

SP FINANCE p.l.c

**No. 89, The Strand,
Sliema,
Malta.**

Co. Registration No. C-89462

Ref: SPF - 20/2020

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by SP Finance p.l.c. a company registered under the laws of Malta with company registration number C-89462 (the "Company") pursuant to Listing Rules issued by the Listing Authority.

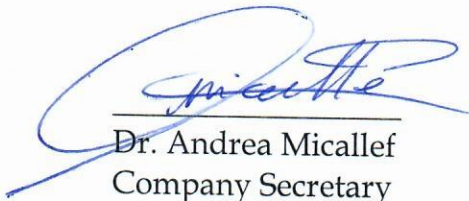
Approval and Publication of Interim Financial Statements

Quote

At a meeting held on the 27th August 2020, the Board of Directors of SP Finance p.l.c., approved the Company's Interim Unaudited Financial Statements for the six-month financial period ended 30th June 2020 were approved.

A copy of the Interim Financial Statements are attached to this announcement and are also available for viewing in the Investor Relations section on the Company's website: <https://pebbleshotelmalta.com/investor-relations/>

Unquote



Dr. Andrea Micallef
Company Secretary
28th June 2020

SP FINANCE P.L.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30th JUNE 2020

Company Registration Number: C 89462

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2020

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SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2020

INTERIM DIRECTORS' REPORT

The directors hereby present their interim report together with the condensed consolidated interim financial statements of SP Finance p.l.c. and its fully owned subsidiaries (the "Group") for the period from 1 January 2020 to 30 June 2020.

The interim directors' report is being published in terms of Listing Rule 5.75.2 issued by the Listing Authority (Malta Financial Services Authority) and the Prevention of Financial Markets Abuse Act, Chapter 476 of the Laws of Malta.

Principal Activities

The Group's principal activities consist in the ownership and operation of the Pebbles Boutique Aparthotel in Sliema and the operation of the hotel Pebbles Resort in St. Paul's Bay.

Review of Business

The Group registered a loss before tax of €1,127,879 (2019: loss of €273,942).

The increase in the Group's losses compared to the first six months of 2019 is mainly attributable to the following factors:

- A decrease in revenue from €766,834 in 2019 to €446,689 in 2020
- Gross loss of €104,963 (2019: gross profit of €74,629);
- Depreciation charge of €712,856 (2019: €86,898);
- Finance costs of €403,036 (2019: €185,767).

The disappointing financial results for the reporting period are exclusively attributable to the fact that from mid-March 2020 to the end of June 2020 the two hotels operated by the Group were forced to cease operations as part of the temporary measures adopted by the authorities to combat the COVID-19 pandemic. Such temporary cessation of operations negatively impacted the financial results in terms of the resultant revenue decrease coupled with the significant increases in the depreciation charge and finance costs following the multi-million euro investment in the Pebbles Resort in the second half of 2019.

Risks and uncertainties for the remaining six months of 2020

The key risk that the Group faces in the remaining six months of 2020 relates to the COVID-19 pandemic and more specifically, the extent to which the active cases in Malta and its main sources of inbound tourism will impact tourists' desire and ability to holiday in Malta.

The directors are pleased to note that in the period when COVID-19 active cases in Malta went down to single digits and the Malta International Airport re-opened for international flights, the hotels operated by the Group registered a dramatic surge in bookings, to the extent that the hotels were fully booked for most of August and September 2020, before the resurgence in COVID-19 cases led to a number of cancellations.

In the directors' opinion, this augurs well for the resumption of the hotels' high occupancy levels once the battle against the COVID-19 pandemic is won or its impact on holiday travel is mitigated.

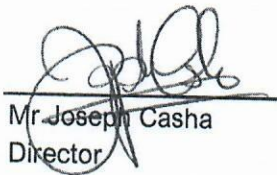
SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2020

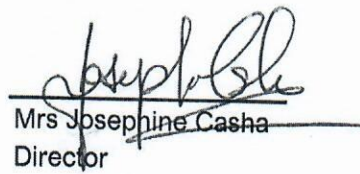
Dividends

The Directors do not propose the payment of an interim dividend.

Approved by the Board of Directors on 27 August 2020 and signed on its behalf by:



Mr. Joseph Casha
Director



Mrs. Josephine Casha
Director

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2020

Directors' Statement Pursuant to Listing Rule 5.75.3 Issued by the Listing Authority

We confirm that to the best of our knowledge:

1. The condensed consolidated interim financial statements give a true and fair view of the assets, liabilities and financial position of the Group 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 Rules 5.81 to 5.84.

The condensed consolidated interim financial statements have not been audited or reviewed by the Company's auditors.



Mr Joseph Casha
Director



Mrs Josephine Casha
Director

27th August 2020

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDING 30th JUNE 2020

	30 June 2020	30 June 2019
	€	€
Revenue	446,689	766,834
Cost of sales	(551,652)	(692,205)
Gross profit/(loss)	(104,963)	74,629
Administrative expenses	(102,140)	(104,031)
Other operating income	50,673	28,125
Loss before interest, tax and depreciation	(156,430)	(1,277)
Depreciation	(712,856)	(86,898)
Operating loss	(869,286)	(88,175)
Finance costs	(403,036)	(185,767)
Third party loan waiver	144,444	-
Loss before taxation	(1,127,878)	(273,942)
Tax credit	409,893	81,845
Loss for the period	(717,985)	(192,097)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(717,985)	(192,097)

The notes on pages 8 to 10 are an integral part of these condensed consolidated interim financial statements.

SP FINANCE P.L.C.


Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2020

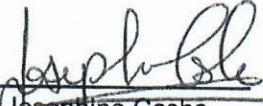
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2020

	Notes	30 June 2020 €	31 December 2019 €
ASSETS			
Non-current assets		39,925,738	40,310,961
Current assets		527,751	1,133,552
Total assets		40,453,489	41,444,513
EQUITY			
		17,990,984	18,708,969
LIABILITIES			
Non-current liabilities	4	19,750,271	20,442,499
Current liabilities		2,712,234	2,293,045
Total liabilities		22,462,505	22,735,544
Total equity and liabilities		40,453,489	41,444,513

The notes on pages 8 to 10 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements on pages 4 to 10 were authorised for issue by the board of directors on 27 August 2020 and were signed on its behalf by:


Mr Joseph Casha
Director


Mrs Josephine Casha
Director

FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY THE 6 MONTHS ENDING 30th JUNE 2020

	Share capital €	Share premium €	Revaluation reserve €	Fair value gain reserve €	Other reserve €	Retained earnings/ (Accumulated losses) €	Total €
Balance as at 31st December 2018	250,000	17,750,000	14,799,920	2,938,013	(17,531,725)	890,375	19,096,583
Change for the period	-	-	-	-	-	(192,097)	(192,097)
Balance as at 30th June 2019	250,000	17,750,000	14,799,920	2,938,013	(17,531,725)	698,278	18,904,486
Change for the period	-	-	-	-	-	(195,517)	(195,517)
Balance as at 31st December 2019	250,000	17,750,000	14,799,920	2,938,013	(17,531,725)	502,761	18,708,969
Change for the period	-	-	-	-	-	(717,985)	(717,985)
Balance as at 30th June 2020	250,000	17,750,000	14,799,920	2,938,013	(17,531,725)	(215,224)	17,990,984

The notes on pages 8 to 10 are an integral part of these condensed consolidated interim financial statements.

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDING 30th JUNE 2020

	30 June 2020 €	30 June 2019 €
Cashflow from operating activities	(263,672)	(1,736,138)
Cashflow from investing activities	(464,097)	(6,566,074)
Cashflow from financing activities	(299,989)	11,095,347
Net movement in cash and cash equivalents	<u>(1,027,758)</u>	<u>2,793,135</u>
Cash and cash equivalents at beginning of period	623,613	(70,073)
Cash and cash equivalents at end of period	<u>(404,145)</u>	<u>2,723,062</u>

The notes on pages 8 to 10 are an integral part of these condensed consolidated interim financial statements.

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2020

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Corporate information

SP Finance p.l.c. (the Company) is a limited liability company which was registered in Malta on 19 November 2018.

The condensed consolidated interim financial statements include the financial statements of SP Finance p.l.c. and its subsidiaries (the Group), and cover the period 1 January 2020 to 30 June 2020.

2. Basis of preparation

These condensed consolidated interim financial information for the six month period ending 30 June 2020 have been prepared in accordance with IAS 34, 'Interim financial reporting'. They have been prepared under the historical cost convention as modified by the fair valuation of the land and buildings class of property, plant and equipment and investment property. These financial statements have not been audited nor reviewed by the company's independent auditors.

The condensed consolidated interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the period ending 31 December 2019, which have been prepared in accordance with IFRSs as adopted by the EU.

3. Significant accounting policies

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the annual financial statements for the period ending 31 December 2019.

The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The changes resulting from these standards, interpretations and amendments are not expected to have a material effect on these financial statements. The Company will adopt the changes in standards on their effective date.

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2020

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Non-current liabilities

	30 June 2020 €	31 December 2019 €
Borrowings:		
Bonds (note i)	11,721,024	11,705,233
Third party borrowings	1,100,000	1,300,000
	<u>12,821,024</u>	<u>13,005,233</u>
Lease liability long term	4,917,999	5,072,123
Deferred tax liability	2,011,248	2,365,143
	<u>19,750,271</u>	<u>20,442,499</u>

i) The debts securities are disclosed at the value of the proceeds less the net book amount of the transaction costs as follows:

	30 June 2020 €	31 December 2019 €
Face value of bonds		
Bonds	12,000,000	12,000,000
	<u>12,000,000</u>	<u>12,000,000</u>
Issue costs	(315,822)	(315,822)
Accumulated amortisation	36,846	21,055
	<u>(278,976)</u>	<u>(294,767)</u>
Amortised cost	<u>11,721,024</u>	<u>11,705,233</u>

By virtue of the Prospectus dated 8 April 2019, SP Finance p.l.c issued for subscription by the general public 120,000 secured bonds having a nominal value of €100 each for an aggregate principal amount of €12,000,000. These bonds have been issued at par.

The bonds are subject to a fixed interest rate of 4% per annum payable on the 3 May of each year up to redemption date. All bonds, unless previously purchased and cancelled, will be redeemed on 3 May 2029.

The bonds are subject to the terms and conditions in the prospectus and are listed on the Malta Stock Exchange. The quoted market price as at 30th June 2020 for the 4% secured Bonds was €102.00 (31st December 2019: €100.10).

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2020

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. Related party transactions

During the course of the period the Group entered into transactions with related parties. These transactions have been carried at arm's length. The related party transactions in question were:

	30 June 2020 €	30 June 2019 €
Other operating income		
<u>Commonly controlled entities</u>		
Rental income	25,700	28,125
Service fee	18,200	-
	<hr/>	<hr/>
	43,900	28,125
Other operating expenses		
<u>Commonly controlled entities</u>		
Direct costs	85,159	-
	<hr/>	<hr/>
	85,159	-
At the end of the period	<hr/>	<hr/>
	129,059	28,125