



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

Condensed Consolidated  
Interim Financial Statements

For the period 01 January 2020 to 30 June 2020

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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 01.01.2020 to 30.06.2020 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 Group's 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**

In October 2017, the company issued €45 million 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 in terms of the prospectus dated 25th September 2017.

These bonds were eventually admitted to the official list of the Malta Stock Exchange exchange on 31st October 2017. In accordance with the provisions of the above noted prospectus, the proceeds were 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.

The Company raised a further €15 million in bonds in July 2019 having a face value of €100 per bond. The bonds have a coupon interest rate of 3.65% per annum in terms of the prospectus dated 18th July 2019. These bonds were admitted on the stock exchange on 08th August 2019. The bond proceeds were advanced to the guarantor within the group to finance property acquisitions amounting to circa €6m.

The amount of €4.3m was allocated to bank refinancing and the balance of the proceeds was used towards the costs of completing the ongoing projects of the Group.

The COVID-19 pandemic has presented us with extraordinary circumstances and for this reason the Company is committed to safeguarding the health and safety of its staff, customers and all other stakeholders as a matter of utmost priority and is complying with the guidance of the Maltese authorities. Compliance with these guidelines has led to temporary closure of some properties. Cost containment measures have been put in place across all its operations and most of its capital expenditure plans were put on hold.

The Company is in close contact with all its tenants and clients to ensure that collaborative relations are maintained. This will put the company in a good position when business will return to normality. The Company is taking this particular time as an opportunity to review its operational processes and strategic future plans. This will ensure that it adapts swiftly to developments as they unfold and will be taking appropriate action when necessary.

The Company had various discussions with its banks and arrangements for loans moratorium are in place. The Company envisages that it will be able to meet its payment obligations towards its bondholders under the current circumstances and wishes to affirm that it is well positioned to honour the bond interest payments.

During the six-month period that ended on 30 June 2020, the Company registered a profit before tax of €2,261,870. The net assets of the company at the end of the period amounted to € 125,920,169

The published figures have been extracted from the unaudited interim financial statements for the six-month period ending 30 June 2020.

## **Interim Directors' report - continued**

### **Dividends**

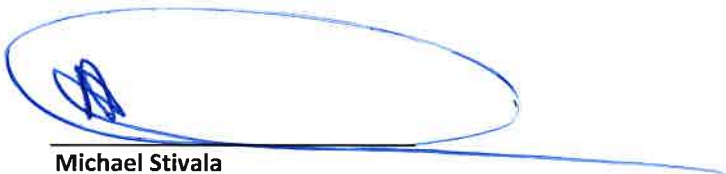
The Board of Directors has resolved to determine the extent of any dividend distribution for 2020 on the basis of the full year results. Accordingly, no dividends are declared upon the issue of the results for the six-month period ended 30 June 2020.

### **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 2020 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 directors' report includes a fair review of the information required in terms of Listing Rule 5.81.1

Approved by the Board of Directors on 30th July 2020 and signed on its behalf by:



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**Michael Stivala**  
**Director**



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**Martin Stivala**  
**Director**



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**Ivan Stivala**  
**Director**

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

**STIVALA GROUP FINANCE P.L.C.**  
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**Condensed Consolidated Interim Statement of financial position**

		As at 30.06.20 (unaudited)	As at 31.12.19 (audited)
	Notes	€	€
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible Assets		70,387	68,291
Right of use Asset	5	452,152	516,745
Investment Property	3	117,533,788	116,469,022
Property, plant and equipment		85,450,703	84,538,073
Loans and Receivables		15,643,758	15,494,057
Investment in associates	4	500	500
		<u>219,151,288</u>	<u>217,086,688</u>
<b>Current Assets</b>			
Inventory	7	658,500	773,895
Trade and other receivables	6	4,057,509	6,541,305
Bank and cash equivalents	2	2,286,159	881,743
		<u>7,002,168</u>	<u>8,196,943</u>
<b>Total Assets</b>		<u><b>226,153,456</b></u>	<u><b>225,283,631</b></u>

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**Condensed Consolidated Interim Statement of financial position - continued**

		As at 30.06.20 (unaudited) €	As at 31.12.19 (audited) €
<b>EQUITY AND LIABILITIES</b>	Notes		
<b>Capital and reserves</b>			
Called up issued share capital	8	300,000	300,000
Retained earnings		35,280,186	33,682,879
Revaluation Reserve		90,339,983	89,123,934
<b>Total Equity</b>		<b>125,920,169</b>	<b>123,106,813</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term Borrowings	9	16,909,809	16,027,840
Other non current-liabilities	10	59,580,000	59,550,000
Deferred tax liability	11	15,498,803	15,110,009
<b>Total Non current liabilities</b>		<b>91,988,612</b>	<b>90,687,849</b>
<b>Current liabilities</b>			
Trade and other payables	12	6,084,877	7,541,697
Short term borrowings	2	126,102	1,788,567
Current tax liabilities		2,033,697	2,158,705
<b>Total Current liabilities</b>		<b>8,244,676</b>	<b>11,488,969</b>
<b>Total equity and liabilities</b>		<b>226,153,456</b>	<b>225,283,631</b>

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 30th July 2020 and were signed on its behalf by :

**Michael Stivala**  
Director

**Martin Stivala**  
Director

**Ivan Stivala**  
Director

**STIVALA GROUP FINANCE P.L.C.**  
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**Condensed Consolidated Statement of comprehensive Income**

	6 months 2020 (unaudited) €	6 months 2019 (unaudited) €
<b>Revenue</b>	8,070,654	11,116,165
Cost of sales	723,375	2,090,116
<b>Gross operating Profit</b>	<u>7,347,279</u>	<u>9,026,049</u>
Other Net operating costs	1,870,081	1,286,843
<b>Ebitda</b>	<u>5,477,198</u>	<u>7,739,206</u>
Depreciation & Amortisation	1,583,770	1,436,681
<b>Operating Profit</b>	<u>3,893,428</u>	<u>6,302,525</u>
Share of results of associated undertakings	-664	-27,758
Net Finance Costs	1,630,894	1,378,351
<b>Profit before tax</b>	<u>2,261,870</u>	<u>4,896,417</u>
Taxation	664,563	647,381
<b>Profit for the year</b>	<u>1,597,307</u>	<u>4,249,036</u>
<b>Other Comprehensive Income</b>		
Gains on property revaluation, net of tax	0	0
<b>Total Comprehensive income</b>	<u><u>1,597,307</u></u>	<u><u>4,249,036</u></u>

**Condensed Consolidated Interim Statement of changes in Equity**

	Share Capital €	Revaluation Reserve €	Retained Earnings €	Total €
<b>At 30 June 2019</b>	<b>300,000</b>	<b>89,123,934</b>	<b>33,682,879</b>	<b>123,106,813</b>
Profit for the year	0	0	1,597,307	1,597,307
Dividends Paid	0	0	0	0
Total Comprehensive Expense	0	0	1,597,307	1,597,307
Revaluation of investment property, net of tax	0	1,216,049	0	1,216,049
Issue of Share capital	0	0	0	0
<b>At 30 June 2020</b>	<b>300,000</b>	<b>90,339,983</b>	<b>35,280,186</b>	<b>125,920,169</b>



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**Condensed Consolidated Interim Statement of Cash Flows**

	Notes	6 months 2020 Unaudited €	6 months 2019 Unaudited €
Net cash from operating activities		4,618,716	-778,989
Net cash from investing activities		-3,891,106	-67,083,416
Net cash from financing activities		780,497	66,288,156
<b>Net movement in cash and cash equivalents</b>		<b><u>1,508,106</u></b>	<b><u>-1,574,249</u></b>
Cash and cash equivalents at beginning of year		651,951	366,894
<b>Cash and cash equivalents at end of year</b>		<b><u>2,160,058</u></b>	<b><u>-1,207,355</u></b>
<b>Cash and cash equivalents at beginning of year</b>			
Cash at bank and in hand	2	2,286,159	651,951
Bank balance overdrawn	2	-126,102	-1,859,306
		<b><u>2,160,058</u></b>	<b><u>-1,207,355</u></b>

## Notes to the condensed consolidated interim financial statements

### 1 Significant Accounting Policies

The group has adopted IFRS 16, Leases that is effective for periods that begin on or after 01.01.2019. Last year, the group entered in to a Lease agreement, and with the adoption of IFRS 16, a right-of-use assets amounting to €654,931 and lease liability amounting to €524,823 were recognized. The Statement of Profit and Loss includes an interest on lease liabilities of €9,969 and a depreciation of €64,593 instead of the annual rental lease of €69,814. 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 six month period commencing 01 January 2020 to 30 June 2020. 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 condensed 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:

	2020 Unaudited €
Cash at bank and in hand	2,286,159
Bank balance overdrawn	-126,102
	<b>2,160,058</b>

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>2020</b>
Quisisana Boutique Company Ltd (In dissolution)	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, Vletta, VLT1432, Malta.	50
Sliema Creek Lido Limited	No.2, Geraldus Farrugia Street Zebbug, ZBG 4351, Malta	33.33

**5 Right of use assets**

	2020 Furniture & Fittings
Cost as at 31.12.2019	0.00
Additions	645,931.00
<b>Cost as at 30.06.2020</b>	<b>645,931.00</b>
Depreciation as at 31.12.2019	129,186.00
Charge for the year	64,593.00
<b>Depreciation as at 30.06.2020</b>	<b>193,779.00</b>
Net book value as at 31.12.2019	<b>516,745.00</b>
<b>Net book value as at 30.06.2020</b>	<b>452,152.00</b>

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**Notes to the condensed consolidated interim financial statements - continued**

<b>6</b>	<b>Trade and other receivables</b>	<b>2020</b> <b>Unaudited</b> <b>€</b>
	Trade Receivables	1,276,286
	Allowance for ECL on trade receivables	-210,480
	Other Receivables	2,991,703
	Prepayments and Accrued income	0
		<u><b>4,057,509</b></u>
<b>7</b>	<b>Inventory</b>	<b>2020</b> <b>Unaudited</b> <b>€</b>
	Goods held for resale	17,688
	Property for resale	640,812
		<u><b>658,500</b></u>
<b>8</b>	<b>Share capital</b>	<b>2020</b> <b>Unaudited</b> <b>€</b>
	<b>Authorised</b>	
	500,000 ordinary shares of €1 each	500,000
		<u><b>500,000</b></u>
	<b>Called up issued and fully paid-up</b>	
	300,000 ordinary shares of €1 each	300,000
		<u><b>300,000</b></u>

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 condensed consolidated interim financial statements - continued**

**9 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 €9,187,530 bears interest at 3% per annum and is repayable at monthly installments of €61,516 inclusive of interest. Another loan amounting to €4,000,000 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 installments inclusive interest.

On the 4th of June, the Group has also applied for the MBD COVID-19 Assist loan which as at 30.06.20 was not fully utilised and was partially drawdown. The balance utilised to date is of €400,000 bearing an interest rate of 2.5% per annum. This facility was drawdown for the financing of the groups working capital requirements. The facility is repayable over a period not exceeding 6 years inclusive of a 12 month moratorium as follows:

First 6 months - moratorium on both capital and interest.

From 7th to 12th month - moratorium on capital only and interest to be met on a monthly basis.

Thereafter, 60 monthly instalments of €89,500 each inclusive of interest.

**10 Other non current liabilities**

	<b>2020</b> <b>Unaudited</b> <b>€</b>
Face value	60,000,000
Bond issue costs	-600,000
Bond issue costs amortisation b/f	150,000
Bond issue costs amortisation for the period	30,000
Amortised cost as at 30 June 2020	<b>59,580,000</b>

**11 Deferred tax liability**

	<b>2020</b> <b>Unaudited</b> <b>€</b>
Revaluation of property	15,498,803
	<b>15,498,803</b>

**12 Trade and other payables**

	<b>2020</b> <b>Unaudited</b> <b>€</b>
Trade Payables	1,345,517
Accruals and Deferred income	6,084,877
Indirect Taxation	587,011
Other Payables	-1,932,528
	<b>6,084,877</b>

**Directors' 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 2020 to 30th June 2020, 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**