

SP FINANCE p.l.c

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

Co. Registration No. C-89462

Ref: SPF - 31/2021

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 2021

Quote

At a meeting held on the 31st August 2021, 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 2021.

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
31st August 2021

SP FINANCE P.L.C.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30th JUNE 2021

Company Registration Number: C 89462

SP FINANCE P.L.C.

Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2021

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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 2021 to 30 June 2021.

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 €1,185,959 (2020: loss of €1,127,878).

The marginal (5.1%) increase in the Group's losses compared to the first six months of 2020 is mainly attributable to the following factors:

- A decrease in revenue from €446,689 in 2020 to €381,064 in 2021. The main reason for this decreased revenue compared to 2020 is that the latter period included two months of trading before the effects of the COVID-19 pandemic started to be felt;
- A decrease in the cost of sales from €551,652 in 2020 to €490,680 in 2021, resulting in a 4.4% increase in the gross loss from €104,963 in 2020 to €109,616 in 2021;
- The depreciation charge of €729,095 and the finance costs of €424,536 in 2021 were practically unchanged from 2020 (€712,856 and €403,036 respectively);
- Modification gain on financial liabilities decreased from €144,444 in 2020 to €11,111 in 2021.

The Group's financial results are once again disappointing in view of the lingering impact of the COVID-19 pandemic especially on the tourism sector. Pebbles Resort, by far the bigger of the two hotels operated by the Group, was closed from early March 2021 to early June 2021. Its plans to operate as a music hotel as an exclusive franchise of Bora Bora Ibiza from June 2021 had to be shelved in view of assembly and other restrictions imposed by the health authorities. As a result of Pebbles Resort's closure for half of the period being reported on, the financial results are on a par with the comparable period of 2020 when the hotels operated by the Group were also forced to close for more than three months due to the pandemic.

Risks and uncertainties for the remaining six months of 2021

The key risk that the Group faces in the remaining six months of 2021 relates to the travel and assembly restrictions that the health authorities may re-introduce if the pandemic persists or worsens.

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2021

The directors take comfort in the fact that when the pandemic appeared to be under control in the second quarter of 2021, mainly due to a successful vaccination drive, the Group registered a very significant surge in bookings for the summer months. As a consequence, despite the cancellations resulting from the closure of English Language schools and the imposition of a requirement that travellers to Malta had to present a Vaccination Certificate, the directors are pleased to report that accommodation revenue during the months of July and August 2021 has increased by 88% compared to the same months of 2020.

These figures augur well for significantly improved financial results for the year 2021 compared to 2020 if the COVID-19 pandemic remains under control.

Dividends

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

Approved by the Board of Directors on 31 August 2021 and signed on its behalf by:



Mr Joseph Casha
Director



Mrs Josephine Casha
Director

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2021

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 2021 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

31st August 2021

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDING 30th JUNE 2021

	30 June 2021 €	30 June 2020 €
Revenue	381,064	446,689
Cost of sales	(490,680)	(551,652)
Gross profit/(loss)	(109,616)	(104,963)
Administrative expenses	(80,295)	(102,140)
Other operating income	146,472	50,673
Loss before interest, tax and depreciation	(43,439)	(156,430)
Depreciation	(729,095)	(712,856)
Operating loss	(772,534)	(869,286)
Finance costs	(424,536)	(403,036)
Modification gain on financial liabilities	11,111	144,444
Loss before taxation	(1,185,959)	(1,127,878)
Tax credit	417,085	409,893
Loss for the period	(768,874)	(717,985)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(768,874)	(717,985)

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

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2021


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30th JUNE 2021

	Notes	30 June 2021 €	31 December 2020 €
ASSETS			
Non-current assets		39,225,780	39,759,846
Current assets		1,014,425	776,509
Total assets		40,240,205	40,536,355
EQUITY		16,481,377	17,250,251
LIABILITIES			
Non-current liabilities	4	21,552,255	21,221,953
Current liabilities		2,206,573	2,064,151
Total liabilities		23,758,828	23,286,104
Total equity and liabilities		40,240,205	40,536,355

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 31 August 2021 and were 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 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDING 30th JUNE 2021

	Share capital €	Share premium €	Revaluation reserve €	Fair value gain reserve €	Other reserve €	Retained earnings/ (Accumulated losses) €	Total €
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
Loss 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
Loss for the period						(740,733)	(740,733)
Balance as at 31st December 2020	250,000	17,750,000	14,799,920	2,938,013	(17,531,725)	(955,957)	17,250,251
Loss for the period	-	-	-	-	-	(768,874)	(768,874)
Balance as at 30th June 2021	250,000	17,750,000	14,799,920	2,938,013	(17,531,725)	(1,724,831)	16,481,377

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

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 6 MONTHS ENDING 30th JUNE 2021

	30 June 2021 €	30 June 2020 €
Cashflow from operating activities	(711,218)	(263,672)
Cashflow from investing activities	(70,879)	(464,097)
Cashflow from financing activities	409,112	(299,989)
Net movement in cash and cash equivalents	<u>(372,985)</u>	<u>(1,027,758)</u>
Cash and cash equivalents at beginning of period	(85,317)	623,613
Cash and cash equivalents at end of period	<u>(458,302)</u>	<u>(404,145)</u>

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

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2021

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 2021 to 30 June 2021.

2. Basis of preparation

These condensed consolidated interim financial statements for the six month period ending 30 June 2021 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 2020, 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 2020.

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.

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Condensed Consolidated Interim Financial Statements (unaudited) for the period ended 30 June 2021

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Non-current liabilities

	30 June 2021 €	31 December 2020 €
Borrowings:		
Bank borrowings	1,926,355	1,342,496
Bonds (note i)	11,752,608	11,736,815
Third party borrowings	811,112	933,335
	<u>14,490,075</u>	<u>14,012,646</u>
Lease liability long term	4,828,573	4,947,767
Deferred tax liability	2,233,607	2,261,540
	<u>21,552,255</u>	<u>21,221,953</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 2021 €	31 December 2020 €
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	68,430	52,637
	<u>(247,392)</u>	<u>(263,185)</u>
Amortised cost	<u>11,752,608</u>	<u>11,736,815</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 2021 for the 4% secured Bonds was €101.00 (31st December 2020: €100.99).

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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 2021 €	30 June 2020 €
Other operating income		
<u>Commonly controlled entities</u>		
Rental income	51,200	25,700
Service fee	25,940	18,200
	<hr/> 77,140	<hr/> 43,900
Other operating expenses		
<u>Commonly controlled entities</u>		
Direct costs	39,283	85,159
	<hr/> 39,283	<hr/> 85,159
At the end of the period	<hr/> 116,423	<hr/> 129,059