

Tum Finance plc

C91228

Unaudited interim Condensed Consolidated Financial Statements
30 June 2020

Tum Finance plc

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Tum Finance plc

Interim Directors' report

Pursuant to Listing Rules 5.75.2 for the period 1 January to 30 June 2020

Following the admission to listing of the debt instruments as from 28 June 2019, the Board of Directors of Tum Finance p.l.c. (the "Company") submit their first interim director's report, together with unaudited interim condensed financial statements of the Company (on a separate and consolidated basis) for the six-month period ended 30 June 2020.

Principal activity

The Company and its subsidiaries (the "Group") are involved in real estate development, investment and leasing in Malta. The Company holds investments in subsidiaries for capital growth and income generation. It also provides financing to companies forming part of the Group and to other related companies.

Performance review

The Company

The Company incurred a loss before tax of EUR26,171 (2019: EUR35,422). The Company is expected to generate additional revenue in the remaining six-month period of 2020 and report a profit for the year.

The Group

The Group interim condensed statement of comprehensive income is set out on page 4. During the period, the Group generated a profit before tax of EUR822,195 (2019: Loss of EUR56,064).

The development of the COVID-19 outbreak during the period, has led governments to implement travel restrictions and quarantine measures that required entities to limit or suspend business operations. Whilst no disruptions were experienced for the office block held by the Group, the shopping complex was closed over a stretch of two months due to government measures. Notwithstanding this, the Group still generated a profit for the period.

Principal risks and uncertainties for the remaining six-month period of 2020

The COVID-19 pandemic has impacted most industries in Malta and remains the major source of uncertainty for the upcoming period. The Group has compiled cashflow projections primarily based on the expected revenues and receipts from their tenants. These projections indicate that the Group is expected to have sufficient liquidity to meet its obligations as they fall due. Based on the above considerations and the current prevailing circumstances, the Directors consider the capital and liquidity position of the Group to be adequate to absorb any foreseeable impact from COVID-19. The Directors have also assessed the potential impact of a further disruption to their business. The shareholders have confirmed their commitment to support the Group financially or otherwise should this be required.

Related party transactions

Related party transactions undertaken during the period are disclosed in Note 6.

Dividends

The directors do not recommend the payment of an interim dividend.

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



SILVAN FENECH
Executive Director



ANTHONY FENECH
Executive Director

31 August 2020

Tum Finance plc

Directors' statement pursuant to Listing Rule 5.75.3

We hereby confirm that to the best of my knowledge:

- a) The condensed half-yearly report, including the condensed interim financial statements (separate and consolidated) gives a true and fair view of the financial position of the Group and 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 *Interim Financial Reporting*);
- b) The Interim Directors' report includes a fair review of the information required in term of Listings Rules 5.81 to 5.84.

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



SILVAN FENECH
Executive Director

31 August 2020



ANTHONY FENECH
Executive Director

Tum Finance plc

Interim condensed statements of profit or loss and other comprehensive income

for the period ended 30 June

		The Group		The Company	
		From	From	From	From
Notes		01/01/2020 to	26/03/2019 to	01/01/2020 to	26/03/2019 to
		30/06/2020	30/06/2019	30/06/2020	30/06/2019
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		EUR	EUR	EUR	EUR
Revenue	3	1,551,588	62,813	168,736	-
Administrative and other operating expenses		(325,691)	(105,571)	(44,324)	(26,934)
Change in fair value of investment property		-	-	-	-
Operating profit / (loss)		<u>1,225,897</u>	<u>(42,758)</u>	<u>124,412</u>	<u>(26,934)</u>
Finance income		-	-	247,757	-
Finance costs		(403,702)	(13,306)	(398,340)	(8,488)
Profit/(loss) before tax		<u>822,195</u>	<u>(56,064)</u>	<u>(26,171)</u>	<u>(35,422)</u>
Income tax expense		(367,978)	(13,566)	(13,217)	-
Profit/(loss) for the period		<u>454,217</u>	<u>(69,630)</u>	<u>(39,388)</u>	<u>(35,422)</u>
Other comprehensive income for the period		-	-	-	-
Total comprehensive income/(loss) for the period		<u>454,217</u>	<u>(69,630)</u>	<u>-</u>	<u>-</u>
Attributable to:					
Equity holders of the company		392,607	(53,761)	-	-
Non-controlling interests		61,610	(15,869)	-	-
		<u>454,217</u>	<u>(69,630)</u>	<u>-</u>	<u>-</u>

Tum Finance plc

Interim condensed statements of financial position

	Notes	The Group		The Company	
		As at 30/06/2020 (unaudited) EUR	As at 31/12/2019 (audited) EUR	As at 30/06/2020 (unaudited) EUR	As at 31/12/2019 (audited) EUR
ASSETS					
Non-current assets					
Investment property	4	58,448,070	57,553,874	-	-
Property, plant and equipment		37,182	44,619	-	-
Investment in subsidiary		-	-	20,074,623	20,074,623
Loans to related companies	5	-	-	17,988,889	19,600,000
		<u>58,485,252</u>	<u>57,598,493</u>	<u>38,063,512</u>	<u>39,674,623</u>
Current assets					
Loans to related companies	5	-	-	1,611,111	250,479
Due from related parties		1,559,812	509,812	98,861	220,041
Trade and other receivables		371,919	392,387	-	3,001
Cash and cash equivalents		255,689	1,085,125	49,792	5,331
Tax recoverable		21,853	35,070	21,853	35,070
		<u>2,209,273</u>	<u>2,022,394</u>	<u>1,781,617</u>	<u>513,922</u>
TOTAL ASSETS		<u><u>60,694,525</u></u>	<u><u>59,620,887</u></u>	<u><u>39,845,129</u></u>	<u><u>40,188,545</u></u>

Tum Finance plc

Interim condensed statements of financial position - continued

		The Group		The Company	
	Notes	30/06/2020 (unaudited) EUR	31/12/2019 (audited) EUR	30/06/2020 (unaudited) EUR	31/12/2019 (audited) EUR
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital		17,693,000	17,693,000	17,693,000	17,693,000
Retained earnings		7,636,341	7,243,734	15,525	54,913
Capital contribution		2,456,016	2,456,016	2,456,016	2,456,016
Other reserve		542,683	542,683	-	-
Equity attributable to the owners of the parent		28,328,040	27,935,433	20,164,541	20,203,929
Non-controlling interests		2,716,844	2,655,234	-	-
Total equity		31,044,884	30,590,667	20,164,541	20,203,929
Non-current liabilities					
Deferred tax liability		5,122,221	5,122,221	-	-
Lease liabilities		197,067	191,782	-	-
Debt securities in issue	6	19,566,635	19,534,152	19,566,635	19,534,152
		24,885,923	24,848,155	19,566,635	19,534,152
Current liabilities					
Trade and other payables		2,991,517	2,881,162	60,938	60,000
Debt securities in issue	6	53,015	390,464	53,015	390,464
Due to related parties		1,301,385	817,515	-	-
Tax payable		417,801	92,924	-	-
		4,763,718	4,182,065	113,953	450,464
Total liabilities		29,649,641	29,030,220	19,680,588	19,984,616
TOTAL EQUITY AND LIABILITIES		60,694,525	59,620,887	39,845,129	40,188,545

These condensed interim financial statements (unaudited) on pages 4 to 16 were approved and authorised for issue by the directors, on 31 August 2020 and signed by:


SILVAN FENECH
Executive Director


ANTHONY FENECH
Executive Director

Tum Finance plc

Interim condensed consolidated statements of changes in equity - Group

For the period ended 30 June 2020

	Share capital EUR	Retained earnings EUR	Other reserves EUR	Capital contribution EUR	Non-controlling interest EUR	Total EUR
Balance as at 26 March 2019	-	-	-	-	-	-
Issue of share capital	17,693,000	-	-	-	-	17,693,000
Acquisition of a subsidiary	-	-	542,683	-	1,238,068	1,780,751
Total comprehensive loss for the period	-	(53,761)	-	-	(15,869)	(69,630)
Capital contributed	-	-	-	1,951,177	-	1,951,177
Balance as at 30 June 2019 (unaudited)	17,693,000	(53,761)	542,683	1,951,177	1,222,199	21,355,298

	Share capital EUR	Retained earnings EUR	Other reserves EUR	Capital contribution EUR	Non-controlling interest EUR	Total EUR
Balance as at 1 January 2020	17,693,000	7,243,734	542,683	2,456,016	2,655,234	30,590,667
Total comprehensive income for the period	-	392,607	-	-	61,610	454,217
Balance as at 30 June 2020 (unaudited)	17,693,000	7,636,341	542,683	2,456,016	2,716,844	31,044,884

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Interim condensed statements of changes in equity - Company

For the period ended 30 June 2020

	Share capital EUR	Retained earnings EUR	Capital Contribution EUR	Total EUR
Balance as at 26 March 2019	-	-	-	-
Issue of share capital	17,693,000	-	-	17,693,000
Total comprehensive loss for the period	-	(35,422)	-	(35,422)
Capital contributed	-	-	1,951,177	1,951,177
Balance as at 30 June 2019 (unaudited)	17,693,000	(35,422)	1,951,177	19,608,755

	Share Capital EUR	Retained earnings EUR	Capital contribution EUR	Total EUR
Balance as at 1 January 2020	17,693,000	54,913	2,456,016	20,203,929
Total comprehensive income for the period	-	(39,388)	-	(39,388)
Balance as at 30 June 2020 (unaudited)	17,693,000	15,525	2,456,016	20,164,541

Tum Finance plc

Interim condensed statements of cash flows

For the period ended 30 June

	The Group		The Company	
	From 01/01/2020 to 30/06/2020 (unaudited) EUR	From 26/03/2019 to 30/06/2019 (unaudited) EUR	From 01/01/2020 to 30/06/2020 (unaudited) EUR	From 26/03/2019 to 30/06/2019 (unaudited) EUR
Cash flows used in operating activities				
Profit/(Loss) before tax	822,195	(56,064)	(26,171)	(35,422)
Adjustments for:				
Depreciation	7,437	8	-	-
Finance costs	403,702	13,306	398,340	8,488
Finance income	-	-	(247,757)	-
Dividend income	-	-	(118,736)	-
Gain on change in fair value of investment property	-	-	-	-
Operating profit before working capital movement	1,233,334	(42,750)	5,676	(26,934)
Movement in trade and other receivables	(152,658)	(51,653)	3,001	-
Movement in due from related parties	483,870	16,472	239,916	-
Movement in trade and other payables	110,278	(52,067)	938	(26,934)
	1,674,824	(129,998)	249,531	-
Income taxes paid	(29,884)	7,459	-	-
Net cash flows from operating activities	1,644,940	(122,539)	249,531	-
Cash flows used in investing activities				
Purchase of property, plant and equipment	-	(600)	-	-
Purchase of investment property	(721,070)	(807,950)	-	-
Loans advanced to related parties	(1,050,000)	-	-	-
Movement in Loans to subsidiaries	-	-	498,236	-
Net cash flows (used in)/from financing activities	(1,771,070)	(808,550)	498,236	-
Cash flows from financing activities				
Proceeds from capital issued	-	49,500	-	49,500
Proceeds from debt securities issued	-	-	-	-
Movement in bank loans	-	1,012,589	-	-
Repayment of lease liabilities	-	-	-	-
Bond interest paid	(703,306)	-	(703,306)	-
Net cash flows (used in)/from financing activities	(703,306)	1,062,089	(703,306)	49,500

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Interim condensed statement of cash flows - continued

For the period ended 30 June

	The Group		The Company	
	From 01/01/2020 to 30/06/2020 (unaudited) EUR	From 26/03/2019 to 30/06/2019 (unaudited) EUR	From 01/01/2020 to 30/06/2020 (unaudited) EUR	From 26/03/2019 to 30/06/2019 (unaudited) EUR
Net movement in cash and cash equivalents	(829,436)	131,000	44,461	49,500
Cash and cash equivalents at the beginning of the period	1,085,125	-	5,331	-
Cash and cash equivalents at the end of the period	255,689	131,000	49,792	49,500
Non-cash investment activities:				
Acquisition of subsidiaries	-	(13,427,000)	-	(19,644,875)
Dividend Income	-	-	118,736	-
Non-cash financing activities:				
Issue of share capital	-	17,643,500	-	17,643,500
Capital contribution	-	1,951,177	-	1,951,177
Settlement of related party balances	-	6,672,516	-	-

Tum Finance plc

Notes to the interim condensed financial statements

For the period ended 30 June 2020

1. Company's information and activities

Tum Finance plc is a public limited company registered in Malta under the Companies Act, (Cap. 386) with registration number C91228. The registered office of the company is Tum Invest Head Office, Zentrum Business Centre, Mdina Road, Qormi, Malta.

The company is 99.9 % owned subsidiary of Tum Invest Limited. The company acts as an investment and holding company, whilst the Group is engaged in the investment, development and operation of a shopping mall and other immovable properties in Qormi, Malta.

2.1 Basis of preparation and statement of compliance

The interim condensed separate and consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

The interim condensed separate and consolidated 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 annual consolidated financial statements as at 31 December 2019.

2.2 Comparative information

Company

The Company was incorporated on 26 March 2019. Thus, the comparative information in the interim condensed statements of profit or loss and other comprehensive income, interim condensed statements of changes in equity and interim condensed statements of cash flows cover the period from 26 March 2019 to 30 June 2019 as compared to a full six-month period 1 January 2020 to 30 June 2020.

Group

During the financial period ending 31 December 2019, Tum Invest Limited (the parent Company) entered into various linked transactions ('the restructuring transactions'). As a result of the restructuring, Tum Finance plc and Tum Operations were established and Tum Finance plc. became direct parent entity of Tum Operations Limited, and acquired and became the ultimate parent of Center Parc Holdings Limited and Easysell Limited (formerly Easysell KIA Limited) through its direct subsidiary, Tum Operations Limited. A new sub-group was hence created at Tum Finance plc level.

This transaction qualified as a reorganisation of entities under common control and was accounted for using the pooling of interest method. Management selected the option of no restatement of periods prior to the combination under common control, such that the business combination was accounted for from the date of the transaction, being 25 April 2019. Accordingly, the comparative period presents the results from when the parent acquired its subsidiaries being April 2019, whilst the current 6-month period represents a full period of operations.

Tum Finance plc

Notes to the interim condensed financial statements - continued

For the period ended 30 June 2020

2.3 Going concern assumption

As at 30 June 2020, the Group's current liabilities exceeded current assets by EUR2,554,445.

The directors have assessed the appropriateness of the going concern basis by reviewing cash forecasts prepared by management. These projections indicate that the Group will have sufficient resources to meet its obligations as they fall due. The shareholders have furthermore confirmed their commitment to support the Group financially or otherwise should this be required.

At the time of approving these interim condensed financial statements, the Directors have determined that there is a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future and continue adopting the going concern basis in preparing the financial statements.

2.4. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed separate and consolidated financial statements are consistent with those followed in the preparation of the Group's annual separate and consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group did not early adopt any standard, interpretation or amendments that has been issued but is not effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed separate and consolidated financial statements of the Group. These are:

- Amendments to IFRS9, IAS 39 and IFRS 7: Interest Rate benchmark Reform;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3 Business Combinations

3. Revenue

	The Group		The Company	
	From	From	From	From
	01/01/2020 to	26/03/2019 to	01/01/2020 to	26/03/2019 to
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	EUR	EUR	EUR	EUR
Rental income	1,405,237	44,352	-	-
Dividend income	-	-	118,736	-
Other income	146,351	18,461	50,000	-
	1,551,588	62,813	168,736	-

Management assess the operations of the Group as one reporting segment on the basis that the Group has one line of activity based in one jurisdiction. Accordingly, no segment disclosures are being presented.

Tum Finance plc

Notes to the interim condensed financial statements - continued

For the period ended 30 June 2020

4. Investment property (The Group)

	30/06/2020 (unaudited) EUR	31/12/2019 (audited) EUR
Opening balance	57,553,874	-
Additions from acquisition of subsidiaries	-	42,115,829
Additions from subsequent expenditure	894,196	5,702,434
Increase in fair value of property	-	9,735,611
At period end	58,448,070	57,553,874
Carrying amount		
At period end	58,448,070	57,553,874

Investment property is revalued by professionally qualified architects or surveyors on the basis of assessments of the fair value of the property in accordance with international valuations standards and professional practice. The last valuation of the property held was performed as at 30 April 2019.

In the years where a valuation is not obtained, management verifies all major inputs used in the previous independent valuation report, by assessing the capitalisation rate against changes in discount and growth rates, as well as assessing the results achieved against the earning assumption used in the previous valuation report. Based on these analysis management holds discussions with the independent architect, to assess whether any changes in inputs would lead to significant changes in value of the property.

For property held, the current use equates to the highest and best use. Rental income derived from the investment property during the period amounted to EUR1,405,237.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The Group's property has been determined to fall within level 3 of the fair valuation hierarchy. Level 3 in the fair value hierarchy represents valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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 period.

Tum Finance plc

Notes to the interim condensed financial statements - continued

For the period ended 30 June 2020

4. Investment property (The Group) - continued

Description of valuation techniques used and key inputs to valuation of investment properties

The valuation was determined based on the income approach (discounted projected cash flows).

	Valuation technique	Significant Unobservable Inputs	Discount Rate	Narrative Sensitivity
Investment Property	Income Approach	Discount rate	6%	The higher the discount rate, the lower the fair value
		Rental Value per Square metre	€97-€147	The higher the price per square metre, the higher the fair value
		Rent growth per annum	0.5%-5%	The higher the rent growth, the higher the fair value

5. Loan to related companies (the Company)

	30/06/2020 (unaudited) EUR	31/12/2019 (audited) EUR
Non-current:		
Loan receivable from subsidiary (Note i)	11,638,889	13,250,000
Cumulative redeemable preference shares (Note ii)	6,350,000	6,350,000
As at 31 December 2019	<u>17,988,889</u>	<u>19,600,000</u>
Current:		
Loan receivable from subsidiary (Note i)	1,611,111	250,479
As at 31 December 2019	<u>1,611,111</u>	<u>250,479</u>

- i. The amounts owed by subsidiary are unsecured and subject to interest rate of 3.75% per annum. EUR6 million of the loan is repayable as a lump sum upon maturity of the loan in June 2029. The remaining amount is repayable in nine equal instalments paid annually on the 20th of June.
- ii. The preference shares are entitled to a fixed cumulative preferential dividend of 3.75%. The Company may redeem any or the whole of the outstanding preference shares at any time, but not later than 30 June 2029.

Tum Finance plc

Notes to the interim condensed financial statements - continued

For the period ended 30 June 2020

6. Debt securities in issue (The Group and The Company)

	30/06/2020 (unaudited) EUR	31/12/2019 (audited) EUR
Non-current:		
3.75% Bonds redeemable (Note i)	19,566,635	19,534,152
Current:		
3.75% Bonds redeemable (Note i)	53,015	390,464

- i. During 2019 the Company issued an aggregate principal amount of EUR20 million Bonds (2019 – 2029), having a nominal value of EUR100 each, bearing interest at the rate of 3.75% per annum. These bonds are secured by Easysell Limited (hereafter the “Guarantor”), a subsidiary of the Company. They are subject to the terms and conditions in the prospectus dated 3 June 2019. The quoted market price as at 30 June 2020 for the 3.75% Bonds (2019 – 2029) was 101.00 (31 December 2019: EUR 102.00).

The Guarantor provided a corporate guarantee in favour of the Company's bondholders to affect the due and punctual performance of all payment obligations undertaken by the Company under the Bonds if it fails to do so.

7. Related party disclosures

Tum Finance plc is the direct parent of the Tum operations Limited and became the ultimate parent of Center Parc Holdings Ltd and Easysell Limited (formerly Easysell KIA Limited) through its direct subsidiary, Tum Operations Limited. The registered office of these companies is Tum Invest Head Office, Zentrum Business Centre, Mdina Road, Qormi, Malta. The ultimate controlling party is Anthony Fenech.

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Notes to the interim condensed financial statements - continued

For the six months ended 30 June 2020

7. Related party disclosures - continued

During the course of the period, the Group and the company entered into transactions with related parties as set out below. Other related parties are entities having the same ultimate parent.

	The Group		The Company	
	01/01/2020 to 30/06/2020 EUR	26/03/2019 to 30/06/2019 EUR	01/01/2020 to 30/06/2020 EUR	26/03/2019 to 30/06/2019 EUR
Revenue				
<i>Related party</i>				
<i>Transactions with:</i>				
- Subsidiaries	-	-	168,736	-
- Other related parties	435,996	40,182	-	-
	<u>435,996</u>	<u>40,182</u>	<u>-</u>	<u>-</u>
Finance income				
<i>Related party</i>				
<i>Transactions with:</i>				
- Subsidiaries	-	-	247,757	-
	<u>-</u>	<u>-</u>	<u>247,757</u>	<u>-</u>
	30/06/2020 EUR	31/12/2019 EUR	30/06/2020 EUR	31/12/2019 EUR
Loans/Advance to:				
<i>Related party</i>				
<i>Transactions with:</i>				
- Subsidiary	-	-	19,698,861	20,070,520
- Parent	1,350,000	300,000	-	-
- Other related parties	209,812	209,812	-	-
	<u>1,559,812</u>	<u>509,812</u>	<u>19,698,861</u>	<u>20,070,520</u>
Loans/Advances from:				
<i>Related party</i>				
<i>Transactions with:</i>				
- Parent Company	2,755,797	2,701,999	2,456,016	2,456,016
- Other related parties	1,001,604	571,532	-	-
	<u>3,757,401</u>	<u>3,273,531</u>	<u>2,456,016</u>	<u>2,456,016</u>