

SANTUMAS SHAREHOLDINGS PLC

**Interim Report and
Interim Condensed Financial Statements (unaudited)**

31 October 2023

SANTUMAS SHAREHOLDINGS PLC
Interim Report and Interim Condensed Financial Statements (unaudited)
for the six-month period ended 31 October 2023

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INTERIM DIRECTORS' REPORT

This interim report is published in terms of Chapter 5 of the Capital Market Rules as prescribed by the Malta Financial Services 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 2023 and its comparative period in 2022. The comparative Statement of Financial Position has been extracted from the audited financial statements as at 30 April 2023. 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 Capital Market 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 administration 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 5.

The profit before tax for the six-month period to 31 October 2023 was EUR 346,006 (2022: EUR 419,526). There was a tax charge for the six-months of EUR 74,070 (2022: EUR 51,304). This resulted in a profit after tax for the six-month period to 31 October 2023 of EUR 271,936 (2022: EUR 368,222).

Portfolio

The period under review has seen a positive fair value movement of EUR 225,616 (2022: EUR 99,710). As the portfolio is made up in the main of companies listed on the Malta Stock Exchange the appreciation or otherwise of the share price of such companies, particularly the large, capitalised stocks, directly affects the performance of the portfolio and the positive or negative fair value movement is a direct reflection of this.

Dividend income for the period was EUR 139,999 (2022: EUR 83,529), whilst the net income from the primary activity of the company for the six-month period amounted to EUR 418,111 (2022: EUR 483,806).

Net asset value

At 31 October 2023 the Net Asset Value per share of the Company stood at EUR 1.624 compared to EUR1.587 as at 30 April 2023. The Net Asset Value has been calculated using the same methodology used to calculate the Earnings per Share.

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INTERIM DIRECTORS' REPORT - continued

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 2023.


Statement pursuant to Capital Market Rule 5.75.3 issued by the Malta Financial Services Authority

We confirm that, to the best of our 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 2023 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 Capital Market Rules 5.81 to 5.84.



MR. ANTHONY P. DEMAJO
Company Chairman



MR. MARIO P. GALEA
Director

Date: 19th December 2023

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six-months to 31 October 2023 (unaudited) EUR	Six-months to 31 October 2022 (unaudited) EUR
REVENUE			
Investment income	3	192,495	384,096
Increase in fair value of financial assets	5	<u>225,616</u>	<u>99,710</u>
		<u>418,111</u>	<u>483,806</u>
EXPENSES			
Administrative expenses		<u>(72,105)</u>	<u>(64,280)</u>
Total expenses		<u>(72,105)</u>	<u>(64,280)</u>
Profit before tax		346,006	419,526
Income tax expense		<u>(74,070)</u>	<u>(51,304)</u>
Profit for the period		<u>271,936</u>	<u>368,222</u>
Total comprehensive income for the period		<u><u>271,936</u></u>	<u><u>368,222</u></u>
Profit per share		<u>0.04</u>	<u>0.05</u>

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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	31 October 2023 (unaudited) EUR	30 April 2023 (audited) EUR
ASSETS			
Non-current assets			
Investment properties	4	5,394,297	5,394,297
Property, plant and equipment		175,941	180,000
Financial assets at fair value through profit or loss	5	6,688,338	6,401,785
		<u>12,258,576</u>	<u>11,976,082</u>
Current assets			
Receivables		192,894	95,139
Cash at bank		307,863	373,296
		<u>500,757</u>	<u>468,435</u>
TOTAL ASSETS		<u>12,759,333</u>	<u>12,444,517</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		2,011,384	2,011,384
Share premium		262,746	262,746
Revaluation reserve		147,981	151,378
Other reserves		4,824,617	4,923,854
Retained earnings		4,633,061	4,258,491
Total Equity		<u>11,879,789</u>	<u>11,607,853</u>
Non-current liabilities			
Deferred tax liability		564,457	541,513
		<u>564,457</u>	<u>541,513</u>
Current liabilities			
Payables		256,452	244,646
Deferred Income		26,000	26,000
Income tax payable		32,635	24,505
		<u>315,087</u>	<u>295,151</u>
Total liabilities		<u>879,544</u>	<u>836,664</u>
TOTAL EQUITY AND LIABILITIES		<u>12,759,333</u>	<u>12,444,517</u>
Net asset value per share		<u>1.624</u>	<u>1.587</u>

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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Issued capital EUR	Share premium EUR	Revaluation reserve EUR	Other reserves EUR	Retained earnings EUR	Total EUR
FINANCIAL PERIOD ENDED						
31 October 2023 (unaudited)						
At 1 May 2023	2,011,384	262,746	151,378	4,923,854	4,258,491	11,607,853
Total comprehensive profit for the period	-	-	-	-	271,936	271,936
Movement of cumulative unrealised fair value gains on financial assets	-	-	-	(99,237)	99,237	-
Depreciation transfer for land and buildings, net of deferred tax	-	-	(3,397)	-	3,397	-
Financial period ended at 31 October 2023	2,011,384	262,746	147,981	4,824,617	4,633,061	11,879,789

	Issued capital EUR	Share premium EUR	Revaluation reserve EUR	Other reserves EUR	Retained earnings EUR	Total EUR
FINANCIAL PERIOD ENDED						
31 October 2022 (unaudited)						
At 1 May 2022	2,011,384	262,746	147,363	4,823,275	3,616,470	10,861,238
Total comprehensive profit for the period	-	-	-	-	368,222	368,222
Movement of cumulative unrealised fair value gains on financial assets	-	-	-	(56,184)	56,184	-
Depreciation transfer for land and buildings, net of deferred tax	-	-	(3,358)	-	3,358	-
Financial period ended at 31 October 2022	2,011,384	262,746	144,005	4,767,091	4,044,234	11,229,460

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INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Six-months to 31 October 2023 (unaudited) EUR	Six-months to 31 October 2022 (unaudited) EUR
Operating activities		
Profit before taxation	346,006	419,526
Adjustments for:		
Depreciation of property, plant and equipment	4,059	4,015
Increase in fair value of financial assets	(225,616)	(99,710)
Interest income	(17,313)	(12,258)
Dividend income	(139,999)	(83,529)
Working capital adjustments:		
Increase in receivables	(103,338)	(42,312)
Increase in payables	11,806	13,263
Income tax received/(paid)	2,118	(22,428)
Interest income received	13,617	13,624
Dividend income received	104,164	71,978
Net cash flows generated from operating activities	<u>(4,496)</u>	<u>262,169</u>
Investing activities		
Purchase of financial assets	<u>(60,937)</u>	<u>(32,039)</u>
Net cash flows used in investing activities	<u>(60,937)</u>	<u>(32,029)</u>
Net (decrease)/increase in cash and cash equivalents	(65,433)	230,130
Cash and cash equivalents as at 1 May	<u>373,296</u>	<u>374,031</u>
Cash and cash equivalents as at 31 October	<u><u>307,863</u></u>	<u><u>604,161</u></u>

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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 Shareholdings 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 2023.

Going Concern

These interim financial statements have been prepared on a going concern basis, which assumes that the company will continue in existence for the foreseeable future.

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 2023, except for the adoption of new standards effective for financial periods beginning as of 1 May 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Company.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - continued

3. INVESTMENT INCOME

	Six-months to 31 October 2023 (unaudited) EUR	Six-months to 31 October 2022 (unaudited) EUR
Dividends	139,999	83,529
Interest income	17,313	12,258
Ground rents	33,523	25,809
Other income (note i)	1,660	262,500
	<u>192,495</u>	<u>384,096</u>

- (i) Other income includes income from concession of contractual rights on certain properties.

4. 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.

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 2023.

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – continued

4. INVESTMENT PROPERTIES – continued

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 2023 (unaudited)	5,394,297	-	3,564,000	1,830,297
Fair value as at 30 April 2023 (audited)	5,394,297	-	3,564,000	1,830,297

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.

5. 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 positive fair value movement of EUR 225,616 (2022: EUR99,710). During the current financial period, there were additions amounting to EUR 60,937 (2022: EUR32,039) and no disposals (2022: nil). During the current financial period, the company did not receive any bonus shares (2022: EUR2,369).

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 2023 (unaudited)	6,688,338	5,270,460	1,386,096	31,782
Fair value as at 30 April 2023 (audited)	6,401,785	5,050,972	1,319,031	31,782

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5. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES – continued

Financial assets at fair value through profit or loss - continued

Included with the financial assets classified as Level 2, is a Professional Investor Fund, the price of which is quoted on an ad hoc basis. 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 2023 and 2022, 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 the first six-months to 31st October 2023 and the first six months to 31st October 2022 from these investments. There were no movements in the holding of these investments during 2023 and 2022.

Other financial assets and liabilities

As at 31 October 2023 and 30 April 2023, the carrying amounts of receivables, cash at bank and payables approximated their fair values. These are measured using a Level 2 valuation technique.