C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

C o n t e n t s

BOARD OF DIRECTORS AND OTHER OFFICERS

Directors	Costas St. Galatariotis, Executive Chairman
	George St. Galatariotis, Director
	Stavros G. St. Galatariotis, Director
	Alexis G. St. Galatariotis, Director
	Tasos Anastasiou, Director
	Michalis Mousiouttas, Director
	Constantinos Pittas, Director
	Riginos Tsanos, Director
Secretary	C.C.C. Secretarial Limited, Limassol, Cyprus
Independent Auditors	Deloitte Limited, Limassol, Cyprus
Legal advisors	Christophi & Associates LLC
Bankers	Bank of Cyprus Public Company Limited

Declaration of Directors and other responsible officers of the Company in respect of the preparation of the Financial Statements

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 190 (1) / 2007 until 2013, we, the members of the Board of Directors and the other officials responsible for the drafting of the consolidated financial statements of C.C.C. Tourist Enterprises Public Company Limited (the "Company") and the Company's separate financial statements for the year ended 31 December 2015, on the basis of our knowledge, declare that:

a) the consolidated financial statements which are presented on pages 9 to 49:

   (i) have been prepared in accordance with the applicable International Financial Reporting Standards and the provisions of section (4), and
   (ii) provide a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Company's and subsidiary companies, consolidated financial statements as a whole and

b) the Board of Directors' report provides a fair review of the developments and the performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the main risks and uncertainties which they face.

Costas St. Galatariotis	Executive Chairman	....
George St. Galatariotis	Director	....
Stavros G. St. Galatariotis	Director	....
Alexis G. St. Galatariotis	Director	....
Tasos Anastasiou	Director	....
Michalis Mousiouttas	Director	....
Constantinos Pittas	Director	....
Riginos Tsanos	Director	…………………………….

Responsible for the preparation of the condensed interim consolidated financial statements

Name	**Position**	**Signature**
Elena Stylianou	Finance Manager	……………………………………

Limassol, 25 April 2016

REPORT OF THE BOARD OF DIRECTORS

For the year ended 31 December 2015

The Board of Directors presents its annual report of C.C.C. Tourist Enterprises Public Company Limited (the "Company") together with the audited financial statements for the year ended 31 December 2015. The financial statements are presented on a consolidated basis by using the equity method, for accounting the Company's participation in associated companies and they also include the separate financial statements of the Company.

Incorporation and principal activities

The Company was incorporated in Cyprus in 1989 as a limited liability company and on 5 June 1991 was converted into a public company in accordance with the provisions of the Cyprus Company Law, Cap. 113.

The principal activity of the Company is the investment in the share capital of L' Union Nationale (Tourism and Sea Resorts) Limited ("L'Union"). L' Union's principal activities, is the erection and development of hotels, the carrying on of the business of hotels, and the development and promotion of tourism and touristic activities. L' Union is the owner company of the luxurious hotel complex Le Meridien Limassol Spa & Resort ("Le Meridien") which is currently under full renovation. The renovation is expected to be completed within 2017.

Results

The consolidated loss for the year was € 42.986 (2014: loss €67.463).

The final results for the year 2015 as shown in the consolidated financial statements, do not differ from the preliminary results published on 29 February 2016.

Dividends

The Board of Directors does not recommend the payment of any dividend.

Review of the development, financial performance and current position of the Company

Financial performance

The Company has marginal losses in the amount of €42.986 (2014: loss of €67.463). The results for the year 2015 do not include any share of loss/profit from the investment in L'Union since the Board of Directors has decided to reclassify its investment from "Investment in associated company" to "Available for sale investment". The Board of Directors believes that this classification reflects better the economical substance of the events in accordance with the level of influence of the Company in the financial and operating policy decisions in L' Union. As a result, the investment is accounted for at fair value in accordance with the principles of "*IAS 39: Financial instruments: Recognition and measurement"*.

The loss of €67.463 for the year ended 2014 is stated after the following:

- Accounting loss of € 1.497.124 due to the loss of control in subsidiary (note 4 (ii))
- Accounting profit of €2.007.272 due to the loss of control in joint venture (note 4 (iv))
- Loss for the period from discontinued operations of €837.117 (note 4 (i)).

Financial position

The Company's consolidated total assets (including the consolidation of any associated companies) for the year ended were €20.873.385 (2014: €23.915.059). Net assets decreased from €23.870.929 in 2014 to €20.830.457 in 2015 as a result of the loss recognised in other comprehensive income for the year. The reduction in the Company's assets and net assets is due to net fair value loss of €2.997.486 on available for sale investment which was recognized in other comprehensive income for the year.

REPORT OF THE BOARD OF DIRECTORS (Cont'd)

Expected future developments of the Company

The Board of Directors does not expect major changes in the activities of the Company in the foreseeable future.

Risks and uncertainties

The Company's activities are subject to various risks and uncertainties, the most significant of which are the risks connected with hotel operations of L' Union which is the main investment of the Company.

The hotel and tourist industry in general, are affected by a number of factors including but not limited to:

- international and national economic and geopolitical conditions;
- the impact of war, terrorist activity but also epidemics, which affect travelers;
- increases in labour and energy costs;
- increased competition within Cyprus and the neighbouring countries.
- the economic environment in Cyprus (see also note 17)

Details with respect to the management of risks associated with the financial position of the Company are included in note 16 and 17 to the financial statements.

Branches

The Company does not maintain any branches.

Share Capital

On 31 December 2015, the issued and fully paid up share capital of the Company consisted of 141.692.040 ordinary shares at €0,43 each.

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

Significant events after the end of the financial year

Any significant events that occurred after the end of the financial year are described in note 18 to the financial statements.

Corporate Governance Code

The Board of Directors has not adopted the provisions of the corporate governance code. The Company is not obliged to adopt the provisions of the code as its titles are traded at the Alternative Market of the Cyprus Stock Exchange. The main reason for the non adoption of the Corporate Governance Code is that the costs to be incurred by the adoption of the Code would be disproportionately higher than any anticipated benefits that may be derived from its adoption.

The Board of Directors is responsible for the establishment of sufficient internal control procedures and risk control mechanisms, for the drafting, preparation, content and publication of all periodical information that is required of listed companies. The person responsible for the drafting and content of the consolidated financial statements is the Finance Manager.

REPORT OF THE BOARD OF DIRECTORS (Cont'd)

Corporate Governance Code (Cont'd)

Position of shareholders who hold a significant stake in the share capital of the Company, at least 5% of the issued share capital

The shareholders who held at least *5%* of the share capital of the Company, directly or indirectly at the dates shown below were:

	25 April 2016	**31 December 2015**
	%	%
The Cyprus Cement Public Company Ltd	*67,30*	*67,30*
Thomas M. Schmidheiny	*13,56*	*13,56*

The Company has not issued any titles with special control rights and there are no restrictions on voting rights.

The appointment and replacement of the members of the Board of Directors is done by the Company at its Annual General Meeting in accordance with the provisions of the Company's Articles of Association. The Company's Articles of Association provide that the Board of Directors has the power to appoint, at any time, any person as Director and such person that is appointed by the Board of Directors will hold his office until the next Annual General Meeting of the Company.

The Company's Articles of Association can be modified by the passing of a Special Resolution at an Extraordinary General Meeting of the shareholders.

The Company, subject to approval by the Company's shareholders, can issue or purchase Company's shares. The issue of any new shares is further subject to the provisions of the Company's Articles of Association, the prevailing law and the principle of fair treatment to all existing shareholders.

The Board of Directors currently consists of 8 members and meetings are convened at regular intervals. The Board of Directors approves the Company's strategy and supervises the adoption and realization of the Company's strategic development.

Directors' interest in the share capital of the Company

The direct and indirect interests of Directors in the share capital of the Company at the dates shown below were:

	25 April 2016	**31 December 2015**
	%	%
Costas St. Galatariotis (*)	*67,30*	*67,30*
Riginos Tsanos	*1,89*	*1,89*
George St. Galatariotis	-	-
Stavros G. St. Galatariotis	-	-
Alexis G. St. Galatariotis	-	-
Tasos Anastasiou	-	-
Michalis Mousiouttas	-	-
Constantinos Pittas	-	-

(*) The total share held by Mr. Costas St. Galatariotis includes his indirect participation resulting from family relationships between himself and Messrs. George St. Galatariotis, Stavros G. St. Galatariotis and Alexis G. St. Galatariotis their direct and indirect interest through companies which they control.

REPORT OF THE BOARD OF DIRECTORS (Cont'd)

Board of Directors

The members of the Board of Directors at the date of this report are shown on page 1. In accordance with the Company's Articles of Association Messrs. Alexis G. St. Galatariotis, Michalis Mousiouttas and Riginos Tsanos retire by rotation and being eligible, offer themselves for re-election.

Independent Auditors

The independent auditors, Deloitte Limited, expressed their willingness to continue in office. A resolution authorising the Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors

C.C.C. Secretarial Limited,
Secretary

Limassol, 25 April 2016

Independent Auditor's Report

To the Members of C.C.C. Tourist Enterprises Public Company Limited (the "Company")

Report on the consolidated financial statements and the separate financial statements of C.C.C. Tourist Enterprises Public Company Limited

We have audited the accompanying financial statements of **C.C.C. Tourist Enterprises Public Company Limited** and its associated company (hereinafter will be referred to as "Consolidated") and the separate financial statements of **C.C.C. Tourist Enterprises Public Company Limited** (the "Company") which comprise the consolidated statement of financial position and the separate statement of financial position of the Company as at 31 December 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows, and the separate statements of comprehensive income, changes in equity and cash flows of the Company 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 consolidated and separate financial statements of the Company that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union (EU) 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements of the Company 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 whether the consolidated and Company's separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements of the Company. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements.

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

Independent Auditor's Report (Cont'd)

To the Members of C.C.C. Tourist Enterprises Public Company Limited

Report on the consolidated financial statements and the separate financial statements of C.C.C. Tourist Enterprises Public Company Limited (Cont'd)

Opinion

In our opinion, the consolidated financial statements and the separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of their financial performance and their 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 it appears from our examination of those books.
- The consolidated 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 consolidated 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 consolidated financial statements.

Pursuant to the requirements of Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

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.

____

Costas Georghadjis
Certified Public Accountant and Registered Auditor
for and behalf of
Deloitte Limited
Certified Public Accountants and Registered Auditors

Limassol, 25 April 2016

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €	2014 €
Continuing operations			
Share of profit in joint venture/associate		2.026	359.068
Operating and administration costs		(42.593)	(66.810)
Finance costs, net	**6**	(1.715)	(2.057)
(Loss)/profit before taxation	**5**	(42.282)	290.201
Taxation	**7**	(704)	(30.695)
(Loss)/profit for the year from continuing operations		(42.986)	259.506
Discontinued operations			
Loss for the period from discontinued operations	**4 (i)**	-	(837.117)
Effect from loss of control in subsidiary company	**4 (ii)**	-	(1.497.124)
Effect from loss of control in joint venture	**4 (iv)**	-	2.007.272
Loss for the year		(42.986)	(67.463)
Loss per share		**€ cent**	**€ cent**
Basic and fully diluted loss per share	**8**	(0,00)	(0,00)

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €	2014 €
Loss for the year		(42.986)	(67.463)
Other comprehensive income for the year			
Continued operations			
Items that may be reclassified subsequently to profit or loss			
Fair value loss on available for sale investment	**10**	(2.997.486)	-
Share of deferred tax relating to revaluation of land in associated company		-	(11.466)
Total comprehensive loss for the year		(3.040.472)	(78.929)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 €	2014 €
ASSETS			
Non-current assets			
Investment in associates	**9**	7.300	23.706.445
Available for sale investment	**10**	20.702.980	-
		20.710.280	23.706.445
Current assets			
Receivables from related companies	**15**	163.105	208.614
		163.105	208.614
Total assets		20.873.385	23.915.059
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**11**	60.927.577	60.927.577
Share premium		1.756.398	1.756.328
Revaluation reserve		(2.997.486)	2.963.612
Accumulated losses		(38.856.032)	(41.776.658)
Total equity		20.830.457	23.870.929
Current liabilities			
Payables and accruals	**12**	15.500	11.768
Bank overdrafts		27.428	32.362
		42.928	44.130
Total liabilities		42.928	44.130
Total equity and liabilities		20.873.385	23.915.059

On 25 April 2016 the Board of Directors of C.C.C. Tourist Enterprises Public Company Limited authorised these financial statements for issue.

Costas St. Galatariotis
Executive Chairman

George St. Galatariotis
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital €	Share premium (note a) €	Revaluation reserve (note c) €	Accumulated losses (note b) €	Total €
1 January 2014	60.927.577	1.756.398	11.909.842	(50.643.959)	23.949.858
Comprehensive income					
Transfer from revaluation reserve to accumulated losses due to loss of control in subsidiary company	-	-	(8.934.764)	8.934.764	-
Share of deferred tax relating to revaluation of land of associated company	-	-	(11.466)	-	(11.466)
Loss for the year	-	-		(67.463)	(67.463)
31 December 2014 / 1 January 2015	60.927.577	1.756.398	2.963.612	(41.776.658)	23.870.929
Comprehensive income					
Transfer from revaluation reserves to accumulated losses due to reclassification of investment in associate to available for sale investment	-	-	(2.963.612)	2.963.612	-
Fair value loss on available for sale investment	-	-	(2.997.486)	-	(2.997.486)
Loss for the year	-	-	-	(42.986)	(42.986)
31 December 2015	60.927.577	1.756.398	(2.997.486)	(38.856.032)	20.830.457

Notes:

(a) Share premium is not available to be distributed in the form of dividends.

(b) Companies which do not distribute *70%* of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends *70%* of these profits. Special contribution for defence at *17%* will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividend paid for the years profits. This special contribution is payable by the Company on behalf of shareholders. For the purpose of calculating the deemed distribution, the term “profits” means the accounting profits as they are calculated in accordance with generally accepted accounting principles but after the transfer to reserves of any amount pursuant to any legislation.

(c) Revaluation reserve as of 31 December 2015, represents accumulated gains and losses arising on the revaluation of available for sale investments that has been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Revaluation reserve as of 31 December 2014, represents the share of the Company (*24,98%)* on fair value arisen on revaluation of land and buildings of L’ Union Nationale (Tourism and Sea Resorts) Limited (“L’Union). Upon reclassification of investment in L’Union from “Investment in associate” to “Available for sale investment”, the revaluation reserve was transferred to accumulated losses.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €	2014 €
Cash flows from operating activities			
Loss before taxation		(42.282)	(36.768)
Adjustments for:			
Interest payable		1.715	455.696
Share of profit from associates and joint venture		(2.025)	(359.067)
Depreciation		-	155.426
Effect of loss of control in subsidiary company	**4(ii)**	-	1.497.124
Effect of loss of joint control in joint venture	**4(iv)**	-	(2.007.272)
Operating cash flows before working capital changes		(42.592)	(294.861)
Increase in inventories		-	(6.478)
Decrease in receivables and prepayments		-	789.932
Increase/(decrease) in payables and accruals		3.732	(40.265)
Cash (used in)/generated from operating activities		(38.860)	448.328
Interest paid		(1.715)	-
Net cash (used in)/generated from operating activities		(40.575)	448.328
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment		-	(25.984)
Decrease/(increase) in amount due from related parties		45.509	(59.289)
Cash flow effect from loss of control in subsidiary company	**4(ii)**	-	9.533.916
Net cash generated from in investing activities		45.509	9.448.643
Net increase in cash and cash equivalents		4.934	9.896.971
Cash and cash equivalents at 1 January		(32.362)	(9.929.333)
Cash and cash equivalents at 31 December		(27.428)	(32.362)

PARENT COMPANY INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €	2014 €
Administration costs		(42.592)	(66.828)
Effect of loss of control in subsidiary company	**13**	-	(2.334.240)
Fair value gain on initial recognition of available for sale investment	**10 (ii)**	2.323.342	-
Finance costs (net)	**6**	(1.715)	(2.057)
Profit/(loss) before taxation	**5**	2.279.035	(2.403.125)
Taxation	**7**	-	-
Profit/(loss) for the year		2.279.035	(2.403.125)

PARENT COMPANY INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €	2014 €
Profit/(loss) for the year		2.279.035	(2.403.125)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Fair value loss on available for sale investment	**10**	(2.997.486)	-
Total comprehensive expense for the year		(718.451)	(2.403.125)

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 €	2014 €
ASSETS			
Non-current assets			
Investment in subsidiary	**13**	-	-
Investment in associates	**9**	3.417	21.380.541
Available for sale investment	**10**	20.702.980	-
		20.706.397	21.380.541
Current assets			
Amount due from related companies	**15**	163.105	208.614
		163.105	208.614
Total assets		20.869.502	21.589.155
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**11**	60.927.577	60.927.577
Share premium		1.756.398	1.756.398
Revaluation reserve		(2.997.486)	-
Retained losses		(38.859.915)	(41.138.950)
Total equity		20.826.574	21.545.025
Current liabilities			
Payables and accruals	**12**	15.500	11.768
Bank overdraft		27.428	32.362
		42.928	44.130
Total liabilities		42.928	44.130
Total equity and liabilities		20.869.502	21.589.155

On 25 April 2016 the Board of Directors of C.C.C. Tourist Enterprises Public Company Limited authorised these financial statements for issue.

Costas St. Galatariotis
Executive Chairman

George St. Galatariotis
Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital €	Share premium (note a) €	Revaluation reserve (note c) €	Accumulated losses (note b) €	Total €
1 January 2014	60.927.577	1.756.398	-	(38.735.825)	23.948.150
Comprehensive income					
Loss for the year	-	-	-	(2.403.125)	(2.403.125)
31 December 2014/1 January 2015	60.927.577	1.756.398	-	(41.138.950)	21.545.025
Comprehensive income					
Fair value loss on available for sale investment	-	-	(2.997.486)	-	(2.997.486)
Profit for the year	-	-	-	2.279.035	2.279.035
31 December 2015	60.927.577	1.756.398	(2.997.486)	(38.859.915)	20.826.574

Notes:

(a) Share premium account is not available to be distributed in the form of dividends.

(b) Companies which do not distribute *70%* of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividends. Special contribution for defence at *17%* will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

(c) Revaluation reserve as of 31 December 2015, represents accumulated gains and losses arising on the revaluation of available for sale investments that has been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

PARENT COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 €	2014 €
Cash flows from operating activities			
Loss before taxation		2.279.035	(2.403.125)
Adjustments for:			
Interest payable		1.715	2.057
Effect of loss of control in subsidiary company	**13**	-	2.334.240
Fair value gain on initial recognition of available for sale investment		(2.323.342)	-
		(42.592)	(66.828)
Increase/(decrease) in payables and accruals		3.732	(24.045)
Cash used in operating activities		(38.860)	(90.873)
Interest paid		(1.715)	(2.057)
Net cash used in operating activities		(40.575)	(92.930)
Cash flows from investing activities			
Decrease in amount due from related companies		45.509	83.042
Net cash generated from investing activities		45.509	83.042
Net increase/(decrease) in cash and cash equivalents		4.934	(9.888)
Cash and cash equivalents at 1 January		(32.362)	(22.474)
Cash and cash equivalents at 31 December		(27.428)	(32.362)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. INCORPORATION AND PRINCIPAL ACTIVITIES

C.C.C. Tourist Enterprises Public Company Limited (the "Company") was incorporated in Cyprus on 27 March 1989 as a private limited liability company and on 5 June 1991 was converted into a public company in accordance with the provisions of the Companies Law, Cap.113. The registered office of the Company is at 197 Makarios Avenue III, Gala Tower, 3030 Limassol.

The principal activity of the Company is the investment in the share capital of L' Union Nationale (Tourism and Sea Resorts) Limited (L' Union). L' Union's principal activities, is the erection and development of hotels, the carrying on of the business of hoteliers, and the development and promotion of tourism and touristic activities. L' Union is the owner company of the Luxurious hotel complex Le Meridien Limassol Spa & Resort ("Le Meridien") which is currently under full renovation. The renovation is expected to be completed within 2017.

The hotel complex Le Meridien Limassol Spa and Resort is situated along the coast to the east of the ancient town of Amathunta occupying an area of 91.170 sq.m. fronting the sea for 270 meters. An area of 73.778 sq.m is owned on a freehold basis whilst an area of 17.392 sq.m is being leased from the Government of Cyprus for a period of 99 years starting from the year 1986.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted 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.

Statement of compliance

The consolidated financial statements and the separate financial statements of the Company (the "financial statements") have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

In addition, the financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113 and the Cyprus Stock Exchange Laws and Regulations.

Basis of preparation

The financial statements are expressed in Euro, which is the Company's functional currency, have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires the management of the Company to exercise its judgment in the process of applying the company's accounting policies. It also requires the use of 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 amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Application of new and revised International Financial Reporting Standards (IFRSs)

In the current year, the Company has adopted all of the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on or after 1 January 2015. Except as mentioned below the adoption of these Standards did not have a material effect on the accounting policies of the Company.

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2015 and had no material impact on the Company:

Standard/ Interpretation	**Effective for annual periods beginning on or after:**
IFRIC Interpretation 21: Levies	17 June 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 January 2015

i) Adopted by the European Union

Up to the date of approval of these financial statements the following standards have been published by the International Accounting Standards Board but were not yet effective:

Standard/ Interpretation	**Effective for annual periods beginning on or after:**
Amendments to IAS 1: Disclosure Initiative.	1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	1 January 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Ventures	1 January 2016
Amendments to IAS 16 and IAS 41: Bearer Plants	1 January 2016
Amendments to IAS 19: Defined Benefit Plans Employee Contribution	1 February 2015
Annual Improvements to IFRSs 2010-2012 Cycle.	1 February 2015
Amendments to IAS 27: Equity method in separate financial Statements	1 January 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Application of new and revised International Financial Reporting Standards (IFRSs) (Cont'd)

ii) Not yet adopted by the European Union

Standard/ Interpretation	**Effective for annual periods beginning on or after:**
IFRS 9: Financial Instruments	1 January 2018
IFRS 14: Regulatory Deferral Accounts	1 January 2016
IFRS 15: Revenue from Contract with Customers	1 January 2018
Amendments to IFRS 10, IFRS 12, IAS 28: Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred Indefinitely

The Company is in the process of evaluating the effect that the adoption of the above standards will have on the financial statements of the Company, and it does not intend to early adopt any of them.

Basis of consolidation of subsidiary companies

The consolidated financial statements incorporate the financial statements of the Company (including structured entities) and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders meetings.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of consolidation of subsidiary companies (Cont'd)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

Changes in the ownership interests in subsidiaries that do not result in losing control over the subsidiaries are accounted as equity transactions. The carrying amounts of the interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *"IAS 39: Financial instruments: Recognition and measurement"*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Non-current Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is recognised as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The management of the Company must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Non-current Assets Held for Sale and Discontinued Operations (Cont'd)

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component (cash generating unit) that has either been disposed of, or classified as held for sale, and

- represents a separate major line of business or geographical area of operation.
- is a subsidiary acquired exclusively with a view to resale.
- is part of a single coordinated plan to dispose of a major line of business or geographical area of operation.

Results of discontinued operations for the current year and comparatives are separately disclosed in order to evaluate the financial effects of discontinued operations.

Basis of consolidation of investment in associates and joint ventures

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with *"IFRS 5: Non-current assets Held for Sale and Discontinued Operations".* Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate or joint venture.

When the Company's share or losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of consolidation of investment in associates and joint ventures (Cont'd)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. An excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of *"IAS39: Financial instruments: Recognition and measurement"* are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with *"IAS 36: Impairment of Assets"* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with *"IAS 36: Impairment of Assets"* to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Company retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with *"IAS 39: Financial instruments: Derecognition and measurement*". The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Company continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Company reduces its ownership interest in an associate or a joint venture but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Transactions with an associate or a joint venture of the Company, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Company's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue

Revenue represents amounts invoiced in respect of services rendered to customers during the year, net of value added tax.

Net finance costs

Net finance costs comprise interest payable on borrowings and other financial facilities granted by third parties net of interest receivable on cash at banks or from amounts due from third parties. Interest is recognised in the income statement when it becomes accrued.

Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency), which is the Euro.

In preparing the financial statements, any transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each year end date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the year end date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are retranslated with the rate at the translation rate.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in net assets.

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable loss differs from loss reported in the consolidated statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and it is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation (Cont'd)

Deferred tax (Cont'd)

Deferred tax liabilities for which for taxable temporary differences are recognized and are associated with investments in subsidiaries and associates, and interest in joint ventures except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The deferred tax liability which arises from the revaluation of property, plant and equivalent is transferred to capital reserves.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Investment in subsidiary company

The investment in the subsidiary company is stated at cost less any provision for impairment in the separate financial statements of the Company.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available for sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments except for those financial assets classified as at FVTPL.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Investments

The Company classifies its investments in equity securities in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. The management of the Company determines the classification of investments at initial recognition.

- Financial assets at fair value through profit or loss

  This category has two sub-categories: financial assets held at fair value through profit or loss and those designated at fair value through profit or loss at inception. A financial asset is classified in the held at fair value through profit or loss category if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Assets in this category are classified as current assets if they are either held at fair value through profit or loss or are expected to be realised within twelve months from the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets (Cont'd)

Investments (Cont'd)

- Held-to-maturity investments

  Investments with fixed or determinable payments and fixed maturity that the management has the positive intent and ability to hold to maturity, other than loans and receivables originated by the Company, are classified as held-to-maturity investments. Such investments are included in non-current assets, except for maturities within twelve months from the reporting date, which are classified as current assets.

- Available for sale financial assets

  Available for sale financial assets are non-derivatives that are either designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

  Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available for sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Regular way purchases and sales of investments are recognised on 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. Investments are derecognised when the rights to receive cash flows from the investments 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 at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available for sale financial assets are recognised in other comprehensive income and then in equity. When available for sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets (Cont'd)

Investments (Cont'd)

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets the cumulative loss which is 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.

For financial assets measured at amortised cost, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of any available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derivatives

Derivatives are initially recognised at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and any changes therein are generally recognised in profit or loss. Fair value is calculated using the current values, discounted cash flow analysis or option valuation methods. Derivatives are recorded as assets when their fair value is positive and as liabilities when their fair value is negative.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade receivables are stated net of provision for bad debts. Known bad debts are written off and a specific provision is made for any amounts where the collection is considered doubtful.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets (Cont'd)

Cash and cash equivalents

These comprise of cash in hand and bank balances.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period.

Evidence for impairment may include that the borrower is experiencing significant financial difficulty, default or deficiency in interest or principal payments, the probability that will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measureable decrease in the estimated future cash flows and change in arrears of economic conditions that correlate with defaults.

Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is 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.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets (Cont'd)

Derecognition of financial assets (Cont'd)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities". Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

A financial liability is classified as "held for trading" if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities (Cont'd)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and *"IAS 39: Financial Instruments: Recognition and Measurement"* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item in the consolidated statement of comprehensive income.

Borrowings

Borrowings are recognized at original borrowing amount, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income during the period of the borrowing using the effective interest method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and reliable estimate can be made for the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the year end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Comparatives

Where necessary, comparative figures have been adjusted to conform changes in presentation in the current period.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect reported amounts and related disclosures. The management of the Company considers an accounting estimate or judgement to be critical if:

- it requires assumptions to be made that were uncertain at the time the estimate was made; and
- changes in the initial estimate or different estimates that could have been selected could have a material effect on the financial results or financial position.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described below:

Reclassification of investment in associate to available for sale investment

An investment in associated company should be reclassified to available for sale investment when the Company loses significant influence over the financial and operating policy decisions of the investee.

As of 1 January 2015, the Board of Directors has decided to reclassify its investment in L'Union from "Investment in associated company" to "Available for sale investment". The Board of Directors believes that this classification reflects better the economical substance of the events in accordance with the level of influence of the Company in the financial and operating policy decisions of L'Union.

The decision relating to the reclassification of the investment and the timing such decision requires significant judgment on several factors or events, as outlined in *"IAS 28: Investment in associated and Joint Ventures",* to determine whether the Company is in position to exercise significant influence in L'Union.

Fair value of financial assets

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

The fair value of the available for sale investment in L' Union, being hotel owner, has been determined by using the discounted cash flow method (DCF) which was prepared by the management of the Company.

In developing estimates of future cash flows, the Company must make assumptions about future hotel's revenues and expenses. These assumptions are based on historical trends as well as future expectations. Although the management of the Company believes that the assumptions used to calculate fair value of investment are reasonable and appropriate, such assumptions may be highly subjective especially taking into consideration the fact that the Company is not in the position to exercise significant influence in decision making.

Impairment of investments in subsidiaries/associates/joint ventures

The Company periodically evaluates the recoverability of investments in subsidiaries/associates/joint ventures whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries/associates may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write down to fair value is necessary.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

Provision for doubtful debts

The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

4. LOSS FROM DISCONTINUED OPERATIONS

Issue of share capital in L' Union Nationale (Tourism and Sea Resorts) Limited ("L' Union") and change in its shareholding structure in the previous financial year

On 23 October 2013, the Company signed an "Agreement and plan of Subscription" with Emerald Coast Properties Limited, ("the investor"), according to which the Company's subsidiary at that time, L' Union would have issued at par 20.000.000 shares of a new class, with a nominal value of €1 each, to be subscribed by the investor, with the Company waiving its pre-emption rights. The conclusion of the transaction was subject to completion of certain conditions and to due diligence the scope of which was to verify certain parameters and representations.

On 31 January 2014, all conditions of the above agreement (the "Agreement") have been satisfied and at the time, the subsidiary company by a special resolution on the same day issued and allotted 20.000.000 shares with nominal value of €1 each, to the investor for the subscription price of €20.000.000. After the issue of the said new shares, the Company and the investor each have *50%* share in L' Union. The new funds were primarily used for the renovation of the Le Meridien Limassol Spa and Resort which started in November 2014, as well as for the strengthening of L' Union's working capital.

The Company recognized in the consolidated financial statements a loss of €1.497.124 from the transaction described above which is the difference between the carrying value of the assets of the subsidiary attributable to the Company before and after the completion of the agreement.

Additional issue of share capital in L' Union Nationale (Tourism and Sea Resorts) Limited and change in its shareholding structure

On 6 June 2014, the Company signed a Memorandum of Understanding (MOU) with the investor, which held *50%* of the issued shares of L' Union. According to the MOU the issued share capital of L' Union would increase approximately by €52,5 million through the issue of new shares to the investor (and simultaneous waiver of all and any pre-emption rights of the Company).

On 30 September 2014, the share capital restructuring of L' Union was completed. With the restructuring, the issued share capital of L 'Union increased by €52,5 million by issuing of 40.076.336 shares of nominal value of €1,31 each. Following the issue of these shares, the Company holds *24,98%* of the total issued share capital in L 'Union. The proceeds have been used exclusively for the repayment of bank debts of L'Union to the Bank of Cyprus Public Company Ltd.

From this transaction, the Company has recognized in the consolidated financial statements an accounting profit of €2.007.272, which concerns the difference between the share of net assets in L'Union attributable to the Company before and after the completion of the restructuring.

The loss and profit arising from the above transactions, amounting to € 1.497.124 and €2.007.272 respectively, are presented in the consolidated income statement as part of the discontinued operations. In addition, the loss of the subsidiary company for the month January 2014 presented in the consolidated income statement is also presented as part of the discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

4. LOSS FROM DISCONTINUED OPERATIONS (Cont'd)

Additional issue of share capital in L' Union Nationale (Tourism and Sea Resorts) Limited and change in its shareholding structure (Cont'd)

From 1 February 2014 until 30 September 2014, the Company's investment in L 'Union is presented using the equity method in accordance with *"IFRS 11: Joint Arrangements".* From 1 October 2014, the Company's investment in L 'Union is also presented using the equity method in accordance with *"IAS 28: Investments in Associates and Joint Ventures".*

(i) Results from discontinued operations

	1 January 2014- 31 January 2014 €
Revenue	440.688
Operating and administration costs	(844.996)
Depreciation	(155.424)
Net finance costs	(277.385)
Loss before taxation	(837.117)
Taxation	-
Loss for the period from discontinued operations	(837.117)
Total comprehensive loss for the period	(837.117)

(ii) Effect of loss of control in subsidiary company

	31 January 2014 €
Property, plant and equipment	97.370.558
Investment in partnership	1.150.396
Property under development	790.333
Inventories	758.532
Trade and other receivables	397.800
Cash and cash equivalents	(9.533.916)
Trade and other payables (including related party payables)	(3.879.006)
Deferred taxation	(9.932.909)
Bank loans and bank overdrafts	(54.247.540)
Net position	22.874.248
Share of the Company (*100%)* on net assets of L' Union before issue of shares	(22.874.248)
Share of the Company (*50%)* on net assets of L' Union after issue of shares	21.377.124
Loss from the loss of control in L' Union	(1.497.124)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

4. LOSS FROM DISCONTINUED OPERATIONS (Cont'd)

(iii) Net cash inflow on loss of control in subsidiary company

	31 January 2014 €
Cash and cash equivalent in L' Union on the date of loss of control	9.533.916
Cash flow effect from loss of control in subsidiary company	9.533.916

(iv) Effect of loss of joint control in joint venture

	30 September 2014 €
Property, plant and equipment	96.832.672
Investment in partnership	1.150.396
Property under development	790.333
Inventories	641.431
Trade and other receivables	2.391.905
Cash and cash equivalents	10.442.341
Trade and other payables	(5.574.596)
Deferred taxation	(9.932.909)
Bank loans and bank overdrafts	(52.662.673)
Net position	44.078.900
Share of the Company (*50%*) on net assets of L'Union before issue of shares	22.039.450
Share of the Company (*24,98%*) on net assets of L'Union after issue of shares	24.046.722
Profit from loss of control in joint venture	2.007.272

(v) Cash flow from Discontinued operations are as follows:

Discontinued operations

	2014 €
Cash flow from operating activities	884.465
Cash flow from investing activities	(25.984)
Cash flow from financing activities	-

5. LOSS BEFORE TAXATION

This is stated after charging:

	Consolidated & Company	
Continuing operations	**2015**	**2014**
	€	**€**
Auditors' remuneration for statutory audit services – current year	10.000	10.000
Auditors' remuneration for other services – prior year	3.987	3.350
Directors' remuneration:		
as members of the Board of Directors – current year (i)	3.200	3.200

(i) The following directors receive annual fees of €400 each for their services as members of the Board of Directors: Costas St. Galatariotis, George St. Galatariotis, Stavros G. St. Galatariotis, Alexis G. St. Galatariotis, Tasos Anastasiou, Michalis Mousiouttas, Constantinos Pittas and Riginos Tsanos.

6. FINANCE COSTS (NET)

Continuing operations

	Consolidated & Company	
	2015	**2014**
Finance costs	**€**	**€**
Bank overdraft and other bank charges	1.537	1.842
Other related costs	178	215
Finance costs (net)	1.715	2.057

7. TAXATION

Taxation charge

Continuing operations	Consolidated		Company	
	2015	**2014**	**2015**	**2014**
	€	**€**	**€**	**€**
Share of tax of associate company	704	30.695	-	-
Taxation charge	704	30.695	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

7. TAXATION (Cont'd)

The total tax charge for the year can be reconciled to the accounting loss as follows:

	Consolidated		Company	
	2015	2014	2015	2014
	€	€	€	€
Profit/(loss) before taxation	2.279.035	(36.768)	2.279.035	(2.403.125)
Tax at the applicable income tax rate of *12,5%*	284.879	(4.596)	284.879	(300.391)
Tax effect of expenses that are not deductible in determining taxable profit	(288.105)	2.114	(288.105)	297.909
Effect of losses carried forward	3.226	2.482	3.226	2.482
Share of tax of associate company	704	30.695	-	-
Tax charge	704	30.695	-	-

The corporation tax rate during the year ended 31 December 2015 was *12,5%*.

Tax losses

From 1 January 2013, companies can carry forward tax losses incurred over the next five years from the end of the tax year in which they were incurred, to be offset against taxable income (previously no time restriction was in place).

At the end of the year, the Company's tax losses that were available to be carried forward and offset with taxable profits in the next five years amounted to € 97.111 (2014: €100.923).

8. BASIC AND FULLY DILUTED LOSS PER SHARE

Consolidated

	2015	2014
	€	€
Net loss for the year	(42.986)	(67.463)
Weighted average number of shares	141.692.040	141.692.040
	€ cent	€ cent
Basic and fully diluted loss per share	(0,00)	(0,00)

9. INVESTMENT IN ASSOCIATED COMPANIES

	Consolidated		Company	
	2015	2014	2015	2014
	€	€	€	€
Investment in associated company- L'Union Nationale (Tourism and Sea Resorts) Limited (i)	-	23.700.467	-	21.377.124
Investment in associated company- C.C.C. Secretarial Limited(ii)	7.300	5.978	3.417	3.417
	7.300	23.706.445	3.417	21.380.541

Details of the Company's investment in associated companies at the end of the reporting period are as follows:

Name of associated Company	Principal activity	% Holding	
		2015	2014
L' Union Nationale (Tourism and Sea Resorts) Limited	Hotel operations	-	*24,98%*(*)
C.C.C. Secretarial Limited	Secretarial and other professional services	*20%*	*20%*

(*) From 1 February 2014 until 30 September 2014, the Company owned *50%* of the share capital of L'Union and the investment is presented using the equity method in accordance with *"IFRS 11: Joint Arrangements".* From 1 October 2014, the Company owned *24,98%* of the share capital of L'Union and the investment is also presented using the equity method in accordance with *"IAS 28: Investments in Associates and Joint Ventures".*

(i) Investment in associated company L' Union Nationale (Tourism and Sea Resorts) Limited ("L' Union")

The Company

Following the loss of control in L'Union on 31 January 2014, the investment was recognised at the Company's share (*50%*) in the equity of L'Union (note 4 (ii) and note 13 (i)).

According to the accounting policy, the amount did not change by the decrease in the share percentage ownership since no impairment has been assessed.

As of 1 January 2015, the Board of Directors has decided to reclassify its investment in L'Union from "Investment in associated company" to "Available for sale investment".

Consolidated

The movement of the investment in L' Union during the period is as follows:

	2015	2014
	€	€
Balance 1 January	23.700.466	-
Reclassified to available for sale investment (note 10)	(23.700.466)	-
Initial recognition of investment (note 4 (ii))	-	21.377.124
Share of profit of joint venture	-	662.326
Investment in Joint Venture as of 30 September 2014	-	22.039.450
Effect of loss of control of *25,02%* in joint venture (note 4(iv))	-	2.007.272
Share of loss before tax in associated company	-	(304.595)
Share of deferred tax relating to revaluation of land of associated company	-	(11.466)
Share of deferred tax relating to accelerated capital allowances of the associated company	-	(30.195)
Investment in associated company as of 31 December	-	23.700.466

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

9. INVESTMENT IN ASSOCIATED COMPANIES (Cont'd)

(i) Investment in associated company L' Union Nationale (Tourism and Sea Resorts) Limited ("L' Union") (Cont'd)

Consolidated (Cont'd)

The financial information in regards of the Company's investment in L' Union is as follows:

	31 December 2014 €
Current assets	11.179.415
Non-current assets	96.673.167
Current liabilities	(2.875.234)
Non- current liabilities	(10.099.581)
Net financial position	94.877.767

The above amounts of assets and liabilities include the following:

	31 December 2014 €
Cash and cash equivalents	8.538.703
Current liabilities (excluding trade and other payables)	(240.896)
Non-current liabilities (excluding trade and other payables)	(10.099.581)

The results of L'Union for the year ended 31 December 2014 are the following:

	Year 2014 €
Revenue	14.516.546
Operating and administration costs	(13.605.712)
Depreciation	(1.752.452)
Net finance income	745.749
Net loss on disposal / impairment of property, plant and equipment	(2.371.446)
Share of profit in a partnership	1.735.495
Loss before taxation	(731.820)
Taxation	(120.876)
Loss for the period	(852.696)
Other comprehensive income for the year	
Items that may not be reclassified subsequently to income statement	
Deferred tax from revaluation of land	(45.901)
Total comprehensive loss for the year	(898.597)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

9. INVESTMENT ASSOCIATED COMPANIES (CONT'D)

(i) Investment in associated company L' Union Nationale (Tourism and Sea Resorts) Limited ("L' Union") (Cont'd)

Consolidated (Cont'd)

Reconciliation of the above summarized financial information to the carrying amounts of the interest in the associated company recognized in the consolidated financial statements:

	31 December 2014
Net assets of associated company	€94.877.767
Proportion of Company's ownership in associated company	*24,98%*
Carrying amounts of interest in associated company	€23.700.467

Prior year commitments and contingencies

Renovation of the hotel

In November 2014, the hotel closed down for renovations and is expected to be completed in the first four months of 2017. As of 31 December 2014, L' Union had capital commitments mainly connected with construction and other related costs in the amount of €17.562.416.

Operating Lease

L' Union leases from the Government of Cyprus coastal area 17.392 sq.m. beach at an annual rent of €119.000. During the year the payments relating to the lease and recognised as an expense were as follows:

	31 December 2014 €
Minimum lease payments	110.811

The future minimum amounts payable under the lease, which is for a period of 99 years starting from 17 January 1986, at the end of the year, based on the current annual rental fee, are as follows:

	31 December 2014 €
Within one year	119.000
Within two to five years	476.000
After five years	7.735.000
	8.330.000

As per the lease agreement the annual rental fee is subject to revision every five years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

9. INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

(ii) Investment in C.C.C. Secretarial Limited

Consolidated

The principal activity of C.C.C. Secretarial Limited is the provision of administrative and other related services. The Group's share in the share capital of the associate is *20%*. The investment in associate company is accounted for in the consolidated financial statements using the equity method whereas in the separate financial statements of the Company is stated at cost less any provisions for impairment.

The Company's movement of the investment in joint venture and associated company during the period is as follows:

	2015 €	2014 €
Opening balance	5.978	5.143
Share of profit before taxation	2.026	1.335
Share of taxation	(704)	(500)
Closing balance	7.300	5.978

The financial information in regards of the investment in associated company is as follows:

	2015 €	2014 €
Current assets	157.942	236.934
Non-current assets	33.247	45.991
Current liabilities	(135.327)	(225.449)
Non- current liabilities	(19.364)	(27.586)
Net financial position	36.498	29.890

	2015 €	2014 €
Revenue	1.203.099	1.452.433
Costs	(1.188.324)	(1.438.941)
Net finance costs	(4.650)	(6.818)
Profit before taxation	10.125	6.674
Taxation	(3.519)	(2.500)
Profit for the period	6.606	4.174
Share of the profit	1.321	835

9. INVESTMENT IN ASSOCIATED COMPANIES (Cont'd)

(ii) Investment in C.C.C. Secretarial Limited (Cont'd)

Consolidated (Cont'd)

Reconciliation of the above summarized financial information to the carrying amounts of the interest in the associated company recognized in the consolidated financial statements:

	2015	2014
Net assets of the associated company	€36.498	€29.890
Proportion of interest in the associated company	*20%*	*20%*
Carrying amounts of interest in the associated company	€7.300	€5.978

10. AVAILABLE FOR SALE INVESTMENT

	Consolidated & Company	
	2015	2014
	€	€
Investment in L' Union Nationale (Tourist and Sea Resorts) Limited	20.702.980	-

Details of available for sale investment at the end of the reporting period are as follows:

Name of the entity	Principal activity	% Holding 2015
L' Union Nationale (Tourist and Sea Resorts) Limited	Hotel Operations	*24,98*

The movement of available for sale investment is the following:

	Consolidated 2015 €	Company 2015 €
Reclassification from investment in associate on 1 January 2015 (i), (ii)	23.700.466	23.700.466
Net fair value loss on available for sale investment recognised in other comprehensive income (v), (vi)	(2.997.486)	(2.997.486)
Balance 31 December	20.702.980	20.702.980

(i) The Board of Directors has decided to reclassify its investment in L'Union from "Investment in associated company" to "Available for sale investment" with effect from 1 January 2015. The Board of Directors believes that this classification reflects better the economical substance of the events in accordance with the level of influence of the Company in the financial and operating policy decisions of L'Union with the most important ones being the complete renovation of the hotel complex and the future business model plans. As a result, the investment is accounted for at fair value in accordance with the principles of *"IAS 39: Financial instruments: Recognition and measurement".*

10. AVAILABLE FOR SALE INVESTMENT (Cont'd)

(ii) As per the requirements of *"IAS 39: Financial instruments: Recognition and measurement",* the investment in L'Union was fair valued on initial recognition. The management of the Company has assessed that the share of net assets value of its investment in L'Union as at 31 December 2014 (€23.700.466), represents the investment's fair value as at 1 January 2015. This assessment was based on the fact that the transactions carried out with the other *75,02%* shareholder of L'Union during 2014 (as disclosed in note 4) represents market transactions. As a result of the reclassification (note 10(i)), a fair value gain of €2.323.342 was recognised in Company's income statement, being the difference between the previous carrying value of investment in L'Union (€21.377.124) and the fair value of investment on initial recognition as of 1 January 2015 (€23.700.466).

(iii) L'Union has the following shares as of 31 December 2015:

- 20.000.000 ordinary shares of €1,71 each which are owned by the Company (Class "A" shares)
- 20.000.000 ordinary shares of €1 each which are owned by the investor (Class "B" shares)
- 40.076.336 ordinary shares of €1,31 each which are owned by the Company (Class "C" shares)

All above shares rank pari passu in all respects (including without any restriction in relation to voting and dividends) except from (i) the holders of Class "A" shares shall alone be entitled to appoint and remove one "A" Director of the associated company and to vote in relation to the appointment, election or removal of the one "A" Director of the associated company, (ii) the holders of Class "B" shares shall alone be entitled to appoint and remove three "B" Directors of the associated company and to vote in relation to the appointment, election or removal of the three "B" Directors of the associated company, (iii) the holders Class "C" shares shall alone be entitled to appoint and remove an unlimited number of "C" Directors of the associated company and to vote in relation to the appointment, election or removal of the "C" Directors of the associated company and (iv) as far as the return of capital on winding up of the associated company is concerned the proportion of rights of Class "A" shares, Class "B" shares and Class "C" shares will be 1,71 from 4,02, 1,00 from 4,02 and 1,31 from 4,02 respectively.

As of 31 December 2015, the Company and the investor have one and four appointed directors, respectively. In addition, general meetings decisions will be taken by a simple majority unless otherwise specified by law.

(iv) Based on agreement signed on 30 September 2014 with the investor, the Company has a ("call option") to compel L'union to issue solely and exclusively to the Company shares at fair value which together with the existing shareholding (*24,98%*) will constitute *50%* of the issued L'Union shares. The option is exercisable after 3 years and before the lapse of 6 years from the Share Capital Restructuring (between 30 September 2017 and 30 September 2020).

(v) *<u>Valuation method and key assumptions</u>*

The valuation of L'Union as of 31 December 2015 was prepared by the management of the Company, using the discounted cash flow (DCF) method.

The key inputs/assumptions used in the valuation are the following:

- Discount rate: *10%*
- Projection period: 10 years
- Annual growth rate in revenue: *2% - 3%*
- Terminal growth rate: *3%*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

10. AVAILABLE FOR SALE INVESTMENT (Cont'd)

(vi) *Sensitivity*

The following table shows the potential effect in fair value of investment in L' Union in other comprehensive income, from the change in projected EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) and discount rate. The positive amount reflects net potential gain and negative amount a net potential loss in other comprehensive income.

Change in assumptions	**Consolidated & Company Impact in other comprehensive income 2015 €**
Increase by *10%* of EBITDA	1.330.801
Decrease by *10%* of EBITDA	(1.330.795)
Increase by *0,5%* of discount rate	(2.047.957)
Decrease by *0,5%* of discount rate	2.356.443

11. SHARE CAPITAL

	2015 €	**2014 €**
Authorised		
150.000.000 ordinary shares of €0,43 each	64.500.000	64.500.000
Issued and fully paid shares		
141.692.040 ordinary shares of €0,43 each	60.927.577	60.927.577

12. PAYABLES AND ACCRUALS

	Consolidated & Company	
	2015 €	**2014 €**
Other payables and accrual	15.500	11.768
	15.500	11.768

13. INVESTMENT IN SUBSIDIARY

The Company

As described in note 4, L'Union increased its share capital twice during 2014. The new share capital was subscribed by a third party and thus the Company lost the control in the subsidiary company on 31 January 2014 and accounted for as joint venture from February 2014. L'Union is registered in Cyprus and its principal activity is the erection and development of hotels and the carrying on of the business of hoteliers.

13. INVESTMENT IN SUBSIDIARY (Cont'd)

The movement of investment in subsidiary is the following:

	2015 €	2014 €
Balance 1 January	-	23.711.364
Effect of loss of control in subsidiary company (note 4 & (i) below)	-	(23.711.364)
Balance 31 December	-	-

(i) As a result of loss of control in subsidiary company, a loss of €2.334.240 was recorded being the difference between the carrying amount of investment as of 31 January 2014 (€23.711.364) and the share of net assets of L'Union after the increase of its share capital (€21.377.124).

14. COMMITMENTS AND CONTINGENCIES

As at 31 December 2015, the Company did not have any capital commitments or contingencies other than those of its associated companies which are described in note 9.

15. RELATED PARTY TRANSACTIONS

The ultimate parent company of the Company is George S. Galatariotis & Sons Limited. The parent company of the Company is The Cyprus Cement Public Company Limited.

The following transactions were carried out with related parties:

Consolidated & Company

Name	Nature of transactions	2015 €	2014 €
C.C.C. Secretarial Limited	Management fees	(4.760)	(17.213)

The following balances were outstanding at the end of the reporting period:

Name	Nature	Amounts owed from related parties 2015 €	2014 €
The Cyprus Cement Public Company Limited	Financing	20.774	66.283
L' Union Nationale (Tourism and Sea Resorts) Limited	Financing	142.331	142.331
		163.105	208.614

All the above transactions were made on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

16. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company are exposed to credit risk, liquidity risk, interest rate risk, tourist industry risk, capital risk management and other risks arising from the financial instruments it holds.

The risk management policies employed by the Company to manage these risks are discussed below:

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are provided to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company’s remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Consolidated & Company

	Carrying amount €’000	Contractual cash flows €’000	On demand and up to 3 months €’000
31 December 2015			
Bank Overdrafts	27.428	27.428	27.428
Trade and other payables	15.500	15.500	15.500
	42.928	42.928	42.928

	Carrying amount €’000	Contractual cash flows €’000	On demand and up to 3 months €’000
31 December 2014			
Bank Overdrafts	32.362	32.362	32.362
Trade and other payables	11.768	11.768	11.768
	44.130	44.130	44.130

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

16. FINANCIAL RISK MANAGEMENT (Cont'd)

(iii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company during 2014 and 2015 has no significant interest-bearing assets or liabilities. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

As at 31 December the profile of interest-bearing financial instruments was:

	2015	2014
Consolidated & Company	**€**	**€**
Variable rate instruments		
Bank overdrafts	27.428	32.362
	27.428	32.362

(iv) Market/price risk

Market/price risk is the risk of loss from changes in the fair value of investment available for sale (note 10) when there are unfavourable changes and uncertainties in tourist industry as disclosed in section (v) below.

Changes in the fair value of available for sale investments affect the equity of the Company (if not impaired)

(v) Tourism industry risk

The investment in L'Union, which is the main asset of the Company, is exposed to the following tourist industry risks:

- The political situation in the Southeastern Mediterranean area may seriously impact the tourist industry.
- The operations of the hotel are characterised by a high degree of seasonality, between the summer and winter months. Specifically, the hotel's high season is in the summer, between April and October and its low season between the months of November and March.
- The competitiveness of Cyprus in the international touristic market and the increasing competition within the Cypriot market may affect the results of the Company.
- The economic situation in Europe and political situation in Russia, the main sources of tourists for the associated company, may adversely affect the tourist industry.
- The economic situation in Cyprus as described in note 17.

(vi) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

16. FINANCIAL RISK MANAGEMENT (Cont'd)

(vii) Fair value

The carrying amounts and fair values of certain financial assets and liabilities are as follows:

	Consolidated & Company	
	Carrying amount 2015 €	Fair value 2015 €
Financial assets		
Available for sale investment	20.702.980	20.702.980

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of the Company's financial assets recorded at fair value.

	Consolidated & Company	
	Level 3 2015 €	Total 2015 €
Financial assets		
Available for sale investment	20.702.980	20.702.980

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

17. OPERATING ENVIRONMENT IN CYPRUS

During the last years, the Cyprus economy has been adversely affected by the crisis in the Cyprus banking system and the inability of the Republic of Cyprus to secure financing from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support of € 10 billion, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in", safeguarding deposits below €100.000.

Since March 2013, Troika performed several reviews of the Cyprus' economic program with very positive outcomes which resulted in the disbursement of all scheduled tranches of financial assistance to Cyprus.

Despite the adverse external economic environment in several European and international economies, the Cyprus economy shows signs of stabilization, evident by the upgrade of the credit rating and the future prospects of the Republic of Cyprus by all major international credit rating agencies. This assisted largely the efforts of the Republic of Cyprus to raise significant capital from international financial markets in the past few months. In addition, the Cypriot banks have been recapitalized and have reorganized their operations, leading to the full abolishment of all restrictive measures on deposits and transactions imposed during 2013.

The uncertain economic conditions in Cyprus could affect negatively the operations of L' Union which is the main asset of the Company. The Company's management however, is not in the position to predict all developments which may have an impact on the Cyprus economy and consequently what effect, if any, could have on the future financial performance, cash flows and financial position of the Company.

18. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting year, which have a bearing on the understanding of the financial statements.