

SUNBORN GIBRALTAR



QUARTERLY FINANCIAL REPORT
1 April – 30 June 2021
SUNBORN (GIBRALTAR) LIMITED

sunborn

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PERIOD ENDED 30 JUNE 2021 REPORT

GBP thousand	1 Apr- 30 Jun 2021	1 Apr- 30 Jun 2020	1 Jan- 30 Jun 2021	1 Jan- 30 Jun 2020	1 Jan-31 Dec 2020
Rental income	795	134	1,590	929	2,404
EBITDA	735	74	1,484	816	2,180
Investment property (yacht hotel)			81,376	83,867	82,623
Total Equity			6,691	5,395	5,781
Bond			49,576	48,492	51,727

Key Figures Operator Sunborn (Gibraltar) Resort Limited

GBP thousand	1 Apr- 30 Jun 2021	1 Apr- 30 Jun 2020	1 Jan- 30 Jun 2021	1 Jan-30 Jun 2020	1 Jan-31 Dec 2020
Turnover	2,023	37	2,358	1,437	3,899
EBITDAR	1,055	(108)	1,036	(133)	239

Chief Executive Director, Hans Niemi

The pandemic cloud has shifted, and the sun is out for Sunborn Gibraltar. While management had cautious expectations of business recovery towards the end of the Q2. As soon as the UK government announced a Green Travel list, including Gibraltar, all expectations were exceeded. A slow starting Q2 ended with record breaking sales and performance, a trend that continued throughout the summer and fall bookings. Total Revenue for the Quarter ended with £M 2,022 (+98% YoY) with EBITDAR at £M 1,055 (+111% YoY).

General

Sunborn (Gibraltar) Limited owns a luxury yacht hotel “Sunborn Gibraltar” docked at Ocean Village in Gibraltar, which it has leased to its sister company Sunborn (Gibraltar) Resort Ltd. The hotel operations of the yacht hotel Sunborn Gibraltar are run by management company Sunborn (Gibraltar) Resort Ltd in accordance with the lease contract. The yacht hotel is equipped with 189 cabins, including 22 suites, conference and ball room facilities for up to 400 delegates, two restaurants, three bars, casino and lounges inside the yacht hotel. Sunborn Gibraltar’s sole operation consists of acting as a lessor of the yacht hotel.

Issuer Sunborn Gibraltar Ltd Financial summary 1 April – 30 June 2021

The Issuer Sunborn Gibraltar Ltd receives lease income from the Operator. Lease income in Q2 2021 was £795 K (£134K in Q2 2020). Costs were in line with previous year.

The depreciated value of the Yacht hotel is at €107.6 Million based on the latest valuation report dated June 2021.

Operator Financial summary 1 April – 30 June

While the operations in Q2 started under UK pandemic travel restrictions and the hotel occupancy until mid-May was subdued, from there a dramatic positive shift followed in bookings timed with the immediate relaxation of travel in UK and Gibraltar. June outperformed any previous month on record with near 90% occupancy. Total Revenue for the Quarter ended with £M 2,022 (+98% YoY) with EBITDAR at £M 1,055 (+111% YoY). Cost management efforts completed in the previous periods combined with a welcome pickup in business volumes provided for very positive results indeed and a good start for what looks to be a promising second year half 2021. The Operator Q2 EBITDA performance covenant was met and in excess.

New financial Covenant – Operator's quarterly EBITDA

A new financial covenant was included in the written procedure approved June 2020 to measure quarterly Operator EBITDA for each quarter ending on 31 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021 compared to Operator EBITDA for the corresponding quarter in 2019.

In Q1, due to the extraordinary Covid circumstances, the Operator Temporary Maintenance Test was not met and the parent company provided the Operator with a subordinated shareholder loan in an amount sufficient to ensure compliance with the Q1 Temporary Maintenance Test (the "Operator Cure Amount").

No action was needed in Q2 where the covenant was met with flying colors. The Operator EBITDA for Q2 2021 was to exceed 70 per cent of Q2 2019 and exceeded this requirement by +£M 0.304 (2019 Q2 EBITDA was M€ 0.750).

Future forward, with the current booking levels in the next 3 months, the Operator expects to meet and exceed the covenant requirement in Q3.

Business environment

The main feeder market being the UK has been under lockdown during most of the beginning of the year. In addition, the F.C.D.O. (Foreign Commonwealth Development Office) of the UK government banned all non-essential travel outbound from the UK until May 17th. Local Gibraltar government restrictions on restaurant's were lifted and allowed restaurants to serve the general public within the month of March (up until then the hotel restaurant was only able to serve hotel guests), however, limitations were set to only 50% capacity until the end of May.

Gibraltar continues to be on the Green List of countries or territories which UK citizens could travel to without quarantine upon arrival or return home as of May 17th. The two new airline routes have commenced by Eastern Airways bringing two weekly flights now begun in May from two new markets: Birmingham and Southampton, UK. In addition, another new carrier, Wizz Air, began flying 1x per week from London Luton airport. BA and easyJet increased flights and brought forward to May additional flights originally planned for June. During the period, the number of flights per week increased to 45 which is at the level of 2017 before the Monarch airlines demise.

The Gibraltar Airport recorded rebounding positive levels with airline movements at a rate of +80.3% YoY and passengers at +78.4% YoY.

Leisure travel from UK has rebounded and all hotels in Gibraltar are experiencing record levels of occupancy.

During the period, the hotel continued to maintain high levels of Guest satisfaction ratings reflected by Trip Advisor rating of #1, Booking.com rating of 9.0/10, Hotels.com rating of 9.2/10, Expedia.com 4.6/5 during the period and maintains the AA rating of Five Star for the hotel and 2 Rosettes for the main restaurant.

Notable events during and after the end of the reporting period and estimate future development*Covid-19*

See *business environment above*. Pandemic related restrictions on normal business operation in Gibraltar started in March 2020 and many policy decisions by government continued through Q2 2021. The hotel is reliant on clients being able to travel via airlines and the Gibraltar-Spain land border, free movement of people and availability of commercial flights to and from Gibraltar, free public gathering and ability to offer food and beverage services.

The Gibraltar Health Authority has successfully vaccinated nearly 100% of its citizens and cross border workers or has allotments for inoculations.

The ability of the operator to operate the business and pay rents normally during the closure and the subsequent recovery period has been negatively affected and as a result, Sunborn Gibraltar written procedure to amend bond terms and conditions was accepted June 2020 and secured certain waivers and amendments to the terms and conditions of the bonds. The waivers provide temporary relief on interest coverage ratio, minimum cash covenant and lease payment covenant.

The company has taken advantage of government compensation programs for affected businesses for which the Operator is eligible including "BeatCovid" grants as financial assistance. This financial aid has ceased as of May 2021.

While the Covid-19 situation is an unprecedented scenario, the management is confident the business is well placed to continue operations normally upon the lifting of prohibitive restrictions regardless of the subsequent changes in the operating environment.

Looking forward, Q3 is shaping up to be another record occupancy period exceeding 2019 levels. Q4 showing signs of recuperation in some business travel and pre-bookings for Christmas events. However, leisure travel remains dominant over corporate or event travel.

Brexit

UK has officially left the EU 1.1.2020 and the transition period ended 31.12.2020. Gibraltar, UK and Spain are in process of ratifying an in-principle agreement allowing Gibraltar to form part of Schengen travel zone. Management views this as a major positive step in development of future tourism and travel in Gibraltar.

Short-term risks and uncertainties

Sunborn Gibraltar's financial risks related to business are market risk (including interest rate risk), credit risk, liquidity risk, refinancing risk and business interruption due to incidents relating to environmental and or public health risks. Floating interest rate risk has not been hedged.

The Covid -19 outbreak has severely and negatively affecting the tourism market globally. Prolonged Covid -19 restrictions could further impact the Company's business through continued negative impact on the operator. Prolonged crisis could also in the long term impact the fair value of the yacht hotel the Company holds as investment property.

The Company is exposed to foreign currency risk through rental receivables and future cash flows arising from the lease contract of the Yacht hotel that is denominated in GBP. The management of the company closely monitors the development of the GBP/EUR exchange rate and aims to protect the Company against unfavorable developments at the group level.

High volatility in pound sterling versus euro is expected to continue with a risk of a further depreciation of the pound that could in the short to intermediate term impact negatively on operational costs and profitability.

Financial risk management carried out by the management of the Company aims to protect the Company against unfavorable developments in the financial markets and ensure the performance. The management review financial risks on regular basis to manage financial risk position and decide on necessary actions.

STATEMENT OF COMPREHENSIVE INCOME

GBP thousand	Note	1 Apr-30 Jun 2021	1 Apr -30 Jun 2020	1 Jan-30 Jun 2021	1 Jan - 30 Jun 2020	Audited 1 Jan – 31 Dec 2020
Rental income from group companies	3	795	134	1,590	929	2,404
Depreciation	4	(623)	(630)	(1,247)	(1,260)	(2,522)
Other operating expenses		(60)	(60)	(106)	(113)	(224)
Operating profit/(loss)		112	(557)	238	(445)	(342)
Conversion to Capital reserve of intercompany loan		-	-	-	-	5,000
Foreign exchange gain / (loss)		(379)	-	2,338	(4)	(2,847)
Finance cost - amortisation of borrowing cost		(95)	(97)	(189)	(192)	(654)
Finance cost - group borrowings		(97)	(116)	(195)	(232)	(465)
Finance costs - other borrowings		(653)	(783)	(1,282)	(1,457)	(2,633)
Finance costs, net		(1,224)	(996)	672	(1,885)	(6,599)
Profit/(loss) before taxes		(1,112)	(1,552)	910	(2,330)	(1,941)
Income tax expense		-	-	-	-	-
Profit/(loss) for the period		(1,112)	(1,552)	910	(2,330)	(1,941)
Total comprehensive income/(loss) for the period		(1,112)	(1,552)	910	(2,330)	(1,941)

STATEMENT OF FINANCIAL POSITION

GBP thousand	Note	Unaudited 30 June 2021	Audited 31 December 2020	Unaudited 30 June 2020
ASSETS				
Non-current assets				
Investment property	4	81,376	82,623	83,867
Property plant and equipment	5	-	-	7
Total non-current assets		81,376	82,623	83,874
Current assets				
Receivables from group companies		2,455	2,148	2,537
Other Receivables		335	322	361
Cash and cash equivalents		422	292	72
Total current assets		3,211	2,762	2,969
Total assets		84,587	85,385	86,844
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	6	3	3	3
Share premium	6	15,604	15,604	15,604
Capital reserves	6	15,000	15,000	10,000
Retained result		(23,916)	(24,826)	(20,213)
Total equity		6,691	5,781	5,394
LIABILITIES				
Non-current liabilities				
Payables to group companies		25,997	25,997	30,997
Borrowings	7	49,576	51,727	48,492
Total non-current liabilities		75,573	77,724	79,489
Current liabilities				
Payables to group companies		1,874	1,470	1,402
Other payables		449	410	559
Total current liabilities		2,324	1,880	1,961
Total liabilities		77,896	79,604	81,449
Total equity and liabilities		84,587	85,385	86,844

STATEMENT OF CHANGES IN EQUITY

GBP thousand	Share capital	Share premium	Capital reserve	Retained earnings	Total equity
Equity at 01 January 2020	3	15,604	10,000	(17,885)	7,722
Result for the period to 30 June 2020				(2,330)	(2,330)
Total comprehensive income for the period	-	-	-	(2,330)	(2,330)
Equity at 30 June 2020	3	15,604	10,000	(18,214)	7,393
Conversion to Capital reserve of intercompany loan			5,000	(5,000)	
Result for the period to 31 December 2020	-	-	-	(1,941)	(1,941)
Total comprehensive income for the period	-	-	-	(6,941)	(1,941)
Equity at 31 December 2020	3	15,604	15,000	(24,826)	5,781
Result for the period to 30 June 2021	-	-	-	910	910
Total comprehensive income for the period	-	-	-	910	910
Equity at 30 June 2021	3	15,604	15,000	(23,916)	6,691

STATEMENT OF CASH FLOWS

GBP thousand	1 Jan - 31 Jun 2021	1 Jan - 31 Jun 2020	Audited 1 Jan - 31 Dec 2020
Operating activities			
Operating profit/ (loss)	238	(445)	(342)
Adjustment for:			
Depreciation	1,247	1,269	2,522
Net foreign exchange differences			
Change in working capital:			
Change in receivables from group companies	(307)	(580)	(276)
Change in other receivables	(15)	(42)	(3)
Change in payables to group companies	210	309	(3)
Change in other payables	39	40	41
Net cash flows generated from operations before interest payments	1,412	551	1939
Interest paid	(1,282)	(1,539)	(2,708)
Net cash flows from /(used) in operations	130	(988)	(768)
Cash used in investing activities			
Additions in investment property	-	-	-
Purchase of property, plant and equipment	-	-	-
	-	-	-
Cash flows from financing activities			
Repayment of borrowings from Group company	-	-	-
Transaction costs paid	-	-	-
Net cash flows from financing activities	-	-	-
Net increase / (decrease)in cash and cash equivalents	130	(988)	(768)
Cash and cash equivalents at 1 January	292	1,060	1060
Cash and cash equivalents at 31 December /30 June	422	72	292

NOTES TO THE FINANCIAL STATEMENTS**1. General information**

Sunborn Gibraltar Limited (the 'Company') is a private company limited by shares incorporated and registered in Gibraltar. The registered address of Sunborn Gibraltar Limited is 57/63 Line Wall Road, Gibraltar and its business address: 35 Ocean Village Promenade, Gibraltar, GX111AA. Sunborn Gibraltar Limited owns a luxury yacht hotel docked at Ocean Village in Gibraltar, which it has leased to its sister company Sunborn (Gibraltar) Resort Limited, who runs the operations in accordance with a lease contract. The Yacht hotel is equipped with 189 cabins, including 22 suites. There are also conference facilities for up to 400 delegates, restaurants, bars fitness center, spa and lounges inside the Yacht hotel. The Company had no employees during the nine months to 30 September 2020 or during 2019. The Company is wholly owned by Sunborn Gibraltar Holdings Limited and its ultimate parent is Sunborn Oy, a company registered in Finland and owned by the Niemi family who are also based in Finland. Sunborn Oy focuses on the development of luxury spa and yacht hotels, restaurants and other high-quality property, and has more than 50 years of experience in the hospitality sector.

2. Summary of significant accounting policies**Basis of preparation**

This condensed interim financial report for six months ended 30 June 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34 interim Financial Reporting, as adopted by the European Union.

The condensed interim year financial report does not include all the information and notes that are presented in the annual financial statements and should be read in conjunction with the audited financial statements for year ended 31 December 2020.

The accounting policies and measurement principles remain unchanged in comparison with as has been presented in Note 2 in the Annual Report 2020.

The financial statements are presented in thousands of sterling pounds unless otherwise stated. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

Going concern*Covid-19*

Since 13th March 2020, the spread of the coronavirus (Covid-19) has led to unprecedented and gradually worsening business situation in the hospitality sector all over the world including Gibraltar. Covid-19 impacts Sunborn Gibraltar through the operator Sunborn Gibraltar Resort Limited's ability to pay the agreed rental payments. The operator was in Q2 and Q3 of 2020 forced to partially and temporarily place normal hotel and restaurant operations on standby while government and FCDO issued restrictions on travel, public gatherings and the hospitality sector.

As a result of Covid-19 impacts on the operator's activities, in June 2020 Sunborn Gibraltar entered into written procedure to amend certain bond terms and conditions. The bondholders subsequently accepted these waivers and amendments to the terms and conditions of the bonds. The amendments provide relief on interest coverage ratio, minimum cash covenant and lease payment covenant allowing the lease payment obligations to be relaxed

during 2020 financial year. The company provided the operator Sunborn Gibraltar Resort Ltd lease waivers as it was permitted to use cash reserves for pay for liabilities falling due during the period.

The Operating company secured a permitted £1.5m credit line (as per the Amended and Restated Terms and Conditions) secured by parent company for working capital purposes.

Prolonged Covid-19 restrictions could further impact the Company's business through continued negative impact on the operator. The impact of the unprecedented crisis is difficult to predict, and it is unknown when the recovery of the affected businesses will take place. Prolonged crisis could also in the long-term impact the fair value of the yacht hotel the Company holds as investment property.

While the Covid-19 situation is an unprecedented scenario, the management is confident the property is well placed to continue operations regardless of the temporary closure and subsequent changes in the operating environment.

Net losses

The Company has incurred net losses consisting mainly of depreciation and unrealized foreign exchange rate differences arising from the borrowings. The Company's sole purpose is to own the vessel "Sunborn Gibraltar Yacht" and lease the vessel out to Sunborn Gibraltar Resort Limited through an internal bareboat agreement. The Company has primarily relied upon financing raised through the borrowings from the group companies and bonds from external parties as well as from shares issued to the parent company Sunborn (Gibraltar) Holdings Limited. In April 2016, Sunborn International Oy transferred the company's borrowing amounting to £15.6m to Sunborn (Gibraltar) Holdings Limited and thereafter was converted to company's equity to provide additional capital. The borrowings were converted to Sterling Pounds to avoid unrealised losses. Further conversions have been carried out in September 2018 (£10M) and in December 2020 (£5M) converting debt liabilities to Sunborn International Oy into company's equity.

The financial information in these financial statements has been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. Moreover, the company's ultimate parent has confirmed its willingness to provide financial support to allow the company to operate and meet its liabilities as and when required.

3. Rental income from related parties

Rental income comprises income generated from lease of its vessel, which was refurbished into a Yacht hotel, to its sister company Sunborn Gibraltar Resort Limited. The lease term is 10 years with fixed monthly lease from 1 June 2017 and in force until terminated by the company subject to three months' prior notice. Due to the Covid-19 crisis the issuer Sunborn Gibraltar provided a lease waiver to be applied during the financial year. £ 776 K lease waiver was used in Q2 2020.

4. Investment property

	<u>Vessel</u> <u>incl improvements</u>	<u>Furniture</u> <u>& Fittings</u>	<u>Total</u>
GBP thousand			
Cost			
At 01 January 2019	101,993	487	102,480
Additions	-	-	-
At 31 December 2019	101,993	487	102,480
Additions	-	-	-
At 31 Dec 2020	101,993	487	102,480
Additions	-	-	-
At 30 June 2021	101,993	487	102,480
Depreciation			
At 01 January 2019	14,471	376	14,847
Charge for the period	2,477	28	2,505
At 31 December 2019	16,948	404	17,352
Charge for the period	2,477	28	2,505
At 31 December 2020	19,425	432	19,857
Charge for the period	1,233	14	1,247
At 30 June 2021	20,658	446	21,104
Net book value			
At 30 June 2021	81,335	41	81,376
At 31 December 2020	82,568	55	82,623
At 31 December 2019	85,045	83	85,128
At 01 January 2019	87,522	111	87,633

The vessel is registered in Finland but located in Gibraltar, where it is leased under a lease agreement to Sunborn Gibraltar Resort Limited, which runs the hotel operations of the Yacht hotel. Sunborn Gibraltar is responsible for the maintenance, the mooring fee, certain insurances, marketing of the vessel and any other such operational costs for operating the Yacht hotel. The Company has thus no risk on operating the Yacht hotel, being only responsible for certain insurances and maintaining the hull.

The investment property is carried at deemed cost as at 1 January 2016, which was its fair value, less any accumulated depreciation and any accumulated impairment losses.

The depreciated value of the Yacht hotel is at 107.6 M€ according to the latest valuation report June 2021.

Depreciation is calculated using the straight-line method to allocate the cost to the residual value over their estimated useful lives. The estimated useful life of the vessel divided to its significant components is presented in the table below:

Vessel:	40 years
Vessel improvements:	Shorter of remaining vessel life or useful life of improvements (3 to 25 years)
Furniture and fittings:	10 years

All repairs and maintenance costs are charged to the statement of the comprehensive income during the financial year in which they are incurred.

5. Property, plant and equipment

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation is charged so as to write off the cost of assets at their estimated useful lives of 3 years.

6. Equity & Capital Reserve

	As at 30 June 2021 and 31 December 2020	
	No.	£
Share Capital		
Authorised, allotted, called up and fully paid shares of £1 each	3,000	3,000

The number of ordinary shares outstanding since the company's inception was 2000 shares. In 2016, borrowings from the group company were converted into equity thereby increasing the authorized ordinary share capital by 1,000 at a premium of £15,604 per share resulting to a share premium of £15,604,000.

The Company has not distributed any dividend and the bond agreement set some restrictions for distribution of dividend.

7. Borrowings non-current liabilities

Borrowings are analysed as follows:

	30 June 2021	31 Dec 2020
GBP thousand		
Wholly repayable within five years	49,201	51,727
Details of loans wholly repayable within five years are as follows:		
Senior secured bond SE0010296632 due 5/9/22	50,042	52,381
Less: transaction costs	(466)	(654)
	49,576	51,727

On 31/8/2017, the company issued a Senior Secured Bonds with nominal value of EUR 58 million repayable in 2022. The contractual interest is 5 % plus Euribor and the effective interest is 5.83 %. The proceeds of the bonds were used to pay the secured loans with the financing company.

As a result of Amended and Restated Terms and Conditions, related amendment fee of 50 bp resulted in a modification loss in interest expenses for year 2020. The amount of borrowings was adjusted accordingly.

7. Borrowings non-current liabilities - continued

The management estimated that the fair value of the borrowings approximates the carrying amounts of the bonds.

Collaterals and guarantee given

The bonds are secured by a 1st lien mortgage in the vessel and the cash held at bank. The bonds are also secured by a floating charge agreement over the assets, rights, intellectual property and revenues including relevant insurances. The bank accounts have been pledged to secure the bond repayment; however, they can be used by the Company in the ordinary course of business.

Moreover, Sunborn International Oy has pledged its shares in the Company and Sunborn Gibraltar Holdings Limited and Sunborn Gibraltar Resort Limited to secure the repayment of the bonds.

The bond terms include an asset cover ratio covenant, which requires the Company to maintain the asset cover ratio of minimum 140.0 %. The covenant is calculated based on the market value of the Yacht Hotel calculated by approved valuator appointed by the Company and approved by the bond trustee, divided by financial indebtedness of the Company.

The bond terms include also a cash requirement covenant, which requires the Company to maintain the cash minimum of upcoming 3 months interest payment. The bond terms include an interest cover ratio covenant, which requires the Company to generate EBITDA minimum of 1.1 times the interest. Covenants are tested on a quarterly basis.

As a result of Covid-19 impacts on the operator's activities Sunborn Gibraltar written procedure approved 16th June 2020 to amend bond terms and conditions was voted on by bondholders and accepted. Amended and Restated Terms and Conditions secured certain waivers and amendments to the terms and conditions of the bonds to provide relief on interest coverage ratio, minimum cash covenant and lease payment covenant.

A new financial covenant was included in the written procedure to measure quarterly Operator EBITDA for each quarter ending on 31 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021 compared to Operator EBITDA for the corresponding quarter in 2019. The covenant for Operator EBITDA for Q2 2021 was to exceed 70 per cent of Q2 2019. The Operator EBITDA at £M 1.055 (£M 1.072) was well over the requirement and corresponds to 98 per cent of Q2 2019.

As a result of the written procedure in the new Amended and Restated Terms and Conditions Sunborn International Holding Oy has entered into an Additional Guarantee Agreement, as principal obligor, guarantee to the Agent and Bondholders the punctual performance of Sunborn Gibraltar Limited obligations under the Bond's Finance Documents.

8. Related parties

The Company's related parties are its parent company Sunborn Oy, other Sunborn Group entities, the board of directors and key management of the Company and the Board of Directors and management of the parent company, together with their close family members, and companies controlled by these individuals.

The following table summarises the Company's transactions and outstanding balances with related parties during or at the end of the years presented:

GBP thousand	Income/(Expense)				
	1 Apr– 30 Jun 2021	1 Apr – 30 Jun 2020	1 Jan-30 Jun 2021	1 Jan - 30 Jun 2020	1 Jan – 31 Dec 2020
Sunborn (Gibraltar) Resort	795	134	1590	929	2,404
Sunborn International Oy	(97)	(116)	(194)	(232)	(465)
Sunborn International Oy loan capital conversion	-	-	-	-	5,000

GBP thousand	30 Jun 2021		30 Jun 2020		31 Dec 2020	
	Receivables	Liabilities	Receivables	Liabilities	Receivables	Liabilities
Sunborn (Gibraltar) Resort	2443	86	2,527	86	2,137	86
Sunborn (Gibraltar) Holdings	3	-	3	-	3	-
Casino Sunborn (Gibraltar)	8	-	7	-	8	-
Sunborn International Oy	-	27,691	-	32,218	-	27,285
Sunborn Oy	-	95	-	95	-	95
Total	2,454	27,872	2,537	32,399	2,148	27,466

In December 2020 £5M of the debt liabilities to Sunborn International Oy converted into company's equity.

The issuer provided the operator a lease waiver to be applied in 2020 and was permitted to use cash reserves for liabilities falling due.

9. Events after the balance sheet date

Nothing to report.

Appendix 1

Sunborn (Gibraltar) Resort Limited

Unaudited Income Statement

GBP thousand

	Unaudited 3 months ended 30 Jun 21	Unaudited 3 months ended 30 Jun 20	Unaudited 6 months ended 30 Jun 21	Unaudited 6 months ended 30 Jun 20	Audited 12 months ended 31 Dec 20
REVENUE	2,023	37	2,358	1,437	3,899
Cost of sales			-		
Food	80	(0)	102	89	200
Beverage	44	(1)	52	25	81
Agent commission	34	4	42	42	124
Other	21	1	27	13	40
	179	3	222	170	445
GROSS PROFIT	1,844	34	2,136	1,267	3,453
Administrative and other expenses	(789)	(142)	(1,100)	(1,400)	(3,214)
EBITDAR	1,055	(108)	1,036	(133)	238.85
Rent cost due to related entity	(795)	(134)	(1,590)	(929)	(2,404)
Depreciation	(45)	(33)	(93)	(66)	(289)
Interest expense	(18)	(1)	(27)	(1)	(16)
Result before tax	198	(275)	(675)	(1,128)	(2,470)
Taxation	-	-	-	-	-
Result for the year	198	(275)	(675)	(1,128)	(2,470)

Unaudited Balance Sheet

GBP thousand

	Unaudited 30 Jun 21 £	Audited 31 Dec 20 £	Unaudited 30 Jun 20
Fixed assets	157	182	151
Tangible fixed assets			
Current Assets			
Inventories	100	100	129
Trade and other receivables	1,283	966	1,216
Cash at bank	684	324	65
	2,067	1,390	1,410
Current Liabilities			
Trade and other payables	1,827	2,028	3,905
Finance lease obligation	27	12	11
	1,854	2,040	3,916
Current Assets less Current Liabilities	213	(651)	(2,507)
Non-current liabilities			
Finance lease obligation	5	5	14
Other payables	3,227	2,137	-
Permitted loan facility	1,500	1,100	-
Total Assets less Liabilities	<u>(4,362)</u>	<u>(3,711)</u>	<u>(2,369)</u>
Capital and Reserves			
Called up share capital	2	2	2
Profit & loss account	(4,364)	(3,713)	(2,371)
	<u>(4,362)</u>	<u>(3,711)</u>	<u>(2,369)</u>

Unaudited Statement of Cash Flows

GBP thousand

Statement of Cash Flows

	Unaudited 6 months ended 30-Jun-21 £	Audited 31 Dec 20 £	Unaudited 6 months ended 30 Jun 20 £
Reconciliation of operating loss to net cash flows from operating activities			
Operating loss	(675)	(2,470)	(1128)
Finance lease interest	27	16	3
Operating loss	(648)	(2,454)	(1125)
Depreciation	93	289	66
Movement in inventories	-	34	4
Movement in debtors	(360)	593	342
Movement in creditors	521	961	715
Net cash flows from operating activities	(394)	(578)	2
Cash flow from investing activities			
Purchase of tangible fixed assets	-	(266)	(13)
Cash flow from financing			
Other borrowings	400	1,100	-
Equity cure	367	-	-
Repayment of obligations under finance lease	(13)	(13)	(5)
Taxation	-	-	-
Increase in cash	360	243	(16)
Reconciliation of net cash flows to movement in net funds			
Cash at bank at 1 January	324	81	81
Cash at bank at 30 June	684	324	65
Increase in cash in year	360	243	(16)