUED

REVIEW OF THE BUSINESS – CONTINUED

In January 2023, Suncrest Hotels p.l.c., a subsidiary of AX Group p.l.c., secured a loan facility with a local financial institution amounting to EUR30.5million while AX Hotel Operations p.l.c., another subsidiary of AX Group p.l.c., secured a loan facility with the same financial institution amounting to EUR18million. These loan facilities have been provided to enable the Group to complete the extension of the AX ODYCY hotel and redevelopment of the Lido in Qawra. These loans are repayable over a 15-year term from the date of the first drawdown with a 12-month capital moratorium.

Furthermore, in February 2023, Verdala Terraces Limited, a subsidiary of AX Group p.l.c., secured a loan facility with a local financial institution amounting to EUR36million to finance the Verdala Terraces residential project in Rabat. The loan is repayable within 7 years from the date of the first drawdown. Loan repayments are to be affected from the proceeds generated from sale of units forming part of the Verdala Terraces project.

FINANCIAL KEY PERFORMANCE INDICATORS

€ millions	30 April 2023	30 April 2022
Revenue	€16.1	€15.4
Operating loss	(€4.3)	(€2.2)
Loss before tax	(€6.4)	(€4.1)
Adjusted EBITDA*	(€0.1)	€1.2
Operating loss margin (%)	(27%)	(14%)
Interest cover (times)	(0.1)	0.6

**The Group measures Adjusted Earnings before Interest, Tax, Depreciation and Amortisation ("Adjusted EBITDA") as operating profit/(loss) after adjusting for depreciation. This key performance indicator is not defined by International Financial Reporting Standards but can be directly calculated with reference to the Statement of Profit or Loss.*

The Group registered an almost breakeven EBITDA of negative EUR0.1 million in the current period (30 April 2022: positive EBITDA of EUR1.2 million).

Net assets at period end stood at EUR243 million compared to EUR248 million as at 31 October 2022. The Group's balance sheet remains sound with a gearing ratio of 43%.

OUTLOOK FOR THE REST OF THE FINANCIAL YEAR AFTER THE REPORTING PERIOD

Management anticipates that the favourable performance observed in both the hospitality and healthcare divisions during the initial six months of the year will continue throughout the remainder of the year. The opening of the AX ODYCY hotel in Qawra is expected to have a substantial positive impact on the overall results, further enhancing the Group's performance and cash flow position.

Furthermore, the Group has just unveiled the Verdala Terraces residential development project last week, designed to provide potential residents with unparalleled living experience. This exclusive development promises utmost seclusion and serenity, complemented by breath taking views of the scenic countryside and meticulously designed open areas. It is projected that in the coming weeks the Group will start signing the first promise of sale agreements with the signing of the first deeds of sale starting in Q2-Q3 of 2024.

INTERIM DIRECTORS' REPORT – CONTINUED

GOING CONCERN

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to risks inherent to its operations 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 Group's revenue is mainly derived from the performance of the six business segments in which the Group operates. The Group 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 Group is governed by a number of laws and regulations. Failure to comply could have financial and reputational implications and could materially affect the Group's ability to operate. The Group has embedded operating policies and procedures to ensure compliance with existing legislation.



Angelo Xuereb
Chairman



Michael Warrington
Chief Executive Officer

By Order of the Board
26 June 2023

STATEMENT PURSUANT TO CAPITAL MARKETS RULE 5.75.3 ISSUED BY THE MALTA FINANCIAL SERVICES AUTHORITY

We confirm that to the best of our knowledge:

- The interim condensed consolidated financial statements give a true and fair view of the financial position of the Group as at 30 April 2023, 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); and
- The interim Directors' Report includes a fair review of the information required in terms of Capital Markets Rules 5.81 to 5.84.



Angelo Xuereb
Chairman



Michael Warrington
Chief Executive Officer

By Order of the Board
26 June 2023



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Report on Review of Interim Condensed Consolidated Financial Statements to the Directors of AX Group p.l.c.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of AX Group p.l.c. ("the Company") and its subsidiaries (collectively "the Group"), which comprise the interim condensed consolidated statement of financial position as at 30 April 2023 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and selected explanatory notes ("the interim condensed financial statements").

The Directors are responsible for the preparation and presentation of the interim condensed financial statements in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS34, Interim Financial Reporting). Our responsibility is to express a conclusion on the interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim condensed financial statements 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.

Conclusion

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

Emphasis of matter

We draw attention to Note 4 to these interim condensed financial statements, which describes management's key assumptions concerning the Group's projected cashflows including management's plans to ensure that the Group will continue to have sufficient liquidity to operate in the foreseeable future. Our review conclusion is not modified in respect of this matter.

Other matter

This report has been prepared for and only for the Group for the purpose of the Capital Markets Rules issued by the Malta Financial Services 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.

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

Ernst & Young Malta Limited
Certified Public Accountants

26 June 2023

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six-month period ended 30 April 2023

	Note	30 April 2023 (unaudited) EUR	30 April 2022 (unaudited) EUR
Revenue	9	16,050,849	15,401,707
Other operating income		83,399	119,112
Other operating costs		(6,191,826)	(6,953,920)
Staff costs		(10,045,744)	(7,343,393)
Depreciation		(4,180,898)	(3,391,789)
Operating loss		(4,284,220)	(2,168,283)
Share of results of associates and joint venture		113,062	57,526
Net finance costs		(2,234,609)	(2,014,754)
Loss before taxation		(6,405,767)	(4,125,511)
Taxation	12	2,403,433	1,179,951
Loss after tax		(4,002,334)	(2,945,560)
Other comprehensive income		-	-
Total comprehensive loss for the period		(4,002,334)	(2,945,560)
Attributable to:			
Owners of the parent		(4,115,995)	(2,506,406)
Non-controlling interest		113,661	(439,154)
Total comprehensive loss for the period		(4,002,334)	(2,945,560)
Basic loss per share	5	(3.44)	(2.53)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2023

	Note	30 April 2023 (unaudited) EUR	31 October 2022 (audited) EUR
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	302,030,201	281,437,248
Investment property	14	58,366,650	57,887,382
Inventories		44,820,777	37,022,773
Loans receivable		2,257,737	1,763,011
Investments in associates and joint ventures		8,287,717	8,250,655
		<u>415,763,082</u>	<u>386,361,069</u>
Current assets			
Inventories		3,159,133	3,506,446
Trade and other receivables		14,066,919	17,981,033
Current tax asset		1,649,771	1,029,704
Cash at bank and in hand		6,099,203	13,881,138
		<u>24,975,026</u>	<u>36,398,321</u>
Total assets		<u>440,738,108</u>	<u>422,759,390</u>
Current liabilities			
Trade and other payables		21,594,815	21,347,630
Bank borrowings		10,973,242	7,975,770
Other financial liabilities		5,416	80,712
Debt securities in issue		40,508,587	2,798,243
		<u>73,082,060</u>	<u>32,202,355</u>
Non-current liabilities			
Trade and other payables		12,058,791	13,039,435
Bank borrowings		48,975,667	27,126,253
Debt securities in issue		45,477,423	82,423,921
Deferred tax liabilities		18,328,063	19,744,779
		<u>124,839,944</u>	<u>142,334,388</u>
Total liabilities		<u>197,922,004</u>	<u>174,536,743</u>
Net assets		<u>242,816,104</u>	<u>248,222,647</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION -
CONTINUED**
As at 30 April 2023

	Note	30 April 2023 (unaudited) EUR	31 October 2022 (audited) EUR
EQUITY			
Share capital		1,164,688	1,164,688
Revaluation reserve		208,812,536	208,812,536
Other reserves		616,095	616,095
Retained earnings		19,101,406	24,317,401
		<hr/>	<hr/>
		229,694,725	234,910,720
Non-controlling interest		13,121,379	13,311,927
		<hr/>	<hr/>
Total equity		242,816,104	248,222,647

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six-month period ended 30 April 2023

(Unaudited)	Share capital EUR	Revaluation reserve EUR	Other reserves EUR	Retained earnings EUR	Attributable to equity holders of the parent EUR	Non- controlling interest EUR	Total EUR
At 1 November 2022	1,164,688	208,812,536	616,095	24,317,401	234,910,720	13,311,927	248,222,647
(Loss)/profit for the period	-	-	-	(4,115,995)	(4,115,995)	113,661	(4,002,334)
Total comprehensive (loss)/profit for the period	-	-	-	(4,115,995)	(4,115,995)	113,661	(4,002,334)
Dividends	-	-	-	(1,100,000)	(1,100,000)	(304,209)	(1,404,209)
As at 30 April 2023	1,164,688	208,812,536	616,095	19,101,406	229,694,725	13,121,379	242,816,104
(Unaudited)							
At 1 November 2021	1,164,688	209,425,003	616,095	25,224,212	236,429,998	712,683	237,142,681
Loss for the period	-	-	-	(2,506,406)	(2,506,406)	(439,154)	(2,945,560)
Total comprehensive loss for the period	-	-	-	(2,506,406)	(2,506,406)	(439,154)	(2,945,560)
Non-controlling interest following equity issue	-	-	-	-	-	13,173,016	13,173,016
As at 30 April 2022	1,164,688	209,425,003	616,095	22,717,806	233,923,592	13,446,545	247,370,137

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six-month period ended 30 April 2023

	30 April 2023 (unaudited)	30 April 2022 (unaudited)
	EUR	EUR
Net cash flows used in operating activities	(12,828,692)	(4,582,425)
Net cash flows used in investing activities	(21,154,680)	(13,298,859)
Net cash flows from financing activities	24,321,041	33,822,194
Net movement in cash and cash equivalents	(9,662,331)	15,940,910
Cash and cash equivalents at the beginning of the period	9,578,748	3,711,728
Cash and cash equivalents at end of the period	(83,583)	19,652,638

Cash and cash equivalents as at 30 April 2023 included in the cash flow statement comprise of cash at bank and in hand of EUR6,099,203 (30 April 2022: EUR21,869,073) net of bank overdrafts of EUR6,182,786 (30 April 2022: EUR2,216,431).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six-month period ended 30 April 2023

1. GENERAL INFORMATION

The interim condensed consolidated financial statements ("Interim Condensed Financial Statements") of AX Group p.l.c. and its subsidiaries (collectively "the Group") for the six-month period ended 30 April 2023 were authorised for issue in accordance with a resolution of the directors on 26 June 2023.

AX Group p.l.c. (C 12271) is a public limited liability company incorporated in Malta with its registered office at AX Business Centre, Triq id-Difiza Civili, Mosta MST 1741, Malta. The AX Group is primarily engaged in four main business sectors namely, Healthcare, Construction, Hospitality, Real Estate and Development and is also involved in renewable energy.

2. BASIS OF PREPARATION

The Interim Condensed Financial Statements for the period ended 30 April 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and in terms of the Capital Markets Rules 5.81 to 5.84. These Interim Condensed Financial Statements are being published pursuant to Capital Markets Rule 5.74 issued by the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The Interim Condensed Financial Statements attached to this report have been reviewed in terms of ISRE2410 'Review of interim financial information' by the independent auditor of the Group.

The financial information of the Group as at 30 April 2023 and for the six-month period then ended reflect the financial position and the performance of AX Group p.l.c. and all its subsidiaries. The comparative amounts reflect the position of the Group as included in the audited financial statements ended 31 October 2022 and the unaudited results for the six-month period ended 30 April 2022.

The Interim Condensed Financial Statements have been prepared under the historical cost convention, except for land and buildings and investment property which are stated at fair value. The same accounting policies, presentation and methods of computation have been followed in these Interim Condensed Financial Statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 October 2022.

The Interim Condensed Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 October 2022, which form the basis for these Interim Condensed Financial Statements. These Interim Condensed 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

Profitability

During the six-month period ending 30 April 2023, the Group experienced an increase in revenue of 4.2% over the same period last year and has reported negative Adjusted EBITDA of EUR103,322 (2022: positive Adjusted EBITDA of EUR1,161,878) which reconciles to the Group's operating profit/(loss) after adjusting for depreciation on the Interim Condensed Consolidated Statement of Comprehensive Income. This was achieved even though the Suncrest hotel, now rebranded AX ODYCY hotel was closed throughout both the current period and the corresponding period last year. Revenue generated from the sale of property during the current period amounted to EUR0.6million, compared to EUR1.3 million during the corresponding prior period. Furthermore, in the six-month interim period ended 30 April 2022 the Group received EUR1,203,213 in government grants from Malta Enterprise under the COVID-19 Wage Supplement Scheme, which was in place at that time up until May 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Six-month period ended 30 April 2023

3. GOING CONCERN - CONTINUED

Profitability – continued

Management acknowledges that once the Group's operations are fully operational, their normalised performance will achieve the anticipated levels of Free Cash Flow necessary to fulfil the Group's commitments.

Financial Position

As at 30 April 2023, the Group's current liabilities exceeded its current assets by EUR48,107,034 (31 October 2022: current assets exceeded its current liabilities by EUR4,195,966) whereas the Group's total assets exceeded its total liabilities by EUR242,816,104 (31 October 2022: EUR248,222,647). The current liability position as at 30 April 2023 is inclusive of the EUR40million "6% AX Investments p.l.c. 2024 Bond" which matures in March 2024. In addition, current liabilities also include EUR1,705,904 (31 October 2022: EUR1,670,284) of deferred income which does not have an impact on the Group's liquidity.

As outlined in note 4 below, management has prepared a cashflow forecast for the Group and has concluded that as a result of the strength of the Group's financial position, performance and availability of financing, the Group will be able to sustain its operations over the foreseeable future in a manner that is cash flow positive.

Accordingly, based on information available at the time of approving these interim condensed financial statements, the Directors have reasonable expectation that the Group 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. LIQUIDITY AND CAPITAL FUNDING

During the year, management took various steps to retain adequate liquidity in line with the Group's policy. As at reporting date, the Group had aggregate banking facilities of EUR104,516,040 (31 October 2022: EUR38,999,638) of which EUR44,634,693 (31 October 2022: EUR4,237,192) were undrawn banking facilities. During the six-month interim period, the Group has benefited of a bank loan repayment moratorium on certain loans with its' bankers.

As at 30 April 2023, the Group's gearing ratio stood at 43% (31 October 2022: 37.5%) and is expected to increase following the full drawdown of the above mentioned banking facilities. The drawdown from these loan facilities is expected to occur over several months. It should be noted that the Group is not obligated to maintain a sinking fund in relation to its borrowings.

Cashflow Forecast

Management has prepared a cashflow forecast considering significant events and transactions that have occurred or are expected to occur subsequent to period end. The base case scenario contemplates further recovery from the COVID-19 pandemic within the hospitality sector, which is forecasted to reach pre-COVID operating levels during 2023, as well as the re-opening of the AX ODYCY hotel in May 2023. On the other hand, the Group's construction and healthcare sectors are forecasted to operate in line with 2022 levels. The Group also expects to start receiving inflows from the sale of units at Verdala as from financial year 2024. Furthermore, the cashflow forecast cautiously reflects the impact of inflationary pressures on the operating costs of the Group. The cashflow forecast also reflects capital expenditure on the AX ODYCY and Verdala projects and their respective financing, as explained below, together with the development of a limited number of projects that the Group considers to be key to its long-term strategy. Management also considered the servicing of current and projected debt, including debt at variable rates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

Six-month period ended 30 April 2023

4. LIQUIDITY AND CAPITAL FUNDING – CONTINUED

Cashflow Forecast – continued

Management's forecast is based on the assumption that the "6% AX Investments p.l.c. 2024 Bond" will be repaid or rolled over upon its redemption date of 6 March 2024. Such repayment is dependent on the Group's ability to raise further liquidity through alternative financing options, including the issuance of a new bond by AX Group p.l.c., with the proceeds therefrom to be advanced to AX Investments p.l.c. in accordance with the parent company guarantee provided by the AX Group p.l.c. as stipulated in the current bond's offering memorandum.

Furthermore, management has simulated a stress-tested scenario to assess the Group's resilience and ability to handle unforeseen challenges. These include reducing the AX ODYCY hotel's projected performance by 20% in 2023 and delaying the sale of certain units at Verdala. This resulted in a potential temporary cash shortfall for which management has contingency plans in place to ensure that the Group will have sufficient liquidity to meet its commitments in the foreseeable future.

The contingency plans identified to generate further liquidity include the disposal of the 3.5% AX Real Estate p.l.c. 2032 bonds held by AX Group p.l.c. and the possibility of obtaining additional bank financing, guaranteed by unencumbered assets owned by the Group. Additionally, the Group has earmarked some non-core immovable property that can be disposed of.

With the contingency plans in place, management is confident that the Group will continue to have sufficient liquidity to operate in the foreseeable future.

Capital Funding

In 2021, the Group obtained a full development permit for the redevelopment of the Verdala site in Rabat, and another full development permit for the extension of the AX ODYCY hotel in Qawra. Construction works on both projects commenced during 2021 and continued throughout 2022 and 2023. During 2022, the Group also obtained the full development permit for the full redevelopment of the AX ODYCY lido in Qawra.

In January 2022, the Group secured a EUR15million bridge loan from a local bank to part finance the AX ODYCY hotel extension and the Verdala hotel development. This loan has been renegotiated and rescheduled over a 10-year term with an 8-month moratorium, with capital repayments due as of March 2023.

In February 2022, AX Group successfully listed AX Real Estate p.l.c. on the Malta Stock Exchange, with 25% of the ordinary A shares being taken up by the general public. Through this transaction, AX Real Estate p.l.c. raised EUR13,645,644. In conjunction with the share issue, AX Real Estate p.l.c. also issued EUR40million unsecured bonds redeemable in 2032. The general public subscribed to EUR18,354,600 bonds whilst the remaining EUR21,645,400 bonds were allocated by AX Real Estate p.l.c. to AX Group p.l.c. through the part conversion of the existing intra-group loan with AX Real Estate p.l.c. As noted above, it is the intention of the Group to dispose of the allocated bonds at the opportune time to ascertain sufficient liquidity. In fact, during the current period, the Group disposed of EUR2.9million nominal value of such bonds.

In January 2023, two subsidiaries of AX Group obtained financing from a local credit institution amounting to EUR48.5million, for the purpose of financing the completion of the AX ODYCY hotel extension and refurbishment and the lido redevelopment. These loan facilities are repayable over a 15-year term from the date of the first drawdown with a 12-month capital moratorium. As of April 30, 2023, the financing for the AX ODYCY hotel extension and refurbishment has been secured, and a total of EUR13.5 million has been disbursed. The financing allocated towards the lido redevelopment has been sanctioned, however drawdowns will be permitted once certain conditions are deemed by the lender to be fulfilled.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Six-month period ended 30 April 2023

4. LIQUIDITY AND CAPITAL FUNDING – CONTINUED

Capital Funding – continued

In addition, the Group obtained another loan facility from a local credit institution amounting to EUR36 million to finance the construction and completion of the Verdala Terraces project in Rabat. The financing has been sanctioned, with part of the drawdown becoming available once a condition, which has been met by the Group and recommended for approval by the lender, is formally cleared. The outstanding loan amounts are repayable within 7 years from the date of the first drawdown. Principal repayments are to be settled out of the proceeds from sale of units of the Verdala Terraces project. It is projected that the signing of the sale agreements of the Verdala Terraces will commence during financial year 2024 with 75% of the proceeds going towards loan repayment, thereby reducing the Group's debt. Following full repayment of this loan facility, proceeds from additional sale of apartments would be allocated to finance the final phase of this project.

5. 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 1,164,688 shares (30 April 2022: 1,164,688 shares).

6. 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 Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 November 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group'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 interim condensed financial statements, that are mandatory for the Group's accounting periods beginning after 1 November 2022. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Group's directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Six-month period ended 30 April 2023

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these interim condensed financial statements, management has made judgements and estimates that affect the application of accounting policies and that can significantly affect the amounts recognised. The significant judgements made in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

8. FAIR VALUE MEASUREMENT

All assets and liabilities 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 and 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 Group determines whether transfers have occurred between levels in the hierarchy by reassessing the 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.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the period.

9. REVENUE

In the following table, revenue is disaggregated by revenue category. Revenue falling under IFRS15 Revenue from Contracts with Customers and IFRS16 Leases is recognised as follows:

	1 November 2022 to 30 April 2023 (unaudited) EUR	1 November 2021 to 30 April 2022 (unaudited) EUR
<i>Revenue from contracts with customers</i>		
Construction works, building materials and management services	1,911,532	3,510,118
Hospitality and entertainment	9,550,946	7,050,185
Healthcare	3,162,805	2,886,391
Sale of property and real estate	600,000	1,270,000
	<hr/> 15,225,283	<hr/> 14,716,694
<i>Leasing income</i>		
Rental income	825,566	685,013
Total Revenue	<hr/> 16,050,849 <hr/>	<hr/> 15,401,707 <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Six-month period ended 30 April 2023

9. REVENUE - CONTINUED

Timing of revenue recognition from contracts with customers:

	1 November 2022 to 30 April 2023 (unaudited) EUR	1 November 2021 to 30 April 2022 (unaudited) EUR
At a point in time:		
Sale of property and real estate	600,000	1,270,000
Hospitality and entertainment	9,550,946	7,050,185
Healthcare	969,187	831,271
	<hr/> 11,120,133 <hr/>	<hr/> 9,151,456 <hr/>
Over time:		
Construction works, building materials and management services	1,911,532	3,510,118
Healthcare	2,193,618	2,055,120
	<hr/> 4,105,150 <hr/>	<hr/> 5,565,238 <hr/>
Total revenue from contracts with customers	<hr/> 15,225,283 <hr/>	<hr/> 14,716,694 <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Six-month period ended 30 April 2023

10. SEGMENT INFORMATION

30 April 2023 (unaudited)	Hospitality	Construction	Healthcare	Real estate and developments	Admin, finance and investment	Adjustments and eliminations	Consolidated
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
External customers	9,697,945	1,704,892	3,272,355	1,104,261	271,396	-	16,050,849
Inter-segment	-	11,808,645	-	3,368,540	5,857,045	(21,034,230)	-
Revenue	9,697,945	13,513,537	3,272,355	4,472,801	6,128,441	(21,034,230)	16,050,849
Other operating income	-	206	17,007	62,242	3,944	-	83,399
Other operating costs	(6,356,849)	(8,326,875)	(1,741,666)	(690,052)	(905,150)	11,828,766	(6,191,826)
Staff costs	(5,638,559)	(3,934,932)	(1,653,262)	(137,759)	(1,742,880)	3,061,648	(10,045,744)
Adjusted EBITDA	(2,297,463)	1,251,936	(105,566)	3,707,232	(3,484,355)	(6,143,816)	(103,322)
Depreciation	(1,203,706)	(147,661)	(21,850)	(266)	(115,721)	(2,691,694)	(4,180,898)
Operating loss							(4,284,220)
Share of results of associates							113,062
Net finance costs							(2,234,609)
Loss before taxation							(6,405,767)
Tax credit							2,403,433
Loss for the period							(4,002,334)
Segment assets	93,482,620	12,279,876	59,919,299	453,666,935	256,550,105	(435,160,727)	440,738,108
Segment liabilities	(80,802,145)	(9,859,519)	(69,165,858)	(173,560,982)	(155,741,938)	291,208,438	(197,922,004)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Six-month period ended 30 April 2023

10. SEGMENT INFORMATION - CONTINUED

30 April 2022 (unaudited)	Hospitality	Construction	Healthcare	Real estate and developments	Admin, finance and investment	Adjustments and eliminations	Consolidated
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
External customers	7,185,435	3,510,118	2,959,077	1,681,850	65,227	-	15,401,707
Inter-segment	-	4,884,872	-	10,403,072	615,637	(15,903,581)	-
Revenue	7,185,435	8,394,990	2,959,077	12,084,922	680,864	(15,903,581)	15,401,707
Other operating income	-	10,412	12,724	90,047	5,929	-	119,112
Other operating costs	(5,452,017)	(5,453,029)	(1,635,299)	(1,614,556)	(606,497)	7,807,478	(6,953,920)
Staff costs	(2,905,649)	(2,988,252)	(1,445,899)	(158,578)	(1,261,948)	1,416,933	(7,343,393)
EBITDA	(1,172,231)	(35,879)	(109,397)	10,401,835	(1,181,652)	(6,679,170)	1,223,506
Depreciation	(946,374)	(149,424)	(13,829)	-	(110,600)	(2,171,562)	(3,391,789)
Operating loss							(2,168,283)
Share of results of associates							57,526
Net finance costs							(2,014,754)
Loss before taxation							(4,125,511)
Tax credit							1,179,951
Loss for the period							(2,945,560)
Segment assets	93,968,207	17,800,594	60,094,038	507,616,399	256,841,984	(513,561,832)	422,759,390
Segment liabilities	(77,747,940)	(16,480,856)	(69,249,124)	(224,723,098)	(156,865,861)	370,530,136	(174,536,743)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Six-month period ended 30 April 2023

11. GOVERNMENT GRANTS

In the prior period the Group received EUR1,203,213 in government grants under the COVID Wage Supplement. These amounts were deducted from the line item 'Staff Costs' in the Interim Condensed Consolidated Statement of Comprehensive Income.

12. INCOME TAX

The interim period income tax is based on the Maltese corporate tax rate of 35%. Income taxes for the interim reporting period represent a best estimate of the weighted average annual income tax rate expected for the full financial year.

13. PROPERTY, PLANT AND EQUIPMENT

During the reporting period the Group acquired tangible fixed assets amounting to EUR24,759,694 (31 October 2022: EUR26,202,875).

Most of the Group's land and buildings were revalued as at 31 October 2022 and as a result, no new revaluations were obtained during this reporting period. The note below provides detailed information regarding the key assumptions used in performing such revaluations. The carrying amount of land and buildings, had they been measured at cost, would have amounted to EUR89,357,270 (31 October 2022: EUR76,468,823).

Valuation process

The Group's land and buildings are classified as either property, plant and equipment or investment property depending on their intended use. Land and buildings are revalued by independent professionally qualified architects or surveyors on a rotation basis. The architect is qualified and has experience in the category of investment properties being valued. The valuation models applied are in accordance with that recommended by the International Valuation Standards Committee and are consistent with the principles in IFRS13.

In the years in which an independent valuation is not obtained, management reperforms fair valuations of the properties by verifying and updating all major inputs to the last independent valuation report prepared by an external independent valuer. Internal methods are therefore aligned with those used by external valuers. On a yearly basis, management assesses each property's change in value to determine whether the change is reasonable and holds discussions with the independent valuer, as necessary.

Except for part of Palazzo Capua which management intends to refurbish and lease as office space as explained above, the current use of the Group's investment properties measured at fair value is considered the highest and best use.

Details of the land and buildings and information about their most recent fair value and level within the hierarchy as at the end of the period:

Type of Property	Level 3 EUR	Total EUR	Date of Valuation
Commercial property	266,538,506	266,538,506	31/10/2022
Total	266,538,506	266,538,506	

The Group's land and buildings have been determined to fall within level 3 of the fair value hierarchy.

Description of valuation techniques used and key inputs to valuation of lands and buildings

For land and buildings categorized under Level 3 of the fair value hierarchy, the valuation was determined by a combination of the market approach, the replacement cost approach and the income capitalization approach as applicable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Six-month period ended 30 April 2023

13. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Description of valuation techniques used and key inputs to valuation of lands and buildings - continued

Type of Property	Valuation Technique	Inputs	Sensitivity
Commercial property amounting to EUR8,135,964 (31 October 2022: EUR8,135,340)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return in the range of EUR40 and EUR270 per square meter (2022: same) at a capitalisation rate in the range of 5.75% to 6% (2022: same).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.
Commercial property amounting to EUR41,597,105 (31 October 2022: EUR41,583,710)	Average of profits method; income capitalisation approach and replacement cost approach	Profits method: EBIDTA of EUR2,187,871 (2022: same), capitalisation yield of 5.5% (2022: same), land appreciation of 4.5% per annum (2022: same), discount rate for commercial property sale at termination 5% (2022: same) and EBIDTA multipliers ranging between 11.6X to 16.5X (2022: same).	Profits method: The higher the EBIDTA multiples and capitalisation yield, the higher the fair value.
		Income capitalization approach: EBIDTA of EUR2,187,871 (2022: same), capitalisation yield of 5.5% (2022: same), land appreciation of 4.5% per annum (2022: same), discount rate for commercial property sale at termination 5% (2022: same) and discount rate for future income ranging 7.5%-11.83% (2022: same).	Income capitalization approach: The higher the EBIDTA and capitalisation yield, the higher the fair value.
		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.	Replacement cost approach: The higher the rates for construction, finishings, services and fittings, the higher the fair value
Commercial property amounting to EUR6,724,329 (31 October 2022: EUR6,220,000)	Income capitalisation approach	Income capitalization approach: total projected stabilised EBITDA of EUR1,728,273 (2022: same) using an average growth of 2% (2022: same), discount rate of future income of 11.83% (2022: same), estimated terminal land value, capitalisation yield of 4.5% (2022: same) and discount rate of 5% (2022: same).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.
Commercial property amounting to EUR203,494,071 (31 October 2022: EUR 190,346,153)	Average of income capitalisation approach and replacement cost approach	Income capitalization approach: a stabilised EBIDTA range between EUR1,112,989 (2022: same) and EUR16,242,053 (2022: same) taking between 2% and 3% yearly growth rate (2022: same), capitalisation yield of 8.33% (2022: same), land appreciation of 4.5% (2022: same) per annum, discount rate for commercial property sale at termination between 5% and 5.25% (2022: same) and discount rate for future income of 11.83% (2022: same). 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.	Income capitalization approach: The higher the EBIDTA and capitalisation yield, the higher the fair value. Replacement cost approach: The higher the rates for construction, finishings, services and fittings, the higher the fair value.
Commercial property amounting to EUR6,587,037 (31 October 2022: EUR6,587,037)	Income capitalisation approach	The valuation relies on estimated commercial rental rates and yearly return of the various components of the existing building capitalized at a rate of 7% (2022: same). Rental rate of EUR425 (2022: same) per sqm assumed for the Palazzo and annual return of EUR320,000 (2022: same) for the ancillary property.	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.

During the period, the Group used the same valuation techniques used in the previous year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Six-month period ended 30 April 2023

14. INVESTMENT PROPERTY

During the interim period, the Group registered additions to its investment property amounting to EUR479,268 (31 October 2022: EUR980,045). No further movement in investment property occurred during the reporting period.

Valuation process

The Group's investment properties are revalued by independent professionally qualified architects or surveyors on a rotation basis. The architect is qualified and has experience in the category of investment properties being valued. The valuation models applied are in accordance with that recommended by the International Valuation Standards Committee and are consistent with the principles in IFRS13.

In the years in which an independent valuation is not obtained, management reperforms fair valuations of the properties, by verifying and updating all major inputs to the last independent valuation report prepared by an external independent valuer. Internal methods are therefore aligned with those used by external valuers. On a yearly basis, management assesses each property's change in value to determine whether the change is reasonable and holds discussions with the independent valuer, as necessary. At each interim reporting date, management assesses whether events or conditions require the major inputs to the last valuation report to be updated. During the current interim period, no such events or conditions were identified by management.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The Group's investment property has been determined to fall within level 3 of the fair value hierarchy.

Details of the investment property and information about their fair value hierarchy as at the end of the period:

Type of Property	Level 3 EUR	Total EUR	Date of Valuation
Land	6,927,562	6,927,562	31/10/2020
	19,000,000	19,000,000	31/10/2022
Commercial property	4,302,294	4,302,294	31/10/2021
	13,873,818	13,873,818	31/10/2022
Residential	406,990	406,990	31/10/2020
	5,285,180	5,285,180	31/10/2021
	8,570,806	8,570,806	31/10/2022
Total	58,366,650	58,366,650	

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the period.

Description of valuation techniques used and key inputs to valuation of investment properties

For investment property categorized under Level 3 of the fair value hierarchy, the valuation was determined by a combination of the market approach, the replacement cost approach and the income capitalization approach as applicable.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Six-month period ended 30 April 2023

14. INVESTMENT PROPERTY – CONTINUED

Description of valuation techniques used and key inputs to valuation of investment properties - continued

Type of Property	Valuation Technique	Inputs	Sensitivity
Residential property amounting to EUR4,160,806 (31 October 2022: EUR4,159,000)	Income capitalisation approach	Income capitalization approach: total projected stabilised EBITDA of EUR740,688 (2022: same) using an average growth of 2% (2022: same), discount rate of future income of 11.83% (2022: same), estimated terminal land value, capitalisation yield of 4.5% (2022: same) and discount rate of 5% (2022: same).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.
Commercial property amounting to EUR2,712,963 (31 October 2022: EUR2,712,963)	Income capitalisation approach	The valuation relies on estimated commercial rental rates and yearly return of the various components of the existing building capitalized at a rate of 7% (2022: same). Annual rental rate of EUR425 (2022: same) per sqm is assumed and EUR320,000 (2022: same) for the ancillary property.	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.
Commercial property amounting to EUR11,160,855 (31 October 2022: EUR11,105,000)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return in the range of EUR40 and EUR177 per square meter (2022: same) at a capitalisation rate of 6% (2022: same).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.
Land amounting to EUR19,000,000 (31 October 2022: EUR19,000,000)	Income capitalisation approach	The inputs used to calculate the total value of the property on completion is an annual return of EUR 145 per square meter (2022: same) at a capitalisation rate of 7% (2022: 5%) less costs to implement.	The higher the capitalisation rate, the lower the fair value. The higher the annual return per square meter the higher the fair value.
Land amounting to EUR6,927,562 (31 October 2022: EUR6,508,531)	Market approach	Market transaction	The higher the rates, the higher the fair value.
Residential property amounting to EUR406,990 (31 October 2022: EUR410,990)	Market approach	Based on prices of similar property	The higher the market rates, the higher the fair value
Residential property amounting to EUR5,285,180 (31 October 2022: EUR5,278,604)	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 higher the rates for construction, finishings, services and fittings the higher the fair value.
Residential property amounting to EUR4,410,000 (31 October 2022: EUR4,410,000)	Market approach	The valuation of investment property was based on market rates for comparable advertised properties taking into account the size, fit out of the subject units, location of the property and current situation of the residential and commercial property market.	The higher the market rates, the higher the fair value.
Commercial property amounting to EUR4,302,294 (31 October 2022: EUR4,302,294)	Income capitalisation approach	The inputs used to calculate the total value of the property is an annual return of EUR100-EUR300 per square meter at a capitalisation rate of 5.5% (2022: same).	The higher the capitalisation rate, the lower the fair value. The higher the rental income and growth rate the higher the fair value.

During the period, the Group used the same valuation techniques used in the previous year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Six-month period ended 30 April 2023

15. DEBT SECURITIES IN ISSUE

During 2022, AX Real Estates p.l.c., a subsidiary of the Group, issued an aggregate principal amount of EUR40,000,000 bonds (2022 -2032), having a nominal value of EUR100 each, bearing interest at the rate of 3.5% per annum. The general public subscribed to EUR18,354,600 bonds whilst the remaining EUR21,645,400 bonds were allocated to AX Group p.l.c. through the part conversion of the existing intra-group loan with AX Real Estate p.l.c. These bonds are unsecured and subject to the terms and conditions in the prospectus dated 6 December 2021. The bonds are listed on the Official Companies List of the Malta Stock Exchange. The quoted market price as at 30 April 2023 for the 3.5% bonds (2022 – 2032) was EUR94.75 (31 October 2022: EUR97.01). The fair value of the bond as at 30 April 2023 amounted to EUR37,900,000 (31 October 2022: EUR38,265,665). The carrying value of the bond as at 30 April 2023 amounted to EUR39,528,311 (31 October 2022: EUR39,500,567). Interest on the bonds is due and payable annually in arrears on 7 February of each year at the above-mentioned rate.

During 2019, AX Group p.l.c. issued an aggregate principal amount of EUR25,000,000 bonds, split in two tranches of EUR15,000,000 (2019 – 2026) and EUR10,000,000 (2019 – 2029), having a nominal value of EUR100 each, bearing interest at the rate of 3.25% and 3.75% respectively per annum. These bonds are unsecured and subject to the terms and conditions in the prospectus dated 22 November 2019. The bonds are listed on the Official Companies List of the Malta Stock Exchange. The quoted market price as at 30 April 2023 for the 3.25% bonds (2019 – 2026) was EUR98.4 (31 October 2022: EUR100) and for the 3.75% bonds (2019 – 2029) was EUR97.75 (31 October 2022: EUR99.99). The fair value of the bonds as at 30 April 2023 amounted to EUR14,760,000 (31 October 2022: EUR15,000,000) and EUR9,775,000 (31 October 2022: EUR9,999,000) respectively, which amounts to an aggregated fair value of EUR24,535,000 (31 October 2022: EUR24,999,000). The carrying value of the bonds as at 30 April 2023 amounted to EUR24,754,512 (31 October 2022: EUR24,736,174).

In addition to the above, during 2014, AX Investments p.l.c., a subsidiary company, issued an aggregate principal amount of EUR40,000,000 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 quoted market price as at 30 April 2023 for the 6% bonds (2014 – 2024) was EUR100.01 (31 October 2022: EUR103.5). The fair value of the bond as at 30 April 2023 amounted to EUR40,000,400 (31 October 2022: EUR41,400,000). The carrying value of the bond as at 30 April 2023 amounted to EUR39,944,843 (31 October 2022: EUR39,913,935). Interest on the bonds is due and payable annually in arrears on 6 March of each year at the above-mentioned rate. In terms of the offering memorandum of the "6% AX Investments p.l.c. 2024 Bond", AX Group p.l.c., has provided a corporate guarantee in favour of the bondholders to affect the due and punctual performance of all payment obligations undertaken by the subsidiary under the bonds if it fails to do so.

As at interim period end, the Group has a balance of EUR85,986,010 from the bonds issued. The amount is made up of the total bonds issued amounting to EUR105,000,000 net of bond issue costs which are being amortised over the respective term of the bonds and bonds subscribed by Group companies.

Management intends that the 6% AX Investments p.l.c. 2024 bond will be either repaid or rolled over upon its redemption date of 6 March 2024. Such repayment is dependent on the Group's ability to raise further liquidity through alternative financing options, including the issuance of a new bond by AX Group p.l.c., with the proceeds therefrom to be advanced to AX Investments p.l.c. in accordance with the parent company guarantee provided by the AX Group p.l.c. as stipulated in the current bond's offering memorandum.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Six-month period ended 30 April 2023

15. DEBT SECURITIES IN ISSUE – CONTINUED

	30 April 2023	31 October 2022
	EUR	EUR
	(unaudited)	(audited)
At beginning of year	82,423,921	63,956,123
Bonds issued during the period (net of bond issue costs)	-	39,465,891
Bonds held by group entities	2,758,488	(21,645,400)
Bond issue costs amortisation for the year	77,247	647,307
	<hr/> 85,259,656	<hr/> 82,423,921
Accrued interest	726,354	2,798,243
At period year end	<hr/> 85,986,010	<hr/> 85,222,164
	<hr/>	<hr/>
Current	40,508,587	2,798,243
Non-current	45,477,423	82,423,921
	<hr/> 85,986,010	<hr/> 85,222,164

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group's financial assets and financial liabilities comprise trade and other receivables, and cash and cash equivalents, as well as trade and other payables, bank borrowings and debt securities in issue. All financial assets and financial liabilities are classified as measured at amortised cost.

Fair values

The fair value of non-current trade and other payables, and bank borrowings, is not materially different from their carrying amounts particularly due to re-pricing. The fair values of non-current debt securities in issue can be defined by reference to the quoted market price on the Malta Stock Exchange.

At 30 April 2023 and 31 October 2022 carrying amounts of the Group's current financial assets and current financial liabilities approximated their fair values due to the short-term nature of these financial instruments.

17. CONTINGENCIES AND CAPITAL COMMITMENTS

There were no major changes in contingent assets and liabilities, and they remain in essence as reported in the Group's annual financial statements of 31 October 2022.

Commitments for capital expenditure with respect to the development and completion of a number of projects stood as follows:

	30 April 2023
	EUR
Authorised and contracted	27,937,613
Authorised but not contracted	48,928,963

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Six-month period ended 30 April 2023

18. RELATED PARTY TRANSACTIONS

Transactions with related parties are subject to review by the Audit Committee in terms of the Capital Markets Rules, ensuring that such transactions are carried out on an arm's length basis and are for the benefit of the AX Group. Transactions between AX Group p.l.c. and its subsidiaries have been eliminated on consolidation. Outstanding balances with other related parties have been disclosed in note 22, 24 and note 29 to the audited financial statements as at 31 October 2022. Transactions and balances with these related parties during the interim period were not significant and are disclosed within trade and other receivables and trade and other payables.

19. DISTRIBUTIONS MADE AND PROPOSED

	1 November 2022 to 30 April 2023 (unaudited) EUR	1 November 2021 to 30 April 2022 (unaudited) EUR
Dividends on ordinary shares declared and paid:		
Interim dividend for 2023	1,404,209	-
Proposed dividends on ordinary shares:		
Interim dividend for 2023	304,209	-

20. PRIOR PERIOD RECLASSIFICATIONS

Certain amounts within the comparative interim condensed statement of comprehensive income have been reclassified to achieve better comparability with the current period and conformity with the financial statements as at 31 October 2022. In this respect, EUR61,628 was reclassified from other operating costs to finance costs in the interim condensed statement of comprehensive income.

21. EVENTS AFTER THE REPORTING PERIOD

AX ODYCY hotel welcomed its first guests in May 2023 as planned. Final finishing works on the hotel are still in progress and are expected to be concluded by the end of June, while work on the lido is scheduled to be ready by July 2023.

In June 2023, the Group unveiled the Verdala Terraces residential development project, designed to provide potential residents with unparalleled living experience. This exclusive development promises utmost seclusion and serenity, complemented by breath taking views of the scenic countryside and meticulously designed open areas. The estate's division sales team is now actively working to market and sell the units and it is projected that in the coming weeks the first promise of sale agreements are to be signed.

At its meeting to be held on 26 June 2023, the Board of Directors of AX Real Estate p.l.c., a subsidiary of the Group, intends to resolve to distribute a net interim dividend of €0.0125 per ordinary share equivalent to €3,429,208.75.