

CPHCL FINANCE P.L.C.

Interim Financial Statements (Unaudited)
For the six-month period 1 March 2023 to
31 August 2023

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Directors' report

The directors present their report together with the unaudited interim financial statements of CPHCL Finance Plc (the 'Company') for the six month period 1 March 2023 to 31 August 2023.

Basis of preparation

The published figures have been extracted from the unaudited financial statements for the six months from 1 March 2022 to 31 August 2023 and its comparative period in 2022. The comparative Statement of Financial Position as at 28 February 2023 has been extracted from the audited financial statements for the year then ended. This report is being published in terms of Capital Market Rule 5.74 issued by the Malta Financial Services Authority and has been prepared in accordance with the applicable Capital Market Rules and the International Accounting Standard 34, 'Interim Financial Reporting'. In terms of Capital Market 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 CPHCL Company Limited, to whom the proceeds from their issue have been advanced.

Review of the business

During the six-month period ended 31 August 2023, the Company registered a profit of €3,797.

In the first six months of the year, the Corinthia Group's hotels reported an increase in revenues and consequently EBITDA compared to the same period in 2022. However, such increase is set to be impacted by inflationary pressures on payroll and other costs such as energy, as well as higher finance costs on account of an increase in debt levels and higher interest rates on variable loans. The Group's focus on cost control remains in place.

State of Affairs and Outlook

Most of the hotels within the group are performing at 2019 levels or better. Capex remains tightly controlled. The most imminent challenges are related to labour shortages as the industry generally struggles to attract workers as demand increases, combined with inflationary pressures on costs and energy. Interest costs have also been impacted by increasing central bank base rates.

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 2024. 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.

Directors

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

Mr Frank Xerri de Caro (Chairman)
Dr Joseph J. Vella
Mr Mario P. Galea
Mr Alfred Camilleri
Ms Rachel Stilon – appointed 3 April 2023

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

On behalf of the board,



Mr Frank Xerri de Caro
Chairman



Dr Joseph J. Vella
Director

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

10 October 2023

Interim statement of profit or loss

	Period from 1 March 2023 to 31 August 2023 €	Period from 1 March 2022 to 31 August 2022 €
Finance income	890,000	875,000
Finance costs	(850,000)	(850,000)
Net interest earned	40,000	25,000
Administrative expenses	(22,203)	(23,163)
Profit before tax	17,797	1,837
Tax expense	(14,000)	(643)
Profit after tax for the period	3,797	1,194

Interim statement of financial position

	Notes	31 August 2023 €	28 February 2023 €
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		1,125,499	1,926,734
Other financial assets		18,870	20,150
Cash and cash equivalents		84,040	83,710
Total current assets		1,228,409	2,030,594
Total assets		41,138,409	41,940,594
EQUITY			
Share capital		250,000	250,000
Retained earnings		22,277	18,480
Total equity		272,277	268,480
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		866,132	1,672,114
Total current liabilities		866,132	1,672,114
Total liabilities		40,866,132	41,672,114
Total equity and liabilities		41,138,409	41,940,594

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 10 October 2023 and signed on its behalf by:



Mr Frank Xerri de Caro
Chairman



Dr Joseph J. Vella
Director

Interim statement of changes in equity

	Share capital €	Retained earnings €	Total €
At 1 March 2022	250,000	16,107	266,107
Profit for the period	-	1,194	1,194
Total comprehensive income for period	-	1,194	1,194
	250,000	17,301	267,301
At 31 August 2022	250,000	17,301	267,301
Profit for the period	-	1,179	1,179
Total comprehensive income for period	-	1,179	1,179
	250,000	18,480	268,480
At 28 February 2023	250,000	18,480	268,480
Profit for the period	-	3,797	3,797
Total comprehensive income for period	-	3,797	3,797
	250,000	22,277	272,277
At 31 August 2023	250,000	22,277	272,277

Interim statement of cash flows

	Period from 1 March 2023 To 31 August 2023 €	Period from 1 March 2022 To 31 August 2022 €
Cash flows from operating activities		
Cash used in operating activities	(58,828)	(24,795)
Tax paid	(1,814)	(8,562)
Net cash used in operating activities	(60,642)	(33,357)
Cash flows from investing activities		
Interest received	1,760,972	1,750,000
Net cash generated from investing activities	1,760,972	1,750,000
Cash flows from financing activities		
Interest paid	(1,700,000)	(1,700,000)
Net cash used in financing activities	(1,700,000)	(1,700,000)
Net change in cash and cash equivalents	330	16,643
Cash and cash equivalents at beginning of period	83,710	83,059
Cash and cash equivalents at end of period	84,040	99,702

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 28 February 2023.

2. Bonds in issue

	Interest rate	Repayable by	31 August 2023 €	28 February 2023 €
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 2023 to 31 August 2023 €	Period from 1 March 2022 To 31 August 2022 €
Interest charged on loans owed by parent company	890,000	875,000

Loans owed by parent company

	Security	Interest rate	Repayable by	31 August 2023 €	28 February 2023 €
Loan VI	None	4.45%	5 April 2026	39,910,000	39,910,000

The interest rate on loan VI was changed beginning 1 March 2023 to 4.45% (as at 28 February 2023: 4.425%). The loan 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 2023	28 February 2023
	€	€
Current		
Amounts owed by parent company	405,571	336,873
Accrued interest income	718,889	1,589,861
	1,124,460	1,926,734

The Company is a subsidiary of CPHCL 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 CPHCL Finance Plc as at 31 August 2023, 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 Capital Market Rules 5.81 to 5.85.



Frank Xerri de Caro

Chairman



Joseph J. Vella

Director

10 October 2023