Gasan Finance Company p.l.c.

Gasan Centre, Mriehel By-Pass, Mriehel BKR 3000, Malta. - Tel: 2778 8500 - Fax: 2744 2130

HALF-YEARLY REPORT FOR THE PERIOD ENDED 30 JUNE 2018

Interim directors' report

The company's principal activity is to hold immoveable properties, raise financing from capital markets and to finance the Group's operations and its capital projects.

During the six-month period under review, income received amounted to €1,897,294 (2017: €1,741,435). This was generated from rental income and interest charged to group companies on outstanding balances. Interest payable amounted to €605,050 (2017: €607,325). The increase in interest income relates to an increase in loans advanced to group companies whilst the increase in rental income arises from new lease agreements. Administrative expenses amounted to €182,157 (2017: €159,490).

The profit for the period before taxation amounted to €1,110,087 (2017: €974,620). After deducting taxation, profit for the period amounted to €811,430 (2017: €692,163). The results for the period to date were in line with expectations, and the directors believe that there are no material risks and uncertainties for the remaining six months of the current financial year.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

I confirm that to the best of my knowledge:

- The condensed interim financial statements give a true and fair view of the financial position of the Company as at 30 June 2018 and of its financial performance and its cash flows for the period then ended and have been prepared 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.

Joseph A. Gasan
Chairman

24 August 2018

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

	Six months ending 30 June	
	2018	**2017**
	€	**€**
Interest income	938,552	873,287
Rental and related income	958,742	868,148
Total revenue	**1,897,294**	**1,741,435**
Interest payable	(605,050)	(607,325)
Gross profit	**1,292,244**	**1,134,110**
Administrative expenses	(182,157)	(159,490)
Profit before tax	**1,110,087**	**974,620**
Tax expense	(298,657)	(282,457)
Total comprehensive income	**811,430**	**692,163**
Earnings per share	**0.58**	**0.49**

CONDENSED STATEMENT OF FINANCIAL POSITION

	As at	
	30 June 2018	**31 December 2017**
	Unaudited	**Audited**
	€	**€**
Assets		
Non-Current Assets – Investment Property	34,423,155	34,415,305
Current Assets – Trade and Other Receivables	26,104,950	24,177,891
Total Assets	**60,528,105**	**58,593,196**
Equity and Liabilities		
Share Capital	3,500,000	3,500,000
Reserves	27,402,543	26,651,113
Total equity	**30,902,543**	**30,151,113**
Liabilities		
Non-Current Liabilities – Deferred Tax	3,155,166	3,155,166
Non-Current Liabilities – Borrowings	24,784,228	24,743,932
Current Liabilities – Trade and Other Payables	1,510,942	527,556
Current Liabilities – Taxation	175,226	15,429
Total Liabilities	**29,625,562**	**28,442,083**
Total Equities and Liabilities	**60,528,105**	**58,593,196**

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CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

	Share Capital €	Other Reserves €	Retained Earnings €	Total Equity €
Balance at 1 January 2017	3,500,000	14,617,595	9,797,718	27,915,313
Total comprehensive income	-	-	692,163	692,163
Balance at 30 June 2017	**3,500,000**	**14,617,595**	**10,489,881**	**28,607,476**
Balance at 1 January 2018 – as originally reported	3,500,000	15,563,201	11,087,912	30,151,113
Impact of changes in accounting policies:				
- Adjustments on adoption of IFRS 9	-	-	(60,000)	(60,000)
Balance at 1 January 2018 – as restated	3,500,000	15,563,201	11,027,912	30,091,113
Total comprehensive income	-	-	811,430	811,430
Balance at 30 June 2018	**3,500,000**	**15,563,201**	**11,839,342**	**30,902,543**

CONDENSED STATEMENT OF CASH FLOWS (unaudited)

	Six months ending 30 June 2018 €	2017 €
Cash generated from operating activities		
- *Cash generated from operations*	*146,709*	*266,815*
- *Tax Paid*	*(138,859)*	*(175,415)*
Net cash from operating activities	7,850	91,400
Net cash used in investing activities	(7,850)	(91,400)
Net cash used in financing activities	-	-
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	**-**	**-**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. This half-yearly report is published pursuant to Chapter 5 of the Listing Rules issued by the Listing Authority and the Prevention of Financial Markets Abuse Act, 2005. The condensed set of financial statements has been extracted from the Gasan Finance Company p.l.c. unaudited financial statements for the six months ended 30 June 2018. This interim report has not been audited or reviewed by the company's independent auditors.

2. These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

   The accounting policies used in the preparation of the condensed interim financial statements are consistent with those of the annual financial statements of Gasan Finance Company p.l.c. for the year ended 31 December 2017, as described in those financial statements. Due to adoption of new standards, amendments and interpretations to existing standards that are mandatory for accounting period beginning on 1 January 2018, the Company changed its accounting policies and made retrospective adjustments, mainly in respect of IFRS 9 Financial Instruments.

   With the adoption of IFRS 9 'Financial Instruments' as from 1 January 2018, the Company reviewed the requirements as prescribed in this standard in relation to its loans receivable from its immediate and intermediate parent companies. The board does not expect any loss to arise in respect of these loans. Nevertheless, the application of IFRS 9 requires the company to define a credit loss provision and this is being included within these condensed interim financial statements.

   Standards, interpretations and amendments to published standards that are not yet adopted

   IFRS 16 'Leases', was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

   The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The company does not intend to adopt the standard before its effective date.

3. The non-current liabilities – borrowings is made up of the bonds which are disclosed at the value of the proceeds less the net book amount of the issue costs, as follows:

	As at 30-Jun-18 €	31-Dec-17 €
Proceeds		
4.9% bonds 2019/2021	24,898,400	24,898,400
Issue Costs	483,552	483,552
Accumulated amortisation	(369,380)	(329,084)
	114,172	154,468
Amortised cost and closing carrying amount of the bonds	24,784,228	24,743,932

4. Earnings per share is based on the net profit for the period divided by the weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares in issue during the period amounted to 1,400,000 shares (2017: 1,400,000 shares).

5. The immediate parent company of Gasan Finance Company p.l.c is Gasan Enterprises Limited, which in turn is owned by an intermediate parent company, Gasan Group Limited. The ultimate parent company of Gasan Finance Company p.l.c is J.A.G. Limited.

   The companies forming part of the Gasan Group are considered by the directors to be related parties as these companies are ultimately owned by J.A.G. Limited. Related party transactions are summarised as follows:

	Six months ending 30 June 2018 €	2017 €
Revenue - parent company and fellow subsidiary	1,538,845	1,635,787
Expenses - parent company and fellow subsidiaries	105,520	95,955

   Current assets include a loan to the immediate parent company of €23,474,467 (December 2017: €22,587,454) and a loan to the intermediate parent company of € 978,846 (December 2017: €1,023,634). These loans are unsecured, bear interest at 7% per annum and are repayable on demand.

6. There have been no significant post interim balance sheet events.