



**Stivala Group  
Finance p.l.c.**

**STIVALA GROUP FINANCE P.L.C**

Condensed Consolidated  
Interim Financial Statements

For the period 01 January 2019 to 30 June 2019

**STIVALA GROUP FINANCE P.L.C**  
**Condensed Consolidated Interim Financial statements**  
**For the period 01 January 2019 to 30 June 2019**

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## **Interim Directors` Report**

This Half-Yearly Report is being published in terms of Chapter 5, Rule 5.75 of the Listing Rules of the Listing Authority - Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, Chapter 476 of the Laws of Malta). The condensed set of financial statements included in this report has been extracted from Stivala Group Finance p.l.c.`s unaudited financial information for the six months commencing 01.01.19 to 30 June 2019 prepared in accordance with International Financial reporting Standards adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). This Half yearly report has not been audited or reviewed by the Company`s auditors.

### **Principal Activities**

The Groups main business is the acquisition of real estate for long term investment purposes, principally in Gzira, Msida, Sliema and St. Julians areas. Once acquired, the group is engaged in the development of these properties and their conversion into residential and commercial properties. All properties are retained by the Group to generate rental revenues both from short letting and tourist accommodation as well as from long-term residential, office and retail lets..

### **Business Review**

The main business activity of the Company has been the issue in October 2017 of €45m worth of bonds having a face value of €100 per bond to the public that were fully subscribed. The bonds have a coupon interest rate of 4% per annum as stated in the prospectus dated 25th September 2017. These bonds were eventually admitted for listing on the stock exchange on 31st October 2017. In accordance with the provisions of the above noted prospectus, the proceeds have been advanced to the guarantor within the Group to finance the acquisition and development of 196, Main street, St. Julians, Quisisana Boutique Apartments and Ec Building. Another portion of the proceeds were allocated towards the construction and completion of the Azur Hotel in Gzira and for the refinancing of bank loans.

To date the 196, Main Street is still in works in progress. The Group has also purchased the neighbouring property 197, Main street, St Julians. The finishings and completion of this project will be financed through group business proceeds and other sources of finance and is due to be completed by the end of 2019. Quisisana Boutique and EC Building are operating normally. As for the completion of the 100 room Azur Hotel, an application was approved for the extension of a further 78 rooms, whereby proceeds were used for the construction of the additional floors. The 178 room 3 star hotel was completed on 01st April 2019 and is operating at an average occupancy of 80%.

During the six-month period that ended on 30 June 2019, the Company registered a profit before tax of €4,249,036. The net assets of the company at the end of the period amounted to €120,496,593.

The published figures have been extracted from the unaudited interim financial statements for the six-month period ending 30 June 2019.

## **Interim Directors` report - continued**

### **Dividends**

The Board of Directors have resolved to determine the extent of any dividend distribution for 2019 on the basis of the full year results. Accordingly, no dividends are declared upon the issue of the results for the six-month period ended 30 June 2019.

### **Director`s statement pursuant to Listing Rule 5.75.3**

We hereby confirm that to the best of our knowledge:

1. the condensed consolidated Interim financial statements gives a true and fair view of the financial position of the ompany as at 30 June 2019 and of its financial performance and its cash flows for the period then ended in accordance with the IFRS as adopted by the EU applicable to Interim Financial Reporting (IAS 34)
2. the interim director`s report includes a fair review of the information required in terms of Listing Rule 5.81.1

Approved by the Board of Directors on 23 August 2019 and signed on its behalf by:



**Michael Stivala**  
Director



**Carlo Stivala**  
Director



**Ivan Stivala**  
Director



**Martin Stivala**  
Director

**Registered Office:**  
**Bayview Hotel**  
**143, The Strand**  
**Gzira**  
**GZR1026**  
**Malta**

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**Consolidated Statement of financial position**

	Notes	As at 30.06.19 (unaudited) €	As at 31.12.18 (audited) €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment Property	3	116,396,079	115,846,079
Property, plant and equipment		87,239,499	74,947,238
Intangible Assets		83,154	70,236
Investment in associates	4	500	500
Loans and Receivables		2,086,055	7,620,953
		<u>205,805,286</u>	<u>198,485,006</u>
<b>Current Assets</b>			
Inventories		10,931	10,931
Trade and other receivables	5	6,594,045	3,693,407
Current tax assets		117,787	0
Bank and cash equivalents	2	651,951	235,195
		<u>7,374,714</u>	<u>3,939,533</u>
<b>Total Assets</b>		<u><b>213,180,000</b></u>	<u><b>202,424,539</b></u>


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**Consolidated Statement of financial position - continued**


		As at 30.06.19 (unaudited) €	As at 31.12.18 (audited) €
<b>EQUITY AND LIABILITIES</b>	Notes		
<b>Capital and reserves</b>			
Share capital	6	300,000	300,000
Retained earnings		30,606,268	26,357,233
Revaluation Reserve		89,590,324	89,169,317
<b>Total Equity</b>		<u><b>120,496,593</b></u>	<u><b>115,826,550</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term Borrowings	7	21,625,656	14,605,831
Other non current-liabilities	8	44,662,500	44,640,000
Deferred tax liability	9	15,301,657	15,394,236
<b>Total Non current liabilities</b>		<u><b>81,589,813</b></u>	<u><b>74,640,067</b></u>
<b>Current liabilities</b>			
Trade and other payables	10	8,410,389	7,072,302
Other current liabilities	11	90,427	0
Short term borrowings	2	1,859,306	3,684,371
Current tax liabilities		733,472	1,201,249
<b>Total Current liabilities</b>		<u><b>11,093,594</b></u>	<u><b>11,957,922</b></u>
<b>Total equity and liabilities</b>		<u><b>213,180,000</b></u>	<u><b>202,424,539</b></u>

The notes on pages 8 to 11 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements on pages 3 to 12 were authorised for issue by the Board on 14 August 2019 and were signed on its behalf by :

  
 \_\_\_\_\_  
**Michael Stivala**  
 Director

  
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**Carlo Stivala**  
 Director

  
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**Ivan Stivala**  
 Director

  
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**Martin Stivala**  
 Director

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**Consolidated Income Statement**

	<b>6 months 2019 (unaudited) €</b>	<b>10 months 2018 (unaudited) €</b>
<b>Revenue</b>	11,116,165	10,823,276
Cost of sales	2,090,116	2,429,857
<b>Gross operating Profit</b>	<u>9,026,049</u>	<u>8,393,420</u>
Other Net operating costs	1,286,843	2,825,750
<b>Ebitda</b>	<u>7,739,206</u>	<u>5,567,670</u>
Depreciation & Amortisation	1,436,681	1,471,303
<b>Operating Profit</b>	<u>6,302,525</u>	<u>4,096,367</u>
Share of results of associated undertakings	-27,758	73,069
Net Finance Costs	1,378,351	2,045,312
Movement in revaluation of investement Property	0	0
Dividends Paid	0	0
<b>Profit before tax</b>	<u>4,896,417</u>	<u>2,124,124</u>
Taxation	647,381	696,059
<b>Profit for the year</b>	<u>4,249,036</u>	<u>1,428,065</u>
<b>Other Comprehensive Income</b>		
Gains on property revaluation, net of tax	0	0
<b>Total Comprehensive income</b>	<u><u>4,249,036</u></u>	<u><u>1,428,065</u></u>

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Statement of changes in Equity

	Share Capital €	Revaluation Reserve €	Retained Earnings €	Total €
<b>At 30 June 2018</b>	<b>300,000</b>	<b>89,169,317</b>	<b>26,357,233</b>	<b>115,826,550</b>
Profit for the year	0	0	4,249,036	4,249,036
Dividends Paid	0	0	0	0
Total Comprehensive Expense	<u>0</u>	<u>0</u>	<u>4,249,036</u>	<u>4,249,036</u>
Revaluation of investment property, net of tax	0	421,007	0	421,007
Issue of Share capital	0	0	0	0
<b>At 30 June 2019</b>	<b><u>300,000</u></b>	<b><u>89,590,324</u></b>	<b><u>30,606,269</u></b>	<b><u>120,496,593</u></b>



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**Condensed Statement of Cash Flows**

	Notes	<b>2019</b>	<b>10 months</b>
		<b>Unaudited</b>	<b>2018</b>
		<b>€</b>	<b>Unaudited</b>
			<b>€</b>
Net cash from operating activities		-778,989	996,861
Net cash from investing activities		-67,083,416	-65,927,278
Net cash from financing activities		66,288,156	57,014,535
<b>Net movement in cash and cash equivalents</b>		<u><b>-1,574,249</b></u>	<u><b>-7,915,881</b></u>
Cash and cash equivalents at beginning of year		366,894	5,275,230
<b>Cash and cash equivalents at end of year</b>		<u><b>-1,207,355</b></u>	<u><b>-2,640,650</b></u>
<b>Cash and cash equivalents at beginning of year</b>			
Cash at bank and in hand	2	651,951	366,894
Bank balance overdrawn	2	-1,859,306	-3,007,544
		<u><b>-1,207,355</b></u>	<u><b>-2,640,650</b></u>

## **Notes to the consolidated interim financial statements**

### **1 Significant Accounting Policies**

The principal accounting policies applied in the preparation of these financial statements are set out below:

#### **1.1 Basis of operation**

These condensed consolidated interim financial statements have been prepared in accordance with Internal Accounting Standards 34 - 'Interim Financial Reporting', and have been extracted from the company's unaudited accounts for the ten month period commencing 01 January 2018 to 30 June 2019. The half yearly results have been published in terms of the Listing Rules of the Malta financial Services Authority.

#### **1.2 Foreign Currency Translation**

##### **(a) Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the company's functional and presentation currency.

##### **(b) Transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### **1.3 Investment Property**

Investment Property comprises residential apartments and commercial properties leased out to third parties.

The Group's Land and Buildings were revalued during August 2017 by an independent firm of architects having appropriate recognised professional qualifications and experience in the location and category of the properties being valued. The Directors have reviewed the valuations of the properties.

The valuations of the properties are performed annually on the basis of valuation reports prepared by independent and qualified architects. These reports are based on both:

- information provide by the group which is derived from the Group's financial systems and is subject to the group's overall control environment; and
- assumptions and valuation models used by the auditors - the assumptions are typically market related. These are based on professional judgements and market observation.

Notes to the consolidated interim financial statements - continued

**2 Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2019 Unaudited €
Cash at bank and in hand	651,951
Bank balance overdrawn	-1,859,306
	-1,207,355

Cash at bank is included within current assets whilst bank overdrafts are included within the current liabilities (Short-term borrowings) in the statement of financial position.

**3 Investment Property**

The fair value is based on a valuation made by an independent professional architect on 28 August 2017. The cost of additions after 28 August 2017 is considered by the directors to be a fair value.

**4 Investment in Associates**

<b>Company</b>	<b><u>Registered Address</u></b>	<b><u>% of ordinary capital held</u></b>
		<b>2019</b>
Quisisana Boutique Company Ltd	143, The strand, Gzira GZR 1026, Malta	50
Platinum Developments Ltd	143, The strand, Gzira GZR 1026, Malta	50
Civala Limited	Vincenti Buildings 22/25, Strait street, Valletta, VLT1432, Malta.	50
Sliema Creek Lido Limited	No.2, Geraldus Farrugia Street Zebbug, ZBG 4351, Malta	33.33

Notes to the consolidated interim financial statements - continued

5 Trade and other receivables

	2019 Unaudited €
Trade Receivables	385,834
Allowance for ECL on trade receivables	-63,732
Other Receivables	6,271,943
Prepayments and Accrued income	0
	<b>6,594,045</b>

6 Share capital

	2019 Unaudited €
<b>Authorised</b>	
500,000 ordinary shares of €1 each	500,000
	<b>500,000</b>
<b>Called up issued and fully paid-up</b>	
300,000 ordinary shares of €1 each	300,000
	<b>300,000</b>

Each ordinary share gives the right to 1 vote, participates equally in profits distributed by the company and carries equal rights upon the distribution of assets by the company in the event of a winding up.

Notes to the consolidated interim financial statements - continued

**7 Long Term Borrowings**

*Bank Loans*

The bank loans are secured by a general hypothec over the company's assets, by guarantees of the parent company, by a special hypothec over property in Gzira, by pledges taken over various insurance policies, and by personal guarantees of the directors. A bank loan amounting to €9,230,729 bears interest at 3% per annum and is repayable at monthly instalments of €56,960 inclusive of interest for the first 36 months. Thereafter the interest is to be charged at 4% per annum for the rest of the repayment period, and is repayable by monthly instalments of €61,516 inclusive of interest. Another loan amounting to €3,166,306 bears interest at 4% per annum and is repayable at aggregate monthly instalments of €40,605 inclusive of interest. On 11th October 2018 another loan drawdown was granted amounting to €5,000,000 bearing an interest rate of 4% and is repayable over 120 months commencing on 01st May 2019 of €50,755 monthly instalments inclusive interest. On 15th March 2019 a loan drawdown of €4,300,000 bearing an interest rate of 5.25% per annum was drawdown for the financing of various properties. The facility will be repaid through a bullet repayment which will emanate from underlying group own funds.

**8 Other non current liabilities**

	2019 Unaudited €
Face value	45,000,000
Accumulated amortisation	-337,500
Amortised cost as at 30 June 2018	<b>44,662,500</b>

**9 Deferred tax liability**

	2019 Unaudited €
Revaluation of property	15,301,657
	<b>15,301,657</b>

**10 Trade and other payables**

	2019 Unaudited €
Trade Payables	2,792,296
Accruals and Deferred income	3,554,457
Indirect Taxation	316,864
Other Payables	1,746,772
	<b>8,410,389</b>

**11 Other current liabilities**


*Ultimate beneficial Owners' loans*

Ultimate beneficial Owners' loans are unsecured, interest-free and have no fixed date of repayment.

**Statement Pursuant to listing Rule 5.75.3**

I confirm to the best of my knowledge:

- the condensed consolidated interim financial information gives a true and fair view of the financial position of the group from 01st January 2019 to 30th June 2019, 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 (International Accounting Standards 34, 'Interim Financial Reporting');
- the Interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



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**Mr. Michael Stivala**  
**Director**