TUMAS
INVESTMENTS plc

COMPANY ANNOUNCEMENT

30th April 2021

The following is a Company Announcement issued by Tumas Investments p.l.c. (the "**Company**") pursuant to Chapter 5 of the Malta Financial Services Authority Listing Rules with respect to the audited financial statements of the Company and the audited financial statements of Spinola Development Company Limited, as guarantor of the bonds of the Company (the "**Guarantor**").

Quote

On the 30th April 2021, the Boards of Directors of each of Tumas Investments p.l.c. and Spinola Development Company Limited approved for publication the respective annual reports and financial statements for the year ended 31st December 2020 and resolved to propose the same for approval of the shareholders at the Annual General Meetings, also held on the same day.

The Directors have also authorised the issue of the Tumas Investments p.l.c audited financial statements, which together with those of Spinola Development Company Limited are available on the Tumas Group website:

https://tumas.com/wp-content/uploads/2021/04/TI-plc-FS-Dec-2020.pdf

https://tumas.com/wp-content/uploads/2021/04/SDC-FS-Dec-2020-nd.pdf

The Company's accounts are also being appended to this Company Announcement.

In terms of listing rule 5.16.24, the Directors report that during the year under review, the profit before tax of the Guarantor as reported is substantially above that projected for the same period as stated in the Financial Analysis Summary dated 19th August 2020 ("**FAS**") with a positive variance of €9.16 million. The contributing segments were two: the property development segment and the hospitality segment, albeit the latter to a lesser extent as this segment still registered an overall loss.

During FY2020, the Guarantor delivered what remained of the office block next to the Portomaso Business Tower. The final delivery released the Guarantor from further obligations in relation to the said property, and as such, certain costs that were provided for in the FAS projections for FY2020 which were not incurred, did not realise, resulting in an adjustment being made to the cost side of this segment. There are no fiscal implications to this adjustment.

In the hospitality segment, revenues earned in 2020 were in line with those projected in the FAS. Notwithstanding, in this segment the Guarantor also achieved costs savings, which albeit being to a lesser extent than those of the property development segment, contributed positively to the overall results of the Guarantor for FY2020 when compared to the projections in the FAS.

Unquote

Ray Sladden
Company Secretary

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Company Reg. No: C27296

TUMAS INVESTMENTS p.l.c.

Annual Report and Financial Statements
31 December 2020

Company Registration Number: C27296

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Principal activities

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 Spinola Development Company Limited, a company forming part of the Tumas Group.

Review of business

Finance income on loans and ancillary revenue during 2020 stood at €2.37 million (€2.37 million in 2019). While interest payable on the outstanding bonds totalled €2.23 million (€2.23 million in 2019). This resulted in net income of €137,169, marginally down from the previous year.

Administrative expenses at €124,628 was also marginally below last year. As in previous years these expenses account for listing, compliance, professional and directors' fees. Profit before tax stood at €12,541 slightly below its counter-part figure the previous year. The company's financial position accounts for the two bond issue of €25 million each and the corresponding loans to Spinola Development Company Limited for a similar amount. The latter is also the guarantor of these bonds. Trade receivables in the form of amounts due from fellow subsidiary and prepayments and interest accrued make up trade and other receivables which are countered by trade payables mainly in the form of accrued interest.

The equity of the company stood €646,361 up by €8,151 over the December 2019 figure.

Guarantor's performance as at year ended December 2020

The guarantor's performance for the year under review has been totally overshadowed by the COVID-19 pandemic. Total turnover stood at €34.31 million, a drop of 42.5% from the previous year leading to a profit for the year of €11.19 million against last year's €12.28 million. Revenue from hospitality and ancillary services dropped by no less than 68.1% contributing only €13.26 million versus the previous year €41.59 million, mirroring the heavy drop in occupancy and the resultant loss from this segment, although this segment still managed to make a positive EBIDTA.

Property development turnover partly made up for the decrease in hospitality revenue totalling €14.93 million which resulted from the final delivery of the office block next to the Portomaso Business Tower and two apartments. During the course of 2020, further works on a cluster apartment block within Portomaso continued so that these are today structurally finished while internal finishing works are well advanced. Revenue from rental and management complex cost made up the balance of revenue at €6.11 million. This recorded marginal decrease over last year due to some discounts which had to be given to tenants operating F&B units.

The Group's equity position reached €137.53 million an increase of €5.98 million over last year. It is worth noting that cash and cash equivalents stood at €24.98 million, while no new borrowings were taken on except for a Malta Development Bank backed loan facility which was applied for in late 2020 with respect to the hotel, as a back-up facility for our working capital requirements. This was not utilised in 2020.

Directors' report - continued

Outlook for 2021 and events after the reporting date

Following the exceptional circumstances of 2020 as a result of the COVID-19 pandemic we have entered 2021 with quite some trepidation. Recent news of the advanced roll out of the vaccination programme both in Malta and abroad is encouraging and prospects sooner rather than later tourism comeback. From revised projections we have prepared both for the hotel and the other segments of the guarantor a positive EBIDTA is forecasted which takes into consideration a gradual increase in occupancy later on this year. It is however, fair to state that as we are dealing with a moving target the directors and management of the guarantor will continue to monitor the situation, taking all necessary health precautions as directed by the Health Authorities and managing operations so as to reduce costs and conserve liquidity. As a result of the pandemic fallout management has applied for and been awarded the Government Wage Supplement which has cushioned the resultant loss from the hospitality segment. From a cashflow point of view the Malta Development Bank backed loan was approved earlier on this year and which could be used for working capital requirements if low revenues persist.

As for the property and rental segment the guarantor should this year finish off the new apartment cluster and it is encouraging to note that promise of sale agreements have been entered for 4 apartments which it aims to deliver towards year end. Rental income is also factored in at the same level as last year as it's envisages that F&B outlets will return to business in the coming months. The guarantor of the bonds Spinola Development Company Limited is adequately capitalised and enjoys a satisfactory level of liquidity. The guarantor is coming out of a positive trading period lasting a good number of years during which the hospitality sector was booming and a number of prime real estate units within Portomaso were sold and therefore increasing both profitability and liquidity. Going forward, particularly due to the COVID-19 situation it will continue to manage our capital expenditure in order to cater for the essential. The only major project relating to the group currently in progress is the ex-Halland aparthotel which has been pulled down and will be developed as in a high-end residential estate. The directors have undertaken to develop this project in line with current and forecast exigences and hence the works of the guarantor progression will be totally within their control and of course subject to necessary permits.

To this effect the board of the guarantor confirmed that Spinola Development Company Limited is adequately funded to operate as a going concern and hence honour its obligations as and when these fall due, including amongst which its obligations towards bondholders. Taking this into consideration the board of the company also confirms that Tumas Investments plc can operate as a going concern and is adequately funded to honour its obligations for the forthcoming 12 months.

Financial risk management

The company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. Refer to Note 2 to these financial statements.

Directors' report - continued

Conduct review

The Board of Tumas Investments p.l.c. has made enquiries, with the directors of Spinola Development Company Limited, the Guarantor, regarding the serious allegations made in respect of Mr Yorgen Fenech. Further detail in this regard is included in the Conduct Review paragraph in the Corporate Governance, Statement of compliance on page 7.

Results and dividends

The statement of comprehensive income is set out on page 21. The directors do not recommend the payment of a dividend.

Retained profits carried forward at the reporting date amounted to €396,359 (2019: €388,208).

Directors

The directors of the company who held office during the year were:

Raymond Fenech
Raymond Sladden
Michael Grech
Kevin Catania
John Zarb

The company's Articles of Association do not require any director to retire.

Statement of directors' responsibilities for the financial statements

The directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Tumas Investments p.l.c. for the year ended 31 December 2020 are included in the Annual Report 2020, which is made available on the Tumas Group's website.

The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the group's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Directors' report - continued

Statement of directors' responsibilities for the financial statements - continued

The directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the company as at 31 December 2020, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and

- the Annual Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that the company and the guarantor face.

Going concern statement pursuant to Listing rule 5.62

After making enquiries, the directors, at the time of approving the financial statements, have determined that it is reasonable to assume that the company has adequate resources to continue operating for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

Raymond Fenech
Director

Kevin Catania
Director

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Ray Sladden
Company secretary

30 April 2021

Corporate governance - Statement of compliance

Introduction

Pursuant to the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority, Tumas Investments p.l.c. (a fully owned subsidiary of Tumas Group Company Limited - "the group") hereby reports on the extent to which the company has adopted the "Code of Principles of Good Corporate Governance" (the "Code") appended to Chapter 5 of the Listing Rules as well as the measures adopted to ensure compliance with these same Principles.

Since its incorporation, the company's principal activity was to raise funds mainly from the capital market to finance the operations and capital projects of Spinola Development Company Limited ("SDC"), a company forming part of the Tumas Group.

In deciding on the most appropriate manner in which to implement the Principles, the Board of Tumas Investments p.l.c. (the "Board") has taken cognisance of its size, which inevitably impacts on the structures required to implement the Principles without diluting the effectiveness thereof. The company does not have any employees.

Roles and responsibilities

The Board acknowledges its statutory mandate to conduct the administration and management of the company. The Board, in fulfilling this mandate and discharging its duty of stewardship of the company, assumes responsibility for:

- the company's strategy and decisions with respect to the issue, servicing and redemption of its bonds;
- monitoring that its operations are in conformity with its commitments towards bondholders, shareholders, other external financiers and all relevant laws and regulations.

The Board is also responsible for ensuring that the company installs and operates effective internal control and management information systems and that it communicates effectively with the market.

Board of Directors

The company presently has five directors who are appointed by its ultimate principal shareholder, Tumas Group Company Limited.

For the financial year ended 31 December 2020, two of the directors, Mr. Raymond Fenech and Mr. Raymond Sladden, occupied senior executive positions within the Tumas Group of Companies. Mr. Kevin Catania, Dr. Michael Grech and Mr. John Zarb, served on the Board of the Company, in a non-executive capacity. Mr. John Zarb and Mr. Kevin Catania are considered by the board as independent directors since they are free of any significant business relationship, family or other relationships with the Issuer, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair their judgement. In assessing Mr. Zarb's and Mr. Catania's independence, due notice has been taken to Section 5.117 of the Listing Rules.

Corporate governance - Statement of compliance - continued

The exercise of the role of the Board

The activities of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the company and protect the interests of bondholders, external lenders and the shareholders.

Meetings of the Board were held as frequently as considered necessary. Individual directors, apart from attendance at formal Board meetings, participate in other informal meetings during the year as may be required, either to assure good corporate governance, or to contribute more effectively to the decision making process.

The Board members are notified of forthcoming meetings by the company Secretary with the issue of an agenda and supporting documents as necessary which were then discussed during the Board meetings held during 2020.

Apart from setting the strategy and direction of the company, the Board retains direct responsibility for approving and monitoring:

- direct supervision, supported by expert professional advice as appropriate, on the issue and listing of bonds;
- that the proceeds of the bonds are applied for the purposes for which they were sanctioned as specified in the offering memoranda of the bonds in issue;
- proper utilisation of the resources of the company;
- approval of the annual report and financial statements and of relevant public announcements and for the company's compliance with its continuing listing obligations.

The Board does not consider necessary to institute separate committees such as the remuneration and the nomination committees, as would be appropriate in an operating company.

Risk Management and Internal Control

The Board recognises that the company must manage a range of risks in the course of its activities and the failure to adequately manage these risks could adversely impact the business. Whilst no system can provide absolute guarantees and protection against material loss, the risk management systems are designed to give the directors reasonable assurance that problems can be identified promptly and remedial action can be taken as appropriate.

The Board maintains sound risk management and internal control systems. It is responsible for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Board establishes formal and transparent arrangements to apply risk management and internal control principles, as well as maintaining an appropriate relationship with the company's auditors.

An essential element of good internal control is the continual process of monitoring the investments made by the company, and in its capacity it has adjourned itself periodically on the financial affairs and operational development of Spinola Development Company Limited and its subsidiaries, the guarantor of the bonds with particular reference to the progress of the operations and commercial activity and related operational and commercial concerns.

Corporate governance - Statement of compliance - continued

Conduct review

Reference is made to the serious allegations made with respect to a former director, Mr Yorgen Fenech. The resignation of Mr Fenech has not impacted management continuity at the Company or within the Guarantor. The post of Executive Chairman and Chief Executive Officer is held by Mr Raymond Fenech, who has occupied these roles since 2014.

Since reports first surfaced in 2018 linking Mr Yorgen Fenech to irregularities, Mr Yorgen Fenech had strenuously denied all allegations in his regard both publicly and within the Tumas Group. The events unfolding in late 2019 caused concern and dismay to the Board of Tumas Investments p.l.c., which supported the Tumas Group's subsequent statement disassociating itself from the alleged actions attributed to Mr Yorgen Fenech.

The Board of Tumas Investments p.l.c. made enquiries with the directors of the Guarantor, on the reputational risk arising from the allegations in respect of Mr Yorgen Fenech. The Board also sought and received assurances from the Tumas Group that the said group had not funded or benefited from any illicit activities being attributed to Mr Yorgen Fenech. An external review was completed during 2020, entailing the examination of the records of the group over an extended period, which has provided the Board with additional comfort on this point. It is the intention of the Tumas Group in agreement with the board of directors of Tumas Investments p.l.c. to continue to monitor developments that come to its attention and to take appropriate action as it deems necessary.

Audit Committee

During the year 2020, the Audit Committee held 3 meetings. Audit Committee meetings are held mainly to discuss formal reports remitted by the Group Internal Auditor on audits conducted on the operations of SDC, with the consent of the Board of Directors of Spinola Development Company Limited, and also to consider the six monthly financial results and the annual financial statements.

The Audit Committee is entirety composed of non-executive directors and the Board is of the opinion that given the committee members, professional background and vast experience in legal, accounting and auditing matters, as a whole have competence relevant to the sector in which the Issuer is operating.

The chairman of the Audit Committee is Mr. John Zarb, who is an accountant by profession and is deemed by the Board to be an independent director competent in accounting and auditing matters. He held regular meetings to review the accounts and operations with the executive directors.

As required by the Maltese Companies Act, 1995 and the Malta Financial Services Authority Listing Rules, the financial statements of Tumas Investments p.l.c. are subject to annual audit by its external auditors. Moreover, the non-executive directors have direct access to the external auditors of the company, who attend the Board meetings at which the company's financial statements are approved. Moreover, in ensuring compliance with other statutory requirements and with continuing listing obligations, the Board is advised directly, as appropriate, by its appointed broker, legal advisor and the external auditors. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the company's expense.

The company has formal mechanisms to monitor dealings by directors and senior officials in the bonds of the company and has also put in place the appropriate mechanisms for the advance notification of such dealings.

Corporate governance - Statement of compliance - continued

Remuneration Statement

There have been no changes in the company's remuneration policy, as compared to the previous financial year and the company does not intend to effect any changes in its remuneration policy for the following financial year.

Pursuant to the company's Memorandum and Articles of Association, the maximum annual aggregate emoluments that may be paid to the directors is approved by the shareholders in General Meeting.

None of the directors has service contracts with the company. Furthermore, the remuneration of directors is a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits.

During the year under review, each director received an annual remuneration of €3,494 (2019: €3,494), as approved at the last Annual General Meeting of the company.

Relations with bondholders and the market

Pursuant to the company's statutory obligations in terms of the Maltese Companies Act, 1995 and the Malta Financial Services Authority Listing Rules, the Annual Report and Financial Statements, the election of directors and approval of directors' fees, the appointment of the auditors and the authorisation of the directors to set the auditors' fees, and other special business, are proposed and approved at the company's Annual General Meeting.

The company communicates with its bondholders by publishing its results on a six monthly basis during the year and by way of the Annual Report. The Board feels that it is providing the market with adequate information about its activities through these channels.

The Board considers that the company has been in compliance with the Principles throughout the year as befits a company of this size and nature.

Approved by the Board on 30 April 2021 and signed on its behalf by:

Raymond Fenech
Director

Kevin Catania
Director

Independent auditor's report

To the Shareholders of Tumas Investments p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of Tumas Investments p.l.c. (the Company) as at 31 December 2020, and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and

- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

Tumas Investments p.l.c.'s financial statements, set out on pages 19 to 37, comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

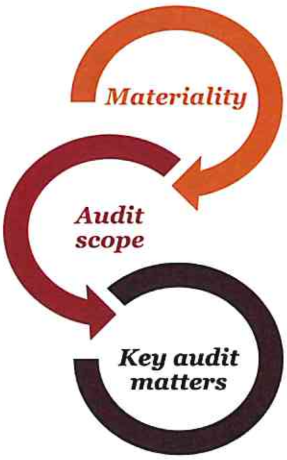
The non-audit services that we have provided to the company, in the period from 1 January 2020 to 31 December 2020, are disclosed in Note 12 to the financial statements.

Independent auditor's report - *continued*

To the Shareholders of Tumas Investments p.l.c.

Our audit approach

Overview



- Overall materiality: €515,000, which represents 1% of total assets.

- Recoverability of loans issued to the Guarantor of the bonds

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	€515,000
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark, because, in our view it is an appropriate measure for this type of entity. We considered that this provides us with a consistent year-on-year basis for determining materiality. We chose 1%, which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €51,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditor's report - *continued*

To the Shareholders of Tumas Investments p.l.c.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Recoverability of loans issued to the Guarantor of the bonds Loans and receivables include funds advanced to a fellow subsidiary, Spinola Development Company Limited, who is the guarantor of the bonds issued by the Company. Loan balances with this related party as at 31 December 2020 amounted to €50 million. As explained in accounting policy note 1.3 and note 4, the recoverability of the loans are assessed at the end of each financial year. The loans are the principal asset of the company, which is why we have given additional attention to this area.	We have agreed the terms of these loans to supporting loan agreements. We have assessed the financial soundness of the fellow subsidiary, Spinola Development Company Limited, which is also the guarantor of the company's bonds. In doing this, we made reference to the latest audited financial statements, management accounts, cash flow projections, forecasts and other relevant information made available to us. We also understood the impact of the COVID-19 pandemic on the financial performance and cash flows of the guarantor and reviewed related disclosures in these financial statements. Based on evidence and explanations obtained, we concur with management's view with respect to the recoverability of these loans.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report and the Corporate governance – Statement of compliance (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except as explicitly stated within the Report on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent auditor's report - continued

To the Shareholders of Tumas Investments p.l.c.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. In particular, it is difficult to evaluate all of the potential implications that COVID-19 will have on the company's business and the overall economy.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Independent auditor's report - continued

To the Shareholders of Tumas Investments p.l.c.

Report on other legal and regulatory requirements

The *Annual Report and Financial Statements 2020* contains other areas required by legislation or regulation on which we are required to report. The Directors are responsible for these other areas.

The table below sets out these areas presented within the Annual Report, our related responsibilities and reporting, in addition to our responsibilities and reporting reflected in the *Other information* section of our report. Except as outlined in the table, we have not provided an audit opinion or any form of assurance.

Area of the *Annual Report and Financial Statements 2020* and the related Directors' responsibilities	Our responsibilities	Our reporting
Directors' report (on pages 1 to 4) The Maltese Companies Act (Cap. 386) requires the directors to prepare a Directors' report, which includes the contents required by Article 177 of the Act and the Sixth Schedule to the Act.	We are required to consider whether the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements. We are also required to express an opinion as to whether the Directors' report has been prepared in accordance with the applicable legal requirements. In addition, we are required to state whether, in the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we have identified any material misstatements in the Directors' report, and if so to give an indication of the nature of any such misstatements.	In our opinion: • the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386). We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

Independent auditor's report - *continued*

To the Shareholders of Tumas Investments p.l.c.

Area of the *Annual Report and Financial Statements 2020* and the related Directors' responsibilities	Our responsibilities	Our reporting
Corporate governance - Statement of compliance (on pages 5 to 8) The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in the Annual Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Listing Rules. The Statement's required minimum contents are determined by reference to Listing Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.	We are required to report on the Statement of Compliance by expressing an opinion as to whether, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified any material misstatements with respect to the information referred to in Listing Rules 5.97.4 and 5.97.5, giving an indication of the nature of any such misstatements. We are also required to assess whether the Statement of Compliance includes all the other information required to be presented as per Listing Rule 5.97. We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.	In our opinion, the Statement of Compliance has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority. We have nothing to report to you in respect of the other responsibilities, as explicitly stated within the *Other information* section.

pwc

Area of the *Annual Report and Financial Statements 2020* and the related Directors' responsibilities	Our responsibilities	Our reporting
	Other matters on which we are required to report by exception We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion: • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us. • the financial statements are not in agreement with the accounting records and returns. • we have not received all the information and explanations which, to the best of our knowledge and belief, we require for our audit. We also have responsibilities under the Listing Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.	We have nothing to report to you in respect of these responsibilities.

Other matter - use of this report

Our report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Independent auditor's report - continued

To the Shareholders of Tumas Investments p.l.c.

Appointment

We were first appointed as auditors of the Company for the year ended 31 December 2000. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 22 years. The company became listed on a regulated market on 2 August 2002.

PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

Stephen Mamo
Partner

30 April 2021

Statement of financial position

	Notes	As at 31 December 2020 €	2019 €
ASSETS			
Non-current assets			
Loans receivable from fellow subsidiary	4	**50,000,000**	50,000,000
Total non-current assets		**50,000,000**	50,000,000
Current assets			
Trade and other receivables	5	**1,149,828**	1,367,428
Cash and cash equivalents	6	**395,580**	186,858
Total current assets		**1,545,408**	1,554,286
Total assets		**51,545,408**	51,554,286

Statement of financial position - continued

	Notes	As at 31 December 2020 €	2019 €
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	**250,002**	250,002
Retained earnings		**396,359**	388,208
Total equity		**646,361**	638,210
Non-current liabilities			
Borrowings	8	**49,734,974**	49,689,221
Total non-current liabilities		**49,734,974**	49,689,221
Current liabilities			
Trade and other payables	9	**1,164,173**	1,226,799
Current tax liability		**-**	56
Total current liabilities		**1,164,073**	1,226,855
Total liabilities		**50,899,047**	50,916,076
Total equity and liabilities		**51,545,408**	51,554,286

The notes on pages 24 to 37 are an integral part of these financial statements.

The financial statements on pages 19 to 37 were authorised for issue by the board of directors on 30 April 2021 and were signed on its behalf by:

Raymond Fenech
Director

Kevin Catania
Director

Statement of comprehensive income

	Notes	Year ended 31 December 2020 €	2019 €
Finance income	10	**2,370,421**	2,370,227
Finance costs	11	**(2,233,252)**	(2,231,260)
Net interest income		**137,169**	138,967
Administrative expenses	12	**(124,628)**	(125,964)
Profit before tax		**12,541**	13,003
Tax expense	13	**(4,390)**	(4,549)
Profit for the year - total comprehensive income		**8,151**	8,454

The notes on pages 24 to 37 are an integral part of these financial statements.

Statement of changes in equity

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2019	250,002	379,754	629,756
Comprehensive income			
Profit for the year - total comprehensive income	-	8,454	8,454
Balance at 31 December 2019	**250,002**	**388,208**	**638,210**
Balance at 1 January 2020	250,002	388,208	638,210
Comprehensive income			
Profit for the year - total comprehensive income	-	8,151	8,151
Balance at 31 December 2020	**250,002**	**396,359**	**646,361**

The notes on pages 24 to 37 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 December 2020 €	2019 €
Cash flows generated from/(used in) operating activities			
Cash used in operations	15	**75,999**	(207,919)
Income tax paid		**(4,446)**	(7,156)
Interest received		**2,370,421**	2,370,227
Interest paid		**(2,233,252)**	(2,231,260)
Net cash generated from/(used in) operating activities		**208,722**	(76,108)
Net movement in cash and cash equivalents		**208,722**	(76,108)
Cash and cash equivalents at beginning of year		**186,858**	262,966
Cash and cash equivalents at end of year	6	**395,580**	186,858

The notes on pages 24 to 37 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Companies Act, 1995. They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the company's accounting policies (Note 3 - Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2020

In 2020, the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2020. The adoption of these revisions to the requirements of IFRS as adopted by the EU did not result in substantial changes to the company's accounting policies impacting the company's financial performance and position.

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in euro, which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are presented in the statement of comprehensive income within 'administrative expenses'. No exchange differences were recognised during 31 December 2020 and 2019.

1. **Summary of significant accounting policies** - continued

1.3 Financial assets

Classification

The company classifies its financial assets as financial assets measured at amortised costs. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The company classifies its financial assets as at amortised cost only if both the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows, and

- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date, which is the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Interest income on debt instruments measured at amortised cost from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition of these instruments is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

1. **Summary of significant accounting policies** - continued

1.3 Financial assets - continued

Impairment

The company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The company's financial assets are subject to the expected credit loss model.

Expected credit loss model

The company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, and it considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the borrower or issuer, or a breach of contract such as a default or being more than 90 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

1. **Summary of significant accounting policies** - continued

1.4 Trade and other receivables

Trade receivables comprise amounts due from fellow subsidiary for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Details about the company's impairment policies and the calculation of loan allowance are provided in Note 1.3.

1.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, are shown within borrowings in current liabilities in the statement of financial position.

1.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

1.7 Financial liabilities

The company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'other liabilities'). Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.8 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Issue costs incurred in connection with the issue of the bonds include professional fees, publicity, printing, listing, registration, underwriting, management fees, selling costs and other miscellaneous costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

1. **Summary of significant accounting policies** - continued

1.9 Trade and other payables

Trade payables comprise obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.11 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.12 Provisions

Provisions for legal claims are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

1. Summary of significant accounting policies - continued

1.13 Finance income and costs

Finance income and costs are recognised in profit or loss for all interest-bearing instruments on a time-proportion basis using the effective interest method. Finance costs include the effect of amortising any difference between net proceeds and redemption value in respect of the company's borrowings. Finance income and costs are recognised as they accrue, unless collectibility is in doubt.

2. Financial risk management

2.1 Financial risk factors

The company constitutes a financing special purpose vehicle whose bonds are matched by equivalent amounts due from, and guaranteed by, Spinola Development Company Limited (a fellow subsidiary). The company's principal risk exposures relate to credit risk and liquidity risk. The company is not exposed to currency risk and the directors deem interest rate risk exposure to be minimal due to matching of its interest costs on borrowings with finance income from its loans and receivables referred to above.

(a) Credit risk

The company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward-looking information in determining any expected credit loss.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below. The company's exposures to credit risk as at the end of the reporting period are analysed as follows:

	2020	2019
	€	€
Financial assets at amortised cost		
Loans receivable from fellow subsidiary (Note 4)	**50,000,000**	50,000,000
Trade and other receivables (Note 5)	**1,149,828**	1,367,428
Cash and cash equivalents (Note 6)	**395,580**	186,858
	51,545,408	51,554,286

The company does not hold collateral as security on the loans from fellow subsidiary. Yet as disclosed in Note 8, Spinola Development Company Limited has issued corporate guarantees with respect to the company's bond.

2. **Financial risk management** - continued

2.1 Financial risk factors - continued

(a) Credit risk - continued

In 2020, the company had to assess on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. These instruments are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for instruments, which have a low risk of default, and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. In case of the loans issues to the guarantor, the assessment takes into consideration the financial position, performance and other factors of the guarantor of the bonds. Management monitors intra-group credit exposures on a regular basis and ensures timely performance of these assets in the context of overall group liquidity management. The company take cognisance of the related party relationship with this entity and management does not expect any losses from non-performance or default. The expected credit risk model of IFRS 9, did not result in the recognition of any loss allowance on the loans receivable from fellow subsidiary as any such impairment would be wholly insignificant to the company.

The company banks only with local financial institutions with high quality standing or rating. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses, as any such impairment would be wholly insignificant to the company.

(b) Liquidity risk

The company is exposed to liquidity risk arising primarily from its ability to satisfy liability commitments depending on cash inflows receivable in turn from Spinola Development Company Limited.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period to ensure that no additional financing facilities are expected to be required over the coming year. This process is performed through a rigorous assessment of detailed cash flow projections of the fellow subsidiary where matching of cash inflows and outflows arising from expected maturities of financial instruments are assessed on an annual basis.

The carrying amounts of the company's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date in the respective notes to the financial statements.

The following table analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Liquidity risk - continued

	Carrying amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
31 December 2020					
Unsecured bonds	49,734,974	60,465,753	2,187,500	31,875,856	26,402,397
Trade and other payables	1,164,073	1,164,073	1,164,073	-	-
	50,899,047	**61,629,826**	**3,351,573**	**31,875,856**	**26,402,397**
31 December 2019					
Unsecured bonds	49,689,221	62,659,246	2,193,493	33,125,856	27,339,897
Trade and other payables	1,226,799	1,226,799	1,226,799	-	-
	50,916,020	**63,886,045**	**3,420,292**	**33,125,856**	**27,339,897**

2.2 Capital risk management

The company's bonds are guaranteed by Spinola Development Company Limited (a fellow subsidiary). Related finance costs are also guaranteed by this fellow subsidiary. The capital management of the company therefore consists of a process of regularly monitoring the financial position of the guarantor (Note 2.1).

2.3 Fair values of financial instruments

At 31 December 2020, the carrying amounts of receivables (net of impairment provisions if any) and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

As at the end of the reporting period, the fair values of financial assets and liabilities, approximate the carrying amounts shown in the statement of financial position.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments. The fair value of the company's non-current trade and other payables at the end of the reporting period is not significantly different from the carrying amounts.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the company directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4. Loans receivable from fellow subsidiary

	2020	2019
	€	€
Loans receivable from fellow subsidiary		
At beginning and end of year	**50,000,000**	50,000,000
At 31 December		
Cost and net book amount	**50,000,000**	50,000,000

Loans receivable from fellow subsidiary reflect the transfer of funds to Spinola Development Company Limited generated by the company from its bonds. During 2020, the directors assessed the expected loss and it was not considered material to be adjusted for in these financial statements.

Weighted average effective interest rate as at 31 December 2020 and 2019:

	2020	2019
Loans to fellow subsidiary	**4.5%**	4.5%

The company's exposure to credit and interest rate risks related to investments is disclosed in Note 2.

Maturity of loans and receivables:

	2020	2019
	€	€
Within 2 and 5 years	**25,000,000**	-
Over 5 years	**25,000,000**	50,000,000

5. Trade and other receivables

	2020	2019
	€	€
Current		
Amounts owed by fellow subsidiary	**132,921**	349,051
Prepayments and accrued income	**1,016,907**	1,018,377
	1,149,828	1,367,428

Amounts owed by fellow subsidiary are unsecured, interest free and repayable on demand. This balance together with accrued income includes interest due and accrued as at the end of the reporting period on the loans advanced by the company.

The company's exposure to credit and liquidity risk related to trade and other receivables is disclosed in Note 2.

6. Cash and cash equivalents

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

	2020 €	2019 €
Cash and cash equivalents	**395,580**	186,858

7. Share capital

	2020 €	2019 €
Authorised, issued and fully paid up		
250,002 ordinary shares of €1 each	**250,002**	250,002

8. Borrowings

	2020 €	2019 €
Non-current		
250,000 5% bonds 2024	**24,895,090**	24,869,054
250,000 3.75% bonds 2027	**24,839,884**	24,820,167
	49,734,974	49,689,221

The bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds, using the effective yield method as follows:

	2020 €	2019 €
Face value		
250,000 5% bonds 2024	**25,000,000**	25,000,000
250,000 3.75% bonds 2027	**25,000,000**	25,000,000
	50,000,000	50,000,000
Issue costs	**(486,028)**	(486,028)
Accumulated amortisation	**221,002**	175,249
Closing net book amount	**(265,026)**	(310,779)
Amortised cost at 31 December	**49,734,974**	49,689,221

8. **Borrowings** - continued

The interest rate exposure of the borrowings of the company was as follows:

	2020 €	2019 €
Total borrowings:		
At fixed rates	**49,734,974**	49,689,221

The effective interest rates as at the end of the reporting period were as follows:

	2020	2019
Bonds 2024	**5.00%**	5.00%
Bonds 2027	**3.75%**	3.75%

This note provides information about the contractual terms of the company's borrowings. For more information about the company's exposure to interest rate and liquidity risk, refer to Note 2.

By virtue of an offering memorandum dated 7 July 2014, the company issued €25,000,000 bonds with a face value of €100 each. The bond's interest is payable semi-annually in arrears on 31 January and 31 July. The bonds are redeemable at par and are due for redemption on 31 July 2024. The bonds are guaranteed by Spinola Development Company Limited, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds have been admitted on the Official List of the Malta Stock Exchange on 31 July 2014. The quoted market price as at 31 December 2020 for the bonds was €102.50 (2019: €102.00). In the opinion of the directors these market prices fairly represent the fair value of these financial liabilities.

By virtue of an offering memorandum dated 29 May 2017, the company issued €25,000,000 bonds with a face value of €100 each. The bond's interest is payable annually in arrears on 10 July. The bonds are redeemable at par and are due for redemption on 10 July 2027. The bonds are guaranteed by Spinola Development Company Limited, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds have been admitted on the Official List of the Malta Stock Exchange on 7 July 2017. The quoted market price as at 31 December 2020 for the bonds was €102.00 (2019: €100.50). In the opinion of the directors these market prices fairly represent the fair value of these financial liabilities.

9. **Trade and other payables**

	2020 €	2019 €
Current		
Interest payable	**975,442**	976,883
Other payables	**157,946**	219,072
Accruals and deferred income	**30,685**	30,844
Trade and other payables	**1,164,073**	1,226,799

The company's exposure to liquidity risk related to trade and other payables is disclosed in Note 2.

10. Finance income

	2020	2019
	€	€
Interest on loans to fellow subsidiary	**2,237,500**	2,237,500
Facility fee receivable	**132,921**	132,727
	2,370,421	2,370,227

11. Finance cost

	2020	2019
	€	€
Coupon interest payable on bonds	**2,233,252**	2,231,260

12. Expenses by nature

Administrative expenses are classified by their nature as follows:

	2020	2019
	€	€
Listing and related compliance costs	**58,712**	56,399
Directors' fees (Note 14)	**17,470**	20,382
Other expenses	**48,446**	49,183
	124,628	125,964

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2020 and 2019 relate to the following:

	2020	2019
	€	€
Annual statutory audit	**6,400**	6,200
Tax advisory and compliance services	**700**	750
	7,100	6,950

13. Tax expense

	2020	2019
	€	€
Current tax expense:		
on taxable profit subject to tax at 35%	**4,390**	4,549

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2020	2019
	€	€
Profit before tax	**12,541**	13,003
Tax on profit at 35%	**4,390**	4,549

14. Directors' emoluments

	2020	2019
	€	€
Directors' fees	**17,470**	20,382

15. Cash generated from/(used in) operations

Reconciliation of profit before tax to cash generated from/(used in) operations:

	2020	2019
	€	€
Profit before tax	**12,541**	13,003
Adjustment for:		
Amortisation of bond issue costs	**45,753**	43,759
Finance income	**(2,370,421)**	(2,370,227)
Finance costs	**2,233,252**	2,231,260
Changes in working capital:		
Trade and other receivables	**217,600**	(116,519)
Trade and other payables	**(62,726)**	(9,195)
Cash generated from/(used in) operations	**75,999**	(207,919)

Net debt reconciliation

All the movements in the company's net debt related only to cash flow movements and disclosed as part of the financing activities in the statement of cash flows on page 23.

16. Related party transactions

The company forms part of the Tumas Group of Companies. All companies forming part of the Tumas Group are related parties since these companies are all ultimately owned by Tumas Group Company 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 Fenech family, who are therefore considered to be related parties. The main related party with whom transactions are entered into is Spinola Development Company Limited, the guarantor of the borrowings (Note 8).

The following are the principal transactions that were carried out with related parties:

	2020	2019
	€	€
Income from goods and services		
Finance income from fellow subsidiary (Note 10)	**2,237,500**	2,237,500
Facility fee from fellow subsidiary (Note 10)	**132,921**	132,727

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in Note 14 to the financial statements.

Year end balances arising from related party transactions are disclosed in Notes 4, 5 and 9 to the financial statements.

17. Statutory information

Tumas Investments p.l.c. is a limited liability company and is incorporated in Malta.

The ultimate and immediate parent company of Tumas Investments p.l.c. is Tumas Group Company Limited, a company registered in Malta, with its registered address at Tumas Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julians, Malta.

The issued share capital of Tumas Group Company Limited (the ultimate parent) comprises 44,001 ordinary shares and 1 ordinary 'B' share. The ordinary 'B' share had certain rights attached to it that gave its holder ultimate control of the group.

The ordinary 'B' share was held in the name of the Estate of George Fenech from the date of George Fenech's demise on 2 December 2014. By virtue of a statutory Form T dated 19 February 2019 and filed with the Registry of Companies on 14 March 2019, the ordinary 'B' share was transferred to the younger son of George Fenech, who did not exercise any of the powers of the said share.

On 3 December 2020, amendments were made to the Memorandum and Articles of Association of the ultimate parent company whereby the rights attached to the ordinary 'B' share were revoked.

Since the demise of George Fenech in December 2014, Raymond Fenech, a director of all Tumas companies and a shareholder of all Tumas Group, has acted as the executive chairman of the board of Tumas Group Company Limited and as Chief Executive Officer of the Tumas Group generally. All decisions taken by the board of the ultimate parent were executed by the chairman in his role as chief executive officer of the group.

18. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.