SUNBORN GIBRALTAR

QUARTERLY FINANCIAL REPORT
1 April – 30 June 2020
SUNBORN (GIBRALTAR) LIMITED

sunborn

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PERIOD ENDED 30 JUNE 2020 REPORT

Key Figures Issuer Sunborn (Gibraltar) Limited

GBP thousand	1 Apr-30 Jun 2020	1 Apr-30 Jun 2019	1 Jan-30 Jun 2020	1 jan- 31 Dec 2019	1 Jan-30 Jun 2019
Rental income	134	795	929	3,180	1,590
EBITDA	74	747	816	2,967	1,504
Investment property (yacht hotel)			83,867	85,128	86,381
Total Equity			539	7,724	6,757
Bond			48,492	48,300	50,651

Key Figures Operator Sunborn (Gibraltar) Resort Limited

GBP thousand	1 Apr-30 Jun 2020	1 Apr-30 Jun 2019	1 Jan-30 Jun 2020	1 jan- 31 Dec 2019	1 Jan-30 Jun 2019
Turnover	37	3,017	1,437	10,764	5,342
EBITDAR	(108)	1,073	(133)	3,327	1,650

Chief Executive Director, Hans Niemi

"The Sunborn Gibraltar operations in Q2 were dramatically impacted by Covid 19. The travel restrictions and lockdown of Gibraltar resulted in standstill of operations with limited staff in management, reservations and engineering. Airline movements decreased by -83,3% YoY and the number of passengers at Gibraltar Airport were down -93,6% YoY. In light of the unprecedented trading circumstances and effective closure of the border to Spain, the operating company was unable to reasonably continue normal operations. Q2 room occupancy reduced to zero and Total revenue was £ 37k (£3.0 M), EBITDA came in at £ -108k (£ 1.1M) and £ -133k YTD (£1.65M). In May 15th, Sunborn Gibraltar initiated a written procedure to request bondholders to vote in favor of waivers and amendments of the terms and conditions of the bond, which were voted on favorably by bondholders on the 15th of June 2020. Normalized operations were resumed on 1st of August with good performance and management continuing to adapt operations to the new business environment expected to continue for some time".

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 in 2020.

Issuer Sunborn Gibraltar Ltd Financial summary 1 April – 30 June 2020

Sunborn receives lease income from the management company. Lease income was reduced to £134K in 2020 (£795K in 2019) due to the closure of the hotel and the permitted lease waivers as per the written procedure waivers and amendments voted on favorably by bondholders 15th June 2020.

The value of the Yacht hotel is at €110.6M based on the latest valuation report dated June 2020.

Operator Financial summary 1 April – 30 June 2020

The Sunborn Gibraltar operations in Q2 were dramatically reduced due to the sudden lockdown in the end of March. The normal operations of the hotel were put on standby mode with skeleton staff in management, reservations and engineering. The business operated mainly to amend room reservations and conduct infrastructure maintenance. The FCO of the UK government implemented travel restrictions warning against non-essential travel and airlines immediately eliminated flights to Gibraltar with the exception of remaining 4 British Airways support flights per week. This disruption of incoming flights led to all hotel room reservations to be moved to future dates or cancelled. An airbridge was announced 3rd July from UK to Gibraltar and BA and Easyjet continued to add more flights eventually reaching 24 flights per week.

This led to a substantial uptick in rooms reservations received in pre-bookings for the month of August and management decided to prepare normal operations starting August 1. Room reservations continue to be last minute with most bookings taking place in the month for the month. Leisure and family travel dominates the amount of rooms occupied which is expected to be a continuing trend.

A full restructuring of operations and staff levels is ongoing to minimize costs and adapt to this reduced level of revenue including the possible redundancies of certain positions. Although the month of August restarted with a success, the outlook for the third quarter and end of year is still unclear but it is anticipated that the occupancy will be significantly lower therefore requiring the business to make these reductions.

Business environment

Business environment in Gibraltar has been negatively impacted during the period.

During the period, the number of airline movements decreased by -83,3% YoY and the number of passengers traveling to and from Gibraltar Airport were down -93,6% YoY. Restaurant were closed and restrictions on services applied locally.

Even in this time of crisis, the hotel continues 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

Pandemic related restrictions on normal business operation in Gibraltar started in March and many policy decisions by government continue to be in force today. 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 majority of company employees were made inactive under the government furloughing scheme on the 1st April 2020. The company has implemented strict cost controls and frozen non-critical investments.

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 initiated a written procedure to request the bondholders to vote in favor of certain waivers and amendments of the terms and conditions of the bonds, as set out in the notice of written procedure published 15th May 2020 and voted on favorably by bond holders 15th June. The waivers provide temporary relief on interest coverage ratio, minimum cash covenant and lease payment covenant.

The company has taken advantage of government fiscal compensation programs for effected businesses for which the Operator is eligible including "BeatCovid" staff inactivity scheme (furloughing), deferral of utility payments, tax holidays and reduction and temporary elimination of employer's costs.

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

Brexit

UK has officially left the EU 1.1.2020 and the transition period ends 31.12.2020 while the future relationship is being negotiated. Brexit related disruption could take place and needs to be prepared for towards the end of the financial year depending on the progress with the trade agreement negotiations.

New holding structure

Sunborn has reorganized the yacht hotel group under a new holding company Sunborn International Holding Oy that owns the two yacht hotels and is therefore better positioned to seek future refinancing and capital. The restructure is outside of the bond structure and does not affect the bonds.

Short-term risks and uncertainties

The COVID-19 outbreak is severely and negatively affecting the tourism market globally. As the company is reliant on the ability of the property operator to pay rent, recent temporary closure of the underlying business and the subsequent forecasted recovery period is likely to affect the performance of the operator in the short and medium term.

Prolonged COVID-19 disruptions 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 hotels the Company holds as investment property.

Should the poor trading environment, disruption or business restrictions continue beyond 2020, the company may need to secure additional working capital, loans and fiscal support for the continued going concern of the company and also seek further amendments and waivers to the terms of the company bonds.

Sunborn Gibraltar has been working to raise additional working capital facility and secure loans in addition to working with the government on fiscal and other support schemes to assist the industry through this crisis. The availability of additional working capital, loans and fiscal support in uncertain and should the disruption and business restrictions continue without additional capital resources available, the going concern of the company may have material uncertainty.

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.

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 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 2020	1 Apr – 30 June 2019	YTD 1 Jan – 30 June 2020	YTD 1 Jan – 30 June 2019	Audited 1 Jan - 31 Dec 2019
Rental income from group companies	3	**134**	795	**929**	1,590	**3,180**
Depreciation	4	**(630)**	(630)	**(1,260)**	(1,260)	**(2,522)**
Other operating expenses		**(60)**	(48)	**(113)**	(86)	**(213)**
Operating profit/loss		**(557)**	**117**	**(445)**	**244**	**445**
Foreign exchange loss/gain		**0**	(16)	**(4)**	(16)	**2,545**
Finance cost - amortisation of borrowing cost		**(97)**	(97)	**(192)**	(192)	**(386)**
Finance cost - group borrowings		**(116)**	(116)	**(232)**	(232)	**(465)**
Finance costs - other borrowings		**(783)**	(666)	**(1,457)**	(1,314)	**(2,668)**
Finance costs, net		**(996)**	**(895)**	**(1,885)**	**(1,754)**	**(974)**
Profit/(loss) before taxes		**(1,552)**	**(778)**	**(2,330)**	**(1,510)**	**(529)**
Income tax expense			**-**		-	-
Profit/(loss) for the period		**(1,552)**	**(778)**	**(2,330)**	**(1,510)**	**(529)**
Total comprehensive income/(loss) for the period		**(1,552)**	**(778)**	**(2,330)**	**(1,510)**	**(529)**

STATEMENT OF FINANCIAL POSITION

GBP thousand	Note	30 June 2020	Audited 31 December 2019	30 June 2019
ASSETS				
Non-current assets				
Investment property	4	**83,867**	85,128	86,381
Property plant and equipment	5	**7**	17	25
		83,874	85,145	86,406
Current assets				
Receivables from group companies		**2,537**	1,957	2,018
Other Receivables		**361**	319	201
Cash and cash equivalents		**72**	1,060	1,140
Total current assets		**2,969**	3,336	3,359
Total assets		**86,844**	88,481	89,765
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	**10,000**	10,000	10,000
Retained result		**(20,213)**	(17,885)	(18,850)
Total equity		**5,394**	7,722	6,757
LIABILITIES				
Non-current liabilities				
Payables to group companies		**30,997**	30,997	30,997
Borrowings	7	**48,492**	48,300	50,651
Total non-current liabilities		**79,489**	79,297	81,648
Current liabilities				
Payables to group companies		**1,402**	1,093	863
Other payables		**559**	369	497
Total current liabilities		**1,961**	1,462	1,360
Total liabilities		**81,449**	80,759	83,008
Total equity and liabilities		**86,844**	88,481	89,765

STATEMENT OF CHANGES IN EQUITY

GBP thousand	Share capital	Share premium	Capital reserve	Retained earnings	**Total equity**
Equity at 31 Dec 2018	**3**	**15,604**	**10,000**	**(17,356)**	**8,251**
Result for the period to 31 Dec 2019	-	-	-	(527)	(527)
Total comprehensive income for the period	**-**	**-**	**-**	**(527)**	**(527)**
Equity at 31 December 2019	**3**	**15,604**	**10,000**	**(17,883)**	**7,724**
Result for the period to 30 June 2020	-	-	-	(2,330)	(2,330)
Total comprehensive income for the period	**-**	**-**	**-**	**(2,330)**	**(2,330)**
Equity at 31 March 2020	**3**	**15,604**	**10,000**	**(20,213)**	**5,394**

STATEMENT OF CASH FLOWS

GBP thousand	1 Jan - 30 June 2020	Audited 1 Jan - 31 Dec 2019	1 Jan - 30 June 2019
Operating activities			
Operating profit	**(445)**	445	244
Adjustment for:			
Depreciation	**1,268**	2,521	1,260
Net foreign exchange differences	**-**	-	-
Change in working capital:			
Change in receivables from group companies	**(580)**	(275)	(336)
Change in other receivables	**(42)**	(251)	(132)
Change in payables to group companies	**309**	1	232
Change in other payables	**40**	(75)	53
Net cash flows generated from operations before interest payments	**550**	2,366	1,321
Interest paid	**(1,539)**	(2,673)	(1,548)
Net cash flows used in operations	**(988)**	(307)	(227)
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 (decrease)/increase in cash and cash equivalents	**(988)**	(307)	(227)
Cash and cash equivalents at 1 January	**1,060**	1,367	1,367
Cash and cash equivalents at 31 December	**72**	1,060	1,140

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 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 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 40 years of experience in the hospitality sector.

2. Summary of significant accounting policies

Basis of preparation

This condensed interim financial report for three months ended March 31, 2020 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 consolidated financial statements for year ended 31 December 2019.

The accounting policies and measurement principles remain unchanged in comparison with as has been presented in Note 2 in the Annual Report 2019.

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 Ltd through the operator Sunborn Gibraltar Resort Ltd's ability to pay the agreed rental payments. The operator has been forced to temporarily place normal hotel and restaurant operations on standby while government and FCO issued restrictions on travel, public gatherings and the hospitality sector.

As a result of Covid-19 impacts on the operator's activities Sunborn Gibraltar initiated a written procedure to request the bondholders to vote in favor of certain waivers and amendments of the terms and conditions of the bonds, as set out in the notice of written procedure published 15 May 2020 and voted on favorably by bond holders 15th June. The accepted waivers 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.

Should the negative trading environment, disruption or business restrictions continue beyond 2020, the company may need to secure additional working capital, loans, fiscal support and may need to seek further amendments and waivers to the terms of the company bonds to ensure the going concern of the company.

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 normally 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 from the parent company. 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. 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. 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 01 January 2019	101,993	487	102,480
Additions	-	-	-
At 31 December 2019	101,993	487	102,480
Additions	-	-	-
At 30 June 2020	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	1,247	14	1,261
At 30 June 2020	18,195	418	18,613
Net book value			
At 30 June 2020	**83,799**	**69**	**83,867**
At 31 December 2019	85,045	83	85,128
At 01 January 2019	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 110,6 M€ according the latest valuation report June 2020.

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

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 2020 and 31 December 2019 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 June 2020**	31 Dec 2019
Wholly repayable within five years	**48,492**	48,300
Details of loans wholly repayable within five years are as follows:		
5% senior secured bond of € 58,000,000 repayable on 5 September 2022	**49,341**	49,341
Less: transaction costs	**(849)**	(1,041)
	48,492	48,300

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.

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 initiated a written procedure to request the bondholders to vote in favor of waivers and amendments of the terms and conditions of the bonds, as set out in the notice of written procedure published 15 May 2020 and was voted on favorably by bond holders 15th June. The accepted waivers provide relief on interest coverage ratio, minimum cash covenant and lease payment covenant.

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 Jun 2020**	**1 Apr – 30 Jun 2019**	**1 Jan – 30 Jun 2020**	**1 Jan – 30 Jun 2019**	**1 Jan – 31 Dec 2019**
Sunborn (Gibraltar) Resort	**134**	795	**929**	1,590	3,180
Sunborn International Oy	**(116)**	(116)	**(232)**	(232)	(464)

	30 June 2020		31 Dec 2019	
GBP thousand	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
Sunborn (Gibraltar) Resort	**2,527**	**86**	1,904	
Sunborn (Gibraltar) Holdings	**3**		3	
Casino Sunborn (Gibraltar)	**7**		7	
Sunborn Internatioanl UK			29	
Sunborn International Oy		**32,218**		31,995
Sunborn Oy		**95**		95
Total	**2,537**	**32,399**	**1,943**	**32,090**

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

9. Events after the balance sheet date

See Covid 19

The hotel has resumed normalized operations on 1st August. Management is adapting operations and cost structures to the new operating environment which is expected to continue for some time.

The operator Sunborn Gibraltar Resort Ltd has received working capital to continue operations and meet obligations as they fall due.

Appendix 1

Sunborn (Gibraltar) Resort Limited

Unaudited Income Statement, Balance Sheet and Statement of Cash Flow:

Unaudited Income Statement
GBP thousand

	Unaudited 3 months ended 30 Jun 20	Unaudited 3 months ended 30 Jun 19	Unaudited 6 months ended 30 Jun 20	Unaudited 6 months ended 30 Jun 19	Audited 31 Dec 19
REVENUE	37	3,017	1,437	5,342	10,764
Cost of sales					
Food	(0)	69	89	327	617
Beverage	(1)	174	25	115	232
Agent commission	4	73	42	144	328
Other	1	16	13	27	81
	3	333	170	613	1,258
GROSS PROFIT	34	2,684	1,267	4,729	9,506
Administrative and other expenses	(142)	(1,612)	(1,400)	(3,079)	(6,178)
EBITDAR	**(108)**	**1,072**	**(133)**	**1,650**	**3,328**
Rent cost due to related entity	(134)	(795)	(929)	(1,590)	(3,180)
Depreciation	(33)	(37)	(66)	(73)	(145)
Interest expense	(1)	(1)	(1)	(1)	(3)
Result before tax	(275)	240	(1,128)	(15)	0
Taxation					0
Result for the year	(275)	240	(1,128)	(15)	0

Unaudited Balance Sheet
GBP thousand

	Unaudited 6 months ended 30 Jun 20 £	Audited 31 Dec 19 £	Unaudited 6 months ended 30 Jun 19 £
Fixed assets			
Tangible fixed assets	**151**	204	248
Current Assets			
Inventories	**129**	133	136
Trade and other receivables	**1216**	1559	1582
Cash at bank	**65**	81	294
	1410	1773	2011
Current Liabilities			
Trade and other payables	**3906**	3191	3477
Finance lease obligation	**11**	11	10
	3917	3202	3487
Current Assets less Current Liabilities	**(2506)**	(1429)	(1475)
Non-current liabilities			
Finance lease obligation	**14**	17	29
Total Assets less Liabilities	**(2369)**	(1241)	(1256)
Capital and Reserves			
Called up share capital	**2**	2	2
Profit & loss account	**(2371)**	(1243)	(1258)
	(2369)	(1241)	(1256)

Unaudited Statement of Cash Flows
GBP thousand

	Unaudited 6 months ended 30 Jun 20 £	Unaudited 6 months ended 30 Jun 19 £	Audited 31 Dec 19 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit/(loss)	(1128)	(15)	
Finance lease interest	3	1	3
Operating profit/ (loss)	(1125)	(13)	3
Depreciation	66	73	145
Movement in inventories	4	(5)	(3)
Movment in debtors	342	(204)	(181)
Movement in creditors	715	444	158
Net cash inflow from operating activiti	2	295	123
Cash flow from investing activities			
Purchase of tangible fixed assets	(13)	(30)	(58)
Cash flow from financing			
Repayment of obligations under financ	(5)		(13)
Taxation			
Corporation tax paid			
Increase/(decrease) in cash	(16)	265	52
Reconciliation of net cash flow to movement in net funds			
Cash at bank at 1 January	81	29	29
Cash at bank at 31 December	65	294	81
Increase/(decrease) in cash in year	**(16)**	**265**	**52**