Cyprus Limni Resorts and GolfCourses PLC

Report and financial statements
31 December 2015

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Cyprus Limni Resorts and GolfCourses PLC

Board of Directors and other officers

Board of Directors

Nicolas K. Shacolas (Chairman)
Marios Panayides (Managing Director)
Marios N. Shacolas
Stavros Agrotis (resigned 04/08/15)
Georgios Georgiades (resigned 04/08/15, reappointed 01/12/2015)
Christos Mavrellis
Chrysoula N. Shacola
Eleni N. Shacola
Menelaos Const. Shacolas (resigned 04/08/15)
Renos Solomides (resigned 04/08/15)
Nicolas Const. Shacolas (resigned 04/08/15)
Makis Constantinides
Demetris Demetriou
Demetris Papapetrou
Stephos Stephanides (appointed 04/08/15)

Company Secretary

George P. Mitsides
11 Mesologgiou Street
Acropolis
Nicosia

Registered office

Shacolas Building
Old Nicosia - Limassol road
Athalassa
Nicosia
Cyprus

Legal Consultants

Demetriades Chrysses & Co

Managing Director

Marios Panayides

Financial Controller

Maria Aristidou

Cyprus Limni Resorts and GolfCourses PLC

Declaration of the members of the Board of Directors and the Company Officials for the drafting of the financial statements

According to Article 9, subsections (3) (c) and (7) of the Transparency Requirements (Traded Securities on a Regulated Market) Act of 2007 ('Act'), we the members of the Board of Directors and other officers responsible for the financial statements of Cyprus Limni Resorts and GolfCourses PLC for the year ended 31 December 2015, we confirm that, to the best of our knowledge:

(a) the annual financial statements presented on pages 8 to 44 were:

(i) prepared in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with the provision of subsection (4) of the Act, and

(ii) give a true and fair view of assets and liabilities, financial position and the loss of Cyprus Limni Resorts and GolfCourses PLC, and

(b) The Directors report provides a fair overview of the developments and performance of the business and financial position of Cyprus Limni Resorts and GolfCourses PLC, together with a description of the principal risks and uncertainties faced by the Company.

Members of the Board of Directors

Exc. **Chairman**

Nicolas K. Shacolas____________________

Executive Directors

Eleni N Shacola____________________

Marios N. Shacola____________________

Chrysoulla N. Shacola____________________

Marios Panayides____________________

Demetris Demetriou____________________

Makis Constantinides____________________

Non-executive Directors

Christos Mavrellis____________________

Demetris Papapetrou____________________

Stephos Stephanides____________________

Georgios Georgiades____________________

Responsible for Preparation of Financial Statements

Maria Aristidou - Financial Controller____________________

Nicosia, 20 April 2016

Cyprus Limni Resorts and GolfCourses PLC

Report of the Board of Directors

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2015.

Principal activities

2 The principal activities of the Company, which are unchanged from last year, is the planning and development of Limni Bay an integrated mixed-use golf resort of high quality and standards on its own freehold land in Limni area in Polis Chrysochou - Pafos. The resort will include two signature golf courses, a premium international branded 5+ star hotel and wellness center, high quality residential units and other related facilities and amenities. The Company owns additional land mainly in nearby Kinousa village which is available for future development. A secondary activity of the Company is agricultural plantations. The total freehold land owned by the Company is 3 300 000 m2.

Financial Results

3 The loss of the Company for the year ended 31 December 2015 was €2.961.208 (2014: loss of €988.697) .The results included a loss of €2.334.406 which arose from the reduction of the fair value of the Investment Property of the Company, which relates to the land in Kinousa. The results also include deferred tax credit of € 466.266 which arose as a result of the above fair value loss. On 31 December 2015 the total assets of the Company were €207.697.937 (2014: €200.897.269) and the net assets were €61.677.986 (2014: net assets €64.639.734).

Principal risks and uncertainties

4 The principal risks and uncertainties faced by the Company are disclosed in Notes 1, 3 and 4 of the financial statements.

Future developments of the Company

5 In December 2013 the Company secured the amended planning permits for the Master Plan (Golf Courses 6 & 7) of the Limni Bay resort relating to golf courses, residential units, road network and other amenities and facilities. Following this, the Company has proceeded with detailed designs for the various elements of the resort to the authorities for the purpose of obtaining the related building permits.

6 In November 2015 the Company has submitted an application for revising the above planning permits in order to incorporate in the Master Plan the development of the 5-star international hotel of capacity of 160 rooms in a plot near the beach earmarked for this purpose.

7 In order to promote development of high quality tourism and infrastructure projects in the country the Cyprus Government has recently made permanent the additional building incentives given to golf course developments.

8 Recently the Company, has restructured its loan facilities with its bank, securing longer repayment term as well as reduction in interest rates.

9 Finally, the management of the Company is taking steps in order to invite investors to participate in the share capital of the Company in order to finance the development of the project as soon as possible after the issuance of the abovementioned permits.

10 The improvement of the Cypriot economy, the expected significant increase of tourism in Cyprus during 2016 and future years as well as the significantly improved prospects of real estate resort projects such as golf courses, provide an optimistic and positive outlook for the proposed Limni Bay resort development of the Company.

Results

11 The Company's results for the year are set out on pages 9 and 10. The loss for the year is carried forward.

Share capital

12 There were no changes in the share capital of the Company.

Board of Directors

13 The members of the Board of Directors at 31 December 2015 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2015 except Mr Stephos Stephanides, who was appointed as Director on 4 August 2015 and Messrs Stavros Agrotis, Georgios Georgiades, Renos Solomonides, Menelaos Const. Shacolas and Nicolas Const. Shacolas who resigned on 4 August 2015. Mr Georgios Georgiades was re-appointed as Director on 1 December 2015.

Cyprus Limni Resorts and GolfCourses PLC

Report of the Board of Directors (continued)

Board of Directors (continued)

14 In accordance with the Company's Articles of Association Messrs Chrysoula N. Shacola, Marios Panayides, Christos Mavrellis, Demetris Papapetrou, Stephos Stephanides and Georgios Georgiades retire and, being eligible, offer themselves for re-election.

15 There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the balance sheet date

16 The material post balance sheet events, which have a bearing on the understanding of the financial statements are disclosed in Note 27 of the financial statements.

Branches

17 The Company did not operate through any branches during the year.

Directors' Interests in the Company's share Capital

18 The direct and indirect interests of the Board of Directors in the Company's share capital, at 31 December 2015 and as at the date of this report, were as follows:

	20 April 2016 %	31 December 2015 %
Nicolas K. Shacolas	4,19	4,19
Marios N. Shacolas	18,87	18,87
Christos Mavrellis	-	-
Marios Panayides	-	-
Chrysoulla N. Shacola	18,87	18,87
Eleni N. Shacola	18,87	18,87
Makis Constantinides	-	-
Demetris Demetriou	-	-
Demetris Papapetrou	-	-
Georgios Georgiades	-	-
Stephos Stephanides	-	-

Major Shareholders

19 At the date of this report, the shareholders of the Company holding directly or indirectly over 5% of the Company's issued share capital were as follows:

Independent Auditors (continued)

	Percentage of shareholding
Arsinoe Investments Company Limited	70,57 %
N K Shacolas (Holdings) Limited	17,40 %
Chrysochou Merchants Limited	11,73 %
Marios N. Shacola (through the above Companies)	18,87 %
Marina Shacola (through the above Companies)	18,87 %
Chrysoulla N. Shacola (through the above Companies)	18,87 %
Eleni N. Shacola (through the above Companies)	18,87 %

Independent Auditors

20 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

G P Mitsides
Company Secretary

Nicosia,
20 April 2016

Independent auditor's report

To the Members of Cyprus Limni Resorts and GolfCourses PLC

Report on the financial statements

We have audited the accompanying financial statements of Cyprus Limni Resorts and GolfCourses PLC (the "Company"), which comprise the balance sheet as at 31 December 2015, and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Cyprus Limni Resorts and GolfCourses PLC as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

N. A. Theodoulou

Nicos A. Theodoulou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 20 April 2016

Cyprus Limni Resorts and GolfCourses PLC

Income statement
for the year ended 31 December 2015

	Note	2015 €	2014 €
Revenue	5	**104.092**	57.492
Administrative expenses	8	**(1.029.957)**	(862.209)
Other income	6	**18.400**	3.559
Other losses - net	7	**(2.334.406)**	-
Operating loss		**(3.241.871)**	(801.158)
Finance costs	10	**(185.243)**	(186.779)
Loss before income tax		**(3.427.114)**	(987.937)
Income tax credit/(expense)	11	**465.906**	(760)
Loss for the year		**(2.961.208)**	(988.697)

Loss per share attributable to the Company's shareholders (cents per share):

	Note	2015 €	2014 €
Basic and fully diluted	12	**(0,99)**	(0,33)

The notes on pages 13 to 44 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses PLC

Statement of comprehensive income for the year ended 31 December 2015

	Note	2015 €	2014 €
Loss for the year		(2.961.208)	(988.697)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Deferred tax adjustment	23	(540)	(667)
		(540)	(667)
Other comprehensive income for the year, net of tax		(540)	(667)
Total comprehensive income for the year		(2.961.748)	(989.364)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 11.

The notes on pages 14 to 45 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses PLC

Balance sheet
at 31 December 2015

	Note	2015 €	2014 €
Assets			
Non-current assets			
Property, plant and equipment	15	**25.328.526**	24.276.347
Investment property	16	**4.500.000**	6.834.406
Investment in subsidiaries	17	**51.986**	51.986
Available-for-sale financial assets		**453**	453
		29.880.965	31.163.192
Current assets			
Inventories	18	**176.716.245**	168.684.537
Trade and other receivables	19	**1.094.097**	1.009.829
Cash in hand and at bank	20	**6.630**	39.711
		177.816.972	169.734.077
Total assets		**207.697.937**	200.897.269
Equity and liabilities			
Capital and reserves			
Share capital	21	**30.000.000**	30.000.000
Retained earnings		**31.677.986**	34.639.734
Total equity		**61.677.986**	64.639.734
Non-current liabilities			
Borrowings	22,27	**34.063.964**	25.709.178
Deferred income tax liabilities	23	**16.805.808**	17.271.534
		50.869.772	42.980.712
Current liabilities			
Trade and other payables	24	**1.682.362**	2.006.612
Borrowings	22,27	**93.467.817**	91.270.211
		95.150.179	93.276.823
Total liabilities		**146.019.951**	136.257.535
Total equity and liabilities		**207.697.937**	200.897.269

On 20 April 2016 the Board of Directors of Cyprus Limni Resorts and GolfCourses PLC authorised these financial statements for issue.

Marios Panayides , Managing Director

Demetris Demetriou, Director

The notes on pages 14 to 45 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses PLC

Statement of changes in equity for the year ended 31 December 2015

	Share capital €	Retained earnings[1] €	Total €
Balance at 1 January 2014	30.000.000	35.629.098	65.629.098
Comprehensive income			
Loss for the year	-	(988.697)	(988.697)
Other comprehensive income			
Land and buildings:			
Reassessment of deferred tax due to change in applicable tax rates	-	(667)	(667)
Total other comprehensive income	-	(667)	(667)
Total comprehensive income for the year	-	(989.364)	(989.364)
Balance at 31 December 2014/1 January 2015	30.000.000	34.639.734	64.639.734
Comprehensive income			
Loss for the year	-	(2.961.208)	(2.961.208)
Other comprehensive income			
Land and buildings:			
Reassessment of deferred tax due to change in applicable tax rates	-	(540)	(540)
Total other comprehensive income	-	(540)	(540)
Total comprehensive income for the year	-	(2.961.748)	(2.961.748)
Balance at 31 December 2015	30.000.000	31.677.986	61.677.986

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and is reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 14 to 45 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses PLC

Statement of cash flows
for the year ended 31 December 2015

	Note	2015 €	2014 €
Cash flows from operating activities			
Loss before income tax		**(3.427.114)**	(987.937)
Adjustments for:			
Depreciation of property, plant and equipment	15	**56.389**	70.252
Fair value losses on investment property	16	**2.334.406**	-
Interest income	10	**(1.229)**	(4)
Interest expense	10	**171.061**	172.094
		(866.487)	(745.595)
Changes in working capital:			
Inventories		**(2.584.613)**	(3.121.599)
Trade and other receivables		**(84.268)**	(440.551)
Trade and other payables		**(324.250)**	263.053
Cash used in operations		**(3.859.618)**	(4.044.692)
Income tax paid		**(360)**	-
Net cash used in operating activities		**(3.859.978)**	(4.044.692)
Cash flows from investing activities			
Purchases of property, plant and equipment	15	**(363.218)**	(429.862)
Purchases of available-for-sale financial assets		**-**	(453)
Interest received		**1.229**	4
Net cash used in investing activities		**(361.989)**	(430.311)
Cash flows from financing activities			
Proceeds from bank borrowings		**-**	2.568.585
Proceeds from loans from related parties	26(v)	**6.899.195**	7.297.947
Interest paid		**(2.730.116)**	(5.399.714)
Net cash from financing activities		**4.169.079**	4.466.818
Net decrease in cash and cash equivalents		**(52.888)**	(8.185)
Cash and cash equivalents at beginning of year		**(3.504.923)**	(3.496.738)
Cash and cash equivalents at end of year	20	**(3.557.811)**	(3.504.923)

The notes on pages 14 to 45 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses PLC

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. On 29 March 2010 the shares of the company were introduced to the Emerging Company's Market 'ECM' of the Cyprus Stock Exchange. Its registered office is at Shacolas Building, Old Nicosia - Limassol road, Athalassa, Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, is the design and development of land for the creation of high quality tourist complexes with a multiple use and global impact which will include golf courses, hotel, residential units and other related developments. Related activity of the company is the agricultural plantations.

Operating environment of the Company

Following three years of economic recession, the Cyprus economy has recorded positive growth in the first half of 2015. As from April 2015, the restrictive measures and capital controls which were in place since March 2013 have been lifted. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have upgraded the credit ratings for the Cypriot sovereign, however the rating continues to be "non-investment grade". At the same time there are some major downside risks emanating from the high level of non-performing loans in the banking sector and the limited availability of credit.

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results. This operating environment could affect (1) the ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions, (2) the ability of the Company to proceed with its ambitious development project and (3) the cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets.

The economic conditions described above may have an adverse impact on the Company's real estate valuation, bankers (inability to provide adequate finance) and future revenue from the sale of properties.

The Company's management has assessed :

1) Whether the net realizable value for the Company's inventory exceeds cost. Where net realizable value is below cost, the excess should be charged to the profit or loss for the year.

1 General information (continued)

Operating environment of the Company (continued)

2) The ability of the Company to continue as a going concern (Note 2).

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2015 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The Company has prepared these separate financial statements as all its subsidiaries would be excluded from inclusion in consolidated financial statements because their impact would be immaterial in accordance with International Financial Reporting Standards and Article 142A of the Cyprus Companies Law, Cap.113.

The European Commission has concluded that since parent companies are required by the EU 4th Directive to prepare their separate financial statements and since the Cyprus Companies Law, Cap.113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IAS 27 Consolidated and Separate Financial Statements requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property at fair value.

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

The financial statements have been prepared on a going concern basis. The Board of Directors has made an assessment of the ability of the Company to continue as a going concern (Note 1) and has satisfactorily concluded that the Financial statements can be prepared on this basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Going concern

In assessing the Company's status as a going concern the Directors considered the current intentions and financial position of the Company. The delay in receiving the planning permits and the problems faced by the Cyprus economy and the banking sector have delayed the financing of the project due to multiple restrictions placed. The Company's loans with original maturity 31 December 2015, the repayment of which would be made as part of the overall financing that would be obtained for the implementation of the project, were restructured in March 2016 and their maturity has been extended to 30 January 2021. During this period the Company expects to be able to obtain all the appropriate licences and building permits and proceed with the project in accordance with the master plan and feasibility study prepared for the project.The Directors have prepared an assessment based on which the Company will be able to continue as a Going Concern and meet its obligations as they are expected to fall due. In making this assessment the Directors considered financial and other support by the parent company, which confirmed that it will financially support the Company, to the extend required for the foreseeable future.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 January 2015. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

2 Summary of significant accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of goods and services in the ordinary course of the Company's activities, net of value added taxes, returns and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Company are recognised on the following bases:

(i) Sales of goods

Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectibility of the related receivable is reasonably assured.

(ii) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to the stage completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Employee benefits

The Company and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Company operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the Company. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

2 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies (continued)

Property, plant and equipment

Land and buildings comprising mainly golf courses under construction and other construction activities are shown at cost less subsequent depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Land and buildings under construction that are not ready for their indented use are not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Plantations	10
Furniture, fittings and equipment	15
Motor vehicles	20
Computer Hardware	33
Machinery	20
Tools	15
Renovation of houses at pier block	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other gains/(losses) – net" in profit or loss.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to prepare for its intended use, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

2 Summary of significant accounting policies (continued)

Investment property

Investment property, principally comprising land, is held for capital appreciation and is not occupied by the Company. Investment property is carried at fair value, representing open market value determined annually by the Company's management after taking into consideration all relevant available information, including valuations of independent valuers, market conditions and other factors.

Impairment of non-financial assets

Intangibles that have an indefinite useful life, including goodwill, are not subject to amortisation and are tested annually for impairment or more frequently if events and changes in circumstances indicate that they might be impaired. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

(i) Classification

The Company classifies its financial assets in the following categories: loans and receivables and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- **Loans and receivables**

  Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non current assets. The Company's loans and receivables comprise “trade and other receivables” and “cash and cash equivalents” in the balance sheet.

- **Available-for-sale financial assets**

  Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless the investment matures or management intends to dispose of the investment within twelve months of the balance sheet date.

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available for sale financial assets and financial assets are subsequently carried at fair value. Loans and receivables and held to maturity financial assets are carried at amortised cost using the effective interest method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on "available-for-sale financial assets".

Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Company's right to receive payments is established.

(iii) Impairment of financial assets

The Company assesses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss.

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(iii) Impairment of financial assets (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realizethe asset and settle the liability simultaneously.

Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount

2 Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Inventories consist of the cost of land and work in progress in connection with the construction of residential units and include raw materials, direct labour, other direct costs and expenses associated with construction work including borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete.

Retentions

Retentions represent amounts of progress billings issued to the Company for contract work that are not paid until the satisfaction of conditions specified in the contract for their payment or until defects have been rectified.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

2 Summary of significant accounting policies (continued)

Borrowings (continued)

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any gain or loss on extinguishment is recognised in profit or loss except to the extent that it arises as a result of transactions with shareholders acting in their capacity as shareholders when it is recognised directly in equity. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturity of three months or less and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

2 Summary of significant accounting policies (continued)

Segmental Analysis

The Company considers that there are no separate operating segments under IFRS 8 "Operating Segments" for which there is discrete financial information for making decisions on allocating resources and evaluating their performance. The Management of the Company (Board of Directors) (upper body for making operational decisions) take decisions for resource allocation and assessing their performance based on internal reports at Company level. These reports are in accordance with IFRS used for the preparation of the financial statements. There is no additional information on the performance of individual segments.

3 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and liquidity risk.

- **Market risk**

  Foreign exchange risk

  The Company receives services from abroad and is subject to foreign exchange risk arising from various transactions and balances, mainly to the US Dollar and British Pound. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities that are measured in a currency that is not the functional currency of the Company.

  The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

  Cash flow interest rate risk

  As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk (continued)**

Cash flow interest rate risk (continued)

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Borrowings from related parties were issued at fixed rates. The interest rates are set by the Group's management and are reassessed at regular intervals based on market conditions.

At 31 December 2015, if interest rates on Euro-denominated borrowings had been 0,25% (2014: 0,25%) higher/lower with all other variables held constant, the capitalised interest would have been €231.002 (2014: €268.507) lower/higher, mainly as a result of higher/lower interest on floating rate borrowings.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year €	Between 2 to 5 years €
At 31 December 2014		
Borrowings	96.666.710	34.000.873
Trade and other payables	2.006.612	-
	98.673.322	34.000.873

	Less than 1 year €	Between 2 to 5 years €
At 31 December 2015		
Borrowings	93.467.817	41.404.961
Trade and other payables	1.682.362	-
	95.150.179	41.404.961

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

The Board of Directors and Management of the Company has taken all the necessary actions needed to refinance its existing borrowings (See Note 22).

The borrowings of the Company are secured by personal guarantees of one of the Directors of the Company (Note 22),while the company has guaranteed the borrowings of the Parent Company (Note 26).

The ultimate parent company confirmed that it will financially support the Company in case they need it.

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015	2014
	€	€
Total borrowings (Note 22)	**127.531.781**	116.979.389
Less: cash and cash equivalents (Note 20)	**(6.630)**	(39.711)
Net debt	**127.525.151**	116.939.678
Total equity	**61.677.986**	64.639.734
Total capital as defined by management	**189.203.137**	181.579.412
Gearing ratio	**67%**	64%

The increase in the gearing ratio during 2015 resulted primarily from borrowings taken during the year for financing the working capital needs of the Company.

(iii) Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to for similar financial instruments.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Fair value of investment property**

  The fair value of investment property is determined using valuation techniques. Refer to Note 16 for the relevant disclosure of valuation technique used for the determination of the fair value of the Company's Investment Properties.

- **Golf licences**

  In accordance with the provisions of the contracts signed during 2013 between the Company and the planning authority department of the Cyprus Government, the Company has undertaken to pay an aggregate amount of €10.000.000 to the Government over a period of 10 years from the signing date of the contracts in December 2013. Having considered legal advice, management has assessed that no financial, legal or constructive obligation arises for this amount as of 31 December 2015 as the Company may avoid these costs prior to commencement of the development of the project. The Company has disclosed these amounts as capital commitments in Note 25.

5 Revenue

	2015 €	2014 €
Net income from plantations	103.792	57.392
Other income	300	100
	104.092	57.492

6 Other income

Other income	18.400	3.559

7 Other losses

	2015 €	2014 €
Investment property:		
Fair value losses (Note 16)	(2.334.406)	-

8 Expenses by nature

	2015 €	2014 €
Depreciation, amortisation and impairment charges (Notes 15 and 16)	**56.389**	70.252
Repairs and maintenance	**28.972**	9.385
Operating lease payments	**2.300**	2.300
Insurance	**13.077**	12.940
Auditors' remuneration charged by statutory audit firm	**17.000**	15.186
Staff costs (Note 9)	**307.610**	324.644
Advertising and promotion	**10.432**	8.223
Transportation expenses	**3.508**	1.406
Other expenses	**69.152**	85.624
Services rendered	**211.049**	223.506
Motor car expenses	**18.998**	25.283
Municipality taxes	**8.139**	7.969
Legal fees	**5.972**	7.497
Stock exchange fees	**14.131**	11.081
Director fees	**41.850**	33.200
Petrol and fuel	**4.835**	6.650
Immovable property tax	**14.909**	17.063
Enviromental committee legal expenses	**201.634**	-
Total cost of goods sold, selling and marketing costs, administrative expenses and other expenses	**1.029.957**	862.209

The services rendered stated above include fees of €4.200 (2014: €750) for tax consultancy services charged by the Company's statutory audit firm.

9 Staff costs

	2015 €	2014 €
Wages and salaries	**275.856**	290.777
Social insurance costs	**30.196**	31.944
Provident fund contributions	**1.558**	1.923
	307.610	324.644

The Company participates in a defined contribution scheme, the Cyprus Trading Corporation Plc Employees' Provident Fund, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

10 Finance costs

	2015 €	2014 €
Interest expense:		
Bank borrowings	171.061	171.836
Other interest	-	258
Total interest expense	171.061	172.094
Net foreign exchange loss	15.411	14.689
Interest income:		
Bank balances	(1.229)	(4)
	185.243	186.779

11 Income tax expense

	2015 €	2014 €
Current tax:		
Defence contribution	360	-
Deferred tax (Note 23):		
Origination and reversal of temporary differences	(466.266)	760
Total deferred tax	(466.266)	760
Income tax (credit)/expense	(465.906)	760

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2015 €	2014 €
Loss before tax	(3.427.114)	(987.937)
Tax calculated at the applicable corporation tax rate of 12,5%	(428.389)	(123.492)
Tax effect of expenses not deductible for tax purposes	14.945	15.635
Tax effect of allowances and income not subject to tax	(4.530)	(4.209)
Tax effect of tax losses for which no deferred tax asset was recognised	126.173	112.066
Tax effect of difference between corporation tax rate and capital gains tax rate and effect of inflation	(174.465)	760
Special defence contribution	360	-
Income tax (credit)/charge	(465.906)	760

The Company is subject to income tax on taxable profits at the rate of 10% up to 31 December 2012, and at the rate of 12,5% as from 1 January 2013.

As from tax year 2012 brought forward losses of only five years may be utilised.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

11 Income tax expense (continued)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

Tax effects of components of other comprehensive income

	Year ended 31 December					
	2015			2014		
	Before tax	**Tax (charge)/ credit**	**After tax**	Before tax	Tax (charge)/ credit	After tax
	€	**€**	**€**	€	€	€
Land and buildings:						
Deferred tax adjustment	-	(540)	(540)	-	(667)	(667)
Other comprehensive income	-	(540)	(540)	-	(667)	(667)

12 Loss per share

The basic and fully diluted losses per share are calculated by dividing the loss attributed to the shareholders of the Company with the weighted average number of issued shares during the year.

	2015	2014
	€	€
Loss for the year attributed to shareholders	(2.961.208)	(988.697)
Weighted average number of issued shares	300.000.000	300.000.000
Loss per share - cents	(0,99)	(0,33)

13 Financial instruments by category

	Loans and receivables	Available-for-sale	Total
	€	€	€
31 December 2015			
Assets as per balance sheet			
Available-for-sale financial assets	-	453	453
Trade and other receivables (excluding prepayments and statutory receivable)	946.719	-	946.719
Cash and cash equivalents	6.630	-	6.630
Total	953.349	453	953.802

	Other financial liabilities
	€
Liabilities as per balance sheet	
Borrowings	127.531.781
Trade and other payables (excluding statutory liabilities)	1.674.519
Total	129.206.300

13 Financial instruments by category (continued)

31 December 2014	Loans and receivables €	Available-for-sale €	Total €
Assets as per balance sheet			
Available-for-sale financial assets	-	453	453
Trade and other receivables (excluding prepayments and statutory receivable)	841.356	-	841.356
Cash and cash equivalents	39.711	-	39.711
Total	881.067	453	881.520

	Other financial liabilities €
Liabilities as per balance sheet	
Borrowings	116.979.389
Trade and other payables (excluding statutory liabilities)	1.998.640
Total	118.978.029

14 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2015 €	2014 €
Counterparties without external credit rating		
Group 1	**108.992**	121.183
Group 2	**837.727**	720.090
	946.719	841.273

	2015 €	2014 €
Cash at bank and short-term bank deposits(1)		
Caa3	**3.007**	38.845

(1) The rest of the balance sheet item 'cash and cash equivalents' is cash in hand.

Group 1 – companies within the group, parent entity, common control companies and associates with no defaults in the past.

Group 2 – Other receivables with no defaults in the past

None of the financial assets that are fully performing has been renegotiated in the last year.

None of the loans and receivables from related parties is past due or impaired.

15 Property, plant and equipment

	Land and buildings €	Pier €	Renovation of houses at pier block €	Motor vehicles €	Furniture, fixtures and office equipment €	Plantations €	Computer Hardware €	Total €
At 1 January 2014								
Cost	21.876.435	968.620	69.974	258.663	857.405	27.480	2.647	24.061.224
Accumulated depreciation	-	-	-	(219.938)	(692.916)	(7.800)	(2.107)	(922.761)
Net book amount	21.876.435	968.620	69.974	38.725	164.489	19.680	540	23.138.463
Year ended 31 December 2014								
Opening net book amount	21.876.435	968.620	69.974	38.725	164.489	19.680	540	23.138.463
Additions	1.205.416	-	-	-	-	-	2.720	1.208.136
Depreciation charge (Note 8)	-	-	(20.796)	(18.400)	(29.882)	-	(1.174)	(70.252)
Closing net book amount	23.081.851	968.620	49.178	20.325	134.607	19.680	2.086	24.276.347
At 31 December 2014								
Cost	23.081.851	968.620	103.977	258.663	857.405	27.480	5.367	25.303.363
Accumulated depreciation	-	-	(54.799)	(238.338)	(722.798)	(7.800)	(3.281)	(1.027.016)
Net book amount	23.081.851	968.620	49.178	20.325	134.607	19.680	2.086	24.276.347
Year ended 31 December 2015								
Opening net book amount	23.081.851	968.620	49.178	20.325	134.607	19.680	2.086	**24.276.347**
Additions	1.099.014	-	-	-	9.554	-	-	**1.108.568**
Depreciation charge (Note 8)	-	-	(20.796)	(14.550)	(20.061)	-	(982)	**(56.389)**
Closing net book amount	24.180.865	968.620	28.382	5.775	124.100	19.680	1.104	**25.328.526**
At 31 December 2015								
Cost	24.180.865	968.620	103.977	258.663	866.959	27.480	5.367	**26.411.931**
Accumulated depreciation	-	-	(75.595)	(252.888)	(742.859)	(7.800)	(4.263)	**(1.083.405)**
Net book amount	24.180.865	968.620	28.382	5.775	124.100	19.680	1.104	**25.328.526**

15 Property, plant and equipment (continued)

Bank borrowings are secured on the Company's land (including investment properties and inventories (Notes 16 and 18)) for €80.500.000 (2014: €80.500.000) (Note 22).

Interest amounting to €745.350 (2014: €778.273) relating to loans granted to the Company for financing the cost of construction of the project, were capitalised during the year and were included in the cost of construction. The interest rate used for the capitalisation is 5,52% (2014: 6,17%) and represents the borrowing cost of the project for 2015. The total interest capitalised since the commencement of the project in 2007 is €4.514.819 (2014: €3.769.469).

On 1 January 2007 the Board of Directors decided to proceed with the development of the Company's land for tourist purposes with the construction of a hotel and two golf courses, along with land development activities. After this decision, an amount of €9.000.895 which represents the fair value of the land as at 1 January 2007 which will be used for the construction of the hotel and the two golf courses was transferred from investment property to property, plant and equipment. The fair value of the land which was transferred to property, plant and equipment and to inventories has been estimated based on the respective buildable square meters. The buildable square meters is the method which is used each year for the allocation of the construction costs of the project between inventories and property, plant and equipment, as the costs are incurred for the whole project.

The Company has already secured the final planning permits (19 December 2013) for the construction of residential units, golf courses, golf clubs and other related activities.

16 Investment property

	2015	2014
	€	€
At beginning and end of year	**6.834.406**	6.834.406
Fair value losses (Note 7)	**(2.334.406)**	-
At end of year	**4.500.000**	6.834.406

The investment properties are valued annually on 31 December at fair value comprising open-market value determined annually by the company's management, after taking into consideration all relevant available information, including valuations of independent valuers, market conditions and other factors. The company holds one class of investment property being land held for a currently undetermined use.

Fair value is based in active market process, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If the information is not available, the Company uses alternative valuation methods such as recent prices or less active markets or discounted cash flow projections. These valuations are reviewed annually by the company's management. Changes in fair values are recorded in profit or loss and are included in “other gains – net”.

Bank borrowings are secured on the Company's land (including Property, Plant and Equipment and inventories (Notes 15 and 18)) for €80.500.000 (2014: €80.500.000) (Note 22).

The following table analyses investment property carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (thatis, unobservable inputs) (Level 3).

The company has classified its Investment property in Level 3 of the hierarchy.

Country	**Land - Kynousa**	**2015 Total**	**2014 Total**
	€	**€**	**€**
Fair Value hierachy	3	3	3
Fair Value at 1 January	**4.500.000**	**4.500.000**	**6.834.406**
Fair value at 31 December	4.500.000	4.500.000	6.834.406

16 Investment property (continued)

Valuation processes

The Company's investment properties were valued at 31 December 2015 by management taking into account valuation performed by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The Company's finance department reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the CFO, the management and the independent valuers at least once every year. At each financial year end the finance department:

- verifies all major inputs to the independent valuation report
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Information about fair value measurement using significant unobservable inputs (Level 3) - 31 December 2015

Property	Valuation €	Valuation technique	Unobservable Inputs	Price Range €
Land - Kynousa	4.500.000	Comparable selling prices	Price per square meter	average: €18

Information about fair value measurement using significant unobservable inputs (Level 3) - 31 December 2014

Property	Valuation €	Valuation technique	Unobservable Inputs	Price Range €
Land - Kynousa	6.834.406	Comparable selling prices	Price per square meter	average: €27

Sensitivity of management's estimates – 31 December 2015

			€
Land - Kynousa	Price per square meter	-10,00%	4.050.000
		0,00%	4.500.000
		10,00%	4.950.000

Sensitivity of management's estimates – 31 December 2014

			€
Land - Kynousa	Price per square meter	-10,00%	6.150.965
		0,00%	6.834.406
		10,00%	7.517.847

16 Investment property (continued)

Valuation techniques underlying management's estimation of fair value

For idle land and buildings, the valuation was determined using comparable prices.

Comparable prices	Based on the location, the size and the quality of the properties including market conditions at the date of the valuation.

There were no changes to the valuation techniques during the year.

17 Investments in subsidiaries

	2015	2014
	€	€
At beginning of year	**51.986**	51.986
At end of year	**51.986**	51.986

The Company's interests in its subsidiaries, all of which are unlisted, were as follows:

Name	**Principal activity**	**2015 % holding**	**2014 % holding**
CSC Kafkalla Viklin Limited	Dormant	100	100
CSC Evloimeni Limni Limited	Dormant	100	100
CSC Kynousa Limni Limited	Dormant	100	100
CSC Mavroli Limni Limited	Dormant	100	100
CSC Kharkoma Limni Limited	Dormant	100	100
CSC Kafkalia Aloni Limited	Dormant	100	100
Akamas Line Company Limited	Dormant	99,99	99,99

No consolidated financial statements have been prepared incorporating the results of the above subsidiaries in view of the fact that the subsidiaries are dormant, and therefore the effect of preparing financial statements would be immaterial.

18 Inventories

	2015	2014
	€	€
Balance at the beginning of the year	**168.684.537**	159.875.238
Golf Permits	**916.042**	882.305
Construction cost	**304.081**	22.651
Professional fees	**1.364.489**	2.216.643
Interest expense capitalised	**5.447.096**	5.687.700
	176.716.245	168.684.537

Interest amounting to €5.447.096 (2014: €5.687.700) relating to loans granted to the Company for financing the cost of construction of the project, were capitalised during the year and were included in the cost of construction. The interest rate used for the capitalisation is 5,52 % (2014: 6,17%) and represents the borrowing cost of the project for 2015. The total interest capitalised since the commencement of the project in 2007 is €32.994.768 (2014: €27.547.672).

18 Inventories (continued)

On 1 January 2007 the Board of Directors decided to proceed with the development of the Company's land for tourist purposes with the construction of a hotel and two golf courses, along with development activities. After this decision, an amount of €65.779.465 which represents the fair value of the land as at 1 January 2007 which will be used for development activities was transferred from investment property to inventories, and is included in the cost of inventories shown above. The fair value of the land which was transferred to property, plant and equipment and to inventories has been estimated based on the respective buildable square meters. The buildable square meters is the method which is used each year for the allocation of the construction costs of the project between inventories and property, plant and equipment as the costs are incurred for the whole project.

The company has already secured the final planning permits (19 December 2013) for the construction of residential units, golf courses, golf clubs and other related activities.

Bank borrowings are secured on the Company's land, including Property, plant and Equipment and investment properties (Notes 15 and 16)) for €80.500.000 (2014: €80.500.000) (Note 22).

All inventory items are stated at cost with the exception of inventory that was transferred on 1 January 2007 from investment property which is presented at its fair value at the date of transfer. The current value of inventories and thus the capital base of the Company is significantly higher than its carrying value.

19 Trade and other receivables

	2015 €	2014 €
Receivables from subsidiaries (Note 26(iv))	**17.577**	12.066
Receivables from related parties (Note 26(iv))	**91.415**	109.117
Other receivables	**837.727**	720.090
Prepayments	**7.474**	8.054
Vat refundable	**139.904**	160.502
	1.094.097	1.009.829

The fair values of trade and other receivables approximate their carrying amounts.

Trade and other receivables do not include assets that have been impaired.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2015 €	2014 €
Euro - functional and presentation currency	**1.094.097**	1.009.829

20 Cash and bank balances

	2015 €	2014 €
Cash at bank and in hand	**6.630**	39.711

20 Cash and bank balances (continued)

Cash, cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows:

	2015	2014
	€	€
Cash and bank balances	6.630	39.711
Bank overdrafts (Note 22)	(3.564.441)	(3.544.634)
	(3.557.811)	(3.504.923)

Cash and cash equivalents are denominated in the following currencies:

	2015	2014
	€	€
Euro - functional and presentation currency	6.630	39.711

21 Share capital

	2015		2014	
	Number of shares	€	Number of shares	€
Authorised				
Shares of €0,10 each	350 000 000	35.000.000	350 000 000	35.000.000
Issued and fully paid				
Shares of €0,10 each	300 000 000	30.000.000	300 000 000	30.000.000

The total authorized number of ordinary shares is 350.000.000 shares (2014: 350.000.000 shares) with a par value of €0,10 per share. All issued shares are fully paid.

22 Borrowings

	2015	2014
	€	€
Current		
Bank overdrafts (Note 20)	3.564.441	3.544.634
Bank Borrowings	89.903.376	87.725.577
	93.467.817	91.270.211
Non-current		
Borrowings from related parties (Note 26(v))	34.063.964	25.709.178
Total borrowings	127.531.781	116.979.389
Maturity of non-current borrowings		
Between 2 and 5 years	34.063.964	25.709.178

Based on the restructuring made with its main banker (after the balance sheet date) borrowings currently shown as short term liabilities at 31 December 2015 amounting to €89.903.376 and bank overdraft amounting to €3.564.441 have become long term (Note 27).

22 Borrowings (continued)

The borrowings from related party (Woolworth (Cyprus) Properties Plc) bear interest at the fixed rate of 5% (2014: fixed rate of 5,75%) and at 31 December 2014 both parties agreed that no repayment of the above amount will be demanded within the next four years. No terms and conditions were agreed as to the loan security.The interest rate is being determined by the Group's management and is revised at regular intervals depending on the market conditions.

The Company's banking facilities are secured :

(i) By mortgage of the Company's land and buildings for €38.500.000 (A' Mortgage number Y2207/08 dated 17/04/2008), €15.000.000 (B' Mortgage number Y170/14 dated 21/3/2014) and €27.000.000 (A' Mortgage number Y 1860/10 dated 22/4/2010) (Notes 15, 16 and 18).

(ii) By personal guarantee of one of the directors of the Company on a guarantee document dated 23/11/2009 and 4/4/2010 for €18.000.000 and €28.200.000 respectively (Note 26(vi)).

(iii) By corporate guarantee from its parent company N.K. Shacolas (Holdings) Limited on a guarantee document dated 19/03/2014 for €20.000.000 (Note 26(viii)).

(iv) By corporate guarantee from its related company Woolworth (Cyprus) Properties Plc on a guarantee document dated 19/03/2014 for €20.000.000 (Note 26(viii)).

The weighted average effective interest rates at the balance sheet date were as follows:

	2015 %	2014 %
Bank overdrafts	**4,77**	4,94
Bank borrowings	**5,52**	6,17
Borrowings from related parties (Note 26(v))	**4,87**	5,78

The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	2015 €	2014 €
6 months or less	**93.467.817**	40.793.911
6-12 months	**34.063.964**	76.185.478
	127.531.781	116.979.389

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2015 €	2014 €
Euro - functional and presentation currency	**127.531.781**	116.979.389

23 Deferred income tax liabilities

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	2015 €	2014 €
Deferred income tax liabilities:		
- Deferred tax liabilities to be settled after more than twelve months	**16.805.808**	17.271.534
Deferred income tax liabilities	**16.805.808**	17.271.534

The gross movement on the deferred income tax account is as follows:

	2015 €	2014 €
At beginning of year	**17.271.534**	17.270.107
Charge included in profit or loss (Note 11)	**(466.266)**	760
Tax charge relating to components of other comprehensive income (Note 11)	**540**	667
At end of year	**16.805.808**	17.271.534

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Fair value gains €
At 1 January 2014	17.270.107
Charged/(credited) to:	
Income statement (Note 11)	760
Other comprehensive income (Note 11)	667
At 31 December 2014	17.271.534
At 1 January 2015	17.271.534
Charged/(credited) to:	
Income statement (Note 11)	(466.266)
Other comprehensive income (Note 11)	540
At 31 December 2015	16.805.808

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company did not recognize deferred income tax assets of €566.731(2014: €535.364) in respect of losses amounting to €4.533.846 (2014: €4.282.914) since the project is still at its initial stage.

24 Trade and other payables

	2015 €	2014 €
Trade payables	**179.197**	333.379
Social insurance and other taxes	**7.843**	7.972
Payables to related parties (Note 26(iv))	**615.420**	801.610
Other payables	**24.504**	32.573
Accrued expenses	**97.275**	72.955
Retentions for contract work	**758.123**	758.123
	1.682.362	2.006.612

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

24 Trade and other payables (continued)

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2015 €	2014 €
Euro - functional and presentation currency	1.687.873	2.006.612

25 Commitments

(i) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2015 €	2014 €
Property, plant and equipment	1.045.177	1.242.214
Inventories	7.638.263	9.078.226
	8.683.440	10.320.440

The ageing analysis of the obligations of the company's capital expenditure contracted is as follows:

	2015 €	2014 €
No later than 1 year	1.000.000	1.637.000
Later than 1 year and no later than 5 years	4.683.440	4.683.440
Later than 5 years	3.000.000	4.000.000
	8.683.440	10.320.440

26 Related party transactions

The Company is controlled by Arsinoe Investments Company Limited, incorporated in England, which owns 70,57% of the Company's shares, N.K. Shacolas (Holdings) Limited incorporated in Cyprus, which owns 17,40% of the Company's shares and Chrysochou Merchants Limited, incorporated in Cyprus, which owns 11,73% of the Company's shares. The ultimate controlling party is N.K.Shacolas (Holdings) Limited. During 2015 the shareholding of the N.K.Shacolas (Holdings) Limited was dilluted among the Shacola's family and none of them control the Company.

The following transactions were carried out with related parties:

(i) Sales of goods and services

	2015 €	2014 €
Sales of professional services:		
ITTL Trade Tourist and Leisure Park Plc	-	3.068
Woolworth Commercial Centre Limited	-	1.534
Woolworth (Cyprus) Properties Plc	9.022	4.602
Superhome Center (DIY) Limited	4.139	1.534
	13.161	10.738

26 Related party transactions (continued)

(ii) Purchases of goods and services

	2015 €	2014 €
Purchases of professional services:		
Woolworth (Cyprus) Properties Plc	**64.046**	77.996
Cyprus Trading Corporation Plc	**-**	3.884
N.K. Shacolas (Holdings) Ltd	**-**	153.500
Ermes Department Stores Plc	**36.362**	37.700
CTC Automotive Limited	**5.080**	-
CTC Plc	**102.014**	-
	207.502	273.080

(iii) Directors' remuneration

The total remuneration of the Directors was as follows:

	2015 €	2014 €
Emoluments in their executive capacity	**41.850**	33.200

(iv) Year-end balances arising from sales/purchases of goods/services

	2015 €	2014 €
Receivables from related parties (Note 19):		
Limni Mines Limited	**9.361**	9.361
Limni Air & Seas Tourist Limited	**991**	991
Limni Foods & Fisheries Limited	**923**	923
Limni Development Project Limited	**2.226**	2.226
Danapan Limited	**68.560**	62.063
CSC Kafkalla Viklin Limited	**2.011**	2.011
CSC Evloimeni Limni Limited	**2.011**	2.011
CSC Kynousa Limni Limited	**2.011**	2.011
CSC Mavroli Limni Limited	**2.011**	2.011
CSC Kharkoma Limni Limited	**2.011**	2.011
CSC Kafkala Aloni Limited	**2.011**	2.011
The Mall of Cyprus (formerly ITTL Trade Tourist and Leisure Park Plc)	**-**	16.960
N.K. Shacolas (Holdings) Ltd	**-**	-
Argosy Trading Co Limited	**1.499**	1.499
Superhome Center (DIY) Limited	**4.294**	1.558
Cyprus Trading Corporation PLC	**-**	537
The Malll of Engomi (formerly Woolworth Commercial Centre Limited)	**-**	1.825
Arsinoe Investment Company Ltd	**6.926**	6.926
Ermes Department Stores Plc	**-**	4.248
Apex Limited	**2.146**	-
	108.992	121.183

26 Related party transactions (continued)

(iv) Year-end balances arising from sales/purchases of goods/services (continued)

Payables to related parties (Note 24):		
Domex Trading Company Limited	**1.659**	1.659
PLC's Management Limited	**33.401**	33.401
Ideea Distribution of Appliances Ltd	**453**	246
CTC Automotive Limited	**1.131**	105.941
Ermes Department Stores Plc	**257.314**	129.965
Argosy Trading Company Limited	**862**	862
Akamas Lime Company Limited	**39.081**	39.081
Cyprus Trading Corporation Plc	**121.715**	490.455
N.K. Shacolas (Holdings) Ltd	**159.171**	-
Superhome Center (DIY) Limited	**633**	-
	615.420	801.610

The above balances bear no interest and are repayable on demand.

(v) Borrowings from related parties

	2015 €	2014 €
Borrowings from related party:		
At beginning of year	**25.709.178**	17.172.877
Borrowings advanced during year	**6.399.855**	7.135.729
Interest charged (Note 10)	**1.455.591**	1.238.354
Balances transfered from related companies	**499.340**	162.218
At end of year (Note 22)	**34.063.964**	25.709.178

The borrowings from the related party Woolworth (Cyprus) Properties Plc is of financing nature and bears interest of 5% (2014: 5,75%). At 31 December 2015 both parties agreed that no repayment of the above amount will be demanded within the next three years and no terms and conditions were agreed as to the loan security.

(vi) Personal guarantees of the Directors

The bank loans and overdrafts of the Company are secured by personal guarantees of the Directors for €46.200.000 (Note 22).

(vii) Guarantees

The Company guaranteed loans of the ultimate parent company for the amount of €51.345.476. No losses are expected from the default of terms and liabilities that the parent entity agreed with the financial institution.

(viii) Corporate guarantees

The Company's bank facilities are secured by corporate guarantees provided by the Company's parent company N.K. Shacolas (Holdings) Limited and related company Woolworth (Cyprus) Properties Plc for €20.000.000 each respectively (Note 22).

27 Events after the balance sheet date

The following events occured after the balance sheet date and have a bearing on the better understanding of the financial statements.

Based on the restructuring made with its main banker (after the balance sheet date) borrowings currently shown as short term liabilities at 31 December 2015 amounting to €89.903.376 and bank overdraft amounting to €3.564.441 have become long term (Note 22). Had the restructuring of the Company's Borrowings been completed before 31 December 2015, the separation of its borrowings under current and non current liabilities would be reflected as follows:

	2015
	€
Non- Current	
Bank Borrowings	93.467.817
Borrowings from related parties (Note 25(v))	34.063.964
	127.531.781

According to the above the liquidity risk of the Company, including interest payable was as follows:

	Less than one year	Between 2 and 5 years	Over 5 years
At December 2015	€	€	€
Borrowings		41.404.961	118.062.974
Trade and other payables	1.682.362		
	1.682.362	41.404.961	118.062.974

The above mentioned loans are secured by additional corporate quarantees provided by the Company's parent company N.K. Shacolas (Holdings) Limited and related company Woolworth (Cyprus) Properties Plc for the total amount of €73.000.000.

The Company reached an agreement with its main banker for the loans which were repayable on 31 December 2015 during March 2016. This agreement resulted in new terms and conditions.The repayment date was extended to 30 January 2021 and lower interest rates were agreed with the bank. The personal guarantees of the two Directors amounting to €46.200.000 (Note 22(ii)) have been removed.

Other than the above there were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 7 to 8.