

Calamatta Cuschieri Finance plc - C 85280

Ewropa Business Centre, Triq Dun Karm, Birkirkara, BKR 9034, Malta

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Calamatta Cuschieri Finance plc “the Company”, in terms of the Rules of Prospects MTF, the market regulated as a multi-lateral trading facility operated by the Malta Stock Exchange (‘Prospects MTF Rules’).

Interim Unaudited Financial Statements 2020

Date: 26th August 2020

Reference CCF/CA- 27/20

Quote

In a meeting of the Board of Directors held today the 26th of August 2020, the Board of Directors of the company approved the Interim Unaudited Financial Statements for the period ending 30th June 2020.

The Annual Report and Audited Financial Statements are available for viewing on the website of the company at: <https://investors.cc.com.mt/>

Unquote



Kari Pisani

B.A, LL.D. MSc.

Company Secretary



Calamatta Cuschieri
YOUR PARTNER IN FINANCIAL SERVICES

Calamatta Cuschieri Finance plc

INTERIM REPORT

2020

1. Directors' report pursuant to Prospects Rule 4.11.12

This Interim Report is being published in terms of Chapter 4 of the Prospects Rules of the Malta Stock Exchange and the Prevention of Financial Markets Abuse Act, 2005. The Interim Report comprises the unaudited condensed interim financial statements for the six months ended 30th June 2020 prepared in accordance with IAS34, 'Interim Financial reporting'. The comparative information has been extracted from the unaudited financial statements for the period ended 30th June 2019 and the year ended 31th December 2019.

Principal Activities

The Group's principal activity is to carry on the business of a finance Group in connection with ownership, development, operation and financing of the business activities of the companies forming part of Calamatta Cuschieri Group of Companies.

Performance Review

During the period under review, the Group generated a profit before tax of €757,704 and closed the period with a net asset position of €5,693,629. The directors are confident that the Group's net asset position will improve and remain optimistic that the Group will become profitable in the coming years.

Approved by the Board of Directors on the 26th August 2020 and signed on its behalf by:



Charles Borg
Director



Alan Cuschieri
Director



Nicholas Calamatta
Director



Kari Pisani
Director

2. Chief Executive Officers' Review

2.1. H1 2020 Review

For the six months ending 30th June 2020, the Group reported better than projected results, with EBITDA (Earnings before Interest, Tax, depreciation & amortisation) of €1.34m and profits before tax of €0.76m. 2020 started very positively with increases registered across all business lines, however with the first COVID-19 case registered in Malta on the 7th March, the Group did experience some fluctuations in demand initially, as customers adjusted to the unfolding unprecedented scenario. During this time, management ensured no operational disruption as the various companies continued to deliver services remotely as well as through our online channels.

The positive performance for the first six months may be attributed to the diversity of the revenue streams generated by the Group where certain business lines outperformed, compensating for others that were hit due to the prevailing volatility in financial markets and reduced activity generally due to limited face to face client meetings. The uncertainty brought about by COVID-19 inevitably impacted a number of projects with many being postponed or delayed.

It should be noted that we were also able to achieve these positive results thanks to important (and timely) cost cutting measures which were implemented in Q1 following a review of overheads carried out by management. We expect these cuts to continue to have a positive effect throughout the year and beyond.

Financial Advisory Services

Our Financial advisory business had a satisfactory performance during the period under review especially when considering the disruption of face to face meetings caused by the COVID-19 pandemic. In the interest of the health and safety of our staff and clients, our financial advisory offering necessitated operating behind closed doors for a number of weeks – during this time we were able to continue servicing our clients not only over the phone but also via our newly-introduced video conferencing service. We are proud to have registered healthy net inflows, which is even more significant given the unprecedented scenario that unfolded as well as the fact that no new local capital market transactions occurred during the period. The absence of new issues also negatively affected secondary market trading on the Malta Stock Exchange which was also subdued due to the uncertainty surrounding the economic outlook for locally listed companies.

Wealth Management

Our investment management team experienced net inflows of €13.7m during H1 2020 spread across discretionary portfolios, pensions and CC Funds. Many investment portfolios outperformed the market with the team adopting a cautious stance in February amid financial markets having approached all-time highs and increased news flows on the spread of the COVID-19 pandemic. As one would expect, declining asset prices effected revenue initially but the increased net flows combined with the fact that market prices recovered towards the end of the period means that we were able to achieve management projections.

Online Trading

Our Online trading proposition (via our proprietary CC Trader™ app) had a very positive H1 with equity markets reaching all-time highs during Q1. The swift escalation of COVID-19 pandemic across the globe and subsequent market reversals saw a surge in trading driven also by new market participants taking the opportunity to enter the market at lower levels. The above had a positive impact for CC Trader™ where we registered significant growth in new customer numbers and ended the period with a record number of transactions compared with previous years.

Fund services

The first half of this year continued to be a challenging one for the Fund Services industry in Malta. Demand for Malta as a fund domicile of choice among foreign fund promoters continued to decline due to jurisdiction's reputational challenges and various service providers now classifying Malta as "high risk". Notwithstanding, we achieved a slight growth in Assets Under Administration (AUA) of 0.5% as well as an increase in the total number of funds we administer. This growth can be attributed primarily to winning over mandates from other service providers and secondly to our existing pipeline of new business coming to fruition. From March, our fund services team was able to switch to remote working with no resultant disruption to operations including daily Net Asset Value calculations and other related services.

Capital Markets

After a record year for the number of issues completed in 2019, the first half of 2020 saw no new issuance on the Main market or Prospects MTF. CC only completed one transaction during the period under review on the 'Institutional Financial Securities Market' (IFSM), a debt institutional market operated by the Malta Stock Exchange and Regulated by the MFSA.

Financial Highlights for the half year ended 30 June 2020

- Revenue increased by 8% to €5.41million when compared to the same period in 2019.
- EBITDA of €1.34 million.
- Profit before tax of €0.76 million.
- AUMA (Assets under Management and Administration) stood at €1,548m.
- Total assets of €18.15 million at 30th June 2020 an increase of 8%, compared with 31th December 2019.
- Equity stood at €5.69 million at 30th June 2020 an increase of 8%, compared with 31th December 2019.

*Results for the period include increased charges from the wider group when compared to the prior period

Assets under Management and Administration (AuMA)

AUMA of the Group decreased slightly by 0.5% and stood at €1.55 Billion at the end of the period. The Group experienced healthy inflows of €92.7 million over the six months.

	AuMA	Net Flows	Net Flows	Market	Market	AuMA	AuMA
	31.12.2019	H1 2020	Change	Movements	Movements	30.06.2020	Change
	€ m	€ m	%	€ m	%	€ m	%
Financial Advisory	789.0	31.6	4.0%	(53.6)	-6.8%	767.0	-2.8%
Wealth Management	101.0	8.6	8.5%	(8.3)	-8.2%	101.3	0.3%
Pensions	1.4	0.5	33.2%	(0.2)	-11.6%	1.7	21.5%
CC Funds	118.0	4.6	3.9%	(3.8)	-3.2%	118.8	0.7%
CC Trader	220.0	34.7	15.8%	(18.7)	-8.5%	236.0	7.3%
Fund Administration	605.4	28.3	4.7%	(25.4)	-4.2%	608.3	0.5%
	1,834.8	108.2	5.9%	(110.0)	-6.0%	1,833.1	-0.1%
Less double counting	(278.5)	(15.5)	-5.6%	8.9	-3.2%	(285.2)	2.4%
	1,556.2	92.7	6.0%	(101.1)	-6.5%	1,547.9	-0.5%

1. Double Counting refers to AuMA that is included in 'Wealth Management' that is also included in 'Financial Advisory' or 'CC Funds' that are also included in 'Financial Advisory' and 'Fund Administration'.
2. Restated total AuMA at end 2019 figure, due to calculation error of double counting figure.
3. Fund Administration AUA as at 31.12.2019 restated due to valuations of private equity funds revalued after the year end.

2.2. Outlook

The second half of 2020 has continued the positive trend of the year albeit with a number of challenges and uncertainties expected until year end. July marked the important re-opening of Malta's capital markets with the issuance of new bonds listed on the Malta Stock Exchange including 2 first time issuers, 1 roll-over and an issue of the popular Malta Government 62+ savings bond. The positive response to these issues demonstrates that investor confidence remains strong in the local market even though there have been lower volumes in secondary market trading on the Malta Stock Exchange.

We are unfortunately experiencing a resurgence of the COVID-19 pandemic in Malta. Although the Group is well equipped to shift operations to remote working and offer clients remote or online channels, we maintain a cautious outlook driven predominantly by the unquantifiable effects of the COVID-19 pandemic and the longer-term impact this will have on the Maltese economy as a whole.

We are also cognisant of the effects of the upcoming Moneyval assessment which may pose yet another risk to the financial services sector in Malta where we have already felt the effect of Malta's deteriorating reputation with a number of service providers ranking Malta as 'high risk' and ceasing to service Maltese customers altogether.

Despite these big challenges ahead, we do envisage that with our strong management team, our investment in quality people and technology that we have sustained over the last few years we will be able to continue to sustain and grow our business going forward.



Alan Cuschieri
Co-CEO



Nicholas Calamatta
Co-CEO

3. Statements of profit or loss and other comprehensive income

	Group		Company	
	01.01.2020 to 30.06.2020 (Unaudited) EUR	01.01.2019 to 30.06.2019 (Unaudited) EUR	01.01.2020 to 30.06.2020 (Unaudited) EUR	01.01.2019 to 30.06.2019 (Unaudited) EUR
Revenue	5,408,447	5,007,270	-	-
Direct costs	(349,296)	(303,249)	-	-
Gross profit	5,059,151	4,704,021	-	-
Staff costs	(2,656,108)	(2,307,403)	(348)	-
Other operating expenses	(1,221,575)	(940,571)	(15,738)	(9,725)
Other income	154,935	105,663	-	-
EBIDTA	1,336,403	1,561,710	(16,086)	(9,725)
Finance costs	(87,640)	(25,661)	-	(21,808)
Investment income	89,420	169,350	107,519	26,591
Depreciation and amortisation	(580,479)	(531,393)	(84,766)	-
Profit/(loss) before tax	757,704	1,174,006	6,667	(4,942)
Income tax expense	(332,697)	(204,556)	-	-
Profit/(loss) for the period/ total comprehensive income for the period	425,008	969,450	6,667	(4,942)

4. Consolidated statement of financial position

	Notes	Group 01.01.2020 to 30.06.2020 (Unaudited) EUR	01.01.2019 to 31.12.2019 EUR	Company 01.01.2020 to 30.06.2020 (Unaudited) EUR	01.01.2019 to 31.12.2019 EUR
ASSETS					
Non-current assets					
Intangible assets		285,046	540,240	-	-
Property, plant and equipment		586,378	641,005	-	-
Investment property	6.6	3,978,466	4,032,955	-	-
Right of use asset - Lease		1,843,737	2,092,595	-	-
Investment in subsidiaries		-	-	9,057,842	9,057,842
Fair value through profit and loss investments		51,386	51,249	-	-
Deferred tax asset		525	-	525	-
Loans and receivables		-	45,000	-	-
		6,745,538	7,403,044	9,058,367	9,057,842
Current assets					
Trade and other receivables		10,580,530	7,830,406	-	1,822,321
Cash and cash equivalents		770,688	1,279,983	7,197	956,223
Loans and receivables		-	-	1,820,000	525
Current tax asset		50,000	289,266	-	-
		11,401,218	9,399,655	1,827,197	2,779,069
Total assets		18,146,756	16,802,699	10,885,564	11,836,911
Current liabilities					
Trade and other payables		5,271,428	4,157,061	1,773,725	2,736,740
Other financial liabilities		115,515	418,161	-	-
Lease liability - current	6.9	309,286	309,286	-	-
Current tax liability		193,278	-	-	-
		5,889,507	4,884,508	1,773,725	2,736,740
Non-Current Liabilities					
Interest bearing loans and borrowings		3,957,175	3,952,175	3,957,175	3,925,175
Lease liability - non-current	6.9	2,284,253	2,375,203	-	-
Deferred tax liability		322,192	322,193	-	-
		6,563,620	6,649,571	3,957,175	3,925,175
Total liabilities		12,453,127	11,534,079	5,730,900	6,688,915
Net assets		5,693,629	5,268,620	5,154,664	5,147,996

EQUITY

Share capital	50,000	50,000	50,000	50,000
Other reserves	5,116,592	5,116,592	5,116,592	5,116,592
Retained earnings	517,294	92,285	(11,928)	(18,596)
Investor compensation scheme reserve	9,743	9,743	-	-
Total equity	5,693,629	5,268,620	5,154,664	5,147,996

These consolidated financial statements were approved by the board of directors, authorised for issue on 26th August 2020 and signed by:



Charles Borg

Director



Alan Cuschieri

Director



Nicholas Calamatta

Director



Kari Pisani

Director

5. Consolidated statement of changes in equity

Group	Share capital EUR	Other Reserves EUR	Investor Compensation Scheme EUR	Retained earnings EUR	Total EUR
Balance at 1st January 2019	50,000	-	-	(11,894)	38,106
Adjustment for predecessor accounting	-	-	9,743	12,468,699	12,478,442
Dividends paid	-	-	-	(4,895,560)	(4,895,560)
Assignment to other reserves	-	5,116,592	-	(5,116,592)	-
Assignment of debt as part of transaction with parent company	-	-	-	(2,691,252)	(2,691,252)
Profit for the period/total comprehensive income for the year	-	-	-	969,451	969,451
Balance at 30 th June 2019	<u>50,000</u>	<u>5,116,592</u>	<u>9,743</u>	<u>722,852</u>	<u>5,899,187</u>
Balance at 1st January 2020	50,000	5,116,592	9,743	92,286	5,268,621
Profit for the period/total comprehensive income for the year	-	-	-	425,008	425,008
Balance at 30th June 2020	<u>50,000</u>	<u>5,116,592</u>	<u>9,743</u>	<u>517,294</u>	<u>5,693,629</u>

Company

	Share capital EUR	Other Reserves EUR	Retained earnings EUR	Total EUR
Balance at 1st January 2019	50,000	-	(11,894)	38,106
Loss for the year/total comprehensive expense for the year	-	-	(4,942)	(4,942)
Balance at 30th June 2019	<u>50,000</u>	<u>-</u>	<u>(16,836)</u>	<u>33,164</u>
Balance at 1st January 2020	50,000	5,116,592	(18,596)	5,147,996
Profit for the year/total comprehensive income for the year	-	-	6,667	6,667
Balance at 30th June 2020	<u>50,000</u>	<u>5,116,592</u>	<u>(11,928)</u>	<u>5,154,664</u>

6. Consolidated statement of cash flows

	Group		Company	
	01.01.2020 to 30.06.2020 (Unaudited) EUR	01.01.2019 to 30.06.2019 EUR	01.01.2020 to 30.06.2020 (Unaudited) EUR	01.01.2019 to 30.06.2019 EUR
Cash flows from operating activities				
Profit/ (loss)before tax	757,704	1,174,006	6,667	(4,942)
<i>Adjustments for:</i>				
Depreciation and amortisation	585,479	532,242	5,000	-
Write-off property plant and equipment	-	-	-	-
Fair value loss on investment property	54,489	53,393	-	-
Movement in provision for irrecoverable amounts	2,860	10,639	-	-
Interest income	(112,975)	(135,289)	(107,519)	(26,591)
Interest expense	152,621	5,950	84,766	20,959
Amortisation on bond issue costs	-	-	-	849
Net change in fair value of financial instruments at fair value through profit and loss	136	(2,507)		
Operating profit before working capital movement	1,440,314	1,638,434	(11,086)	(9,725)
Movement in trade and other receivables	(2,147,820)	(620,150)	2,321	(5,287)
Movement in long term receivables	-	-	-	-
Movement in trade and other payables	(1,707,857)	(1,166,781)	(2,589,064)	(6,779)
Cash flows used in operations	(2,415,363)	(148,497)	(2,597,829)	(21,791)
Interest paid	(152,621)	(5,950)	(84,766)	-
Interest received	112,975	135,389	107,519	-
Income tax refund	11,494	-	-	-
Income tax paid	(14,349)	(32,911)	-	-
Net cash flows used in operating activities	(2,457,864)	(52,069)	(2,575,075)	(21,791)
Cash flows used in investing activities				
Purchase of property, plant and equipment	(21,784)	-	-	-
Acquisition of subsidiaries	-	(1,250,000)	-	-
Net cash flows used in investing activities	(21,874)	(1,250,000)	-	-

Cash flows from financing activities

Proceeds from share capital	-	-	-	50,000
Proceeds from bond issue	-	4,000,000	-	4,000,000
Dividends paid	-	(4,775,348)	-	-
Advances to related companies	-	-	-	(1,620,000)
Repayment to related parties	2,621,179	1,343,198	-	-
Repayments from related parties	(559,876)	1,464,968	1,626,049	-
Repayment of leases	(90,950)	(139,158)	-	-
Repayments from borrowings	-	261,002	-	-
Net cash flows from financing activities	1,970,353	2,154,661	1,626,049	2,407,433
Net movement in cash and cash equivalents	(509,295)	852,592	(949,026)	2,380,000
Cash and cash equivalents at the beginning of the year	1,279,983	(105,250)	956,223	49,224
Cash and cash equivalents at the end of the year	770,688	747,342	7,197	2,407,433

7. Notes to the Condensed Financial Statements

7.1. The Group and its operations

The Group consists of Calamatta Cuschieri Finance plc, i.e. Holding Company and its subsidiaries.

Calamatta Cuschieri Finance plc (the “Company”)

The Company was incorporated on 9th March 2018 in Malta, under the Companies Act, 1995, as a public limited company having limited liability, with the registration number C 85280. The registered office of the Company is located at Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta. The Company was formed to act as a holding company for the “CC Finance Group” (the “Group”) and also for the issuance of a bond on the Prospects MTF market. In current year, the Company acquired 100% shareholding in Calamatta Cuschieri Investment Services Limited (“CCIS”), Calamatta Cuschieri Investment Management Limited (“CCIM”) and CC Fund Services (Malta) Limited (“CCFS”).

Subsidiaries

Calamatta Cuschieri Investment Services Limited (“CCIS”)

CCIS was incorporated on 30th March 1992 in Malta, under the Companies Act, 1995, as a limited liability company, with the registration number C 13729. The registered office of the Company is located at Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta. CCIS provides advice and financial consultancy to its customers in return for a commission on brokerage dealings in securities. On 4th December 2008, CCIS was granted a Category 3 license issued by the Malta Financial Services Authority, as the competent authority under the Investment Services Act (Cap. 370). This license gives CCIS the full right to deal directly in international markets and to hold and control clients’ money and assets.

Calamatta Cuschieri Investment Management Limited (“CCIM”)

CCIM was incorporated on 10th June 2011 in Malta, under the Companies Act, 1995, as a limited liability company, with the registration number C 53094. The registered office of the Company is located at Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta. The principal activity of CCIM is the provision of investment services as a Category 2 license holder, issued by the Malta Financial Services Authority (“MFSA”) in terms of the Investment Services Act (Cap. 370).

CC Fund Services (Malta) Limited (“CCFS”)

CCFS was incorporated on 2nd December 2008 in Malta, under the Companies Act, 1995, as a limited liability company, with the registration number C 45733. The registered office of the Company is located at Ewropa Business Centre, Triq Dun Karm, Birkirkara, Malta. The principal objective of CCFS is to provide administration, transfer agency and related services to collective investment schemes in terms of the Investment Services Act, 1994. CCFS is also involved in the provision of corporate and advisory services to local companies in accordance with the Company Service Provider Act, 2013.

7.2. Basis of consolidation and preparation

The interim financial statements have been prepared in accordance with IAS34 *Interim Financial Reporting*, as adopted by the EU. The condensed interim financial statements have been extracted from the management accounts for the six months ended 30th June 2020.

The financial information as at 30th June 2020 and for its six months then ended, reflect the financial position and performance of Calamatta Cuschieri Finance Plc and its subsidiaries, as explained in note 1. The comparative amounts reflect the financial position as included in the audited financial statements ended 31st December 2019 and the financial results for the period ended 30th June 2019.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's and the Company's annual financial statements as at 31st December 2019, which form the basis for these Interim Financial Statements. These Interim Financial Statements are intended to provide an update on the latest complete set of annual financial statements and accordingly they focus on new activities, events and circumstances.

The significant accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the Group's and the Company's audited financial statements for the year ended 31st December 2019, unless otherwise disclosed below in the Section entitled 'IFRS applicable in the current year'. These policies are described in Note 10.3 of the audited financial statements for the year ended 31st December 2019.

The interim financial reporting has been prepared keeping in mind the financial impact and the economic downturn brought about by COVID-19 pandemic. Considering the fact that the economic situation is still fluid, the Group will continue monitoring the developments with the aim of minimizing the financial impact.

Standards, interpretations and amendments to published standards as endorsed by the EU that are not yet effective

Up to the date of approval of these condensed interim financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which have not been adopted early.

- IAS 1 and IAS 8 (Amendment) – Definition of material (effective for financial years on or after 1st January 2020) – endorsed by the EU
- The Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards – endorsed by the EU
- Amendments to IFRS 9, IAS 39 and IFRS 7- Interest Rate Benchmark Reform (effective for financial years on or after 1 January 2020) – endorsed by the EU
- IFRS 3 (Amendment) – Definition of a Business (acquisitions that occur on or after the 1st January 2020) – endorsed by the EU

Standards, interpretations and amendments to published standards that are not yet endorsed by the European Union

The following standards, interpretations and amendments have been issued by the IASB but not yet endorsed by the EU, except as disclosed below:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (effective for financial years on or after 1st January 2022)
- Amendments to IFRS 3 – Reference to the conceptual framework (effective for financial years on or after 1st January 2022)

- Amendments to IFRS 16 – Property, plant and equipment – proceeds before intended use (effective for financial years on or after 1st January 2022)
- Amendment to IFRS 16- COVID-19 Related concessions (effective for financial years on or after 1st June 2020, earlier application permitted)
- Amendments to IFRS 9 (as part of the 2018-2020 Annual Improvement cycle) – Financial instruments (effective for financial years on or after 1st January 2022)

The changes resulting from these standards, interpretations and amendments are not expected to have a material effect on the financial statements of the Group.

7.3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

7.4. Effects of COVID-19 on the interim financial reporting

With the recent and rapid development of the COVID-19 outbreak the world economy entered a period of health care crisis that has already caused and will continue to cause a major global disruption not only in business activity but in everyday life as well. Many countries have adopted extraordinary and economically costly containment measures requiring in some cases companies to limit or even suspend normal business operations and to implement restrictions on travelling and strict quarantine measures.

Certain industries such as tourism, hospitality and entertainment are expected to be disrupted significantly by these measures whereas others like manufacturing, real estate and financial services are expected to incur sideways losses.

Additional costs incurred

Since the outbreak of COVID-19 earlier this year, the Group has taken steps to safeguard the health of its clients as well as its employees, by implementing a number of measures that as a minimum met the recommendation of the Health Authorities. To implement these measures the Group incurred additional operational and capital expenditures such as the following:

- More frequent routine cleaning;
- Quarantine leave granted to employees, if needed;

The above additional costs are not considered to be material for the interim financial reporting.

The Group also implemented a number of measures that allowed staff maximum flexibility in their working hours in order to manage their specific personal and family circumstances. Other measures included those enabling staff members to work from home thus reducing the number of employees present at the office. To support this decision the Group incurred additional capital expenditure, such as the acquisition of a substantial number of new laptops. The cost which the Group incurred in this regard amounted to circa €35,000.

Malta Enterprise Grants

In order to mitigate the additional costs incurred under COVID-19, the Group was granted a cash allowance amounting to €12,000 in terms of the Call for the Facilitation of Teleworking Activities as enabled by the Business Development and Continuity Scheme.

7.5. Dividends

In respect to the current period, no interim dividend was proposed. In respect to the prior period, an interim dividend of €4,895,560 was paid to the ordinary shareholders. This dividend was declared in order to offset against amounts owed to the parent company, thus reducing the intra-company balances. The equity of the Group was not affected by this transaction.

7.6. Investment property

The Group

	Directly Owned Property Asset EUR	Right-of-Use of Property Asset EUR	Total EUR
At 01.01.2019	3,300,000	-	4,139,740
Additions resulting from right of use asset on property recognised upon initial application of IFRS 16, which are sublet under operating leases	-	839,740	839,740
Decrease in fair value	-	(106,785)	(106,785)
At 31.12.2019	3,300,000	732,955	4,032,955
Decrease in fair value	-	(54,489)	(54,489)
At 30.06.2020	3,300,000	678,466	3,978,466
Carrying Value			
At 31.12.2019	3,300,000	732,955	4,032,955
At 30.06.2020	3,300,000	678,466	3,978,466

The investment property held represents an old Palazzo in Valletta, with full permits to redevelop into an office block. Structural works for this use are complete however further investment is required for finishing works and services throughout the building. This property was revalued by an independent architect in December 2016. Fair value has been determined by reference to the rental yield that can be generated from this property once complete, net of any costs to complete.

Right of use property asset represents the discounted fair value of the future cash flows receivable from the properties sublet in Valletta as a result of the transition to IFRS 16 as at 1 January 2019.

Both investment properties are classified as level 3 in the fair value hierarchy. The following comprise the significant observable inputs and the corresponding sensitivity.

Significant observable input	Sensitivity
Rental value per square metre, ranging from €100 to €230	The higher the price per square metre, the higher the fair value
Increase in rental rate of 2% per annum	The higher the growth rate, the Higher the fair value
Discount factor – 6% - 7%	The higher the discount factor the lower the value

Changes in fair value are recognised as gains in the profit and loss account and included in ‘other income’. All gains are unrealised.

7.7. Related party disclosures

The immediate parent company of Calamatta Cuschieri Finance plc is Calamatta Cuschieri Group plc. The company is registered in Malta, having a registered address at Ewropa Business Centre, Dun Karm Street, Birkirkara, Malta.

Calamatta Cuschieri Group plc is jointly controlled by Taurus Investments Limited and Gardell Investments Limited. Both companies are registered in Malta and have a registered address at Ewropa Business Centre, Dun Karm Street, Birkirkara, Malta.

In terms of IAS 24 - *Related Party Disclosures*, the directors consider the ultimate controlling parties of Taurus Investments Limited are Alexander Cuschieri, Christine Cuschieri, Alan Cuschieri and Tricia Galea who collectively own 100% of the issued share capital.

In terms of IAS 24- *Related Party Disclosures*, the directors consider the ultimate controlling party of Gardell Investments Limited to be Alfred Calamatta, Janis Calamatta, Nicholas Calamatta and Gabriella Calamatta who collectively own 100% of the issued share capital.

The immediate parent company prepares consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. A copy of the Annual report and accounts will be delivered to the Registrar of Companies

Related party transactions were made on terms equivalent to those that prevail in arm’s length transactions. During the course of the year, the Group entered into transactions with related parties as set out below.

Group

		Sales to related party Eur	Purchases From Related Party Eur	Amounts owed by related party Eur	Amounts owed to related party Eur
Calamatta Cuschieri Group PLC	2020	-	-	1,540,399	98,814
	2019	-	1,578	2,005,664	163,490
FinanceStack Limited	2020	-	420,000	3,517,098	217,594
	2019	-	420,000	2,750,208	264,258
Brand and Pepper Limited	2020	-	-	345,120	-
	2019	-	-	324,862	1,061
CC Trading Limited	2020	-	-	8,530	-
	2019	-	-	-	-
CC FS Holding Limited	2020	-	-	242,760	-
	2019	-	-	196,551	-
CCGM Pension Administrators Limited	2020	-	-	17,729	163,490
	2019	-	-	5,725	-
CC Cancer Foundation	2020	-	-	-	208
	2019	-	-	-	208
Moneybase Limited	2020	-	-	-	223,153
	2019	-	-	-	258,322
Moneybase UAB	2020	-	-	908	-
	2019	-	-	-	-

Company

		Sales to related party Eur	Purchases From Related Party Eur	Amounts owed by related party Eur	Amounts owed to related party Eur
Calamatta Cuschieri Group PLC	2020	-	-	-	98,814
	2019	-	-	-	-
FinanceStack Limited	2020	-	-	-	3,500
	2019	-	-	-	-

7.8. Fair values of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period. At 30th June 2020 and 31st December 2019, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of loans and receivables classified as non-current financial assets and bank loans classified as non-current financial liabilities that are not measured at fair value, are not materially different from their carrying amounts.

7.9. Commitments

Guarantees

As at 30th June 2020 and 31st December 2019, the Group has provided a guarantee to an unrelated party for the operating lease of the immovable property on a 5-year term deposit held with a local bank as disclosed below. No liability is expected to arise.

As at 30th June 2020 and 31st December 2019, HSBC Bank Malta p.l.c. held a bank guarantee for an amount of €23,300 in respect of amounts blocked by the Malta Stock Exchange to cover trade settlements.

7.10. Events after the reporting period

COVID-19

The on-going COVID-19 pandemic continues to remain a concern for the Group and its management. The fact that it appears that the pandemic will remain an ongoing problem into 2021 means that the Group could experience knock on effects from prolonged economic effects caused by the COVID-19 pandemic.

In order to safeguard the health of our staff we have again started to work remotely with staff adopting a rotation system with less than 50% of staff in our offices at any one time. Our clients are offered all our services online or via video conferencing. We reiterate that the Group is monitoring the situation closely and we will be ready to act rapidly if required, to safeguard the Group and all its stakeholders.

Acquisition of Financial Planning Services Ltd.

As disclosed in the 2019 Annual Report the acquisition of Financial Planning Services is Expected to be concluded during Q3 of 2020.



Calamatta Cuschieri

Calamatta Cuschieri Finance plc

Ewropa Business Centre,

Triq Dun Karm

Birkirkara, BKR9034

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