

CORINTHIA FINANCE P.L.C.

Interim Financial Statements (Unaudited)
For the period from 1 March 2019 to
31 August 2019

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Directors' report

The directors present their report together with the unaudited interim financial statements of Corinthia Finance Plc (the 'Company') for the six month period 1 March 2019 to 31 August 2019.

Basis of preparation

During the prior financial year ended 28 February 2019, the Board approved a change of year-end from December to February. The published figures have been extracted from the unaudited management financial statements for the six months from 1 March 2019 to 31 August 2019 and its comparative period in 2018. The comparative Statement of Financial Position as at 28 February 2019 has been extracted from the audited financial statements for the fourteen-month period ended on that date. This report is being published in terms of Listing Rule 5.75 issued by the Malta Financial Services Authority and has been prepared in accordance with the applicable Listing Rules and the International Accounting Standard 34, 'Interim Financial Reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the 14-month period ended 28 February 2019. In terms of Listing Rule 5.75.5, the Directors are stating that this Half-Yearly Report has not been audited or reviewed by the auditors of the Company.

Principal activities

The principal activity of the Company is to finance the ownership, development, operation and financing of hotels, resorts and leisure facilities, forming part of the Corinthia Group of Companies, of which it is a member.

The Company is essentially a special purpose vehicle set up for financing transactions of the Corinthia Group of Companies. It raised such finance mainly through the issue of bonds, which are quoted on the Malta Stock Exchange and guaranteed by Corinthia Palace Hotel Company Limited, to whom the proceeds from their issue have been advanced.

Review of the business

During the six-month period ended 31 August 2019, the Company registered a profit of €9,410.

Directors

The following have served as directors of the Company during the period under review:

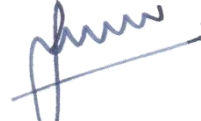
Mr Joseph Fenech (Chairman)
Mr Frank Xerri de Caro
Dr Joseph J. Vella
Mr Mario P. Galea

In accordance with the Company's Articles of Association, the present directors remain in office.

On behalf of the board,



Mr Joseph Fenech
Chairman



Dr Joseph J. Vella
Director

Registered Office:
22, Europa Centre
John Lopez Street
Floriana FRN 1400
Malta

31 October 2019

Interim statement of profit or loss

	Period from 1 March 2019 to to 31 August 2019 €	Period from 1 March 2018 to 31 August 2018 €
Finance income	1,110,443	1,135,082
Finance costs	(1,075,000)	(1,075,000)
Net interest earned	35,443	60,082
Administrative expenses	(22,777)	(22,172)
Profit before tax	12,666	37,910
Tax expense	(3,256)	(10,764)
Profit after tax for the period	9,410	27,146

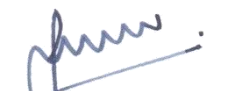
Interim statement of financial position

	Notes	31 August 2019 €	28 February 2019 €
ASSETS			
Non-current			
Loans owed by parent company	3	39,910,000	45,870,000
Other non-current financial assets		-	1,581,697
Total non-current assets		39,910,000	47,451,697
Current			
Loans owed by parent company	3	5,960,000	-
Receivables		1,517,741	2,394,015
Other financial assets		1,606,847	20,150
Cash and cash equivalents		31,205	19,374
Total current assets		9,115,793	2,433,539
Total assets		49,025,793	49,885,236
EQUITY			
Share capital		250,000	250,000
Retained earnings		103,843	94,433
Total equity		353,843	344,433
Non-current liabilities			
Bonds in issue	2	40,000,000	47,500,000
Total non-current liabilities		40,000,000	47,500,000
Current liabilities			
Bonds in issue	2	7,500,000	-
Payables		1,171,950	2,040,803
Total current liabilities		8,671,950	2,040,803
Total liabilities		48,671,950	49,540,803
Total equity and liabilities		49,025,793	49,885,236

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

The condensed interim financial statements on pages 3 to 8 were approved by the board of directors, authorised for issue on 31 October 2019 and signed on its behalf by:


Mr Joseph Fenech
Chairman


Dr Joseph J. Vella
Director

Interim statement of changes in equity

	Share capital €	Retained earnings €	Total €
At 1 January 2018 as restated	250,000	39,849	289,849
Profit for the period	-	9,049	9,049
Total comprehensive income for period	-	9,049	9,049
At 28 February 2018	250,000	48,898	298,898
At 1 March 2018	250,000	48,898	298,898
Profit for the period	-	27,146	27,146
Total comprehensive income for period	-	27,146	27,146
At 31 August 2018	250,000	76,044	326,044
At 1 September 2018	250,000	76,044	326,044
Profit for the period	-	18,389	18,389
Total comprehensive income for period	-	18,389	18,389
At 28 February 2019	250,000	94,433	344,433
At 1 March 2019	250,000	94,433	344,433
Profit for the period	-	9,410	9,410
Total comprehensive income for period	-	9,410	9,410
At 31 August 2019	250,000	103,843	353,843

Interim statement of cash flows

	Period from 1 March 2019 to 31 August 2019 €	Period from 1 March 2018 to 31 August 2018 €
Cash flows from operating activities		
Cash used in operating activities	(80,890)	(69,872)
Tax paid	(882)	(1,878)
Net cash used in operating activities	(81,772)	(71,750)
Cash flows from investing activities		
Interest received	2,243,603	2,237,940
Net cash generated from investing activities	2,243,603	2,237,940
Cash flows from financing activities		
Interest paid	(2,150,000)	(2,150,000)
Net cash used in financing activities	(2,150,000)	(2,150,000)
Net change in cash and cash equivalents	11,831	16,190
Cash and cash equivalents at beginning of period	19,374	6,877
Cash and cash equivalents at end of period	31,205	23,067

Notes to the financial statements

1. Summary of significant accounting policies

The accounting policies applied by the Company are consistent with those disclosed in the financial statements for the 14-month period ended 28 February 2019.

2. Bonds in issue

	Interest rate	Repayable by	31 August 2019 €	28 February 2019 €
Bond IV	6.00%	29 March 2022	7,500,000	7,500,000
Bond V	4.25%	12 April 2026	40,000,000	40,000,000
			47,500,000	47,500,000

The prospectus for bond issue IV allows the Company to redeem the bonds or any part thereof at any time prior to the stated maturity date during the redemption option period. The early redemption option period for Bond IV is between 30 March 2019 and 29 March 2022. In line with the prospectus, these bonds were redeemed in full on the 10th October 2019 (see note 4) and have therefore been classified as current liabilities as at 31 August 2019.

The bond issue costs on the bonds have been borne by the parent company. The payment of these bonds and interest thereon are guaranteed by the parent company which has bound itself jointly and severally with the Company.

3. Related party transactions

Finance income

	Period from 1 March 2019 to 31 August 2019 €	Period from 1 March 2018 to 31 August 2018 €
Interest charged on loans owed by parent company	1,104,560	1,122,560

Loans owed by parent company

	Security	Interest rate	Repayable by	31 August 2019 €	28 February 2019 €
Loan V	None	7.20%	14 March 2022	5,960,000	5,960,000
Loan VI	None	4.45%	5 April 2026	39,910,000	39,910,000
				45,870,000	45,870,000

Loan V is to be fully repaid by 14 March 2022, however an earlier prepayment is permissible, if the early redemption option is exercised between 30 March 2019 and 29 March 2022. The loan was repaid in full in October 2019 in order to fully redeem the 6% bonds on the 10 October 2019 and has therefore been classified as a current asset as at 31 August 2019.

Loan VI is to be fully repaid by 5 April 2026.

These loans rank pari passu, without any priority or preference within all other present and future unsecured and unsubordinated obligations of the parent company, to which the loans have been advanced.

No loss allowance has been recognised based on the 12-month expected credit loss.

Receivables

	31 August 2019	28 February 2019
	€	€
Current		
Amounts owed by parent company	602,090	344,370
Accrued interest income	914,816	2,047,976
	1,516,906	2,392,346

The Company is a subsidiary of Corinthia Palace Hotel Company Limited. The Company's related parties include its parent company, fellow subsidiaries, key management personnel (the directors) and all other parties forming part of the Corinthia Group of Companies.

4. Events after the end of the reporting period

Loan V to the parent company (see note 3) and the other non-current financial assets were settled in full so that, in accordance with the prospectus dated 27 February 2012, the Company exercised the early redemption option on the €7,500,000 6% Bonds 2019-2022 and repaid these in full on the 10th October 2019. In this regard, the loan, the non-current financial asset and the bond were classified as current assets / liabilities respectively as at the reporting date

We confirm that to the best of our knowledge:

- the interim financial statements give a true and fair view of the financial position of Corinthia Finance Plc as at 31 August 2019, and of its financial performance and its cashflows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting), and
- The interim Directors' Report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



Joseph Fenech

Chairman



Joseph J. Vella

Director

31 October 2019