



Central Business Centres plc

Condensed Interim Financial Statements

for the period 1 January 2015 to 30 June 2015

Company Registration Number: C 66702

CENTRAL BUSINESS CENTRES p.l.c.
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Interim Directors' report

This interim report is published in terms of the Malta Financial Services Authority Listing Rules Chapter 5 and the Prevention of Financial Markets Abuse Act 2005. The underlying accounting policies are the same as those adopted by Central Business Centres p.l.c. (the 'Company') in its published annual report. The interim financial information included in this report has been extracted from the Company's unaudited accounts for the six months ended 30 June 2015, as approved by the Board of Directors on 27 August 2015 and are prepared in accordance with IAS 34 'Interim Financial Reporting'.

Incorporation

The Company was incorporated on 20 June 2014 under the terms of the Maltese Companies Act, 1995. Accordingly, the comparative figures included in these Condensed interim financial statements reflect the period from the date of incorporation to 30 June 2014.

Principal activities

The Company's principal activities are to act as a finance, investment and property-holding company for lease to third parties.

Review of the business

The Company took over the operations of the Zebbug business centre as from 1 January 2015. Currently, finishings on the Gudja business centre are underway, and is now in the final stage of completion also registering the first tenant. Excavation works have also started on the St. Julians business centre that had to stop for the period June-September due to tourist area regulations.

During the period under review, the Company, registered a profit of € 21,529 (Period ended 30 June 2014: Loss of €1,026).

The Company paid the interest on the first tranche on 30 June 2015 and will issue the second tranche during September / October 2015.

During the coming six months, the Company is envisaging the completion of finishings on the Gudja business centre and increase the marketing effort of the premises. All excavation works on St. Julians business centre will be completed and a start made on the construction.

Principal risks and uncertainties for the remaining six months of the financial year

In view of the fact that the Projects are monitored closely and that costs are in line with budgets, the directors believe that it remains appropriate to prepare the interim financial statements on a going concern basis.

The financial statements however do not include any adjustments in the event that the forecast and assumptions do not materialise as planned.

Related Party Transactions

Central Business Centres p.l.c. enters into related party transactions during the course of its business with other related companies having common shareholders. Related party transactions are reviewed and approved by the Audit committee on a regular basis. All related party transactions for the six month period ended 30 June 2015 have been fully disclosed in Note 10 to the Condensed Interim Financial Information.

Interim Directors' report - continued

Results and dividends

The condensed interim statement of comprehensive income is set out in page 6. The directors do not recommend the payment of an interim dividend for the period under review.


Directors


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

Mr. Joseph Cortis – Chairman
Mr. Anthony Cortis
Hon. Dr. Godfrey Farrugia
Mr. Alfred Sladden

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

Approved by the Board of Directors on 27 August 2015 and signed on its behalf by:


Mr. Joseph Cortis
Director


Mr. Alfred Sladden
Director

Registered office:
Cortis Buildings
Mdina Road
Zebbug, ZBG 4211
Malta

Directors' Statement pursuant to Listing Rule 5.75.3

We hereby confirm that to the best of our knowledge:

- The condensed interim financial statements give a true and fair view of the financial position of the company as at 30 June 2015, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34, 'Interim Financial Reporting'); and
- The Interim Directors' report includes a fair review of the information required in terms of Listing Rule 5.81.

On behalf of the board



Mr. Joseph Cortis
Director

27 August 2015



Mr. Alfred Sladden
Director

Condensed interim statement of comprehensive income

	Period from 1 January to 30 June 2015	Period from 20 June to 30 June 2014
	€	€
Administrative expenses	(60,339)	(1,026)
Operating loss	(60,339)	(1,026)
Finance income	81,868	-
Finance costs	(85,258)	-5
Finance costs capitalised within inventory	85,258	-
Net finance costs expensed	-	-
Profit /(loss) for the period	21,529	(1,026)
Earnings per share	0.09	-

The notes on pages 8 to 11 are an integral part of these financial statements.

Condensed interim statement of changes in equity

	Share capital €	Capital reserve € (restated)	Retained earnings €	Total €
Balance at 20 June 2014	-	-	-	-
Comprehensive income				
Loss for the period	-	-	(1,026)	(1,026)
Other comprehensive income				
Issue of Share Capital	250,000	-	-	250,000
Other capital contribution	-	10,050,000	-	10,050,000
Total comprehensive income	250,000	10,050,000	(1,026)	10,298,974
Balance at 30 June 2014	250,000	10,050,000	(1,026)	10,298,974
Balance at 1 January 2015	250,000	10,050,000	(16,541)	10,283,459
Comprehensive income				
Profit for the period	-	-	21,529	21,529
Total comprehensive income	-	-	4,987	10,304,987
Balance at 30 June 2015	250,000	10,050,000	4,987	10,304,987

The notes on pages 8 to 11 are an integral part of these financial statements.

Condensed interim statement of cash flows

	Period from 1 January to 30 June 2015	Period from 20 June to 30 June 2014
	€	€
Net cash used in operating activities	(40,254)	-
Net cash generated from/(used in) investing activities	(322,771)	-
Net cash (used in)/generated from financing activities	(86,079)	-
Net movement in cash and cash equivalents	(449,104)	-
Cash and cash equivalents at beginning of the period	586,890	-
Cash and cash equivalents at end of the period	137,786	-

The notes on pages 8 to 11 are an integral part of these financial statements.

Notes to the condensed interim financial statements

1. General information

Central Business Centres p.l.c. is a public limited liability company domiciled and incorporated in Malta with its principal activity being to act as a finance, investment and property-holding company for lease to third parties, in Malta.

The financial statements for the year ended 31 December 2014 are available upon request from the company's registered office at Cortis Buildings, Mdina Road, Zebbug ZBG 4211, Malta.

These condensed interim financial statements were approved for issue by the Board of Directors on 27 August 2015.

These condensed interim financial statements have been reviewed, not audited, in accordance with the requirements of International Standards on Auditing but have been reviewed in accordance with the requirements of ISRE 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

Prior period adjustment

Subordinated loans with related parties to part finance the acquisition of the Zebbug Central Business Centres, the Gudja Central Business Centre and Villa Fieres Sites had been classified as borrowings in the prior period. Given that loan agreements with related parties give the Company the discretion to settle the subordinated loans by way of issue of a fixed number of shares at par value, in line with IAS 32 such amounts fall under the definition of equity and are therefore being reclassified in these condensed interim financial statements as a component of equity (as a capital reserve).

Assessment of going concern assumption

The directors have a reasonable expectation, at the time of approving the condensed interim financial statements, that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in the preparation of the condensed interim financial statements.

3. Summary of significant accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those financial statements.

Standards, interpretations and amendments to published standards effective in 2015

During 2015, the company adopted revised standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2015.

Notes to the condensed interim financial information - continued

The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the company's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these condensed interim financial statements, that are mandatory for the Company's accounting periods beginning after 1 January 2015. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Company's directors are of the opinion that, with the exception of the below pronouncements, there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

4. Financial risk management

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2014.

5. Critical accounting estimates and judgements

Estimates and judgments 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 directors, the accounting estimates and judgments made in the course of preparing these interim 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.

6. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the board of directors, responsible for making strategic decisions. The Board of Directors considers the Company to be made up of one segment, that is, raising financial resources from capital markets to finance the capital projects of the Company. All the Company's revenue and expenses are generated in Malta and revenue is mainly earned from the leasing of immovable property.

7. Available-for-sale financial assets

As at 30 June 2015 the Company held no investments.

8. Capital commitments

As at 30 June 2015, the Company had entered into capital commitments amounting to € 47,436 (2014: €Nil).

9. Earnings per share

Earnings per share is calculated by dividing the result attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	30 June 2015	30 June 2014
	€	€
Earnings/(loss) per share	0.09	n/a

10. Related party transactions

The companies forming part of the SMW Cortis Limited Group are considered by the directors to be related parties as these companies are ultimately owned by the Cortis Family.

No Bonds of the Company were held by directors at 30 June 2015.

Related party transactions for the period ended 30 June 2015, related to purchases of investment property, amounted to €12,600,000 (2014: €12,600,000). Amounts are interest free and repayable on demand.

Contracts entered into with related companies (Cortis Group) on the finishing works of the Gudja Business Centre, and administration and maintenance agreements on the Zebbug Business Centre.

11. Interest bearing borrowings

On the 5 December, the Company issued a Prospectus for the issue of 6,000,000 Bonds having a nominal value of €100 each. Bonds will be issued in two Tranches of €3,000,000 - the first tranche was issued on 22 December 2014, and was fully subscribed, while the second tranche will be issued during 2015. The Company's bonds are included on the official list of the Malta Stock Exchange, the first Tranche being admitted to trading in 2014, and is redeemable at par 30 December 2021. The second Tranche will bear interest of 6% and will be redeemable during 2025 in accordance with the provisions of the Prospectus.

Interest on the Bonds issued as part of the first Tranche is payable annually in arrears, on 30 June and 31 December of each year, the first payment has been made on 30 June 2015. The net proceeds have been used to acquire the Zebbug, St Julian's and Gudja Central Business Centres and to finance the demolition, excavation, construction and finishing works of the St Julian's Central Business Centre and to finish works on the Gudja Central Business Centre.

The Bonds constitute the general, direct, unconditional, unsecured, unsubordinated obligations of the Company, and rank equally without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Company.

12. Contingent liabilities

No events occurred since 31 December 2014 that require disclosure of any contingent liabilities as at 30 June 2015.

13. Prior year adjustment

Subordinated loan

The company entered into two subordinated loans with related parties to part finance the acquisition of the Zebbug Central Business Centres, the Gudja Central Business Centre and St.

Julians, Villa Fieres Sites. The parties have agreed that these loans shall be interest free, at least for a period of two years. Following this period, should it be agreed that interest will apply, this will not exceed 5%. The repayment of the principal, if applicable and the interest is on demand. However, settlement of these loans will not be made unless the Company has sufficient funds to repay in full the principal and interest on the Bonds in issue in accordance with the terms of the Bond Issuance Programme.

The loan agreements stipulate that the Company has the discretion to settle the subordinated loans by way of issue of a fixed number of shares at par value. In line with IAS 32 such amounts fall under the definition of Equity and are therefore being reclassified in these condensed interim financial statements as a component of Equity.

In the financial statements for the year ended 31 December 2014, the loans were disclosed as borrowings and accordingly, the amounts are being reclassified to Equity in line with IAS 8 as detailed in the table below:

	Period ended 31 December 2014		
	Amounts as previously reported €	Effect of prior year adjustment €	Amounts as restated €
Borrowings	10,050,000	(10,050,000)	-
Equity - Capital reserve	-	<u>10,050,000</u>	10,050,000
		<u>-</u>	

14. Subsequent events

There were no material events which occurred subsequent to the balance sheet date.