

EXALCO FINANCE plc

Half-Yearly Report
30 June 2019

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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 financial statements included in this report have been extracted from Exalco Finance plc's unaudited financial information as at 30 June 2019 and the periods then ended, prepared in accordance with International Financial Reporting Standards as 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 company's independent auditors.

Trading performance

The company

The company was incorporated on 17 July 2018 in terms of the Maltese Companies Act (Cap. 386). The company's principal activity is to carry on the business of an investment company, by raising funds to finance the operations and capital projects of Exalco Properties Limited, a main operating company forming part of Exalco Group.

During the period ended 31 December 2018, the company issued €15 million worth of secured bonds with a face value of €100 each and having a coupon interest rate of 4%. The bonds were successfully over-subscribed and were admitted for listing on the Malta Stock Exchange on the 21 August 2018.

In accordance with the provisions of the prospectus, the proceeds from the bond issue have been advanced to Exalco Properties Limited, the guarantor within the group, to refinance banking facilities originally utilised by the guarantor to acquire and/or develop various investment properties and to finance general financing requirements including but not limited to financing of future acquisitions and development of other immovable property in pursuance of the guarantor's business development strategy.

Finance income amounting to €362,371 is generated from a facility fee and interest charged on the loan advanced to Exalco Properties Limited. Financial costs comprise interest payable on the bond issue and amortisation of the issued costs thereof amounting to €312,534. Profit before taxation for the six-month period under review was €19,271.

The directors do not anticipate any significant changes during the forthcoming six months.

The Guarantor

The guarantor generated revenue of €2,066,843, an increase of €175,065 over the comparative period. This increase is mainly attributable to increases in rental rates for certain office premises as well rental income generated from the property acquisition mentioned below. These factors contributed to a profit before tax of €1,034,140.

On 26 September 2018, Exalco Properties Limited acquired the building now renamed "Phoenix Business Centre" situated in St. Venera. External façade works and internal finishing works to Levels 2 and 3 of the building were completed in July in preparation to receive potential tenants in Quarter 3 and Quarter 4 2019. The directors are confident that Phoenix Business Centre will achieve 100% occupancy by the end of the year. Bond proceeds are being utilised to part-finance the above mentioned internal finishes. As the building was acquired with 2 levels already occupied and leased to retail and commercial tenants, income from rental contracts started to accrue to Exalco Properties Limited as from 1 October, 2018.

The guarantor envisages occupancy levels in the next six months to remain at 100% in all its other buildings, although its directors remain alert to external market factors.

Half-yearly directors' report - continued

Dividends

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

Director's statement pursuant to Listing Rule 5.75.3

We hereby confirm that to the best of our knowledge:

1. the condensed half-yearly report gives a true and fair view of the financial position of the company as at 30 June 2019, 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.



Alexander Montanaro
Director



Kevin Valenzia
Director

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Exalco Finance p.l.c.
Cornerstone Business Centre
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Malta

8 August 2019

Condensed statement of financial position

	Note	As at 30 June 2019 € (unaudited)	As at 31 December 2018 € (audited)
ASSETS			
Non-current assets			
Loan receivable from fellow subsidiary	4	14,671,500	14,671,500
Current assets			
		883,906	538,049
Total assets		15,555,406	15,209,549
EQUITY AND LIABILITIES			
Equity and reserves			
		264,236	251,710
Non-current liabilities			
Borrowings		14,727,500	14,712,500
Current liabilities			
		563,670	245,339
Total liabilities		15,291,170	14,957,839
Total equity and liabilities		15,555,406	15,209,549

The notes on pages 7 to 8 are an integral part of this interim condensed financial information.

The condensed interim financial information on pages 3 to 8 were authorised for issue by the board of directors on 8 August 2019 and were signed on its behalf by:



Alexander Montanaro
Director



Kevin Valenzia
Director

Condensed statement of comprehensive income

	Period from 1 January to 30 June 2019
	€ (unaudited)
Finance income	362,371
Finance costs	(312,534)
Net interest income	49,837
Loss allowance on financial assets	-
Administrative expenses	(30,566)
Profit before tax	19,271
Tax expense	(6,745)
Profit for the period – total comprehensive income	12,526

The notes on pages 7 to 8 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	250,000	1,710	251,710
Profit for the period - total comprehensive income	-	12,526	12,526
Balance at 30 June 2019	250,000	14,236	264,236

The notes on pages 7 to 8 are an integral part of this interim condensed financial information.

Condensed statement of cash flows

	Note	Period from 1 January to 30 June 2019 € (unaudited)
Cash flows from operating activities		94,138
Cash flows from Investing activities		-
Cash flows from financing activities		-
Net movement in cash and cash equivalents		94,138
Cash and cash equivalents at beginning of period		250,337
Cash and cash equivalents at end of period	4	344,475

The notes on pages 7 to 8 are an integral part of this interim condensed financial information.

Notes to the half-yearly report

1. Basis of preparation

This condensed interim financial information for the period ended 30 June 2019 has been prepared in accordance with IAS 34, 'Interim financial reporting'. They have been prepared under the historical cost convention. These financial statements have not been audited nor reviewed by the company's independent auditors. The condensed interim financial information should be read in conjunction with the financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRSs as adopted by the EU.

The company did not present comparable financial information for the income statement, statement of changes in equity and cash flow statement as the company was incorporated on 17 July 2019 which falls after the end of the comparable period for these statements.

2. Share capital

	30 June 2019	31 December 2018
	€	€
Authorised, issued and fully paid up		
250,000 ordinary shares of €1 each	250,000	250,000

3. Cash and cash equivalents

For the purposes of the condensed statement of cash flows, cash and cash equivalents comprise the following:

	30 June 2019
	€
Cash at bank	344,475

These deposits are held at call with banks and earn interest at market-based floating rates of interest. Cash at bank is included within current assets in the statement of financial position.

4. Related party transactions

The company forms part of the Exalco Group of Companies. All companies forming part of the Exalco Group are related parties since these companies are all ultimately owned by Exalco Holdings Limited, which is considered by the directors to be the ultimate controlling party. Trading transactions between these companies include items which are normally encountered in a group context. The group is ultimately fully owned by members of the Montanaro family, who are therefore considered to be related parties. The main related party with whom transactions are entered into is Exalco Properties Limited, the guarantor of the borrowings

The principal transactions carried out with related parties during the period are outlined below:

	Period from 1 January to 30 June 2019 €
Finance income from fellow subsidiary	298,873
Facility fee from fellow subsidiary	63,498
	362,371

The company's balances with fellow subsidiary as at the end of the period is as follows:

	30 June 2019 €	31 December 2018 €
Loan receivable from fellow subsidiary	14,671,500	14,671,500