



CORINTHIA FINANCE plc

A member of the Corinthia Group of Companies

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Corinthia Finance plc pursuant to Malta Stock Exchange Bye-Law 6.05.06 (ii).

The attached Financial Statements for period ending 31st December 2000 were approved by the Annual General Meeting held on 30th April 2001.

Alfred Fabri
Company Secretary

30th April 2001



CORINTHIA FINANCE plc
A member of the Corinthia Group of Companies

Report and Financial Statements
for the Period 9 September 1999 to 31 December 2000

Directors' Report

The directors present their report, together with the audited financial statements of the company for the period 9 September 1999 (being the date of the company's incorporation) to 31 December 2000.

Board of Directors

Mr Alfred Pissai (Chairman)
Mr Louis E. Gallo (Deputy Chairman)
Mr Joseph Fenech (Managing Director)
Dr Joseph J. Vella

Principal Activities

The principal activity of Corinthia Finance plc is to carry on the business of a finance and investment company in connection with the ownership, development, operation and financing of hotels, resorts and leisure facilities, forming part of the Corinthia Group of Companies.

Review of Business Development

During the period ended 31 December 2000, the company issued 6.7% 100,000 redeemable bonds with a nominal value of Lm100 each. The company has advanced the proceeds of the bond issue to its parent company, Corinthia Palace Hotel Company Limited, at an annual interest rate of 6.8%.

During the period under review, the company achieved a profit before taxation amounting to Lm32,706. After deducting taxation thereon, the profit for the period amounted to Lm21,259.

Reserves

The directors propose that the retained profit for the period amounting to Lm21,259 be transferred to reserves.

Approved by the Board of Directors on 9 April 2001 and signed on its behalf by:

Mr Alfred Pissai Chairman	Mr Joseph Fenech Managing Director
------------------------------	---------------------------------------

22 Europa Centre, Floriana, Malta

Statement of Directors' Responsibilities

The Companies Act, 1995 requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- ✓ adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- ✓ select suitable accounting policies and apply them consistently;
- ✓ make judgements and estimates that are reasonable and prudent;
- ✓ account for income and charges relating to the accounting period on the accruals basis;
- ✓ value separately the components of asset and liability items.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, 1995. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

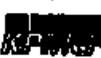
Auditors' Report to the Members of Corinthia Finance plc.

We have audited the financial statements. The financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion on the financial statements.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit, changes in equity and cash flows for the period then ended in accordance with International Accounting Standards, and have been properly prepared in accordance with the Companies Act, 1995.

Hilary Gallo-Lauri
(Partner)



Certified Public Accountants and Auditors
9 April 2001

Profit and Loss Account

For the Period 9 September 1999 to 31 December 2000

	Note	Lm
Interest Receivable	3	847,958
Interest Payable	4	(802,139)
Net Interest Earned		45,819
Administrative Expenses		(13,113)
Profit before Taxation	5	32,706
Taxation	6	(11,447)
Profit for the Period		21,259

Balance Sheet

At 31 December 2000

	Note	Lm	Lm
Fixed Assets			
Financial Asset	7		10,000,000
Current Assets			
Debtors	8	132,680	
Cash at Bank and in Hand		120,701	
		253,381	
Creditors: Amounts falling due within One Year			
Trade and Other Creditors	9	120,675	
Current Taxation		11,447	
		132,122	
Net Current Assets			121,259
Total Assets less Current Liabilities			10,121,259
Creditors: Amounts falling due after more than One Year			
Debt Securities in Issue	10		10,000,000
			121,259

Capital and Reserves

Called Up Issued Share Capital	11	100,000
Profit and Loss Account		21,259

		121,259
--	--	---------

The financial statements were approved by the Board of Directors on 9 April 2001 and were signed on its behalf by:

Mr Alfred Pissai
Chairman

Mr Joseph Fenech
Managing Director

Statement of Changes in Equity
For the Period 9 September 1999 to 31 December 2000

	Total Lm	Called Up Issued Share Capital Lm	Profit and Loss Account Lm
Issue of Ordinary Shares	100,000	100,000	-
Profit for the Period	21,259	-	21,259
At 31 December 2000	121,259	100,000	21,259

Cash Flow Statement
For the Period 9 September 1999 to 31 December 2000

	Lm	Lm
Cash Flows from Operating Activities		
Profit before Taxation	32,706	
Operating Profit before Working Capital Changes	32,706	
Working Capital Changes:		
Debtors	(32,680)	
Creditors	120,675	
Net Cash from Operating Activities	120,701	
Cash Flows from Investing Activities		
Loans Advanced to Parent Company	(10,100,000)	
Net Cash used in Investing Activities	(10,100,000)	
Cash Flows from Financing Activities		
Proceeds from the Issue of Shares	100,000	
Proceeds from the Issue of Debt Securities	10,000,000	
Net Cash from Financing Activities	10,100,000	
Cash at Bank and in Hand at End of Period	120,701	

1 Basis of Preparation

These financial statements have been prepared under the historical cost convention and in accordance with the requirements of International Accounting Standards and the provisions of the Companies Act, 1995.

The financial statements cover the period 9 September 1999, being the date of the company's incorporation, to 31 December 2000 and accordingly do not include comparative figures.

2 Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below.

(a) Revenue Recognition

Interest arising from the use by others of the company's resources are recognised on the accruals basis.

(b) Borrowing Costs

Borrowing costs are recognised as an expense during the period in which they are incurred.

(c) Taxation

Tax on the profit comprises current tax calculated on the basis of the taxable income for the period, using the tax rates enacted by the balance sheet date.

3 Interest Receivable

	Lm
Interest Receivable on Loans Advanced to Parent Company	830,594
Bank Interest Receivable	17,264
Total	847,858

4 Interest Payable

This amount represents interest payable on the debt securities in issue, as set out in note 10 to these financial statements.

5 Profit before Taxation

Profit before taxation is stated after auditors' remuneration amounting to Lm250 and directors' remuneration amounting to Lm10,000.

6 Taxation

Income tax has been provided for at the rate of 35% on the taxable income for the period.

7 Financial Assets

The funds raised by the bond issue have been loaned to the parent company at an annual interest rate of 6.8% per annum. The loan will be repaid in full on the 15 October 2009. Interest is receivable annually in arrears on the 15 October of each year. The first interest payment fell due on the 15 October 2000.

8 Debtors

	Lm
Loan to Parent Company	100,000
Prepayments and Accrued Income	32,680
Total	132,680

The loan to the parent company is unsecured, bears interest at the rate of 4.5% per annum and is repayable on demand.

9 Trade and Other Creditors

	Lm
Trade Creditors	2,725
Accruals	117,950
Total	120,675

10 Debt Securities in Issue

This amount represents 100,000 redeemable bonds with a nominal value of Lm100 each. These bonds bear interest at a rate of 6.7% per annum payable annually in arrears on the 30 October of each year. The bonds will be redeemed on the 30 October 2009, subject to the right of the company to purchase bonds on the open market before redemption date. Any bonds so purchased shall be cancelled.

Pursuant to, and subject to the terms and conditions contained in the Offering Memorandum dated 14 September 1999, the payment of the bonds and interest thereon is guaranteed by the parent company, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon.

11 Share Capital

	Lm
Authorized Share Capital	
1,000,000 Ordinary Shares of Lm1 each	1,000,000
Total	1,000,000
Issued and Fully Paid Up	
100,000 Ordinary Shares of Lm1 each	100,000
Total	100,000

12 Financial Instruments

Financial assets of the company comprise financial assets, debtors and cash, whereas financial liabilities comprise trade and other creditors and the debt securities in issue. The fair values of the financial assets and liabilities are not materially different from their carrying amounts.

13 Parent Company

The company is a subsidiary of Corinthia Palace Hotel Company Limited, the registered office of which is situated at 22 Europa Centre, Floriana, Malta.

Consolidated financial statements are prepared by Corinthia Palace Hotel Company Limited.