

CORINTHIA FINANCE P.L.C.

Interim Financial Statements (Unaudited)
For the period from 1 March 2020 to
31 August 2020

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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 2020 to 31 August 2020.

Basis of preparation

The published figures have been extracted from the unaudited management financial statements for the six months from 1 March 2020 to 31 August 2020 and its comparative period in 2019. The comparative Statement of Financial Position as at 29 February 2020 has been extracted from the audited financial statements for the year then ended. 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'. 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 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 2020, the Company registered a profit of €6,365.

In March, the implications of the COVID-19 pandemic were becoming tangible, and by then the Corinthia Group had already stopped all CAPEX, terminated all casual labour contracts and minimised operating expenses to the barest minimum. With travel restrictions increasing across many countries and the enforcement of physical lockdowns in others, the difficult decision to shut down or significantly scale back operations in all the Group's hotels and businesses was taken, during the closure period. Upon closing its hotels in March and April, The Group implemented payroll saving measures across the board, addressing the largest single item of cost in the business. These measures included shorter working weeks in some cases, and salary cuts as high as 60% for senior management members. The Group also tapped into various Governmental support schemes covering payroll in several countries where it operates.

In parallel, terms were renegotiated for financing across the Group, covering capital moratoriums and in certain instances interest payments too, apart from the resetting of financial covenants.

By July and August, most hotels and businesses had re-opened. This was done while rightsizing the manning structures so that the present headcount reflects the Group's expected resource requirements for the foreseeable future. Tight discipline has been maintained on all operating costs; recruitment is largely on hold and CAPEX remains suspended.

State of Affairs and Outlook

As at the date of this report, various countries, particularly in Europe, are experiencing a second wave of the pandemic and are again implementing lockdowns to varying extents, further impacting the tourism industry. The Group's targets for year-end are not ambitious and the financial planning is premised on low revenue expectations and the continuation of subsidies and support schemes only to the extent that these have been publicly committed to by the respective governments in the countries in which the Group

operates. Notwithstanding this downturn in business, the Group has sufficient liquidity and financial resources to meet payment obligations including the Company's bond interest payments as they arise throughout the course of 2021. The directors therefore consider the going concern assumption in the preparation of the Half Yearly Report as appropriate as at the date of authorisation for issue.

The directors of the Company and the Group remain vigilant on developments and will be taking further measures as and when necessary to ensure the continued viability of the Company and Group and to preserve liquidity in order to meet demands over the coming months in an agile and decisive manner as events unfold.

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

30 October 2020

Interim statement of profit or loss

	Period from 1 March 2020 to to 31 August 2020 €	Period from 1 March 2019 to 31 August 2019 €
Finance income	875,000	1,110,443
Finance costs	(850,000)	(1,075,000)
Net interest earned	25,000	35,443
Administrative expenses	(15,207)	(22,777)
Profit before tax	9,793	12,666
Tax expense	(3,428)	(3,256)
Profit after tax for the period	6,365	9,410

Interim statement of financial position

	Notes	31 August 2020 €	29 February 2020 €
ASSETS			
Non-current			
Loans owed by parent company	3	39,910,000	39,910,000
Total non-current assets		39,910,000	39,910,000
Current			
Receivables		1,260,014	1,914,294
Other financial assets		20,150	20,150
Cash and cash equivalents		83,148	113,266
Total current assets		1,363,312	2,047,710
Total assets		41,273,312	41,957,710
EQUITY			
Share capital		250,000	250,000
Retained earnings		9,278	2,913
Total equity		259,278	252,913
Non-current liabilities			
Bonds in issue	2	40,000,000	40,000,000
Total non-current liabilities		40,000,000	40,000,000
Current liabilities			
Payables		1,014,034	1,704,797
Total current liabilities		1,014,034	1,704,797
Total liabilities		41,014,034	41,704,797
Total equity and liabilities		41,273,312	41,957,710

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 30 October 2020 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 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
At 1 September 2019	250,000	103,843	353,843
Loss for the period	-	(930)	(930)
Total comprehensive loss for period	-	(930)	(930)
Transactions with owners Dividends		(100,000)	(100,000)
At 29 February 2020	250,000	2,913	252,913
At 1 March 2020	250,000	2,913	252,913
Profit for the period	-	6,365	6,365
Total comprehensive income for period	-	6,365	6,365
At 31 August 2020	250,000	9,278	259,278

Interim statement of cash flows

	Period from 1 March 2020 to 31 August 2020 €	Period from 1 March 2019 To 31 August 2019 €
Cash flows from operating activities		
Cash used in operating activities	(88,867)	(80,890)
Tax paid	(8,334)	(882)
	<hr/>	<hr/>
Net cash used in operating activities	(97,201)	(81,772)
 Cash flows from investing activities		
Interest received	1,767,083	2,243,603
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Net cash generated from investing activities	1,767,083	2,243,603
 Cash flows from financing activities		
Interest paid	(1,700,000)	(2,150,000)
	<hr/>	<hr/>
Net cash used in financing activities	(1,700,000)	(2,150,000)
	<hr/>	<hr/>
Net change in cash and cash equivalents	(30,118)	11,831
Cash and cash equivalents at beginning of period	113,266	19,374
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Cash and cash equivalents at end of period	83,148	31,205
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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 year ended 29 February 2020.

2. Bonds in issue

	Interest rate	Repayable by	31 August 2020 €	29 February 2020 €
Bond V	4.25%	12 April 2026	40,000,000	40,000,000
			40,000,000	40,000,000

The bond issue costs have been borne by the parent company. The payment of this bond and interest thereon is 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 2020 to 31 August 2020 €	Period from 1 March 2019 to 31 August 2019 €
Interest charged on loans owed by parent company	875,000	1,104,560

Loans owed by parent company

	Security	Interest rate	Repayable by	31 August 2020 €	28 February 2020 €
Loan VI	None	4.375%	5 April 2026	39,910,000	39,910,000

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

This loan ranks pari passu, without any priority or preference within all other present and future unsecured and unsubordinated obligations of the parent company, to which the loan has been advanced.

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

Receivables

	31 August 2020	29 February 2020
	€	€
Current		
Amounts owed by parent company	554,281	317,153
Accrued interest income	704,861	1,596,944
	1,259,142	1,914,097

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

No adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation by the board.

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 2020, 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

30 October 2020