

SANTUMAS SHAREHOLDINGS PLC

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

31 October 2019

SANTUMAS SHAREHOLDINGS PLC
Interim Report and Interim Condensed Financial Statements (unaudited)
for the six-month period ended 31 October 2019

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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 2019 and its comparative period in 2018. The comparative Statement of Financial Position has been extracted from the audited financial statements as at 30 April 2019. 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 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 2019 was EUR73,607 as compared to a loss before tax of EUR58,107 for the corresponding period in 2018. There was a tax charge for the six months of EUR134,750 (2018: EUR73,191). This resulted in a loss after tax for the six-month period to 31 October 2019 of EUR61,143 as against a loss after tax of EUR131,298 generated during the comparative period.

Portfolio

The period under review has seen a negative fair value movement of EUR287,343 as compared to a negative fair value movement of EUR234,903 for the corresponding period last year. 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 effects the performance of the portfolio and the negative fair value movement is a direct reflection of this.

Dividend income for the period rose from EUR192,129 to EUR378,474, in the main due to a material bonus issue by a major local financial services Company, as a result of which overall investment income increased to EUR142,222 as compared to EUR8,372 for the corresponding period.

Net asset value

At 31 October 2019 the Net Asset Value per share of the Company stood at EUR1.627 compared to EUR1.635 as at 30 April 2019. The Net Asset Value has been calculated using the same methodology used to calculate the Earnings per Share.

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DIRECTORS' REPORT - continued

Net asset value- continued

Thus in order to arrive at the Net Asset Value, the bonus issue allocated on 28th October 2019 has been taken into consideration accordingly.

Bonus Issue

Subsequent to approval at the Annual General Meeting of the Company held on 11th October 2019, and approval by the Listing Committee on 28th October 2019, a bonus issue of one share for every ten shares held has been allotted. This bonus issue has been funded by a capitalisation of reserves amounting to EUR182,858.

Following the bonus issue, the new total number of shares in issue stood at 7,314,122 fully paid up shares with a nominal value of EUR0.275 per share.

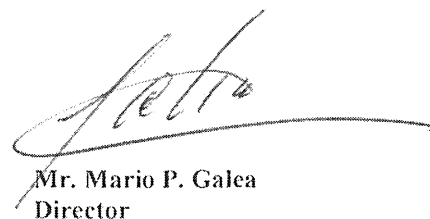
Principal Risks

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 2019.

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

23 December 2019

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months to 31 October 2019 (unaudited) EUR	Six months to 31 October 2018 (unaudited) EUR
REVENUE			
Investment income	4	429,565	243,275
Decrease in fair value of financial assets	6	(287,343)	(234,903)
Total revenue		142,222	8,372
EXPENSES			
Administrative expenses		(68,615)	(66,479)
Total expenses		(68,615)	(66,479)
Profit/(Loss) before tax		73,607	(58,107)
Income tax expense		(134,750)	(73,191)
Loss for the period		(61,143)	(131,298)
Total comprehensive loss for the period		(61,143)	(131,298)
Loss per share		(0.008)	(0.018)

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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
as at 31 October 2019

	Note	31 October 2019 (unaudited) EUR	30 April 2019 (audited) EUR
ASSETS			
Non-current assets			
Investment properties	5	4,850,664	4,850,664
Property, plant and equipment		167,423	170,000
Financial assets at fair value through profit or loss	6	6,933,168	7,110,944
		11,951,255	12,131,608
Current assets			
Financial assets at fair value through profit or loss	6	-	16,700
Receivables		213,891	87,276
Cash at bank		442,197	412,906
		656,088	516,882
TOTAL ASSETS		12,607,343	12,648,490
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital		2,011,384	1,828,526
Share premium		262,746	262,746
Revaluation reserve		132,669	134,687
Other reserves		5,049,620	5,144,930
Retained earnings		4,443,955	4,590,628
Total Equity		11,900,374	11,961,517
Non-current liabilities			
Deferred tax liability		486,756	487,127
Current liabilities			
Payables		195,210	185,200
Income tax payable		25,003	14,646
		220,213	199,846
Total liabilities		706,969	686,973
TOTAL EQUITY AND LIABILITIES		12,607,343	12,648,490
Net asset value per share		1.627	1.635

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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 2019 (unaudited)						
At 1 May 2019	1,828,526	262,746	134,687	5,144,930	4,590,628	11,961,517
Total comprehensive loss for the period	-	-	-	-	(61,143)	(61,143)
Decrease in unrealised gains on financial assets	-	-	-	(95,310)	95,310	-
Redemption of ground rents	-	-	-	-	-	-
Bonus Issue	182,858	-	-	-	(182,858)	-
Depreciation transfer for land and buildings, net of deferred tax	-	-	(2,018)	-	2,018	-
Financial period ended at 31 October 2019	2,011,384	262,746	132,669	5,049,620	4,443,955	11,900,374
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 unrealised gains on 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

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INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Six months to 31 October 2019 (unaudited) EUR	Six months to 31 October 2018 (unaudited) EUR
Operating activities		
Profit/(Loss) before taxation	73,607	(58,107)
Adjustments for:		
Depreciation of property, plant and equipment	2,577	3,746
Decrease in fair value of financial assets	287,343	234,903
Redemption of ground rent	-	19,685
Gain on disposal of financial asset	(13,902)	(10,943)
Interest income	(13,190)	(17,095)
Dividend income	(378,474)	(192,129)
Working capital adjustments:		
Increase in receivables	(129,090)	(26,298)
Increase in payables	10,010	9,558
Income tax paid	6,777	(11,540)
Interest income received	13,315	22,445
Dividend income received	249,283	140,892
Net cash flows generated from operating activities	108,256	115,117
Investing activities		
Purchase of financial assets	(450,623)	(152,411)
Disposal and maturities of financial assets	371,658	193,396
Purchase of investment property	-	-
Redemption of ground rent	-	465
Net cash flows generated from/(used in) investing activities	(78,965)	41,450
Net increase in cash and cash equivalents	29,291	156,567
Cash and cash equivalents at 1 May	412,906	198,933
Cash and cash equivalents at 31 October	442,197	355,500

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Santumás 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 2019.

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 2019, except for the adoption of new standards effective for financial periods beginning as of 1 May 2019. 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 2019, but do not have an impact on the interim condensed financial statements of the Company.

IFRS 16 Leases

Under IAS 17 leases were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

With the introduction of IFRS 16, leases are recognised as a right-for-use (ROU) asset and a corresponding liability at the date at which the leased asset is made available for use. Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant period rate of interest on the remaining balance of the liability. The ROU asset is depreciated over the shorter of the ROU asset's useful economic life and the lease term on a straight-line basis.

In determining the lease term, all facts and circumstances are considered that create an economic incentive to exercise an extension option or not exercise a termination option. In general, it is not expected that the discount rate implicit in the lease is available so the lessee's incremental borrowing rate is used. This is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment with similar terms and conditions.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - continued

3. SIGNIFICANT ACCOUNTING POLICIES - continued

IFRS 16 Leases - continued

Given that the company's lease contracts, in its capacity as a lessee, relates to ground rent contracts, the company has taken into consideration all the cashflows that it will pay up till the end of the lease and discounted them using the company's incremental rate. The resulting figure from a liability perspective was not material and thus the directors have concluded that the standard does not have a significant impact on the way lessee accounting is recorded by the company.

Amendment to IAS 12 'Income Taxes'

An amendment to IAS 12 was issued in December 2017 as part of the annual improvement cycle. The amendment clarifies that an entity should recognise the tax consequences of dividends where the transactions or events that generated the distributable profits are recognised. This amendment was applied on 1 May 2019 and had no material impact. Comparative have not been restated.

4. INVESTMENT INCOME

	Six months to 31 October 2019 (unaudited) EUR	Six months to 31 October 2018 (unaudited) EUR
Dividends	378,474	192,129
Interest income	13,190	17,095
Ground rents	23,597	23,688
Other income (note i)	14,304	10,363
	429,565	243,275

- (i) Other income includes income from concession of contractual rights on certain properties and realised gains on the sale of financial assets.

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.

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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS – continued

5. INVESTMENT PROPERTIES - continued

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 2019.

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 2019 (unaudited)	4,850,664	-	3,315,200	1,535,464
Fair value as at 30 April 2019 (audited)	4,850,664	-	3,315,200	1,535,464

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 EUR287,343 (2018: EUR234,903). Additions during the current financial period amounted to EUR450,623 (2018: EUR152,804).

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.

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'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 2019 (unaudited)	6,933,168	5,368,606	1,532,116	32,446
Fair value as at 30 April 2019 (audited)	7,127,644	5,445,021	1,650,177	32,446

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 2019 and 2018, 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 2019 and 2018 from these investments. There were no movements in the holding of these investments during 2019 and 2018.

Other financial assets and liabilities

At 31 October 2019 and 30 April 2019, the carrying amounts of receivables, cash at bank and payables approximated their fair values. These are measured using a Level 2 valuation technique.

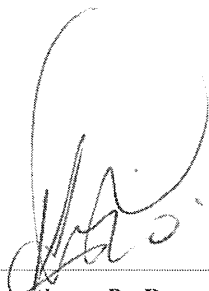
SANTUMAS SHAREHOLDINGS PLC

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

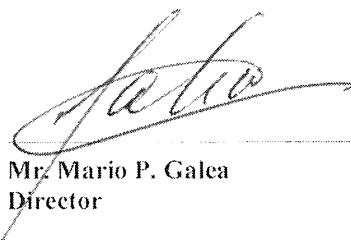
Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

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 2019 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