COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Tumas Investments p.l.c. (the Company) pursuant to Chapter 5 of the Listing Rules of the Listing Authority with respect to the Half-Yearly Financial Statements of the Company.

Quote

The Board of Directors of Tumas Investments p.l.c. has today approved the unaudited Half-Yearly Financial Statements of the Company for the six months ended 30th June 2020.

The Board has also authorized the issue of these Half-Yearly Financial Statements which will be available on the Tumas Group website: https://tumas.com/wp-content/uploads/2020/08/TI-Interim-FS-June-2020.pdf

Unquote

Ray Sladden
Company Secretary

26th August 2020

Directors: Raymond Fenech, Ray Sladden, Michael Grech, Kevin Catania, John Zarb

Tumas Group Head Office, Level 3, Portomaso Business Tower, Portomaso, STJ 4011,Malta.
Tel: (356 2137 2347 Fax: (356) 2137 2358
e-mail: tgcorporate@tumas.com Website://www.tumas.com
Company Reg. No: C27296

TUMAS INVESTMENTS p.l.c.

Half-Yearly Report
30 June 2020

Company Registration Number: C 27296

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 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 Group's independent auditors.

Trading performance

The company

During the six month period ended June 2020 finance income in the form of interest receivable and facility fees from Spinola Development Company Limited amounted to €1.19 million (2019: €1.19 million).

Finance costs, largely interest payable on the outstanding bond issues together with amortisation of related costs amounted of €1.11 million (2019: €1.11 million), while administrative costs totalled €66,102 (2019: €66,564). The financial position of the company is constituted of loans to the guarantor Spinola Development Company Limited and cash at bank, representing the two bonds totalling €50 million and trade and other payables.

The guarantor

Spinola Development Company Limited as the guarantor of the bonds and the company to which Tumas Investments plc advanced the proceeds of the said bond issues has for the first time this year, as expected, suffered a setback following from the on-going COVID-19 pandemic. 2020 expected to be another exceptional year, actually started off with the hospitality segment of the company performing even above the previous year's level. This however, only lasted two months as what took off as a very robust year tumbled to the consequences of the pandemic. In fact, following the outbreak and the health authorities' directions, the guarantor ran down its operations at the hotel and its associated amenities to minimal levels as from the third week of March up to last week of June. It is worthwhile noted that the airport was closed down on the 21st March 2020 and reopened on the 1st July 2020. As we already reported when the guarantor published its Financial Statements for 2019, less than two months ago it was clear at that point that the larger segment at Portomaso, i.e., the hospitality segment was brought to a practical standstill. Despite the lapse of a few more weeks since then and the fact that the hotel is now back in business with all amenities open, the level of operations is understandably nowhere near what one enjoyed in previous years. This is fully due to the current COVID circumstances and the uncertainty generated amongst the travelling public with cancellations of bookings being the order to the day. On a positive note however, it is worth remarking that our revised COVID budget for the hotel is being exceeded at least up to the time of drafting this report with occupancy levels now reaching 50%, although as expected room rate is substantially below last year. In such a volatile situation one is hesitant to put any forward-looking statements with a high degree of certainty. Despite this, we are been encouraged by the late pick-up in business and look forward to a level of operations which allows us to retain an acceptable level of cashflow. One, however, needs to underline that revenue from the hotel and ancillary activities which usually top the €40 million mark is, as of today, only envisaged to reach about a third of what we have been accustomed to over the last years. The hotel's management together with Hilton International have adopted a rolling forecast so as to reflect the current status. As already noted, this is an evolving scenario, and highly prone to shifting as news of a very recent surge in COVID cases complicates matters. The directors and management are constantly monitoring the situation in a proactive manner in order to take appropriate pre-emptive measures. On the other hand, it is worth noting that Spinola Development Company Limited is a multi-facet operation providing a diversified business model which goes to cushion weak hospitality operations.

Half-yearly directors' report - continued

Trading performance - continued

The guarantor - continued

As part of the hospitality segment we also include the car park, marina and tower bar which are impacted to different degrees. We still project that the marina will operate to the same level as budget, however the car park performance took a downturn due to the initial drop in the demand when COVID first set in earlier on this year. This has now been temporarily reversed and business returned to some degree of normality, it should be noted that this operation is highly susceptible to traffic to Portomaso emanating from both hotel residents and others working and visiting the complex. This recent improvement can easily be reversed should the COVID situation worsen. The same applies to the tower bar which is more prone to the situation. Our revised forecast figures for this year have made provisions for a weaker performance. In the meantime, it is important to note that all operating units within Portomaso are following health directives as set by the authorities so as to ensure the appropriate health safety standards.

As already noted, we are of the view that it is still too early to make any far-reaching predictions. Our financial forecasts have taken significant hits in revenues going forward this year and these revised figures reflect a projected loss from the hospitality segment as opposed to our traditional profit.

On an optimistic note the other segments within Portomaso, namely property development and rental operations provide a cushion as they are impacted to a lesser extent. It is worth noting with an underlying degree of comfort the benefits derived from a diversified activity.

Property development deliveries within the complex are forecast on budget as we have over the last few weeks delivered the remaining areas within the office block next to Portomaso Business Tower. The resultant return is also on target. As was reported last year the lion's share of the property for sale within Portomaso has been delivered, however, two apartments within the Laguna should be handed over this year leaving a stock of one. A welcome addition during the course of the year is another thirteen apartments and related commercial space which should come on the market during Q1 2021 and hence available for sale or lease. Revenue from this segment will go to make up for the below performing hospitality segment. Rental income has not suffered much and although we have taken appropriate provisions, as and where applicable, the result for the year will be positive although somewhat below budget.

Conscious of the current state of affairs brought about by the pandemic together with the partial lockdown we recently went through we understand the challenge going forward, however, this segment should not be the one bearing the brunt. Revenue from complex management is minor and envisaged to be close to our original budget.

All in all, despite what is being highlighted above we forecast a profit for the year, albeit much lower than original budget. More importantly is cashflow and here again the level projected as at year end based on current forecasts is one which is sound and healthy.

Trading performance - continued

The guarantor - continued

As a group (Spinola Development Company Limited and it's subsidiaries) we are taking action to mitigate the financial consequences this pandemic is piling on us. While one understands the systematic risk, there can be no complacency. We are consciously questioning our fixed cost base and appropriate measures being taken to preserve our cash resources while reducing operational leverage in a gradual manner. We are re-assessing our capital expenditure plans and have given directions that only essential investment is undertaken, while projects outside the hospitality unit namely related to real estate within Portomaso are ongoing as planned. As for new projects the significant one is that relating to the ex-Halland aparthotel where excavation works are due for completion by year end. It is important to note that despite the current situation and the fact that the apartment complex is not on the market, the level of demand is very encouraging. In fact, enquiries are quite constant. Works are being pursued at an appropriate phase in line with the evolving situation and current long-term business strategy. The objective is not to lose momentum while being cautious.

The group applied and has been receiving relevant government wage assistance through the Malta Enterprise scheme with respect to payroll cost which is by far the largest single expense item and heavily skewed towards the hospitality area. We have also applied and been granted a short-term moratorium on bank capital repayments with respect to loans related to hospitality operations and have also applied for a re-extension of such moratorium following recent announcements by the Central Bank of Malta to extend same even further.

In the current scenario it is appropriate to highlight the guarantor's financial strength, both its equity position and cash resources. In addition, it is beneficial to note that the guarantor can make use of backstop liquidity facilities in case of temporary cashflow shortfalls. Additional bank support has also been applied for to alleviate potential pressures on cashflow which will inevitably result from the current situation. Malta Development Bank backed facilities will be made use of once acceded to our bankers.

On a wider scheme the group is undertaking various sensitivity assessments which factor differing levels of impact from the pandemic conflagration. These scenarios demonstrate that the group should be able to meet its immediate cashflow obligations. Hence, it should be noted that the Spinola Development group can operate as a going concern and is adequately funded for the forthcoming twelve months. These assessments are ongoing and include various elements of sensitivity being assumed should matters prolong. As already highlighted the situation is an evolving one, hence, we assumed various levels of risks and uncertainties together with measures taken to mitigate impacts on our operation. It is too early to reliably estimate the financial impact this will ultimately have on the group's standing, both operationally and the impact on the value of its assets with particular reference to its non-current assets. Yet these assessments presently show that currently there is no significant adverse impact on these values. It is finally worth noting that the group has entered this stage of the pandemic from a position of strength as disclosed in the December 2019 statement of financial position as its equity exceeded €131.55 million and cash reserves of €28 million. The group will therefore continue to monitor ongoing developments particularly as these affect tourism and the leasing of real estate. These unprecedented times call for the highest degree of attention for steps to be taken in a timely and judicious manner to manage the situation.

The group's strategy remains unchanged namely that of being one of the top-most performing groups in a diversified business model. We aim to adapt ourselves to this new norm during and beyond this pandemic so as to maintain our commitment to our stakeholders to provide sustainable growth on a long-term basis.

Dividends

The directors do not recommend the payment of an interim dividend (2019: €Nil).

On behalf of the Board

Raymond Fenech
Director

Kevin Catania
Director

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

26 August 2020

Condensed statement of financial position

	As at 30 June	As at 31 December
	2020	2019
	€	€
	(unaudited)	(audited)
ASSETS		
Non-current assets	**50,000,000**	50,000,000
Current assets	**2,052,242**	1,554,286
Total assets	**52,052,242**	51,554,286
EQUITY AND LIABILITIES		
Total equity	**649,703**	638,210
Total non-current liabilities	**49,711,843**	49,689,221
Total current liabilities	**1,690,696**	1,226,855
Total liabilities	**51,402,539**	50,916,076
Total equity and liabilities	**52,052,242**	51,554,286

The notes on pages 9 to 10 are an integral part of this interim condensed financial information.

The condensed interim financial information on pages 5 to 11 were authorised for issue by the board of directors on 26 August 2020 and were signed on its behalf by:

Raymond Fenech
Director

Kevin Catania
Director

Condensed statement of comprehensive income

	Note	Six-months ended 30 June	
		2020	2019
		€	€
		(unaudited)	(unaudited)
Finance income	2	**1,192,887**	1,190,993
Finance costs		**(1,109,103)**	(1,106,461)
Net interest income		**83,784**	84,532
Administrative expenses		**(66,102)**	(66,564)
Profit before tax		**17,682**	17,968
Tax expense		**(6,189)**	(6,289)
Profit for the period – total comprehensive income		**11,493**	11,679

The notes on pages 9 to 10 are an integral part of this interim condensed financial information.

Condensed statement of changes in equity

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2019	250,002	379,754	629,756
Comprehensive income			
Profit for the period - total comprehensive income	-	11,679	11,679
Balance at 30 June 2019	**250,002**	**391,433**	**641,435**
Balance at 1 January 2020	250,002	388,208	638,210
Comprehensive income			
Profit for the period - total comprehensive income	-	11,493	11,493
Balance at 30 June 2020	**250,002**	**399,701**	**649,703**

The notes on pages 9 to 10 are an integral part of this interim condensed financial information.

Condensed statement of cash flows

	Six-months ended 30 June	
	2020	2019
	€	€
	(unaudited)	(unaudited)
Net cash generated from/(used in) operating activities	**1,648,023**	(25,733)
Movement in cash and cash equivalents	**1,648,023**	(25,733)
Cash and cash equivalents at beginning of period	**186,858**	262,966
Cash and cash equivalents at end of period	**1,834,881**	237,233

The notes on pages 9 to 10 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 2019, as described in those financial statements.

2. 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	
	2020	2019
	€	€
Income from services		
Interest receivable from fellow subsidiary	**1,111,597**	1,109,555
Facility charges from fellow subsidiary	**81,290**	81,438
	1,192,887	1,190,993

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
	2020	2019
	€	€
Non-current		
Loans to fellow subsidiary	**50,000,000**	50,000,000
Current		
Net amounts owed by fellow subsidiary	**134,061**	349,051
Net amounts owed to fellow subsidiary	**(2,795)**	-

3. Share capital

	As at 30 June 2020 €	As at 31 December 2019 €
Authorised, issued and fully paid up		
250,002 ordinary shares of €1 each	**250,002**	250,002

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 2020, 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.

Raymond Fenech
Director