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Annual Financial Report
Universal Golf Enterprises Plc
UGE

Annual Financial Report

An announcement and Financial Statements are attached.

Attachment:

1. **Annual Financial Statements**

Non Regulated

Publication Date: 21/04/2016

UNIVERSAL
GOLF ENTERPRISES

21 Απριλίου 2016

Κ. Νώντα Μεταξά
Γενικό Διευθυντή
Χρηματιστήριο Αξιών Κύπρου
ΛΕΥΚΩΣΙΑ

Αξιότιμε κ. Μεταξά

ΕΤΗΣΙΑ ΓΕΝΙΚΗ ΣΥΝΕΛΕΥΣΗ

Θέλουμε να σας ενημερώσουμε ότι κατά την σημερινή συνεδρία του το Διοικητικό Συμβούλιο της Εταιρείας ενέκρινε τις επισυναπτόμενες ελεγμένες Οικονομικές Καταστάσεις της Εταιρείας για το έτος που έληξε στις 31 Δεκεμβρίου 2015.

Επίσης αποφάσισε όπως η Ετήσια Γενική Συνέλευση της Εταιρείας πραγματοποιηθεί την Τετάρτη, 25 Μαΐου 2016 και ώρα 1:00 μ.μ. στα Κεντρικά Γραφεία της Εταιρείας στη Λευκωσία.

Η Ετήσια Έκθεση της Εταιρείας για το 2015 μαζί με την Ειδοποίηση Σύγκλησης /Πρόσκληση Ετήσιας Γενικής Συνέλευσης θα αποσταλούν σε όλους τους μετόχους.

ΧΑΡΑΛΑΜΠΟΣ Γ ΧΩΜΑΤΕΝΟΣ
Γραμματέας

Universal Golf Enterprises PLC

Financial Statements for the year ended
31 December 2015

FINANCIAL STATEMENTS
for the year ended 31 December 2015

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GENERAL INFORMATION

Board of Directors
Andreas Georghiou, Chairman
Dr. Andreas C. Kritiotis
Alexis Photiades
Pavlos Photiades
Adamos Constantinides

Company Secretary
Charalambos G. Chomatenos

Registered Office
Universal Tower
85 Dighenis Akritas Avenue
1070 Nicosia

Legal Advisors
Lellos P. Demetriades Law Office LLC

Independent Auditors
Ernst & Young Cyprus Ltd
Certified Public Accountants and Registered Auditors

DIRECTORS' REPORT

The Board of Directors presents its report and audited financial statements of Universal Golf Enterprises PLC (the 'Company") for the year ended 31 December 2015.

Incorporation

The Company was incorporated in Cyprus on 22 March 2011 as a private company under the name of Univasa Golf Enterprises Limited with limited liability under the Companies Law, Cap 113. On 20 July 2012 the Company's name changed to Universal Golf Enterprises Limited and on 2 October 2014 the Company was converted into a public company under the name Universal Golf Enterprises PLC. The Company is a subsidiary of Universal Life Insurance Public Company Limited. Its registered office is situated at 85 Dhigenis Akritas Avenue, 1070 Nicosia, Cyprus.

On 29 December 2014 the Company's shares were listed on the Emerging Companies' Market of the Cyprus Stock Exchange.

The number of employees of the Company as at 31 December 2015 was 3 persons (2014: 3).

Principal activities

The Company was incorporated with the sole purpose of the development and operation of the Vasa Golf Project. The Company has already applied for the planning permission and had received the preliminary license for a golf course. Meanwhile, expert consultants from Cyprus and abroad are preparing all necessary plans for the implementation of the project.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered to be consistent with the nature and volume of its activities.

The main risks and uncertainties faced by the Company from the financial instruments it holds and the steps taken to manage these risks are described in Note 14 of the financial statements.

Another significant risk the Company is facing arises on the property held by the Company and relates to the general uncertainty prevailing in the Cyprus real estate market.

Since the acceleration of the economic crisis in Cyprus in 2010, transaction activity in both commercial and residential properties has recorded a significant decrease and according to local published indices, prices have declined by approximately 15% to 45% since 2011 (depending on the location and type of property). Forced sales activity is expected to accelerate as a result of pressures on the banks to enforce security on property collaterals.

The high prevailing uncertainty over the economic developments in Cyprus in the financial and property sectors in particular, makes forecasts of the future developments in the real estate market extremely difficult.

Operating environment of the Company

Economic recovery started in the first quarter of 2015 and continued throughout the year at an accelerating pace. Real GDP rose as per the Cyprus statistical service by 2,3% and 2,4% in the third and fourth quarters respectively when non-seasonally adjusted. For the year as a whole, real GDP increased by 1,6% compared with a decline of 2,5% the year before. Growth was mainly driven by tourism, business services and financial and insurance services on the supply side. On the expenditure side the driver of growth was mainly fixed investments in buildings, metals and machinery, and transport equipment. Growth in the year was also supported by the depreciation of the euro and the drop in oil prices.

Operating environment of the Company *(continued)*

The outlook for the medium term remains positive according to the European Commission and the International Monetary Fund. Real GDP is expected to grow by about 2% per annum in 2016-2017. Downside risks to the outlook relate to the high level of non-performing loans and to a worsening of the external environment. A deteriorating external environment would pose a risk for an open economy like Cyprus. This might include a worsening of conditions in Greece, a continuing downturn in Russia and further rouble weakness, weaker growth in the euro area and in the UK or a worsening of credit conditions in world bond markets. Conversely, upside risks to the economic outlook relate to a longer period of low oil prices, improving conditions in Greece and an improvement in foreign investment climate.

In the labour market, unemployment reached a peak in the fourth quarter of 2013 at 16,6% seasonally adjusted and had been declining since that time (as per Eurostat). The unemployment rate in 2015 averaged 15,6% as per Eurostat and is expected to decline further in the medium term, to reach 13,3% by 2017 according to the European Commission.

Consumer prices declined each year from 2013 onwards dropping by 1,4% and 2,1% respectively in 2014 and 2015 (Cyprus Statistical Service). Thus economic adjustment entailed both a decline in quantities and prices, which explains why nominal GDP declined at a faster pace than real GDP. However, this was part of internal devaluation which was one of the objectives of the economic adjustment programme. Falling consumer prices also reflect the decline in commodity prices and specifically oil. Consumer prices are expected to turn moderately higher in 2016 according to the European Commission.

In the area of public finances Cyprus has achieved considerable consolidation over the period of the programme. Per the Cyprus Statistical Service, the budget deficit has almost been eliminated dropping to near zero in 2014 from 5,7% of GDP in 2011. This constitutes an adjustment of over one billion euro in an economy which is a little more than 17 billion euro. Fiscal consolidation involved substantial spending cuts including wages and pensions. Interest payments were also reduced and the expenditures of ministries were capped. On the revenue side, the better than expected economic performance led to higher direct and indirect tax receipts and social security contributions. The budget is expected to swing into surplus in 2016-2017, (albeit marginally), according to the European Commission.

The general government debt rose to 108,2% of GDP in 2014 as per Eurostat and rose only slightly in 2015 based on budget developments. Government debt is expected to drop to 94,6% of GDP by 2017 also according to the European Commission. This will be on the back of the budgetary consolidation and the relatively favourable economic outlook. Gross debt will drop considerably lower when including an asset swap with the Central Bank of Cyprus. Discretionary deficit reducing measures are not anticipated in the medium term and further improvement in the fiscal balance will emanate from further improvements in economic activity.

The International Monetary Fund completed a ninth review of Cyprus' economic adjustment programme in January 2016, and approved the disbursement of €126 million bringing total disbursements under the adjustment programme to about €1 billion. Total disbursements from the European Stability Mechanism (ESM) amount to €6,3 billion to date, out of a total committed of €9 billion. That is, about 30% of the funding under the adjustment programme envelope remains unutilised. The eighth review of the European Commission has not been completed yet because a last prior action under the last review, has not been fulfilled.

In a statement issued by the Executive Board of the International Monetary Fund on 27 January 2016 following the completion of the ninth review, the performance of Cyprus under the programme was noted: 'Macroeconomic achievements under the Fund-supported programme have been favourable. Economic and fiscal outcomes are better than expected, non-performing loans have stabilised, and bank liquidity has continued to improve. However, with recent delays in implementing structural reforms, there is a need to re-energize reform implementation to protect confidence and longer-term growth. At

Operating environment of the Company *(continued)*

the same time, public debt and non-performing loans need to be reduced from their current high levels. Accelerated workout of non-performing loans is critical to reviving lending and improving growth prospects. Following the recent passage of key legislation, the toolkit for debt restructuring is now largely in place. However, progress on the legal framework to facilitate securitisation of loans and transfer of property title deeds in non-legacy cases should be accelerated'.

The ESM Macroeconomic Adjustment Programme was ended on 31 March 2016 and the government has exited without a successor arrangement. The Euro Group at its 7 March meeting commended the Cyprus authorities for the overall successful implementation of the programme and highlighted the need for further reform to strengthen the resilience of the Cyprus economy. Following this development, the IMF programme which formally ends on 14 May 2016, has been cancelled by the Republic of Cyprus.

Cyprus will remain under post-programme surveillance until at least 75% of the financial assistance received has been paid. Under the post-programme surveillance the European Commission in liaison with the ECB will have regular review missions to analyse fiscal and financial developments and report semi-annual assessments which may recommend further measures when necessary.

In recognition of the progress achieved on the fiscal front and on economic recovery, as well as the adoption by the House of Representatives in April 2015, of a comprehensive reform framework for corporate and personal insolvency, the international credit rating agencies have upgraded the credit ratings for the Cypriot sovereign, paving the way for the sovereign to access the international capital markets. In May 2015 and in October 2015, the Cyprus Government issued a €1 billion bond maturing in year 2022, with a yield of 4,00% per annum and a €1 billion bond maturing in year 2025 within a yield of 4,25%.

Results

During the year, the Company incurred a loss after tax of €789.879 (2014: loss €200.996). The accumulated losses amounted to €1.135.366 (2014: €345.487).

Dividend

The Board of Directors does not declare dividend for 2015 since the Company has no distributable profits as at 31 December 2015.

Share capital

Authorised capital

There were no changes in the share capital of the Company during the year.

Issued capital

On 4 July 2014 the issued share capital of the Company was increased by 28.000 shares of nominal value of €0,01 each. The Company granted 5.000 shares to Universal Properties Limited, 5.000 shares to Universal Nominees Limited, 5.000 shares to Universal Insurance Agency Limited and 1.000 shares to each of the Directors and Secretary of the Company and its parent company.

There were no changes in the issued share capital of the Company through the year.

Board of Directors *(continued)*

Board of Directors

The members of the Company's Board of Directors as at 31 December 2015 and as at the date of this report are presented on page 3. All of them were members of the Board of Directors throughout the year 2015.

In accordance with the Company's Articles of Association, Messrs Andreas Georghiou and Alexis Photiades retire by rotation and being eligible, offer themselves for re-election. The vacancies so created will be filled by election.

There were no significant changes in the distribution of responsibilities of the Board of Directors. The Directors' remuneration for the year were €1.000 for the Chairman and €130 per meeting for each Director.

Events after the reporting date

There are no events after the end of the reporting date, which have a bearing on the understanding of the financial statements.

Independent Auditors

The independent auditors of the Company, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office. A resolution proposing their appointment and authorising the Directors to set their remuneration will be proposed at the Annual General Meeting.

By Order of the Board of Directors

Charalambos G. Chomatenos
Secretary

21 April 2016

Independent Auditor's Report

To the Members of Universal Golf Enterprises PLC

Report on the Financial Statements

We have audited the financial statements of Universal Golf Enterprises PLC (the "Company") on pages 10 to 24, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of 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 Company's 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 Universal Golf Enterprises 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.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws 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 on pages 4 to 7 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.

Savvas Pentaris
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
21 April 2016

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	Note	*2015*	*2014*
		€	*€*
Impairment of inventory		(520.578)	-
Operating expenses	4	(261.251)	(196.946)
Audit fees		(8.050)	(4.050)
Net loss for the year before tax		(789.879)	(200.996)
Income tax	5	-	-
Net loss for the year		(789.879)	(200.996)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(789.879)	(200.996)
Basic and diluted loss per share (€ cent)	6	(0,023)	(0,006)

STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Note	2015	2014
		€	€
ASSETS			
Non – current assets			
Equipment	9	17.419	22.045
		17.419	22.045
Current assets			
Inventory	7	41.408.228	41.634.793
Advances for the purchase of inventory	13.2	147.160	147.160
VAT receivable		48.525	35.990
Cash at bank	10	29.381	21.944
		41.633.294	41.839.887
Total assets		41.650.713	41.861.932
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	343.280	343.280
Share premium		37.197.991	37.197.991
Accumulated losses		(1.135.366)	(345.487)
Total equity		36.405.905	37.195.784
Non- Current liabilities			
Deferred tax	5	435.081	435.081
Total non-current liabilities		435.081	435.081
Current liabilities			
Amount due to parent company	13.1	4.800.590	3.945.612
Trade and other payables	12	611	275.705
Accrued expenses		8.526	9.750
Total current liabilities		4.809.727	4.231.067
Total liabilities		5.244.808	4.666.148
Total equity and liabilities		41.650.713	41.861.932

On 21 April 2016 the Board of Directors of Universal Golf Enterprises PLC authorised the financial statements for issue.

Andreas Georghiou - Chairman

Dr. Andreas C. Kritiotis - Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Share capital	*Share premium*	*Accumulated losses*	*Total*
	€		€	€
At 1 January 2014	343.000	37.197.991	(144.491)	37.396.500
Issue of share capital	280	-	-	280
Total comprehensive expense for the year	-	-	(200.996)	(200.996)
At 31 December 2014	343.280	37.197.991	(345.487)	37.195.784
Total comprehensive expense for the year	-	-	(789.879)	(789.879)
At 31 December 2015	343.280	37.197.991	(1.135.366)	36.405.905

Companies which do not distribute at least 70% of their profits after tax, as defined by the Special Contribution for the Defense of the Republic Law, during the two years after the end of the tax year in which profits, will be deemed to have distributed as dividends. Special contribution for defense at 17% for the year 2015 and beyond (20% for the year 2013) will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) at the end of the period of two years from the end of the tax year in which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid for the year in which the profits relate. This special contribution for defence is payable by the Company on behalf of shareholders.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Note	*2015* €	*2014* €
Cash flows from operating activities			
Loss before tax		(789.879)	(200.996)
Adjustments for:			
Depreciation		5.116	-
Impairment of inventory		520.578	4.952
		(264.185)	(196.044)
Increase in inventory		(294.012)	(398.069)
Increase in VAT receivable		(12.535)	(7.760)
Decrease in trade and other payables		(275.094)	(1.201.942)
(Decrease) / increase in accrued expenses		(1.225)	5.042
Net cash flows used in operating activities		(847.051)	(1.798.773)
Cash flows from investing activities			
Payment for the purchase of intangible assets		(490)	-
Net cash flows from investing activities		(490)	-
Cash flows from financing activities			
Proceeds from the issue of share capital		-	280
Increase in amount due to parent company		854.978	1.801.303
Net cash flows from financing activities		854.978	1.801.583
Net increase in cash and cash equivalents		7.437	2.810
Cash and cash equivalents at beginning of the year		21.944	19.134
Cash and cash equivalents at the end of the year	10	29.381	21.944

1. Corporate information

The financial statements of Universal Golf Enterprises PLC, the "Company" for the year ended 31 December 2015 were authorised for issue in accordance with the resolution of the Board of Directors on 21 April 2016.

The Company was incorporated in Cyprus on 22 March 2011 as a private company under the name of Univasa Golf Enterprises Limited with limited liability under the Companies Law, Cap 113. On 20 July 2012 the Company's name changed to Universal Golf Enterprises Limited and on 2 October 2014 the Company was converted into a public company under the name Universal Golf Enterprises PLC. The Company is a subsidiary of Universal Life Insurance Public Company Limited. Its registered office is situated at 85 Dhigenis Akritas Avenue, 1070 Nicosia, Cyprus.

On 29 December 2014 the Company's shares were listed on the Emerging Companies Market of the Cyprus Stock Exchange.

The number of employees of the Company as at 31 December 2015 was 3 persons (2014: 3).

Principal activities

The Company was incorporated with the sole purpose of the development and operation of the Vasa Golf Project. The Company has already applied for the planning permission and had received the preliminary license for a golf course. Meanwhile, expert consultants from Cyprus and abroad are preparing all necessary plans for the implementation of the project.

2. Summary of significant accounting policies

A summary of the principal accounting policies in the preparation of these financial statements are set out below.

Basis of preparation

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

The financial statements have been prepared on a historical cost basis and are presented in Euro (€), which is the functional and presentation currency of the Company.

The management has prepared the Financial Statements on a going concern basis, based on the fact that the parent company has expressed its willingness to continue to provide adequate funds to the Company to meet its liabilities and not to demand repayment of the amounts due to the parent until the Company is in a position to do so.

Adoption of new and revised IFRSs

As from 1 January 2015, the Company adopted all the new and revised IFRS, which are relevant to its operations and effective for accounting periods beginning on 1 January 2015. The adoption of these Standards did not have a material effect on the financial statements of the Company.

2. Summary of accounting policies *(continued)*

Standards, interpretations and amendments to published standards that are not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted. These are not expected to have a significant impact on the Company's financial statements when they become effective.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Initial recognition and measurement

Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets comprise cash at bank.

Cash and cash equivalents

Cash and short-term deposits in the statement of cash flows comprise cash at bank and short-term deposits with an original maturity of three months or less.

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, less directly attributable transaction costs. The Company's financial liabilities comprise other payables and amount due to parent company.

Other payables

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

Amount due to parent company

The amount due to the parent company is initially measured at fair value of the consideration received net of issue costs. Subsequently it is measured at amortised cost using the effective interest method.

2. Summary of accounting policies *(continued)*

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss in the statement of comprehensive income.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Equipment and intangible assets

Equipment is measured at cost, less accumulated depreciation and any impairment in value. Depreciation is calculated on cost, on a straight line basis over its estimated useful life, using the following annual rates:

Motor vehicles	15%
Computer equipment	20%
Computer software	33,33%

At the reporting date, the carrying value of equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where the carrying value exceeds the estimated recoverable amount equipment is written down to its recoverable amount.

2. Summary of accounting policies *(continued)*

Inventory

Inventory is valued at the lower of cost and net realisable value (NRV). Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The cost includes:

- ownership rights and leasing costs of land
- construction costs
- borrowing costs, design and planning costs, the cost of site preparation, professional fees, property transfer taxes and other related expenses
- non refundable commissions to sales or promotion agents for the sale of units of property when paid.

NRV for completed inventory is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction, estimated costs to complete construction and an estimate of the time value of money to the date of completion.

The cost of inventory recognized in the calculation of the gain or loss on disposal is determined by reference to specific expenses incurred for the property sold and an allocation of non - specific costs based on the relative size of the unit being sold.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset.

A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale.

Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognised as an expense.

Income Tax

Current income tax assets and liabilities for the current period are measured at the period expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income.

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, the 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 substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2. Summary of accounting policies *(continued)*

Income Tax (continued)

Deferred income tax assets are recognised 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.

Foreign currency translation

Functional and presentation currency

Items included in the Company's financial statements 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.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevalling at the dates of the transactions, 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 the profit or loss in the statement of comprehensive income. Non-monetary assets that are measured at historic cost in a foreign currency are retranslated using the exchange rates as at the date of the initial transactions.

Comparative information

Comparative figures have been adjusted to conform to changes in presentation in the current year. Specifically, deferred tax liability arising from the revaluation of real estate and amount payable to the parent company have been presented in separate lines rather than netted off as in the prior year's financial statements.

3. Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported income and expenses during the reporting period. Therefore actual results may differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary they are reported in the period in which they arise.

These assumptions and estimates with respect to the impact that may have on the results and financial position of the Company are set out below.

Classification of property

The Company determines whether the property is classified as investment property or inventory.

Investment property includes land and buildings that are not occupied substantially for use by, or in the operations of the Company, nor for sale as part of its business, but held primarily to earn rental income and for the appreciation of the property. Inventory comprises property that is held for sale in the ordinary course of business. Principally, these are the properties that the Company intends to develop and sell before or on completion of construction.

3. Significant accounting judgments and estimates *(continued)*

Fair value

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In the case of property held, valuations are carried out periodically so that the carrying value is not materially different from the fair value. Valuations are carried out by qualified valuers by applying a valuation model recommended by the International Valuation Standards. Depending on the nature of the underlying asset and available market information, the determination of the fair value of property may require the use of estimates such as future cash flows from assets and discount rates applicable to those assets. All these estimates are based on local market conditions existing at the reporting date. In arriving at their estimates of market values as at the reporting date, the valuers used their market knowledge and professional judgement and did not rely solely on historical transactional comparables, taking into consideration that there is a greater degree of uncertainty than that which exists in a more active market, in estimating the market values of property. Further information on inputs used is disclosed in Note 7.

Income tax

The Company operates and therefore is subject to taxation in Cyprus. Estimates are required in determining the provision for taxes at the reporting date and therefore the final tax determination is uncertain. Where the final tax is different from the amounts that were initially recorded, such differences will impact the income tax expense, tax liabilities and deferred tax liabilities in the period which the final tax is agreed with the tax authorities.

4. Operating expenses

	2015	2014
	€	€
Salaries and employer contributions	168.466	158.906
Legal and other professional fees	34.266	11.440
Travelling	876	1.577
Annual levy	350	350
Net realisable value allowance	-	(3.512)
Repair and maintenance expenses	8.778	13.414
Advertising and promotional expenses	34.284	3.135
Printing and stationery	549	484
Directors' fees	4.721	-
Bank charges	75	82
Depreciation	5.116	4.952
Other expenses	3.770	6.118
	261.251	196.946

The fees (including taxes) for audit services rendered from the independent auditors of the Company, Ernst & Young Cyprus Ltd for the year ended 31 December 2015 were €8.050 (2014: €4.050). These are included in the legal and professional fees above.

5. Income Tax

The income tax rate is 12,5% (2014: 12,5%).

The Company is a member of a group of companies for the purposes of Article 13 of the Income Tax Law. An amount €223.497 as at 31 December was surrendered to its parent company, Universal life Insurance Public Company Limited.

Under current legislation, tax losses may be carried forward for five years from the end of the relevant tax year and set off against future taxable income. The Company has accumulated losses carried forward for tax purposes amounting to €24.079 as at 31 December 2015 that may be offset against future taxable profits.

The accumulated losses carried forward at 31 December 2015 and 31 December 2014 by expiry, are shown below:

	31 December 2015	*31 December 2014*
	€	*€*
Losses of 2011 carried forward up to 2016	1.226	1.226
Losses of 2012 carried forward up to 2017	22.853	22.853
Total losses carried forward	24.079	24.079

No deferred tax asset has been recognized as the Company does not expect that it is probable that it will generate sufficient taxable income within the relevant period to be able to utilise these losses.

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

	2015	2014
	€	*€*
Loss before tax	(789.879)	(200.996)
Tax calculated at the applicable tax rates (12.5%)	(98.735)	(25.125)
Tax effect of:		
Expenses not deductible	70.300	2.503
Differences in depreciation rates	498	539
Tax losses surrendered to parent	27.937	22.083
Tax charge for the period	-	-

Deferred Tax

Deferred tax liability arises on the difference between the historic cost of the properties held by the company and their carrying value. These properties have been transferred to the company from its parent Company, Universal Life Insurance Public Company Ltd, as part of a tax approved group reorganisation.The parent company have agreed to compensate the Company for any tax exposure arising up to the value at which these properties have been transferred to the Company. This is reflected by a corresponding reduction in the amount due to the parent company.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

6. Loss per share

	2015	*2014*
	€	*€*
Basic and diluted loss per share		
Loss for the year	(789.879)	(200.996)
Weighted average number of shares in circulation over the year	34.328.000	34.313.808
Basic and diluted loss per share	(0,023)	(0,006)

At 31 December 2015 there are no potential dilutive ordinary shares outstanding (31 December 2014: Nil).

7. Inventory

Inventory includes acquisition costs, construction costs, cost for direct labour, earthworks and other indirect costs to develop a golf course in the Vasa Kellakiou area.

	2015	*2014*
	€	*€*
At 1 January	41.634.793	41.236.724
Additions	12.897	197.659
Construction costs	-	87.858
Interest capitalised	287.187	208.975
Net realisable value allowance	-	3.512
Impairment	(520.578)	-
Reversal of prior year accruals	(6.071)	(99.935)
	41.408.228	41.634.793

The fair value of inventory was €43.587.608 at 31 December 2015 (€43.587.608 at 31 December 2014). The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:

The Net Realisable Value of inventory was €41.408.228 as a result of the assumption that realisation costs are expected to be 5% of the fair value of inventory.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The valuation of properties is classified at level 3. The valuation technique mainly applied by the Company is the market comparable approach, adjusted for market and property specific conditions.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

7. Inventory (continued)

The key inputs used for the valuations of properties are presented in the tables below:

Type and area	Valuation method	Key unobservable input	Range (weighted average) 2015	2014
Vasa Kellakiou-plots	Market comparison approach	Total area	2.053.808 m^2	2.053.315 m^2
		Estimated fair value per m^2	21,22	21,23
		Highest and best use	Development of a golf project	Development of a golf project

8. Segmental information

No segmental information is provided because the Company operates exclusively in the real estate sector.

9. Equipment and intangible assets

	Motor Vehicle €	Computer Equipment €	Computer Software €	Total €
2015				
Cost				
1 January	28.750	3.200	-	31.950
Additions	-	-	490	490
31 December	28.750	3.200	490	32.440
Depreciation				
1 January	8.625	1.280	-	9.905
Charge for the year	4.313	640	163	5.116
31 December	12.938	1.920	163	15.021
Net book value				
31 December	15.812	1.280	327	17.419

	€	€		€
2014				
Cost				
1 January	28.750	3.200	-	31.950
Additions	-	-	-	-
31 December	28.750	3.200	-	31.950
Depreciation				
1 January	4.313	640	-	4.953
Charge for the year	4.312	640	-	4.952
31 December	8.625	1.280	-	9.905
Net book value				
31 December	20.125	1.920	-	22.045

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

10. Cash at bank

	2015	*2014*
	€	*€*
Cash at bank	29.381	21.944

Cash at bank represents amounts in a current account that earned no interest during the year (2014: Nil).

11. Share capital

	2015	*2014*
	€	*€*
Authorised		
50.000.000 shares of €0,01 each		
(2013: 50.000.000 shares of €0,01 each)	500.000	500.000
Issued and fully paid		
34.328.000 shares of €0,01 each		
(2014: 34.328.000 shares of €0,01 each)	343.280	343.280

On 4 July 2014 the issued share capital of the Company was increased by 28.000 shares of nominal value of €0,01 each. The Company granted 5.000 shares to Universal Properties Ltd, Universal Nominees Ltd and Universal Insurance Agency Ltd and 1.000 shares to the Directors and the Secretary of the Company and its parent company.

12. Trade and other payables

Trade and other payables relate to the acquisition of inventory and other inventory related costs that were paid in 2015. The remaining amounts as at 31 December 2015 are payable on demand and bear no interest.

13. Related party transactions

The Company is a subsidiary of Universal Life Insurance Public Company Limited. The ultimate shareholder of Universal Life Insurance Public Company Limited is Photos Photiades Group Limited.

The following transactions were carried out with related parties:

13.1 Amount due to parent company

The amount due to the parent company is payable on demand and bears interest at 6% per year. Interest expense on this amount is capitalised in inventory.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

13.2 Advances for inventory

The amount of €147.160 represents the value of a plot of land that was approved for transfer from the parent company as part of the reorganisation.

This property was not transferred to Universal Golf Enterprises PLC as a process to exchange it with government land is in progress, expected to be completed in 2016. The property, once received, will be transferred to Universal Golf Enterprises PLC. Hence, this amount is presented as advances for inventory.

14. Financial risk management

The Company is exposed to a variety of risks from the financial instruments it holds, the most significant of which are the following.

Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its current and future obligations in full or on time. The Company is exposed to liquidity risk, since it has to meet its current and future obligations and at the moment has no income from its operations.

The parent company expressed its willingness to continue to provide adequate funds to the Company to meet its liabilities and not to demand repayment of the amounts due to the parent until the Company is in a position to do so.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has limited exposure to credit risk other than some limited amount held with a local financial institution.

Concentration Risk

The Company is exposed to concentration risk since it has all its cash balances with one financial institution.

15. Capital management

The Company sets objectives to maintain healthy capital ratios in order to support its business objectives and maximize value for shareholders.

Adjustments to capital levels may occur in the light of changes in the economic situation and the risks specific to the activities of the Company. In order to maintain the required capital, the Company may adjust the amount of dividends paid to the parent company.

16. Capital commitments

The obligations arising from agreements for construction costs related to Company's inventory at 31 December 2015 amount to €14.475 (31 December 2014: €18.700).

17. Fair value of financial instruments

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between markets participants at the measurement date.

The Company's management believes that the fair value of the financial assets and liabilities of the Company is approximately equal to their carrying value at the reporting date.