

**Central Business Centres plc**

**Condensed Interim Financial Statements  
for the period 1 January 2016 to 30 June 2016**

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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 2016, as approved by the Board of Directors on 19 August 2016 and are prepared in accordance with IAS 34 'Interim Financial Reporting'.

### **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. During 2015, finishings on the Gudja business centre were finalized and lease agreements have been finalised with a number of tenants. Construction works and restoration of the old building have also started on the St. Julian's business centre which is expected to be completed by December 2016.

During the period under review, the Company, registered a profit of €2,130 (Period ended 30 June 2015: €21,529).

During 2016, further agreements are expected to be finalised with new tenants within the Gudja Business Centre. Upon completion of the property in St Julian's, the Business Centre will be available for lease to new tenants.

### **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 2016 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 5. 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  
Mr. Alfred Sladden  
Mr. Francis Gouder

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

Approved by the Board of Directors on 19 August 2016 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**

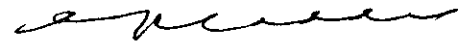
We hereby confirm that to the best of our knowledge:

- The condensed interim financial statements give a true and fair view of the financial position of the company as at 30 June 2016, 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

19 August 2016

  
Mr. Alfred Sladden  
Director

**Condensed interim statement of financial position**

	As at 30 June 2016 €	As at 31 December 2015 €
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment property	13,683,562	13,309,966
<b>Current assets</b>		
Trade and other receivables	85,054	38,653
Cash and cash equivalents	2,390,575	2,853,623
Total current assets	2,475,629	2,892,276
<b>Total assets</b>	<b>16,159,191</b>	<b>16,202,242</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	250,000	250,000
Capital reserve	10,050,000	10,050,000
Retained earnings	3,254	1,124
Total equity	10,303,254	10,301,124
<b>Non-current liabilities</b>		
Borrowings	5,855,937	5,847,130
Total non-current liabilities	5,855,937	5,847,130
<b>Current liabilities</b>		
Trade and other payables	-	53,988
Total current liabilities	-	53,988
Total liabilities	5,855,937	5,901,118
<b>Total equity and liabilities</b>	<b>16,159,191</b>	<b>16,202,242</b>

The notes on pages 8 to 10 are an integral part of these financial statements.

The condensed interim financial information on pages 4 to 10 were authorised for issue by the board of directors on 19 August 2016 and were signed on its behalf by:

  
Mr. Joseph Cortis  
Director

Mr. Alfred Sladden  
Director

**Condensed interim statement of comprehensive income**

	Period from 1 January to 30 June 2016 €	Period from 1 January to 30 June 2015 €
Revenue	121,847	81,868
Administrative expenses	(41,441)	(60,339)
<b>Operating profit</b>	<b>80,406</b>	<b>21,529</b>
Finance costs	(167,734)	(85,258)
Finance costs capitalised within inventory	89,458	85,258
Net finance costs expensed	(78,276)	-
<b>Profit for the period</b>	<b>2,130</b>	<b>21,529</b>
Earnings per share	0.01	0.09

The notes on pages 8 to 10 are an integral part of these financial statements.

**Condensed interim statement of changes in equity**

	Share capital €	Capital reserve €	Retained earnings €	Total €
Balance at 1 January 2015	250,000	10,050,000	(16,541)	10,283,459
<b>Comprehensive income</b>				
Profit for the period	-	-	21,529	21,529
<b>Total comprehensive income</b>	-	-	21,529	21,529
<b>Balance at 30 June 2015</b>	<b>250,000</b>	<b>10,050,000</b>	<b>4,988</b>	<b>10,304,988</b>
Balance at 1 January 2016	250,000	10,050,000	1,124	10,301,124
<b>Comprehensive income</b>				
Profit for the period	-	-	2,130	2,130
<b>Total comprehensive profit</b>	-	-	2,130	2,130
<b>Balance at 30 June 2016</b>	<b>250,000</b>	<b>10,050,000</b>	<b>3,254</b>	<b>10,303,254</b>

The notes on pages 8 to 10 are an integral part of these financial statements.



**Condensed interim statement of cash flows**

	Period from 1 January to 30 June 2016 €	Period from 1 January to 30 June 2015 €
Net cash used in operating activities	(174,752)	(122,122)
Net cash used in investing activities	(288,296)	(240,903)
Net cash used in financing activities	-	(86,079)
<b>Net movement in cash and cash equivalents</b>	<b>(463,048)</b>	<b>(449,104)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>2,853,623</b>	<b>586,890</b>
<b>Cash and cash equivalents at end of the period</b>	<b>2,390,575</b>	<b>137,786</b>

The notes on pages 8 to 10 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 2015 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 19 August 2016.

### 2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2016 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 2015, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

#### *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 2015, 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.

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.

**Notes to the condensed interim financial information - continued**

**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 2015.

**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 2016 the Company held no investments.

**8. Capital commitments**

As at 30 June 2016, the Company had entered into capital commitments amounting to €950,000 (2015: €47,436).

**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 2016 €	30 June 2015 €
Earnings per share	0.01	0.09

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**Notes to the condensed interim financial information - continued**

**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 2016.

Related party transactions for the period ended 30 June 2016, relating to purchases of investment property, amounted to €136,220 (2015: €12,600,000). Amounts are interest free and repayable on demand.

**11. Interest bearing borrowings**

On 5 December 2014, the Company issued a Prospectus for the issue of 6,000,000 bonds having a nominal value of €100 each. Bonds were issued in two tranches of €3,000,000 - the first tranche was issued on 22 December 2014, bears interest at 5.75% and was fully subscribed, while the second tranche was issued on 24 December 2015, bears interest at 5.25% and was also fully subscribed. The Company's bonds are included on the official list of the Malta Stock Exchange, the first tranche is redeemable at par on 30 December 2021 and the second tranche is redeemable at par on 30 December 2025.

Interest on the bonds is payable annually in arrears, on 30 June and 30 December of each year. The net proceeds have been used to acquire the Zebbug, St Julian's and Gudja Central Business Centres and to finance the demolition and excavation 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 2015 that require disclosure of any contingent liabilities as at 30 June 2016.

**13. Subsequent events**

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