TUMAS INVESTMENTS p.l.c.

Half-Yearly Report
30 June 2018

TUMAS INVESTMENTS plc

Half-yearly directors' report

This Half-Yearly Report is being published in terms of Chapter 5 of the Listing Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The condensed set of financial statements included in this report has been extracted from Tumas Investment p.l.c.'s unaudited financial information for the six months ended 30 June 2018 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 Group's independent auditors.

Trading performance

The company

During the six month period ending 30 June 2018, finance income represented by interest receivable and ancillary income accruing from Spinola Development Company Limited amounted to €1.19 million (2017: €1.50 million). Finance costs in the form of interest payable on the outstanding public bonds together with amortisation of related issue costs amounted to €1.11 million (2017: €1.43 million).

The reduction in interest receivable and finance costs is a direct result of the refinancing of the 6.2% unsecured bond issued in 2010 and maturing between 2017 - 2020, which was redeemed at the first opportunity. This bond was substituted with a new unsecured bond facility paying a coupon of 3.75% and maturing in 2027.

Administrative expenses at €62,594 were €1,660 lower than the same period for 2017 due to a decrease in general overheads. The profit after tax for the period amounted to €15,259 (2017: €34).

The guarantor

Spinola Development Company Limited, as the Guarantor of the Bonds and the ultimate recipient of the financing from Tumas Investments plc, has experienced another positive performance during the first six months of the current year which performance is envisaged to be maintained. It is estimated that the company's performance will again exceed budget as last year mainly as a result of yet another upbeat year for the hotel, the performance of which is overall in line with last year which in itself was a record year. In fact, occupancy figures are in line with 2017 while the average room rate continues to improve as the Group reaps the benefit of its recent multimillion major refurbishment of the hotel and its amenities.

During the course of this year, the Guarantor's property segment should also perform very well particularly due to the envisaged delivery of a number of the Laguna Apartments where at least half of these units should be delivered by the end of the year. This is possible, now that structural works have been completed, and landscape and external finishing works are making substantial progress. Earlier this year, a decision was taken to grant the office block built next to the Portomaso Business Tower by title of temporary emphyteusis to third parties with part of net income emanating from this property earmarked to be reported during the year under review, in accordance with the group's accounting policy.

Revenue from rental operations should be similar to 2017. It should be noted that both office and commercial space are fully taken up, however, the Company had to forego a portion of its rental income from the area beneath the office block referred to above which was obviously out of use and will continue to be so until later on this year.

Half-yearly directors' report - continued

Trading performance - continued

The guarantor - continued

Complex management operations which encompass the management of the whole complex including landscaping, maintenance, cleaning, security of the common areas, and the agency fees related to the supply of utilities should follow a similar pattern as last year, although it is worth noting that exceptionally during 2018, the company is sharing in certain costs relating to particular capital expenditure being incurred within the apartments complex.

Taking into consideration the above developments, the full year results for the Guarantor should therefore be superior to those of last year and budget.

Dividends

The directors do not recommend the payment of an interim dividend (2017: €Nil).

On behalf of the Board

John Zarb
Director

Ray Sladden
Director

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Tumas Group Corporate Office
Level 3
Portomaso Business Tower
Portomaso
St. Julians
Malta

27 August 2018

Condensed statement of financial position

	As at 30 June	As at 31 December
	2018	2017
	€	€
	(unaudited)	(audited)
ASSETS		
Non-current assets	**50,000,000**	50,000,000
Current assets	**1,969,199**	1,510,914
Total assets	**51,969,199**	51,510,914
EQUITY AND LIABILITIES		
Total equity	**636,604**	621,345
Total non-current liabilities	**49,624,146**	49,603,476
Total current liabilities	**1,708,449**	1,286,093
Total liabilities	**51,332,595**	50,889,569
Total equity and liabilities	**51,969,199**	51,510,914

The notes on pages 7 to 8 are an integral part of this interim condensed financial information.

The condensed interim financial information on pages 3 to 9 were authorised for issue by the board of directors on 27 August 2018 and were signed on its behalf by:

John Zarb
Director

Ray Sladden
Director

Condensed statement of comprehensive income

	Notes	Six-months ended 30 June 2018 € (unaudited)	2017 € (unaudited)
Finance income	3	**1,191,501**	1,498,404
Finance costs		**(1,105,431)**	(1,434,097)
Net interest income		**86,070**	64,307
Administrative expenses		**(62,594)**	(64,254)
Profit before tax		**23,476**	53
Tax expense		**(8,217)**	(19)
Profit for the period – total comprehensive income		**15,259**	34
Earnings per share (cents)	2	**0.06c**	0.01c

The notes on pages 7 to 8 are an integral part of this interim condensed financial information.

Condensed statement of changes in equity

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2017		232,937	362,998	595,935
Increase in share capital	4	17,065	-	17,065
Comprehensive income				
Profit for the period - total comprehensive income		-	34	34
Balance at 30 June 2017		**250,002**	**363,032**	**613,034**
Balance at 1 January 2018		250,002	371,343	621,345
Comprehensive income				
Profit for the period - total comprehensive income		-	15,259	15,259
Balance at 30 June 2018		**250,002**	**386,602**	**636,604**

The notes on pages 7 to 8 are an integral part of this interim condensed financial information.

Condensed statement of cash flows

	Six-months ended 30 June	
	2018	2017
	€	€
	(unaudited)	(unaudited)
Net cash (used in)/generated from operating activities	**(79,680)**	35,643
Net cash generated from financing activities	**-**	17,065
Movement in cash and cash equivalents	**(79,680)**	52,708
Cash and cash equivalents at beginning of period	**394,953**	31,387
Cash and cash equivalents at end of period	**315,273**	84,095

The notes on pages 7 to 8 are an integral part of this interim condensed financial information.

Notes to the half-yearly report

1. Significant accounting policies

The accounting policies applied in the preparation of the half-yearly report are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those financial statements with the exception of adoption of IFRS 9.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 is effective for accounting periods commencing on or after 1 January 2018. Amongst others, it replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The company's financial assets are limited to trade and other receivables and loans and receivables which continue to be measured at amortised cost, consistently with IAS 39. The standard also introduces a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. This generally results in accelerating provisions for impairment as compared to IAS 39.

With respect to its loans to fellow subsidiary, IFRS 9's three-stage impairment model ("the general model") applies. The first step of the general model is to determine which impairment 'stage' the loans sit within. At initial recognition, loans are generally within 'stage 1', which requires a 12-month expected credit loss to be calculated for each balance. The model then requires monitoring of the credit risk associated with the loan to consider if there has been a significant increase since initial recognition. If there has been a significant increase in credit risk (the loan is now in 'stage 2'), or the asset has become credit impaired (the loan is now in 'stage 3'), a lifetime expected credit loss must be recognised.

In determining whether a significant increase in credit risk has occurred, the company takes into account the fellow subsidiary's performance and financial position, as well as expected future cash flows. Upon adoption of IFRS 9, in the directors view, there was no significant increase in the credit risk with respect these loans and thus the company did not change its provision for impairment assessment with respect to the loans to subsidiary.

2. Earnings per share

Earnings per share is based on the profit after taxation attributable to the ordinary shareholders of the company divided by the weighted average number of ordinary shares in issue during the period.

3. Related party transactions

The company forms part of the Tumas Group of Companies. All companies forming part of the Tumas Group are related parties since these companies are all ultimately owned by Tumas Group Company Limited which is considered by the directors to be the ultimate controlling party. The main related party with whom transactions are entered into is Spinola Development Company Limited, the guarantor of the interest-bearing borrowings.

The principal transactions carried out with related parties during the period were as follows:

	Six-months ended 30 June	
	2018	2017
	€	€
Income from services		
Interest receivable from fellow subsidiary	**1,109,555**	1,395,685
Facility charges from fellow subsidiary	**81,946**	102,719
	1,191,501	1,498,404

The company's balances with fellow subsidiaries and parent as at the end of the period are as follows:

	As at 30 June	As at 31 December
	2018	2017
	€	€
Non-current		
Loans to fellow subsidiary	**50,000,000**	50,000,000
Current		
Net amounts owed by fellow subsidiary	**102,873**	101,693
Net amounts owed to fellow subsidiary	**(2,163)**	-

4. Share capital

	As at 30 June	As at 31 December
	2018	2017
	€	€
Authorised, issued and fully paid up		
250,002 ordinary shares of €1 each	**250,002**	250,002

In terms of resolution dated 12 May 2017, the issued share capital was re-designated from 100,000 ordinary shares of €2.329373 each to 232,937 ordinary shares of €1 each. Following this, the issued share capital increased to 250,002 ordinary shares of €1 each.

TUMAS INVESTMENTS plc

Director's statement pursuant to Listing Rule 5.75.3

I hereby confirm that to the best of my knowledge:

1. the condensed half-yearly report gives 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 in accordance with International Financial Reporting Standards 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.

John Zarb
Director