

EXALCO FINANCE p.l.c.

Half-Yearly Report  
30 June 2020

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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 p.l.c.'s unaudited financial information for the six months ended 30 June 2020, 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'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.

Finance income amounting to €370,608 (2019: €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 €314,178 (2019: €312,534). Profit before taxation for the six-month period under review was €27,159 (2019: €19,271).

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

#### *The Guarantor*

Notwithstanding the difficult period and the challenges that the COVID-19 pandemic has created and will continue to create at least in the short term, the Guarantor generated revenue of €2,292,833, an increase of €225,990 over the comparative period. The increase is attributable to three reasons – the commencement of rental income from the remaining available space at the Phoenix building effective January 2020, the renewal of some agreements at higher rates particularly in specific buildings also effective from the beginning of 2020 as well as annual rent increments as stipulated in existing lease agreements which the Guarantor has in place with existing tenants. These factors contributed to a profit before tax of €1,209,450.

The Guarantor envisages occupancy levels in the next six months to remain close to 100% in all its buildings, although its directors remain alert to external market factors, particularly the impact to the economy that may be caused by the continuation of the pandemic as well as current challenges to Malta's reputation.

## 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 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 Rule 5.81.



Alexander Montanaro  
Director



Jean Marc Montanaro  
Director

Registered office:  
Exalco Finance p.l.c.  
Cornerstone Business Centre  
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16 September Square  
Mosta MST 1180  
Malta

7 August 2020

## Condensed statement of financial position

	Note	As at 30 June 2020 € (unaudited)	As at 31 December 2019 € (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loan receivable from fellow subsidiary	3	14,971,500	14,971,500
<b>Current assets</b>			
		628,855	291,068
<b>Total assets</b>		<b>15,600,355</b>	15,262,568
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
		292,660	275,007
<b>Non-current liabilities</b>			
Borrowings		14,757,500	14,742,500
<b>Current liabilities</b>			
		550,195	245,061
<b>Total liabilities</b>		<b>15,307,695</b>	14,987,561
<b>Total equity and liabilities</b>		<b>15,600,355</b>	15,262,568

The notes on page 7 are an integral part of this interim condensed financial information.

The condensed interim financial information on pages 3 to 7 were authorised for issue by the board of directors on 7 August 2020 and were signed on its behalf by:



Alexander Montanaro  
Director



Jean Marc Montanaro  
Director

## Condensed statement of comprehensive income

	Six months ended 30 June	
	2020 € (unaudited)	2019 € (unaudited)
Finance income	370,608	362,371
Finance costs	(314,178)	(312,534)
<b>Net interest income</b>	<b>56,430</b>	49,837
Administrative expenses	(29,271)	(30,566)
<b>Profit before tax</b>	<b>27,159</b>	19,271
Tax expense	(9,506)	(6,745)
<b>Profit for the period - total comprehensive income</b>	<b>17,653</b>	12,526

The notes on page 7 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
<b>Balance at 30 June 2019</b>	<b>250,000</b>	<b>14,236</b>	<b>264,236</b>
Balance at 1 January 2020	250,000	25,007	275,007
Profit for the period – total comprehensive income	-	17,653	17,653
<b>Balance at 30 June 2020</b>	<b>250,000</b>	<b>42,660</b>	<b>292,660</b>

The notes on page 7 are an integral part of this interim condensed financial information.

## Condensed statement of cash flows

	Six months ended 30 June	
	2020 € (unaudited)	2019 € (unaudited)
<b>Cash flows from operating activities</b>	<b>35,692</b>	94,138
Net movement in cash and cash equivalents	<b>35,692</b>	94,138
Cash and cash equivalents at beginning of period	<b>44,336</b>	250,337
<b>Cash and cash equivalents at end of period</b>	<b>80,028</b>	344,475

The notes on page 7 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 2020 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 2019, which have been prepared in accordance with IFRSs as adopted by the EU.

### 2. Share capital

	<b>30 June 2020</b>	31 December 2019
	€	€
<b>Authorised, issued and fully paid up</b>		
250,000 ordinary shares of €1 each	<b>250,000</b>	250,000

### 3. 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:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	€	€
Finance income from fellow subsidiary	<b>305,838</b>	298,873
Facility fee from fellow subsidiary	<b>64,770</b>	63,498
	<b>370,608</b>	362,371

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

	<b>30 June 2020</b>	31 December 2019
	€	€
Loan receivable from fellow subsidiary	<b>14,971,500</b>	14,971,500