Company Registration No.: C 35

SANTUMAS SHAREHOLDINGS PLC

Interim Report and
Interim Condensed Financial Statements (unaudited)

31 October 2018

CONTENTS

INTERIM DIRECTORS' REPORT

This interim report is published in terms of Chapter 5 of the Listing rules as prescribed by the Listing Authority in accordance with the provisions of the Financial Markets Act, 1990.

The interim condensed financial statements have been extracted from the Company's unaudited accounts for the six months ended 31 October 2018 and its comparative period in 2017. The comparative Statement of Financial Position has been extracted from the audited financial statements as at 30 April 2018. The interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by the IASB and adopted by the EU. In terms of Listing Rule 5.75.5, the Directors state that the half yearly financial report has not been audited or reviewed by the Company's independent auditor.

Principal Activity
The principal activity during the six months continued to be the carrying out of investment activities in the form of a listed Property Company. Maintenance and administratión of a relatively large ground rent holding and the active management of a diversified local equity and bond portfolio, in conjunction with the sourcing of suitable properties to be held for their rental yield and appreciation potential, continue to form the essence of the Company's operations.

Results
The interim condensed Statement of Comprehensive Income is set out on page 4. The loss before tax for the six-month period to 31 October 2018 was EUR58,107 as compared to a loss before tax of EUR43,672 for the corresponding period in 2017. There was a tax charge for the six months of EUR73,191 (2017: EUR41,328). The loss after tax for the six-month period to 31 October 2018 was therefore EUR131, 298 as against a loss after tax of EUR85,000 generated during the comparative period.

Portfolio
The period under review has seen a negative fair value movement of EUR234,903 as compared to a negative fair value movement of EUR107,669 for the corresponding period last year. As the portfolio is made up of the main companies listed on the Malta Stock Exchange the appreciation or otherwise of the share price of such companies, particularly the large cap stocks, directly effects the performance of the portfolio and the negative fair value movement is a direct reflection of this.

Although dividend income for the period rose from EUR92,210 to EUR192,129 overall investment income saw a fall of EUR19,798 from the corresponding period. This has occurred due to a negative change in the fair value of financial assets which change exceeded any corresponding increase in other investment income arising from dividends, interest, rental income and the sale of rights.

Net asset value
At 31 October 2018 the Net Asset Value per share of the Company stood at EUR1.689 (April 2018: EUR 1.709). The decrease was caused by the loss for the period, as explained in the "Results" section, which resulted in lower retained earnings. The Net Asset Value has been calculated using the same methodology used to calculate the Earnings per Share.

Principal Risks
The principal risks and uncertainties for the remaining six months remain the same as those disclosed in the Directors' Report for the financial year ended 30 April 2018.

The Directors' report was approved by the Board of Directors and signed on its behalf by:

Mr. Anthony P. Demajo Company Chairman	Mr. Mario P. Galea Director

17 December 2018

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months to 31 October 2018 (unaudited) EUR	Six months to 31 October 2017 (unaudited) EUR
REVENUE			
Investment income	4	**243,275**	135,839
Decrease in fair values of financial assets	6	**(234,903)**	(107,669)
Total revenue		**8,372**	28,170
EXPENSES			
Administrative expenses		**(66,479)**	(71,842)
Total expenses		**(66,479)**	(71,842)
Loss before tax		**(58,107)**	(43,672)
Income tax expense		**(73,191)**	(41,328)
Loss for the period		**(131,298)**	(85,000)
Total comprehensive loss for the period		**(131,298)**	(85,000)
Loss per share		**(0.020)**	(0.013)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 October 2018

	Notes	31 October 2018 (unaudited) EUR	30 April 2018 (audited) EUR
ASSETS			
Non-current assets			
Investment properties	5	**4,752,564**	4,772,714
Property, plant and equipment		**161,254**	165,000
Financial assets at fair value through profit or loss	6	**6,555,523**	6,669,318
		11,469,341	11,607,032
Current assets			
Financial assets at fair value through profit or loss	6	**16,825**	167,975
Receivables		**84,472**	80,855
Cash at bank		**355,500**	198,933
		456,797	447,763
TOTAL ASSETS		**11,926,138**	12,054,795
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		**1,828,526**	1,828,526
Share premium		**262,746**	262,746
Revaluation reserve		**125,395**	126,949
Other reserves		**4,733,932**	4,640,553
Retained earnings		**4,283,954**	4,507,077
Total Equity		**11,234,553**	11,365,851
Non-current liabilities			
Deferred tax liability		**475,912**	479,104
Current liabilities			
Payables		**194,171**	184,613
Income tax payable		**21,502**	25,227
		215,673	209,840
Total liabilities		**691,585**	688,944
TOTAL EQUITY AND LIABILITIES		**11,926,138**	12,054,795
Net asset value per share		**1.690**	1.709

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Issued capital EUR	Share premium EUR	Revaluation reserve EUR	Other reserves EUR	Dividend reserve EUR	Retained earnings EUR	Total EUR
FINANCIAL PERIOD ENDED 31 October 2018 (unaudited)							
At 1 May 2018	1,828,526	262,746	126,949	4,640,553	-	4,507,077	11,365,851
Total comprehensive loss for the period	-	-	-	-	-	(131,298)	(131,298)
Increase in fair value of financial assets	-	-	-	111,514	-	(111,514)	-
Redemption of ground rents	-	-	-	(18,135)	-	18,135	-
Depreciation transfer for land and buildings, net of deferred tax	-	-	(1,554)	-	-	1,554	-
Financial period ended at 31 October 2018	**1,828,526**	**262,746**	**125,395**	**4,733,932**	**-**	**4,283,954**	**11,234,553**

	Issued capital EUR	Share premium EUR	Revaluation reserve EUR	Other reserves EUR	Dividend reserve EUR	Retained earnings EUR	Total EUR
FINANCIAL PERIOD ENDED 31 October 2017 (unaudited)							
At 1 May 2017	1,219,017	262,746	75,339	4,732,196	-	5,195,242	11,484,540
Total comprehensive loss for the period	-	-	-	-	-	(85,000)	(85,000)
Increase in fair value of financial assets	-	-	-	(133,290)	-	133,290	-
Redemption of ground rents	-	-	-	(1,267)	-	1,267	-
Dividends proposed	-	-	-	-	609,508	(609,508)	-
Depreciation transfer for land and buildings, net of deferred tax	-	-	(1,001)	-	-	1,001	-
Financial period ended at 31 October 2017	**1,219,017**	**262,746**	**74,338**	**4,597,639**	**609,508**	**4,636,292**	**11,399,540**

INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Six months to 31 October 2018 (unaudited) EUR	Six months to 31 October 2017 (unaudited) EUR
Operating activities		
Loss before taxation	(58,107)	(43,672)
Adjustments for:		
Depreciation of property, plant and equipment	3,746	2,834
Decrease in fair value of financial assets	234,903	107,669
Redemption of ground rent	19,685	(4,640)
Gain on disposal of financial asset	(10,943)	-
Interest income	(17,095)	(14,711)
Dividend income	(192,129)	(92,210)
Working capital adjustments:		
Increase in receivables	(26,298)	(573)
Increase in payables	9,558	13
Income tax paid	(11,540)	(14,579)
Interest income received	22,445	14,366
Dividend income received	140,892	96,390
Net cash flows generated from operating activities	115,117	50,887
Investing activities		
Purchase of financial assets	(152,411)	(418,887)
Disposal and maturities of financial assets	193,396	-
Purchase of investment property	-	(39,790)
Redemption of ground rent	465	6,048
Net cash flows generated from/(used in) investing activities	41,450	(452,629)
Net cash flows generated from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	156,567	(401,742)
Cash and cash equivalents at 1 May	198,933	1,125,265
Cash and cash equivalents at 31 October	355,500	723,523

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Santumas Shareholdings plc is a public limited company incorporated and domiciled in Malta whose shares are publicly traded.

On 9 October 2014, the Company has surrendered its license as a collective investment scheme (CIS) and de-listed its shares on the Malta Stock Exchange as a CIS. On the same date, Santumas Shareholding plc was admitted to listing on the Malta Stock Exchange as a Property Company.

2. BASIS OF PREPARATION

The unaudited interim condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the IASB and adopted by the EU.

The interim condensed financial statements do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the financial statements as at and for the year ended 30 April 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 April 2018, except for the adoption of new standards effective for financial periods beginning as of 1 May 2017. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applied, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. However as disclosed below, adoption of these standards did not require restatement of previous financial statements. However, as required by IAS 34, the nature and effect on the accounting policies following adoption of the aforementioned standards are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed financial statements of the Company.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

IFRS 15 is applicable to all contracts with customers except amongst others for lease contracts and financial instruments within the scope of IFRS 9 Financial Instruments. Given that the revenue streams of the Company emanate from ground rent (lease) contracts and financial instruments within the scope of IFRS 9, IFRS 15 did not have a significant impact on the accounting policies of the entity and therefore the recognition and measurement principles applicable for the major revenue streams will remain the same as that of prior years.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

IFRS 9 Financial Instruments – Classification and Measurement

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The classification and measurement requirements are applied retrospectively, however as permitted by IFRS 9, Santumas Shareholdings plc has not restated the comparatives.

Under IFRS 9 the Company initially measures a financial asset at its fair value plus, in the case of a financial asset, not at fair value through profit or loss, transaction cost.

Financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification and measurement is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

If a financial asset is held within a business model other than 'hold to collect' or 'hold to collect and sell' then the financial asset is required to be measured at fair value through profit or loss ('FVTPL') without further analysis. For those financial assets where the contractual cash flows arising on specified dates that are solely payments of principal and interest ('SPPI') on the principal amount outstanding, classification at amortised cost or fair value through other comprehensive income ('FVOCI') will depend on whether the business model is to hold financial assets for the collection of contractual cash flows or whether the objective of the business model is achieved by both the collection of contractual cash flows and selling financial assets. If an instrument contains contractual cash flows which do not represent solely payments of principal and interest, then the classification to be used is FVTPL even if it is held in a business model that is either hold to collect or hold to collect and sell.

The Company's business model is determined by key management personnel and reflects the strategic purpose and intention for the portfolio and how the performance of the portfolio is assessed. Since the business model is set at a portfolio level, the classification assessment for this criterion is accordingly performed at that level.

The assessment of the business models was made as of the date of initial application, 1 May 2018, and then applied retrospectively. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The new classification and measurement of the Company's financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category is made up solely of receivables. Classification under IFRS 9 is the same as the one that was applied under IAS 39.

- Financial assets at FVPL comprise of equity instruments which the Company had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category also includes debt instruments which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. This classification is the same as the one under IAS 39 as the financial assets designated at FVTPL remained at FVTPL, because it is required under IFRS 9 or designation continued.

The accounting for the Company's financial liabilities, mainly payables, remains largely the same as it was under IAS 39.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

IFRS 9 Financial Instruments – Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The impairment requirements were applied retrospectively but comparatives were not restated. The application of the impairment on receivables did not have a material impact on the profit and loss of the entity.

4. INVESTMENT INCOME

	Six months to 31 October 2018 (unaudited) EUR	Six months to 31 October 2017 (unaudited) EUR
Dividends	**192,129**	92,210
Interest income	**17,095**	14,711
Ground rents	**23,688**	24,278
Other income (note i)	**10,363**	4,640
	243,275	135,839

(i) Other income includes income from the sale of rights on properties.

5. INVESTMENT PROPERTIES

The Company's investment property comprises of land and buildings and the capitalisation of ground rents.

Market valuations, with respect to investment property excluding ground rents, are performed by independent professional architects every two years or earlier whenever their fair values differ materially from their carrying amounts. In the period when a market valuation is not performed, an assessment of the fair value is performed to reflect market conditions at the period-end date.

The valuation is determined primarily by the comparable method together with the capitalisation method which are based on directly or indirectly observable inputs which do not require a significant level of adjustments.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - continued

5. INVESTMENT PROPERTIES - continued

Comparable method:	
Market prices	based on database of valuations and sales of properties in the relevant area;
Capitalisation method:	
Future rental cash inflows	based on the actual location, type and quality of the properties and external evidence such as current market rents for similar properties;
Capitalisation rates	based on actual location, size and quality of the properties and taking into account market data at the valuation date.

The valuation of ground rents is determined by the capitalisation method, as explained above. The capitalisation rate for non-revisable ground rents is determined by reference to local legislation whilst the capitalisation rate for revisable ground rents is based on inputs that reflect the current market conditions.

For the valuation of ground rents, management on a periodical basis reviews the major inputs used in the calculation of the fair value in line with local legislation and market conditions.

The valuation processes and techniques utilised in preparing these interim condensed financial statements were consistent with those applied in the preparation of financial statements for the year ended 30 April 2018.

The Company uses the following hierarchy for determining and disclosing the fair value of investment property by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Fair value as at 31 October 2018 (unaudited)	**4,752,564**	**-**	**3,217,100**	**1,535,464**
Fair value as at 30 April 2018 (audited)	4,772,714	-	3,217,100	1,555,614

For each valuation of investment property classified as Level 3, annual rent or ground rent and capitalisation rate have been determined to be the significant unobservable inputs. The higher the annual rent or ground rent, the higher the fair value will be and conversely the lower the annual rent or ground rent, the lower the fair value. The lower the capitalisation rate, the higher the fair value will be and conversely the higher the capitalisation rate, the lower the fair value.

6. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss. This designation results in more relevant information because this group of financial assets is managed and its performance is evaluated on a fair value basis. During the year, the Company's investment portfolio saw a negative fair value movement of EUR234,903 (2017: EUR107,669). Additions during the current financial period amounted to EUR152,411.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - continued

6. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES - continued

Financial assets at fair value through profit or loss - continued

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company'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 year. For all properties, their current use equates to the highest and best use.

	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Fair value as at 31 October 2018 (unaudited)	**6,572,348**	**4,971,999**	**1,568,567**	**31,782**
Fair value as at 30 April 2018 (audited)	6,837,293	5,101,866	1,703,645	31,782

Included with the financial assets classified as Level 2, is a Professional Investor Fund, the price of which started being quoted annually as from October 2014. Observable inputs that may otherwise be a Level 1 input will be rendered Level 2 if the information relates to a market that is not active.

The fair value of financial assets classified as Level 3 was determined by reference to the net asset value of the investees. During 2018 and 2017, the Company did not recognise any fair value gains with respect to financial assets classified as Level 3 in the fair value hierarchy. No dividend income was received during 2018 and 2017 from these investments. There were no movements in the holding of these investments during 2018 and 2017.

Other financial assets and liabilities

At 31 October 2018 and 30 April 2018, the carrying amounts of receivables, cash at bank and payables approximated their fair values. These are measured using a Level 2 valuation technique.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

I confirm that, to the best of my knowledge:

- The interim condensed financial information gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 October 2018 and of its financial performance and its cash flows for the period then ended, in accordance with IAS 34 Interim Financial Reporting issued by the IASB and as adopted by the EU; and
- The Interim Directors' Report includes a fair review of the information required under listing Rule 5.81 to 5.84.

Mr. Anthony P. Demajo
Company Chairman

Mr. Mario P. Galea
Director