

**CORINTHIA FINANCE plc**

A member of the Corinthia Group of Companies

HALF-YEARLY FINANCIAL REPORT
*For the Period 1 January to 30 June 2012***Condensed Income Statement**

	1 January to 30 June 2012	1 January to 30 June 2011
	€	€
Finance income	1,657,161	1,786,040
Finance costs	(1,624,312)	(1,744,267)
	32,849	41,773
Administrative expenses	(17,502)	(15,186)
Profit before tax	15,347	26,587
Tax expense	(5,371)	(9,306)
Profit for the period	9,976	17,281
Earnings per share	0.04	0.17

Condensed Balance Sheet

	At 30 June 2012	At 31 December 2011
	€	€
ASSETS		
Non-current	47,500,000	40,000,000
Current	2,939,426	16,311,133
Total assets	50,439,426	56,311,133
EQUITY		
Total equity	302,276	292,300
LIABILITIES		
Non-current	47,500,000	40,000,000
Current	2,637,150	16,018,833
Total liabilities	50,137,150	56,018,833
Total equity and liabilities	50,439,426	56,311,133

Condensed Statement of Changes in Equity

	Share capital €	Retained earnings €	Total €
At 1 January 2011	232,937	26,359	259,296
Profit for the period	-	17,281	17,281
At 30 June 2011	232,937	43,640	276,577
Profit for the period	-	15,723	15,723
At 31 December 2011	232,937	59,363	292,300
Capitalisation of reserves	17,063	(17,063)	-
Profit for the period	-	9,976	9,976
At 30 June 2012	250,000	52,276	302,276

Condensed Cash Flow Statement

	1 January to 30 June 2012	1 January to 30 June 2011
	€	€
Net cash from (used in) from operating activities	30,349	(16,294)
Net cash from investing activities	7,167,365	-
Net cash used in financing activities	(7,144,885)	-
Net increase (decrease) in cash and cash equivalents	52,829	(16,294)
Cash and cash equivalents at beginning of period	112,895	91,777
Cash and cash equivalents at end of period	165,724	75,483

Selected Explanatory Notes**Basis of Preparation**

The published figures have been extracted from the unaudited financial statements of Corinthia Finance plc (the Company) for the six months ended 30 June 2012 and the comparative period in 2011. Comparative balance sheet information as at 31 December 2011 has been extracted from the audited financial statements for the year ended on that date. This report is being published in terms of Listing Rule 5.74 issued by the Malta Financial Services Authority – Listing Authority, and has been prepared in accordance with the applicable Listing Rules and the International Accounting Standard 34, 'Interim Financial Reporting'. The financial statements published in this Half-Yearly Report are condensed in accordance with the form and content requirements of this standard. In terms of Listing Rule 5.75.5 the Directors are stating that this Half-Yearly Financial Report has not been audited or reviewed by the Company's independent auditors.

Accounting Policies

The accounting policies adopted in the preparation of the Company's Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2011.

Principal Activities

The Company acts as a special purpose vehicle to raise finance for its parent company Corinthia Palace Hotel Company Ltd. through the issue of bonds on the Malta Stock Exchange.

Interim Directors' Report

During the period under review, the Company successfully issued €7,500,000 6% Bonds maturing 2019-2022 on the Malta Stock Exchange prior to fully redeeming the €14,644,885 6.75% Bonds which matured on 8 April 2012 and which were being classified under short-term liabilities as at 31 December 2011.

During the first six months of 2012 the Company's income of €1,657,161, generated from interest charged on loans to the parent company, net of finance costs on the bonds in issue, resulted in a net surplus of €32,849. After deducting €17,502 by way of administrative expenses, the profit after tax for the period amounted to €9,976. This represents a decrease of €7,305 over the corresponding period last year. This reflects the fact that following the redemption of the bond that matured in April 2012, the Company reduced the amount of bonds in issue with a resultant reduction in its on-lending to its parent company.

The earnings per share are based on the profit divided by the average number of ordinary shares in issue during the period i.e. 250,000 shares of €1 each (2011: 100,000 shares of €2.32937 each).

State of Affairs

The loan agreements which the Company has with Corinthia Palace Hotel Company Limited provide for the repayment of the loans according to a pre-determined schedule that will permit the Company to set up the necessary sinking funds and ensure the full repayment of the bonds upon maturity.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- this condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position, and profit or loss of Corinthia Finance plc; and
- includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Joseph Fenech
ChairmanJoseph J Vella
Director