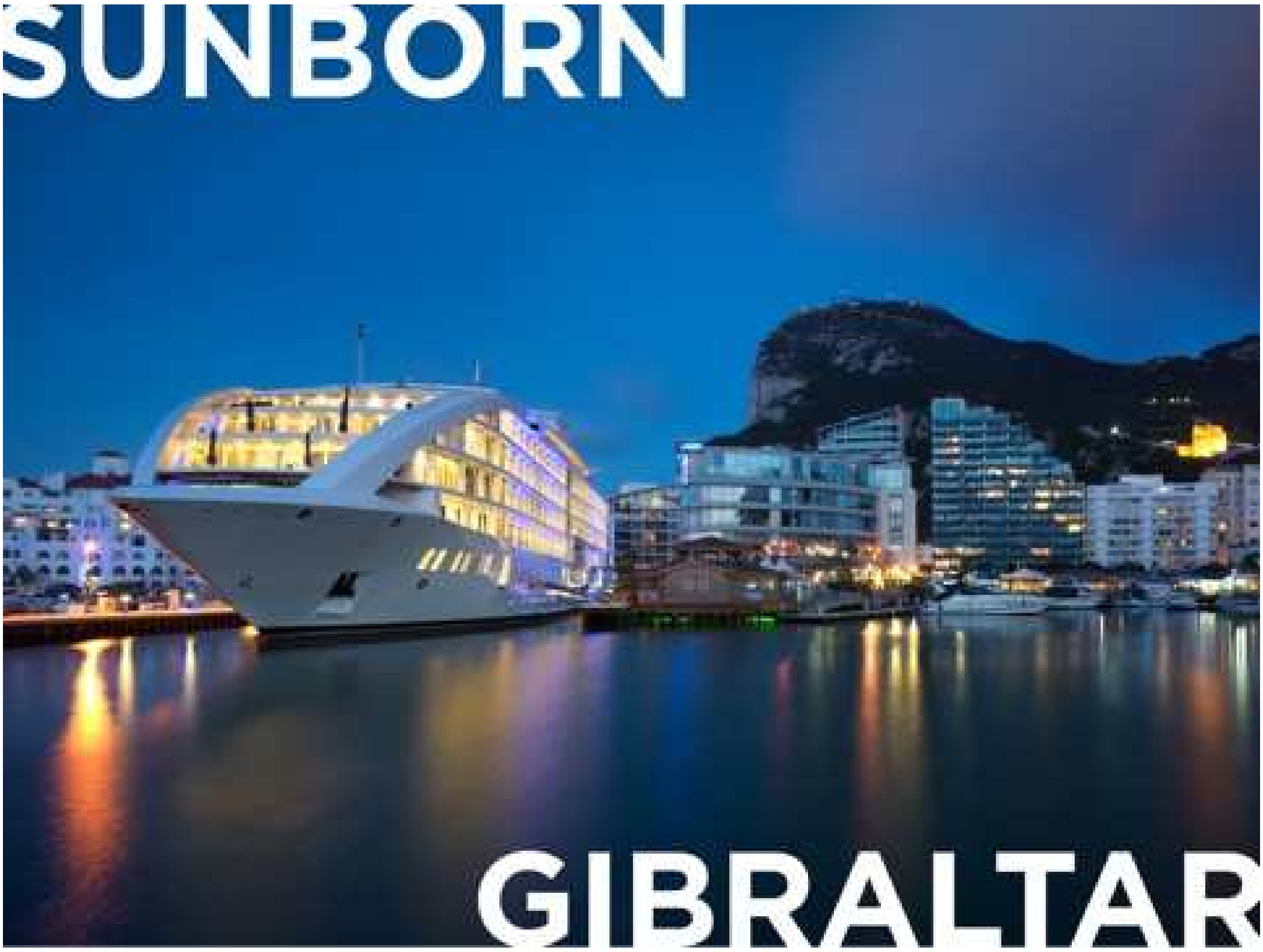

QUARTERLY FINANCIAL REPORT
1 April – 30 June 2019
30 August 2019

sunborn

CONTENTS

PERIOD ENDED 30 JUNE 2019 REPORT

Key Figures Issuer Sunborn (Gibraltar) PLC

GBP thousand	1 Apr-30 Jun 2019	1 Apr-30 Jun 2018	1 Jan -30 Jun 2019	1 Jan -30 Jun 2018	1 Jan- 31 Dec 2018
Rental income	795	750	1,590	1,500	3,180
EBITDA	746	700	1,504	1,408	2,984
Investment property (yacht hotel)	86,284	88,898	86,284	88,933	87,522
Total Equity			6,741		8,251
Bond			50,667		50,461

Key Figures Operator Sunborn (Gibraltar) Resort Limited

GBP thousand	1 Apr-30 Jun 2019	1 Apr-30 Jun 2018	1 Jan -30 Jun 2019	1 Jan -30 Jun 2018	1 Jan- 31 Dec 2018
Turnover	3,017	3,081	5,342	5,185	10,693
EBITDAR	1,073	1,145	1,650	1,576	3,106

Chief Executive Director, Hans Niemi

"Q2 2019 total turnover ended relatively flat to last year while cumulatively still increased +3% YoY. There was a slight increase in occupancy with rooms sold at +1% YoY during the period contributing to a YTD cumulative of +15% YoY. RevPar for the period experienced an increase of +2% YoY and Q2 EBITDA increased +5% YoY. April ended below YoY revenues and EBITDA – wholly due to travelers' negative expectations relating to the much publicized Brexit at 31st March, which subsequently moved to October 2019. Disregarding the exceptional April, monthly performance has consistently improved on YoY results and numbers are at the level of 2017 peak year. During the Q2 period, management continued to drive efforts towards BAR, MICE and Government segments in rooms. Food & Beverage contributes positively as a major component of the total revenue increase as it experienced a +4% increase over the same period last year".

General

Sunborn Gibraltar Ltd 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 major 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. Sunborn Gibraltar Ltd had no employees on 2018 and 2017.

The company prepares its accounts and quarterly reporting in accordance with IFRS and made available according to the rules and regulations of NASDAQ Stockholm.

PERIOD ENDED 30 JUNE 2019 REPORT – Continued

Issuer Sunborn Gibraltar Ltd Financial summary 1 January – 30 June 2019

Sunborn receives lease income from the management company. Lease income was 1.59 M£ in 2019 (1.50 M£ in 2018). Costs were in line with previous year.

The value of the Yacht hotel is at 113,6 M€ according the latest valuation report May 2019.

Operator Financial summary 1 April - 30 June 2019

The flight volumes continue to develop positively YoY with the number of passengers up 14.7% during the period. While compared to pre-monarch 2017 Q1 levels, the net effect was still behind -19% but a clear and continued increase is in sight. This is very positive and has a direct correlation with hotel occupancy.

Brexit still played a significant role in this period as the month of April was negatively impacted due to a slowdown of leisure and corporate travel combined with the two full weeks of Easter holidays. Management was able to build up business in the months of May and June to 'offset' the effect of April.

Management's strategy continues to increase room occupancy with business on the books at +4% compared at the same time last year. The MICE and Government segments continue to show increases YoY and continue into the remainder of the year.

Despite the challenging month of April, management continues is confident in the budgeted performance of 2019.

Business environment

Brexit date of 31 March was postponed to the end of October and could have short term impact on traveller behaviour as seen in April.

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.

Guest satisfaction continues to be excellent 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 and recently certified rating of Five Star for the hotel and 2 Rosettes for the main restaurant.

Continued lobbying with the Gibraltar Tourist Board and airlines to increase flights.

During the period, the number of airline movements increased 22.9% YoY for the same months.

Notable events during and after the end of the reporting period

No notable events after the end of the reporting period.

Estimate future development

The company estimates that its financial performance and debt service capacity will remain stable.

PERIOD ENDED 30 JUNE 2019 REPORT – Continued

Short-term risks and uncertainties

The Company´s financial risks related to business are market risk (including interest rate risk and foreign currency risk), credit risk, liquidity risk and refinancing risk.

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 June 2019**	1 Apr – 30 June 2018	1 Jan – 30 June 2019	1 Jan – 30 June 2018	Audited 1 Jan - 31 Dec 2018
Rental income from group companies	3	**795**	750	1,590	1500	3,180
Depreciation	4	**(630)**	(378)	(1,260)	(1,255)	(2,522)
Other operating expenses		**(48)**	(50)	(86)	(92)	(196)
Operating profit/(loss)		**117**	**322**	**244**	**153**	**462**
Waiver of loan from holding company		-	-	-	-	10,000
Foreign exchange loss		**(16)**	-	**(16)**		(423)
Finance cost – amortisation of borrowing cost		**(97)**		(192)		(386)
Finance cost – group borrowings		**(116)**	(924)	(232)	(1,832)	(615)
Finance costs – bond & other borrowings		**(666)**		(1,314)		(2,672)
Finance costs, net		**(895)**	(924)	(1,754)	(1,832)	(4,096)
Profit/(loss) before taxes		**(778)**	(602)	(1,510)	(1,679)	6,366
Income tax expense		-	-	-		-
Profit/(loss) for the period/year		**(778)**	**(602)**	**(1,510)**	**(1,679)**	**6,366**
Total comprehensive profit/ (loss) for the period/year		**(778)**	**(602)**	**(1,510)**	**(1,679)**	**6,366**

STATEMENT OF FINANCIAL POSITION

GBP thousand	Note	30 June 2019	31 December 2018
ASSETS			
Non-current assets			
Investment property	4	86,284	87,522
Property plant and equipment	5	122	145
		86,406	87,667
Current assets			
Receivables from group companies		2,018	1,682
Other Revceivables		201	69
Cash and cash equivalents		1,140	1,366
Total current assets		3,359	3,117
Total assets		89,765	90,784
EQUITY			
Capital and reserves attributable to the Comapany's equity holders			
Share capital	6	3	3
Share premium	6	15,604	15,604
Capital reserves	6	10,000	10,000
Retained result		(18,866)	(17,356)
Total equity		6,741	8,251
LIABILITIES			
Non-current liabilities		30,997	30,997
Borrowings		50,667	50,461
Tottal non-current liabilities		81,664	81,458
Curent liabilities			
Payables to group companies		863	631
Other payables		497	444
Total current liabilities		1360	1,075
Total liabilities		83,024	82,533
Total equity and liablities		89,765	90,784

STATEMENT OF CHANGES IN EQUITY

GBP thousand	Share capital	Share premium	Capital reserve	Retained earnings	**Total equity**
Equity at 1 Jan 2018	3	15,604	-	(13,722)	1,885
Result for the period ended 30 June 2018	-	-	-	(1,680)	(1,680)
Equity at 30 June 2018	3	15,604	-	(15,402)	**205**
Result for the period to 31 Dec 2018	-	-	-	8,046	8,046
Total comprehensive income for the year	**-**	**-**	**-**	**6,366**	**6,366**
Transfer from retained earnings to capital reserve account	-	-	10,000	(10,000)	-
Equity at 31 Dec 2018	3	15,604	10,000	(17,356)	8,251
Result for the period to 30 June 2019	-	-	-	(1,510)	(1,510)
Total comprehensive income for the period	**-**	**-**	**-**	**(1,510)**	**(1,510)**
Equity at 30 June 2019	**3**	**15,604**	**10,000**	**(18,866)**	**6,741**

STATEMENT OF CASH FLOWS

GBP thousand	1 Jan – 30 Jun 2019	1 Jan – 30 Jun 2018	1 Jan - 31 Dec 2018
Operating activities			
Operating profit	**244**	153	462
Adjustment for:			
Depreciation	**1,260**	1,255	2,522
Change in working capital:			
Change in receivables from group companies	**(336)**	(502)	(445)
Change in other receivables	**(132)**	-	(17)
Change in payables to group companies	**232**	327	-
Change in other payables	**53**	-	71
Net cash flows generated from operations before interest payments	**1,321**	1,233	2,593
Interest paid	**(1,548)**	(1,639)	(2,672)
Net cash flows used in operations	**(226)**	(406)	(79)
Cash used in investing activities			
Additions in investment property	**-**	(35)	(35)
	-	(35)	(35)
Cash flows from financing activities			
Repayment of borrowings from Group company	**-**	-	(172)
Transaction costs paid	**-**	-	(25)
Net cash flows from financing activities	**-**	-	(197)
Net (decrease)/increase in cash and cash equivalents	**(226)**	(442)	(311)
Cash and cash equivalents at 1 January	**1,366**	1,677	1,677
Cash and cash equivalents at 30 June/December	**1,140**	1,235	1,366

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 is 35 Ocean Village Promenade, Gibraltar. 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 six months to 30 June 2019 or during 2018. The Company is wholly owned by Sunborn Gibraltar Holdings Limited and its ultimate parent is Sunborn Oy, a company registered in Finland. Sunborn Oy focuses on the development of luxury spa and yacht hotels, restaurants and other high-quality property, and has more than 40 years of experience in the hospitality sector.

2. Summary of significant accounting policies

Basis of preparation

This financial report for the period ended 30 June 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The year-end financial report is based on the same accounting policies and calculation methods as used in the financial statements for the year 2018, as well as on the new and updated IFRS standards described in the financial statements for the year 2019.

The preparation of the year-end financial report in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The actual outcomes may differ from these estimates and judgments. The most significant estimates made by the management relating to the accounting policies and uncertainties are the same as applied in the financial statements for the year 2017

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.

New IFRS standards adopted by the Company

The adaptation of IFRS 16, *Leases,* effective for the Financial Statements from 1 January 2019 resulted in change in accounting policies, however there are no adjustments to the amounts recognised in this report.

IFRS 16, Leases are affected primarily the accounting by lessees and resulted in the recognition of almost all leases on balance sheet by the lessees. The accounting by lessors are not significantly changed. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As the Company is currently acting as lessor in its one lease agreement, the standard has had no material impact on the Company's financial statements. However, there are new disclosure requirements. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's financial statements.

Going concern

The Company has incurred net losses since inception in 2013 and for the years ended 31 December 2017 and year to December 2018, the Company reported losses of £3.3m and £3.9m, respectively. The losses consist mainly of depreciation of the vessel and unrealized exchange rate differences arising from the borrowings from the parent company.

The Company's sole purpose is to own the vessel "Sunborn Gibraltar Yacht" converted into a Yacht hotel 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. Again, in September 2018, £10M of borrowings from Sunborn International Oy have been converted to 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.

After review of the future operating and financing costs of the Company in conjunction with the cash held at 31 December 2018, management believes the Company has sufficient funds to continue as a going concern 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.

4. Investment property

GBP thousand	Vessel incl improvements	Furniture & fittings	Total
Cost			
At 1 January 2017	96,745	453	97,198
Addittions	-	35	35
At 31 December 2017	96,745	488	97,233
Addittions	-	50	50
At 31 December 2018	96,745	538	97,283
Addittions	-	-	-
At 30 June 2019	96,745	538	97,283
Depreciation			
At 31 December 2017	6,746	348	7,094
Charge for the year	2,477	45	2,522
At 31 December 2018	9,223	393	9,616
Charge for the period	1,238	22	1,260
At 30 June 2019	10,461	415	10,876
Net book value			
At 30 June 2019	**86,284**	**123**	**86,407**
At 31 December 2018	87,522	145	87,667
At 31 December 2017	90,000	104	90,104

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 value of the Yacht hotel is at 113,6 M€ according the latest valuation report May 2019.

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 life of the vessel or useful life of the vessel improvement (3 to 25 years)
Furniture and fittings	- 10 years

4. Investment property - *continued*

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

Share Capital	**As at 30 June 2019 and 31 December 2018**	
	No.	**£**
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:

GBP thousand	30 Jun 2019	31 Dec 2018
Wholly repayable within five years	**51,898**	50,461
Details of loans wholly repayable within five years are as follows:		
5% senior secured bond of € 58,000,000 repayable on 5 September 2022	**51,898**	51,882
Less: transaction costs	**(1,231)**	(1,421)
	50,667	50,461

7. Borrowings non-current liabilities - *continued*

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.

Fair value of the bonds equals the carrying amount.

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 repayments, 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.

8. Related parties

Transactions with 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:

	Income/(Expense)				
GBP thousand	**1 Apr – 30 June 2019**	1 Apr – 30 June 2018	1 Jan-30 June 2019	1 Jan – 30 June 2018	1 Jan – 31 Dec 2018
Sunborn (Gibraltar) Resort	**795**	750	1590	1,500	3,180
Sunborn International Oy	**(116)**	(153)	(232)	(307)	(615)

	30 Jun 2019		**31 Dec 2018**	
GBP thousand	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
Sunborn (Gibraltar) Resort	**2,008**		1,672	-
Sunborn (Gibraltar) Holdings	**3**		3	-
Casino Sunborn (Gibraltar)	**7**		7	-
Sunborn International Oy		**31,765**		31,533
Sunborn Oy		**95**		95
Total	**2,018**	**31,860**	**1,682**	**31,628**

Appendix 1 SUNBORN (GIBRALTAR) RESORT LTD

Sunborn (Gibraltar) Resort Ltd
INTERIM REPORT 1 January – 30 June 2019

Unaudited Income Statement

	Unaudited 3 months ended 30 Jun 19	Unaudited 3 months ended 30 Jun 18	Unaudited 6 months ended 30 Jun 19	Unaudited 6 months ended 30 Jun 18	Audited Year ended 31 Dec 18
REVENUE	3,017,026	3,080,779	5,341,607	5,185,421	10,693,332
Cost of sales					
Food	69,274	172,879	327,170	327,569	669,395
Beverage	174,480	57,684	114,860	94,309	231,064
Agent commission	72,765	67,620	143,899	108,579	301,337
Other	16,411	7,146	26,641	16,837	37,945
	332,930	305,328	612,570	547,294	1,239,741
GROSS PROFIT	2,684,096	2,775,451	4,729,037	4,638,127	9,453,591
Admistratve and other expenses	(1,611,627)	(1,630,001)	(3,079,010)	(3,061,947)	(6,347,382)
EBITDAR	**1,072,469**	**1,145,450**	**1,650,027**	**1,576,180**	**3,106,209**
Rent cost due to related entity	(795,000)	(750,000)	(1,590,000)	(1,500,000)	(3,180,000)
Depreciation	36,678	20,201	73,111	39,304	101,048
Interest expense	730	0	1,461	208	3,256
Result before tax	240,060	375,248	(14,544)	36,668	(178,095)
Taxation		-			-
Result for period/year	240,060	375,248	(14,544)	36,668	(178,095)

Unaudited Balance Sheet

	Unaudited 30 Jun 19 £	Unaudited 31 Dec 18 £
Fixed Assets		
Tangible fixed assets	248,490	291,522
Current Assets		
Inventories	135,798	130,622
Trade an d other receivables	1,581,647	1,377,984
Cash at bank	293,627	28,949
	2,011,072	1,537,555
Current Liabilities		
Trade and other payables	3,476,544	3,032,789
Finance lease obligation	10,000	10,004
	3,486,544	3,042,793
Current Assets less Current Liabilities	(1,475,472)	(1,505,238)
Non- current Liabilities		
Finance lease obligation	38,777	27,408
Total Assets less Liabilities	(1,265,759)	(1,241,124)
Capital and Reserves		
Calles up share capital	2,000	2,000
Profit & Loss account	(1,267,759)	(1,243,124)
	(1,265,759)	(1,241,124)

Unaudited Statement of Cash Flows

	Unaudited Six months ended 30 Jun 19 £	Unaudited Six months ended 30 Jun 18 £	Audited Year ended 31 Dec 18 £
Reconcilliation of operating profit to net cash inflow from operating activities			
Operating result	(14,544)	36,668	(178,095)
Finance lease interest	1,276		3,256
Depreciation	73,110	39,544	101,048
Adjustment for:			
Movement in inventories	(5,178)	10,411	(6,760)
Increase in debtors	(203,663)	(518,722)	(119,023)
increase in creditors	443,755	435,307	370,062
Net cash inflow from operating activitiies	**294,756**	**3,209**	**170,488**
Cash flow from investing activities			
Purchase of tangible fixed assets	(30,078)	(71,783)	(282,941)
Cash flow from financing			
Repayment of obligations under finance lease			(7,540)
Taxation			
Corporation tax paid	-	-	-
Increase(Decrease) in cash	**264,678**	**(68,574)**	**(119,993)**
Reconcilliation of net cash flow to movement in net funds			
Cash at bank at 1 January	28,949	148,942	148,942
Cash at bank at 30 June/December	293,627	80,368	28,949
Increase(Decrease) in cash	**264,678**	**(68,574)**	**(119,993)**