K + G Complex Public Company Limited

Report and financial statements
31 December 2011

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K + G Complex Public Company Limited

Board of Directors and other officers

Board of Directors

George St. Galatariotis, Executive Chairman
Costas St. Galatariotis, Executive Director
Vassos G. Lazarides, Finance Director
Stavros G. St. Galatariotis, Executive Director
Michalis Christoforou, Executive Director
Tasos Anastasiou, Executive Director

Company Secretary

C.C.C. Secretarial Limited

197 Makarios III Avenue
Gala Tower
CY-3030 Limassol
Cyprus

Registered office

197 Makarios III Avenue
Gala Tower
CY-3030 Limassol
Cyprus

K + G Complex Public Company Limited

Declaration of Directors and other responsible officers of the Company for the financial statements

In accordance with Article 9 sections (3)(c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 ("Law"), we, the members of the Board of Directors and the other responsible officers of the Company for the drafting of the consolidated and separate financial statements of K + G Complex Public Company Limited for the year ended 31 December 2011, confirm that to the best of our knowledge:

(a) the annual consolidated and separate financial statements which are presented on pages 3 to 52:

   (i) were prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and in accordance with the provisions of Article 9, section (4) of the Law, and

   (ii) give a true and fair view of the assets and liabilities, the financial position and the profit or loss of K + G Complex Public Company Limited and the businesses that are included in the consolidated accounts as a total, and

(b) the Board of Directors Report gives a fair review of the developments and the performance of the business as well as the financial position of K + G Complex Public Company Limited and the businesses that are included in the consolidated accounts as a total, together with a description of the main risks and uncertainties they are facing.

Members of the Board of Directors

Name and surname	Signature
George St. Galatariotis (Executive Chairman)	
Costas St. Galatariotis (Executive Director)	
Vassos G. Lazarides, (Finance Director)	
Stavros G. St. Galatariotis (Executive Director)	
Michalis Christoforou (Executive Director)	
Tasos Anastasiou (Executive Director)	

Responsible for the preparation of the financial statements

Name and surname	Position	Signature
Elena Stylianou	Financial Controller	

Limassol
25 April 2012

K + G Complex Public Company Limited

Report of the Board of Directors

1 The Board of Directors of K + G Complex Public Company Limited (the “Company”) and its subsidiary companies, which as a whole are referred to as the ‘Group’, present to its members its Annual Report together with the audited consolidated and separate financial statements of the Company for the year ended 31 December 2011.

Principal activities

2 The principal activities of the Company and the Group, which are unchanged from last year, are the following:

(a) Development and sale of residential units
(b) Development and sale of land located in the Amathus area of Limassol
(c) Holding of investments

Review of developments, position and performance of the Company's business

3 The profit of the Group for the year ended 31 December 2011 amounted to €5.125.801 (Restated 2010: €8.760.536). On 31 December 2011 the total assets of the Group were €120.125.159 (Restated 2010: €120.649.849) and the net assets were €98.671.865 (Restated 2010: €94.945.988).

4 In the context of the future plans for the possible development and exploitation of the investment properties and in order to provide more relevant information on the financial position, the management of the associate company The Cyprus Cement Public Company Ltd has decided to revise its’ accounting policy followed for investment properties and adopt the fair value model in accordance with the accounting standard "IAS 40 Investment Property." This change in accounting policy has been also adopted by the Group and has been applied retrospectively as a prior year adjustment of the investment in associated companies, which is accounted for under the equity method. This change has not affected positively or negatively the results for the year ended 31 December 2011. Because of this change the comparative information for the year ended 31 December 2010 has been adjusted, increasing the share of profit of associates to € 8,37 million from a loss of € 2,06 million as presented previously (ie the net increase in profit in the comparative results for 2010 due to the change in accounting policy amounted to €10,43 million).

5 The financial position, development and performance of the Company and the Group as presented in these financial statements is considered satisfactory.

Principal risks and uncertainties

6 The Company and the Group are affected by the factors affecting the Cyprus economy and the property market and those disclosed in Notes 3 and 4 of the financial statements.

Future developments of the Company and the Group

7 During the year 2011, the Company proceeded with the sale of plots of land, which is expected to continue in the following years.

Results

8 The results of the Group and the Company for the year are set out on pages 10 and 11 respectively. The Company has paid out dividends as detailed below and the remaining profit for the year has been retained.

9 The Group's final results for the year 2011 amounted to a profit of €5.125.801 whereas the indicative results for the year announced on 29 February 2012 amounted to a profit of €5.130.000. The difference amounting to €4.199 arose due to the difference in the results of associated companies.

Dividends

10 On 28 December 2011 a dividend of €0,015 per share, amounting to €1.500.000 was paid in relation to the profits arising from 2009.

Share capital

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

Board of Directors

12 The members of the Board of Directors at 31 December 2011 and at the date of this report are shown on page 1. All of them were members of the Board of Directors throughout the year 2011.

13 In accordance with the Company's Articles of Association Messrs Vassos G. Lazarides and Michalis Christoforou retire on the next General Meeting and, being eligible, offer themselves for re election.

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

Corporate Governance Code

15 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.

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

K + G Complex Public Company Limited

Report of the Board of Directors (continued)

Corporate Governance Code (continued)

Shareholders holding more than 5% of the Company's share capital

17 The shareholders who held at least 5% of the issued share capital of the Company with voting rights on 25 April 2012, is as follows:

	% holding
C.C.C. Holdings & Investments Public Company Limited	83,27

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

19 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 provides 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.

20 The Board of Directors, subject to approval by the Company's shareholders, to issue or to 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 o fair treatment to all existing shareholders. The Board of Directors consists of 6 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 Company's share capital

21 The beneficial interest in the Company's share capital held by each Director, their spouse, children and companies in which they hold directly or indirectly at least 20% of the shares with voting rights in a general meeting, at 31 December 2011 and on 25 April 2012 was as follows:

	Interest at 25 April 2012	**Interest at 31 December 2011**
	%	**%**
George St. Galatariotis (1)	83,27	83,27
Costas St. Galatariotis (1)	-	-
Vassos G. Lazarides		
Stavros G. St. Galatariotis (1)	-	-
Michalis Christoforou	-	-
Tasos Anastasiou	-	-

(1) The total share held by Mr George St. Galatariotis includes his indirect participation resulting from family relationships between himself and Stavros G. St. Galatariotis and Costas St, Galatariotis and their indirect participation in C.C.C. Holdings & Investments Public Company Limited.

Report of the Board of Directors (continued)

Contracts with Directors and related parties

22 Other than the transactions and the balances with the Directors and related parties referred to in Note 27 of the financial statements, there were no other significant contracts with the Company, or its subsidiaries at 31 December 2011 in which the Directors or related parties had a material interest. Related persons include the spouse, minor children and companies in which Directors hold directly or indirectly at least 20% of the voting rights in a general meeting.

Events after the balance sheet date

23 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Branches

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

Independent Auditors

25 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution for their appointment and authorizing the Board of Directors to fix their remuneration will be submitted at the Annual General Meeting.

By Order of the Board

C.C.C. Secretarial Limited
Secretary

Limassol, 25 April 2012

Independent auditor's report

To the members of K + G Complex Public Company Limited

Report on the consolidated financial statements and the separate financial statements of K + G Complex Public Company Limited

We have audited the accompanying consolidated financial statements of K + G Complex Public Company Limited (the "Company") and its subsidiaries (together with the Company the "Group"), and the separate financial statements of K + G Complex Public Company Limited, which comprise the consolidated balance sheet and the balance sheet of the Company as at 31 December 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows, and the 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 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.

Auditor's 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 separate financial statements are free from material misstatement.

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

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 Group and the Company as at 31 December 2011, 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 requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, 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.
- The consolidated and separate 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 and the separate 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 and the separate financial statements.

Pursuant to the requirements of the 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 Law of 2009 on Statutory Audits of Annual and Consolidated Accounts 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.

Yiangos Kaponides
Certified Public Accountant and Registered Auditor

For and on behalf of
PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, Cyprus

25 April 2012

K + G Complex Public Company Limited

Consolidated statement of comprehensive income for the year ended 31 December 2011

	Note	2011 €	Restated 2010 (Note 16) €
Sales	6	**11.350.380**	3.010.000
Cost of sales	8	**(2.200.910)**	(680.959)
Gross profit		**9.149.470**	2.329.041
Administrative expenses	8	**(671.976)**	(643.803)
Selling and marketing expenses	8	**(145.901)**	(130.108)
Other income	7	**471.466**	448.510
Operating profit		**8.803.059**	2.003.640
Finance costs	10	**(1.301.423)**	(1.362.699)
Share of (loss)/profit of associates	18	**(1.487.747)**	8.366.728
Profit before tax		**6.013.889**	9.007.669
Income tax expense	11	**(888.088)**	(247.133)
Profit for the year		**5.125.801**	8.760.536
Other comprehensive income			
Share of movement of reserves of associated companies	18	**100.076**	(148.901)
Total comprehensive income for the year		**5.225.877**	8.612.035
Earnings per share (cents per share):			
- Basic and fully diluted	13	**5,13**	8,76

The notes on pages 19 to 52 are an integral part of these financial statements.

Company's statement of comprehensive income for the year ended 31 December 2011

	Note	**2011** €	2010 €
Sales	6	**11.350.380**	**3.010.000**
Cost of sales	8	**(1.914.307)**	**(680.959)**
Gross profit		**9.436.073**	**2.329.041**
Administrative expenses	8	**(659.500)**	**(584.390)**
Selling and marketing expenses	8	**(145.901)**	**(130.108)**
Other income	7	**536.568**	**672.542**
Operating profit		**9.167.240**	**2.287.085**
Finance costs	10	**(1.436.000)**	**(1.465.481)**
Profit before tax		**7.731.240**	**821.604**
Income tax expense	11	**(875.838)**	**(243.649)**
Profit for the year		**6.855.402**	**577.955**
Total comprehensive income for the year		**6.855.402**	**577.955**

The notes on pages 19 to 52 are an integral part of these financial statements.

K + G Complex Public Company Limited

Consolidated balance sheet at 31 December 2011

	Note	**2011 €**	Restated 2010 (Note 16) €	Restated 1 January 2010 (Note 16) €
Assets				
Non-current assets				
Property, plant and equipment	17	**72.462**	95.975	119.488
Investments in associates	18	**98.141.304**	99.528.975	91.310.748
		98.213.766	99.624.950	91.430.236
Current assets				
Inventories	20	**7.798.442**	9.851.662	10.290.742
Trade and other receivables	21	**4.906.553**	1.046.250	2.209.156
Tax refundable		**82.737**	82.737	82.737
Cash and cash equivalents	22	**9.123.661**	10.044.250	10.733.705
		21.911.393	21.024.899	23.316.340
Total assets		**120.125.159**	120.649.849	114.746.576
Equity and liabilities				
Capital and reserves				
Share capital	23	**17.000.000**	17.000.000	17.000.000
Share premium	23	**1.757.006**	1.757.006	1.757.006
Reserve of changes in equity of associate company		**(788.344)**	(888.420)	(739.919)
Reserve arising on translation of share capital into Euro		**86.014**	86.014	86.014
Retained earnings		**80.617.189**	76.991.388	70.230.852
Total equity		**98.671.865**	94.945.988	88.333.953
Non-current liabilities				
Borrowings	24	**17.965.211**	20.829.236	23.693.269
Deferred income tax liabilities	25	**25.913**	31.657	48.906
		17.991.124	20.860.893	23.742.175
Current liabilities				
Trade and other payables	26	**2.176.374**	1.494.714	498.317
Current income tax liabilities		**131.242**	103.056	163.765
Borrowings	24	**1.154.554**	3.245.198	2.008.366
		3.462.170	4.842.968	2.670.448
Total liabilities		**21.453.294**	25.703.861	26.412.623
Total equity and liabilities		**120.125.159**	120.649.849	114.746.576

On 25 April 2012 the Board of Directors of K + G Complex Public Company Limited authorised these financial statements for issue.

George St. Galatariotis, Executive Chairman

Vassos G. Lazarides , Finance Director

The notes on pages 19 to 52 are an integral part of these financial statements.

K + G Complex Public Company Limited

Company's balance sheet
at 31 December 2011

	Note	2011 €	2010 €
Assets			
Non current assets			
Property, plant and equipment	17	**72.462**	95.975
Investments in subsidiaries	19	**3.200.000**	3.200.000
Investments in associates	18	**32.953.010**	32.953.010
		36.225.472	36.248.985
Current assets			
Inventories	20	**7.642.967**	9.409.584
Trade and other receivables	21	**3.945.317**	87.628
Tax refundable		**82.737**	82.737
Cash and cash equivalents	22	**9.123.661**	10.044.250
		20.794.682	19.624.199
Total assets		**57.020.154**	55.873.184
Equity and liabilities			
Capital and reserves			
Share capital	23	**17.000.000**	17.000.000
Share premium	23	**1.757.006**	1.757.006
Reserve arising on translation of share capital into Euro		**86.014**	86.014
Retained earnings		**15.109.692**	9.754.290
Total equity		**33.952.712**	28.597.310
Non current liabilities			
Borrowings	24	**19.947.265**	22.790.439
Deferred income tax liabilities	25	**-**	5.657
		19.947.265	22.796.096
Current liabilities			
Trade and other payables	26	**1.837.754**	1.152.432
Current income tax liabilities		**130.000**	82.321
Borrowings	24	**1.152.423**	3.245.025
		3.120.177	4.479.778
Total liabilities		**23.067.442**	27.275.874
Total equity and liabilities		**57.020.154**	55.873.184

On 25 April 2012 the Board of Directors of K + G Complex Public Company Limited authorised these financial statements for issue.

George St. Galatariotis, Executive Chairman

Vassos G. Lazarides , Finance Director

The notes on pages 19 to 52 are an integral part of these financial statements.

K + G Complex Public Company Limited

Consolidated statement of changes in equity for the year ended 31 December 2011

	Share capital €	Share premium[2] €	Reserve arising on translation of share capital into Euro [2] €	Reserve of changes in equity of associated company [2] €	Retained earnings[1] €	Total €
Balance at 1 January 2010	17.000.000	1.757.006	86.014	(739.919)	44.248.253	62.351.354
Prior year adjustment (Note 16)	-	-	-	-	25.982.599	25.982.599
At 1 January 2010 – as restated	17.000.000	1.756.006	86.014	(739.919)	70.230.852	88.333.953
Comprehensive income						
Profit for the year	-	-	-	-	8.760.536	8.760.536
Other comprehensive income						
Share of other comprehensive income of associates (Note 18)	-	-	-	(148.501)	-	(148.501)
Total comprehensive income for the year 2010	-	-	-	(148.501)	8.760.536	8.612.035
Transactions with owners						
Dividend relating to 2009 profits (Note 12)	-	-	-	-	(2.000.000)	(2.000.000)
Total transactions with owners	-	-	-	-	(2.000.000)	(2.000.000)
Balance at 31 December 2010	17.000.000	1.757.006	86.014	(888.420)	76.991.388	94.945.988
Balance at 1 January 2011	17.000.000	1.757.006	86.014	(888.420)	40.580.186	58.534.786
Prior year adjustment (Note 16)	-	-	-	-	36.411.202	36.411.202
At 1 January 2011 – as restated	17.000.000	1.757.006	86.014	(888.420)	76.991.388	94.945.988
Comprehensive income						
Profit for the year	-	-	-	-	5.125.801	5.125.801
Other comprehensive income						
Share of other comprehensive income of associates (Note 18)	-	-	-	100.076	-	100.076
Total comprehensive income for the year 2011	-	-	-	100.076	5.125.801	5.225.877
Transactions with owners						
Dividend relating to 2009 profits (Note 12)	-	-	-	-	(1.500.000)	(1.500.000)
Total transactions with owners	-	-	-	-	(1.500.000)	(1.500.000)
Balance at 31 December 2011	17.000.000	1.757.006	86.014	(788.344)	80.617.189	98.671.865

Consolidated statement of changes in equity for the year ended 31 December 2011 (Continued)

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

(2) The share premium reserve, the reserve of charges in equity of associated company and the reserve arising on translation of share capital into Euro are not available for distribution in the form of dividends.

The notes on pages 19 to 52 are an integral part of these financial statements.

K + G Complex Public Company Limited

Company's statement of changes in equity for the year ended 31 December 2011

	Share capital €	Share premium[2] €	Reserve arising on translation of share capital into Euro [2] €	Retained earnings[1] €	Total €
Balance at 1 January 2010	17.000.000	1.757.006	86.014	11.176.335	30.019.355
Comprehensive income					
Profit for the year	-	-	-	577.955	577.955
Total comprehensive income for the year 2010	-	-	-	577.955	577.955
Transactions with owners					
Dividend relating to 2009 profits (Note 12)	-	-	-	(2.000.000)	(2.000.000)
Total transactions with owners	-	-	-	(2.000.000)	(2.000.000)
Balance at 31 December 2010/ 1 January 2011	17.000.000	1.757.006	86.014	9.754.290	28.597.310
Comprehensive income					
Profit for the year	-	-	-	6.855.402	6.855.402
Total comprehensive income for the year 2011	-	-	-	6.855.402	6.855.402
Transactions with owners					
Dividend relating to 2009 profits (Note 12)	-	-	-	(1.500.000)	(1.500.000)
Total transactions with owners	-	-	-	(1.500.000)	(1.500.000)
Balance at 31 December 2011	17.000.000	1.757.006	86.014	15.109.692	33.952.712

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

(2) The share premium reserve and the reserve arising on translation of share capital into Euro are not available for distribution in the form of dividends.

The notes on pages 19 to 52 are an integral part of these financial statements.

K + G Complex Public Company Limited

Consolidated statement of cash flows for the year ended 31 December 2011

	Note	2011 €	Restated 2010 €
Cash flows from operating activities			
Profit before tax		6.013.889	9.007.669
Adjustments for:			
Depreciation of property, plant and equipment	17	23.513	23.513
Interest expense	10	1.301.423	1.362.699
Interest income	7	(461.866)	(488.677)
Share of loss/(profit)of associates	18	1.487.747	(8.366.728)
		8.364.706	1.538.476
Changes in working capital:			
Inventories		2.053.220	439.080
Trade and other receivables		(56.529)	167.613
Trade and other payables		681.657	(8.310)
Cash generated from operations		11.043.054	2.136.859
Tax paid		(895.702)	(325.091)
Net cash from operating activities		10.147.352	1.811.768
Cash flows from investing activities			
Loans to related parties	27(vii)	(3.803.860)	-
Interest received		461.866	488.677
Net cash (used in)/from investing activities		(3.341.994)	488.677
Cash flows from financing activities			
Repayments of long term borrowings		(4.961.482)	(1.297.483)
Interest paid		(1.271.277)	(1.362.699)
Dividends paid	12	(1.500.000)	-
Net cash used in financing activities		(7.732.759)	(2.660.182)
Net decrease in cash, cash equivalents and bank overdrafts		(927.401)	(359.737)
Cash, cash equivalents and bank overdrafts at the beginning of the year		10.044.077	10.403.814
Cash, cash equivalents and bank overdrafts at the end of the year	22	9.116.676	10.044.077

The notes on pages 19 to 52 are an integral part of these financial statements.

K + G Complex Public Company Limited

Company's statement of cash flows for the year ended 31 December 2011

	Note	2011 €	2010 €
Cash flows from operating activities			
Profit before tax		**7.731.240**	821.604
Adjustments for:			
Depreciation of property, plant and equipment	17	**23.513**	23.513
Interest income	7	**(461.468)**	(471.231)
Interest expense	10	**1.436.000**	1.465.481
Dividend income	7	**65.500**	195.242
		8.794.785	2.034.609
Changes in working capital:			
Inventories		**1.766.617**	439.080
Trade and other receivables		**(53.829)**	212.935
Trade and other payables		**685.989**	(1.327.433)
Cash generated from operations		**11.193.562**	1.359.191
Tax paid		**(863.874)**	(312.205)
Net cash from operating activities		**10.329.688**	1.046.986
Cash flows from investing activities			
Loans to related parties	27 (vii)	**(3.803.860)**	-
Interest income		**461.468**	471.231
Net cash (used in)/from investing activities		**(3.342.392)**	471.231
Cash flows from financing activities			
Repayments of bank borrowings		**(5.012.454)**	(1.297.483)
Proceeds from borrowings from subsidiary company	27 (vi)	**15.000**	845.000
Interest received		**(1.415.285)**	(1.436.671)
Dividends paid	12	**(1.500.000)**	-
Net cash used in financing activities		**(17.912.739)**	(1.889.154)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(925.443)**	(370.937)
Cash, cash equivalents and bank overdrafts at the beginning of the year		**10.044.250**	10.415.187
Cash, cash equivalents and bank overdrafts at the end of the year	22	**9.118.807**	10.044.250

The notes on pages 19 to 52 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Country of incorporation

The Company was incorporated in Cyprus in June 1980, as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113, and in May 1981 became a public company. The Company is listed on the Cyprus Stock Exchange. Its registered office is at 197 Makarios III Avenue, Gala Tower, 3030 Limassol, Cyprus.

Principal activities

The principal activities of the Company and the Group, which are unchanged from last year, are the following:

(a) Development and sale of residential units
(b) Development and sale of land located in the Amathus area of Limassol
(c) Holding of investments

2 Summary of significant accounting policies

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

Basis of preparation

The consolidated financial statements of K + G Complex Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2011 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 “Financial Instruments: Recognition and Measurement” relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention.

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

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs

During the current year the Company and the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2011. This adoption did not have a material effect on the accounting policies of the Company and the Group.

At the date of approval of these financial statements the following financial reporting standards were issued by the International Accounting Standards Board but were not yet effective:

(i) Adopted by the European Union

Amendments

- Amendments to IFRS 7 "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 July 2011).

(ii) Not adopted by the European Union

New standards

- IFRS 9 "Financial Instruments" (and subsequent amendments to IFRS 9 and IFRS 7) (effective for annual periods beginning on or after 1 January 2015).
- IFRS 10, "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 12 "Disclosure of Interests in Other entities" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).
- IAS 27 "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013).
- IAS 28 " Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013).

Amendments

- Amendment to IAS 12 "Income Taxes" on deferred tax relating to recovery of underlying assets (effective for annual periods beginning on or after 1 January 2012).
- Amendment to IFRS 1 "First-time adoption of International Financial Reporting Standards" on severe hyperinflation and removal of fixed dates for First Time Adopters (effective for annual periods beginning on or after 1 July 2011).
- Amendment to IAS 1 "Financial Statements Presentation" on Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012).
- Amendments to IAS 19 "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 7 "Financial Instruments: Disclosures" on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IAS 32 "Financial Instruments: Presentation" on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

(ii) Not adopted by the European Union (continued)

New IFRICs

- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine” (effective for annual period beginning on or after 1 January 2013).

The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a material effect on the financial statements of the Group and the Company.

Consolidated financial statements

The consolidated financial statements include the financial statements of K + G Complex Public Company Limited, its subsidiary company and its associates.

(1) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of shares with voting rights, or has the power, otherwise, to control their financial and operational principals. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

2 Summary of significant accounting policies (continued)

Consolidated financial statements (continued)

(1) Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(2) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost and subsequently measured with the method of net position. The Group's investment in associates includes goodwill identified on acquisition net of any accumulated impairment losses.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary, to ensure consistency with the accounting policies adopted by the Company.

Separate financial statements of the Company

(1) Subsidiaries

Investments in subsidiaries are presented in the separate financial statements of the Company at cost less impairment.

(2) Associates

Investments in associates are presented in the separate financial statements of the Company at cost less impairment.

2 Summary of significant accounting policies (continued)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors of the Group (chief operating decision-maker). The Board of Directors of the Group is the body which is responsible for allocating resources and assessing performance of the operating segments of the Group.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value added tax and discounts.

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

(i) Sale of immovable property

Income from the sale of immovable property is recognised upon delivery. This usually happens when the Company and the Group has sold or delivered the goods to the customer, the customer has accepted the goods and the repayment of the corresponding receivable is virtually certain.

(ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a loan or receivable is impaired, the Company and the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

(iii) Dividend income

Dividend income is recognised when the Company’s/Group’s right to receive payment is established.

Dividend receivable by the Company from its subsidiaries/associates in the form of shares and for which the Company does not have the option to receive the dividend in cash, is not recognized in the separate financial statements of the Company as revenue and does not increase the cost of the investment.

2 Summary of significant accounting policies (continued)

Employee benefits

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

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other gains/(losses) – net".

Current and deferred income tax

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

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

2 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

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

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

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

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Motor vehicles	20
Furniture and office equipment	10

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

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

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

2 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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

When revalued assets are sold, the amounts included in the other reserves are transferred to retained earnings.

Impairment of non financial assets

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

Financial assets

(i) Classification

The Company and the Group classify their financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- **Financial assets at fair value through profit or loss**

  This category has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's and the Group’s documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

- **Loans and receivables**

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

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(ii) Recognition and measurement

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

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within 'other (losses)/gains - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of other income when the Group's right to receive payments is established.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related construction overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company/the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within ‘selling and marketing costs’. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against ‘selling and marketing costs’ in profit or loss.

2 Summary of significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity.

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

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Provisions

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

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

Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Company/the Group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Company/the Group are not provided in advance. Provisions are not recognised for future operating losses.

Borrowings

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

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

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

2 Summary of significant accounting policies (continued)

Borrowings (continued)

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

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

Trade payables

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

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

Cash and cash equivalents

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

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. See prior year adjustment in Note 16.

3 Financial risk management

(i) Financial risk factors

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

The risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company and the Group. Risk management is carried out by the Board of Directors.

- **Cash flow interest rate risk**

  The Company and the Group have significant interest bearing assets, which mainly represent cash held at bank and receivables from related companies. These balances bear interest at market variable rates.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Cash flow interest rate risk (continued)**

The Company's and Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company and the Group to cash flow interest rate risk. The Board of Directors monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At 31 December 2011, if interest rates on Euro denominated borrowings fluctuated as presented below, with all other variables held constant the post tax profit for the year would have been affected as presented in the table below:

	The Group		**The Company**	
	Interest rate lower/higher %	**Effect on profit for the year €**	**Interest rate lower/higher %**	**Effect on profit for the year €**
2011				
Euro	0,5	84.154	0,5	94.064
		Higher/lower		Higher/lower
2010				
Euro	0,5	120.251	0,5	130.177
		Higher/lower		Higher/lower

The effect on profit for the year after tax charge is a result of higher/lower interest expense on floating rate bank borrowings.

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Except as disclosed in Note 21, no other credit limit was exceeded during the reporting period, and the Board of Directors does not expect any losses from non performance by these counterparties.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Liquidity risk (continued)**

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

The Group

	Less than 1 year €	1 to 2 years €	2 to 5 years €	Over 5 years €
At 31 December 2011				
Borrowings	2.081.673	3.991.079	15.188.859	3.615.746
Trade and other payables	2.176.374	-	-	-
	4.258.047	3.991.079	15.188.859	3.615.746
At 31 December 2010				
Borrowings	3.439.910	4.158.187	11.461.503	8.651.839
Trade and other payables	1.494.714	-	-	-
	4.934.624	4.158.187	11.461.503	8.651.839

The Company

	Less than 1 year €	1 to 2 years €	2 to 5 years €	Over 5 years €
At 31 December 2011				
Borrowings	2.086.527	3.991.079	17.841.294	3.615.746
Trade and other payables	1.837.754	-	-	-
	4.934.624	3.991.079	17.841.294	3.615.746
At 31 December 2010				
Borrowings	3.439.727	4.158.187	13.685.948	8.651.839
Trade and other payables	1.152.432	-	-	-
	4.592.159	4.158.187	13.685.948	8.651.839

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

The Board of Directors monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility (Note 24) and cash and cash equivalents (Note 22)) on the basis of expected cash flow.

3 Financial risk management (continued)

(ii) Capital risk management

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

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

The gearing ratios at 31 December 2011 and 2010 were as follows:

	The Group		The Company	
		Restated		
	2011	2010	**2011**	2010
	€	€	**€**	€
Total borrowings (Note 24)	**19.119.765**	24.074.434	**21.099.688**	26.035.464
Less: cash and cash equivalents (Note 22)	**(9.123.661)**	(10.044.250)	**(9.123.661)**	(10.044.250)
Net debt	**9.996.104**	14.030.184	**11.976.027**	15.991.214
Total equity	**98.671.865**	94.945.988	**33.909.374**	28.597.310
Total capital as defined by management	**108.667.969**	108.976.172	**45.885.401**	44.588.524
Gearing	**9%**	13%	**26%**	36%

The decrease in the gearing ratio during 2011 resulted primarily from the decrease in total borrowings and the increase in the equity of the Group and the Company due to profit for the year.

(iii) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company and the Group use a variety of methods and make assumptions that are based on market conditions existing at each balance sheet date. The Company and the Group use mainly estimated discounted cash flow models to determine the fair value for the financial instruments which are not traded in an active market.

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

4 Critical accounting estimates and judgements

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

(i) Critical accounting estimates and assumptions

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

- **Impairment of trade receivables**

  The Company and the Group follows the guidance of IAS 39 on determining when trade receivables are impaired. The Group estimates the recoverable amount of trade receivables, when there are indications for impairment. This determination requires significant judgement. In making this judgement, the Group evaluates, the future cash flows from trade receivables. The Board of Directors believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group’s trade receivables.

(ii) Critical judgments in applying the Group’s/Company's accounting policies

There were no significant critical judgments in applying the Group’s and the Company’s accounting policies.

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5 Segment information

The revenue of Company and the Group, relates to income from the sale of immovable property in Cyprus.

As per management approach in relation to IFRS 8, operating segments are presented in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources and assessing performance of the operating segment. All operating segments used by the Group, meet the definition of a reportable segment as per IFRS 8.

The basic operating segments of the Group for which segment information is presented are as follows:

(1) Development and sale of land

(2) Holding of investments

5 Segment information (continued)

The Management of the Group assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring event. Interest income and expenditure are not allocated to segments. Other information presented, is accounted as per the financial statements. All the assets of the Group are situated in Cyprus. The Group does not have any major clients.

The segment information provided to the Management of the Group for the reportable segments is as follows:

For the year ended 31 December 2011

	Development and sale of land €	Holding of investments €	Total €
Segment revenue	11.350.380	-	11.350.380
Adjusted EBITDA	8.364.706	-	8.364.706
Depreciation and impairment	23.513	-	23.513
Income tax expense	888.088	-	888.088
Share of loss from associates	-	(1.487.747)	(1.487.747)
Total segment assets	21.983.855	98.141.304	120.125.159
Total assets includes: Investments in associates	-	98.141.304	98.141.304
Total segment liabilities	21.453.294	-	21.453.294

For the year ended 31 December 2010 (Restated)

	Development and sale of land €	Holding of investments €	Total €
Segment revenue	3.010.000	-	3.010.000
Adjusted EBITDA	1.538.476	-	1.538.476
Depreciation and impairment	23.513	-	23.513
Income tax expense	247.133	-	247.133
Share of profit from associates	-	8.366.729	8.366.729
Total segment assets	21.120.874	99.528.975	120.649.849
Total assets includes: Investments in associates	-	99.528.975	99.528.975
Total segment liabilities	25.703.861	-	25.703.861

5 Segment information (continued)

Reconciliation of segment results

A reconciliation of adjusted EBITDA to profit/(loss) before tax and discontinued operations is provided as follows:

	2011 €	Restated 2010 €
Adjusted EBITDA	**8.364.706**	1.538.476
Depreciation and impairment	**(23.513)**	(23.513)
Interest income	**461.866**	488.677
Operating profit	**8.803.059**	2.003.640
Finance costs	**(1.301.423)**	(1.362.699)
Share of (loss)/profit of associate	**(1.487.747)**	8.366.728
Profit before tax	**6.013.889**	9.007.669

6 Revenue

	The Group		The Company	
	2011 **€**	2010 €	**2011** **€**	2010 €
Sales of plots	**11.350.380**	3.010.000	**11.350.380**	3.010.000

7 Other income

	The Group		The Company	
	2011 **€**	2010 €	**2011** **€**	2010 €
Interest income:				
Bank balances	**356.475**	431.007	**356.475**	431.007
Debtors	**2.006**	18.920	**1.608**	1.474
Receivables from related companies (Note 27)	**103.385**	38.750	**103.385**	38.750
Total interest income	**461.866**	439.410	**461.468**	468.200
Other income	**9.600**	9.100	**9.600**	9.100
Dividend income (Note 27 (iii))	**-**	-	**65.500**	195.242
Write-off of interest on trade receivables	**-**	(49.267)	**-**	(3.031)
	471.466	448.510	**536.568**	672.542

8 Expenses by nature

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Cost of goods sold	**2.200.910**	680.959	**1.914.307**	680.959
Depreciation of property, plant and equipment (Note 17)	**23.513**	23.513	**23.513**	23.513
Tax and licences	**18.756**	22.412	**17.800**	22.412
Legal and professional fees	**55.659**	35.401	**55.468**	2.342
Management fees (Note 27 (i))	**446.488**	417.901	**440.738**	405.150
Selling and Distribution expenses	**145.901**	130.108	**145.901**	130.108
Repairs and maintenance	**3.266**	9.896	**-**	2.895
Directors' fees	**2.400**	2.400	**2.400**	2.400
Staff and related costs (Note 9)	**51.472**	51.472	**51.472**	51.472
Auditor's remuneration – audit services	**20.500**	20.500	**17.000**	17.000
Auditor's remuneration – prior year overprovision	**(1.500)**	-	**-**	-
Auditor's remuneration – tax services	**3.350**	3.350	**1.900**	1.900
Other expenses	**48.072**	56.958	**49.179**	55.306
Total cost of goods sold, marketing costs and administrative expenses	**3.018.787**	1.454.870	**2.719.708**	1.395.457

9 Staff costs

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Wages and salaries	**42.715**	42.715	**42.715**	42.715
Employers' and other contributions	**4.485**	4.485	**4.485**	4.485
Provident fund contributions	**4.272**	4.272	**4.272**	4.272
	51.472	51.472	**51.472**	51.472

The Company/the Group have a defined contribution scheme, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or early termination of service.

10 Finance costs

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Interest expense:				
Bank borrowings and overdrafts	**1.283.043**	1.362.164	**1.282.270**	1.361.136
Payable to holding company (Note 27 (ii))	**16.880**	-	**16.880**	-
Payable to subsidiary company (Note 27 (vi))	**-**	-	**135.350**	103.810
Overdue taxation	**1.500**	535	**1.500**	535
	1.301.423	1.362.699	**1.436.000**	1.465.481

11 Income tax expense

	The Group 2011 €	The Group 2010 €	The Company 2011 €	The Company 2010 €
Current tax charge:				
Corporation tax	**853.175**	221.076	**840.838**	200.343
Defence contribution	**40.657**	43.306	**40.657**	43.306
	893.832	264.382	**881.495**	243.649
Deferred tax (Note 25):				
Formation and reversal of temporary differences	**(5.744)**	(17.249)	**(5.657)**	-
Income tax expense	**888.088**	247.133	**875.838**	243.649

The tax on the Group's and the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	The Group 2011 €	The Group Restated 2010 €	The Company 2011 €	The Company 2010 €
Profit before tax	**6.013.889**	9.007.669	**7.731.240**	821.604
Tax calculated at the applicable corporation tax rate of 10%	**601.389**	900.767	**773.124**	82.160
Tax effect of expenses not deductible for tax purposes	**303.987**	413.281	**120.002**	187.429
Tax effect of allowances and income not subject to tax	**(43.229)**	(1.106.544)	**(43.229)**	(63.684)
Tax effect of Group relief	**(14.716)**	(12.869)	**(14.716)**	(12.869)
Special contribution for defence	**40.657**	43.306	**40.657**	43.306
10% additional charge	**-**	9.192	**-**	7.307
Income tax charge	**888.088**	247.133	**875.838**	243.649

The Company is subject to corporation tax on taxable profits at the rate of 10%.

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

In certain cases dividends received from abroad may be subject to special defence contribution at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% from 1 January 2012 to 31 December 2013.

11 Income tax expense (continued)

The tax charge relating to components of other comprehensive income is as follows:

Tax effects of components of other comprehensive income

The Group

	Year ended 31 December					
	2011			2010		
	Before tax €	**Tax (charge)/ credit €**	**After tax €**	Before tax €	Tax (charge)/ credit €	After tax €
Associated companies:						
Share of other comprehensive income	**100.076**	**-**	**100.076**	(148.501)	-	(148.501)
Other comprehensive income	**100.076**	**-**	**100.076**	(148.501)	-	(148.501)

12 Dividends per share

On 28 December 2011 a dividend of €0,015 per share, amounting to €1.500.000 was paid in relation to the profits for the year 2009.

13 Earnings per share

	2011	Restated 2010
Profit attributable to the equity holders of the Company (€)	**5.125.801**	8.760.536
Weighted average number of ordinary shares in issue	**100.000.000**	100.000.000
Basic and diluted earnings per share – cent per share	**5,13**	8,76

14 Financial instruments by category

The Group

	Loans and receivables €
31 December 2011	
Assets	
Trade and other receivables	4.906.553
Cash and cash equivalents	9.123.661
Total	14.030.214

	Other financial liabilities €
Liabilities	
Borrowings	19.119.765
Trade and other payables	2.176.374
Total	21.296139

	Loans and receivables €
31 December 2010	
Assets	
Trade and other receivables	1.046.250
Cash and cash equivalents	10.044.250
Total	11.090.500

	Other financial liabilities €
Liabilities	
Borrowings	24.074.434
Trade and other payables	1.494.714
Total	25.569.148

The Company

	Loans and receivables €
31 December 2010	
Assets	
Trade and other receivables	3.945.317
Cash and cash equivalents	9.123.661
Total	13.068.978

14 Financial instruments by category (continued)

	Other financial liabilities €
Liabilities	
Borrowings	21.099.688
Trade and other payables	1.837.754
Total	22.937.442

	Loans and receivables €
31 December 2010	
Assets	
Trade and other receivables	87.628
Cash and cash equivalents	10.044.250
Total	10.131.878

	Other financial liabilities €
Liabilities	
Borrowings	26.035.464
Trade and other payables	1.152.432
Total	27.187.896

15 Credit quality of financial assets

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

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Other receivables				
Group 1	**3.805.782**	13.388	**3.805.782**	13.388
Group 2	**165.004**	84.145	**115.105**	39.213
	3.970.786	97.533	**3.920.887**	52.601

15 Credit quality of financial assets (continued)

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Cash at bank and short term bank deposits (Moody's)				
Ba2	**7.223.661**	5.707.733	**7.223.661**	5.707.733
Caa2	**1.900.000**	4.336.517	**1.900.000**	4.336.517
	9.123.661	10.044.250	**9.123.661**	10.044.250

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

Group 2 – Other receivables with no defaults in the past.

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

16 Prior year adjustment

In the context of the future plans for the possible development and exploitation of the investment properties and in order to provide more reliable and relevant information on the financial position, the management of the associate company Cyprus Cement Public Company Ltd has decided to revise the accounting policy followed for investment properties and to adopt the fair value model in accordance with the accounting standard "IAS 40 Investment Property." Previously, the associated company presented its investment properties at historic cost. This change in accounting policy has been adopted by the Group and has been applied retrospectively as a prior year adjustment of the investment in associate, which is accounted for under the equity method. The change does not affected positively or negatively the results for the year ended 31 December 2011. However due to this change, the comparative information for the year ended 31 December 2010, has been restated as follows:

	Restated 31 December 2010 €	Change in accounting policy €	As previously stated 31 December 2010 €
Effect on the consolidated Balance Sheet			
Investments in associates	99.528.975	36.411.202	63.117.773
Retained earnings	76.991.338	36.411.202	40.580.186
Effect on the consolidated statement of comprehensive income			
Share of profit/(loss) of associates	8.366.728	10.428.603	(2.061.875)

16 Prior year adjustment (continued)

	Restated 1 January 2010 €	Change in accounting policy €	As previously stated 1 January 2010 €
Effect on the consolidated Balance Sheet			
Investments in associates	91.310.748	25.982.599	65.328.149
Retained earnings	70.230.852	25.982.599	44.248.253

The prior year adjustment did not have any effect on the Company's separate financial statements.

17 Property, plant and equipment

The Group

	Furniture and office equipment €	Motor vehicles €	Total €
At 1 January 2010			
Cost	94.680	70.000	164.680
Accumulated depreciation	(17.192)	(28.000)	(45.192)
Net book amount	77.488	42.000	119.488
Year ended 31 December 2010			
Opening net book amount	77.488	42.000	119.488
Depreciation charge (Note 8)	(9.513)	(14.000)	(23.513)
Closing net book amount	67.975	28.000	95.975
At 31 December 2010			
Cost	94.680	70.000	164.680
Accumulated depreciation	(26.705)	(42.000)	(68.705)
Net book amount	67.975	28.000	95.975
Year ended 31 December 2011			
Opening net book amount	67.675	28.000	**95.975**
Depreciation charge (Note 8)	(9.513)	(14.000)	**(23.513)**
Closing net book amount	58.462	14.000	**72.462**
At 31 December 2011			
Cost	94.680	70.000	**164.680**
Accumulated depreciation	(36.218)	(56.000)	**(92.218)**
Net book amount	58.462	14.000	**72.462**

17 Property, plant and equipment (continued)

The Company

	Furniture and office equipment €	Motor vehicles €	Total €
At 1 January 2010			
Cost	94.680	70.000	164.680
Accumulated depreciation	(17.192)	(28.000)	(45.192)
Net book amount	77.488	42.000	119.488
Year ended 31 December 2010			
Opening net book amount	77.488	42.000	119.488
Depreciation charge (Note 8)	(9.513)	(14.000)	(23.513)
Closing net book amount	67.975	28.000	95.975
At 31 December 2010			
Cost	94.680	70.000	164.680
Accumulated depreciation	(26.705)	(42.000)	(68.705)
Net book amount	67.975	28.000	95.975
Year ended 31 December 2011			
Opening net book amount	67.975	28.000	**95.975**
Depreciation charge (Note 8)	(9.513)	(14.000)	**(23.513)**
Closing net book amount	58.462	14.000	**72.462**
At 31 December 2011			
Cost	94.680	70.000	**164.680**
Accumulated depreciation	(36.218)	(56.000)	**(92.218)**
Net book amount	58.462	14.000	**72.462**

18 Investments in associates

	The Group		**The Company**	
	2010 €	Restated 2010 €	**2011** €	2010 €
At beginning of year – as previously stated	**63.117.773**	65.328.149	**32.953.010**	32.953.010
Prior year adjustment (Note 16)	**36.411.202**	25.982.599	**-**	-
At beginning of year- as restated	**99.528.975**	91.310.748	**32.953.010**	32.953.010
Share of (loss)/profit after tax	**(1.487.747)**	8.366.728	**-**	-
Share of changes in equity	**100.076**	(148.501)	**-**	-
At end of year	**98.141.304**	99.528.975	**32.953.010**	32.953.010

18 Investments in associates (continued)

Revenues, results, assets and liabilities of associates are as follows:

Name	Country of incorporation	Assets €	Liabilities €	Revenues €	Profit/ (loss) €	% Interest held
2011						
C.C.C. Secretarial Limited	Cyprus	232.571	207.055	1.659.576	3.334	20,00
The Cyprus Cement Public Company Ltd(1)	Cyprus	477.753.960	147.909.249	19.372.262	(5.783.426)	32,07
2010						
C.C.C. Secretarial Limited	Cyprus	221.495	199.216	1.656.082	3.674	20,00
The Cyprus Cement Public Company Ltd(1)	Cyprus	479.829.153	144.517.077	18.868.311	23.978.224	32,07

(1) The Cyprus Cement Public Company Limited is listed in the Cyprus Stock Exchange.

The Company also holds 33,33% (2010: 33,33%) of the share capital of C.C.C. Amathusia Services Limited, which is a dormant, non-listed company with issued share capital of €5.

19 Investments in subsidiaries

	2011 €	2010 €
At the beginning and at the end of year	**3.200.000**	3.200.000

The wholly owned subsidiary undertaking, which is unlisted, is as follows:

Name	Issued share capital	Country of incorporation	Principal activities
Galatex Tourist Enterprises Limited	1 750 000	Cyprus	Property development

20 Inventories

	The Group		The Company	
	2011 €	2010 €	**2011 €**	2010 €
Land and development costs	**7.456.729**	9.509.949	**7.456.729**	9.223.346
Completed shops and villas	**341.713**	341.713	**186.238**	186.238
	7.798.442	9.851.662	**7.642.967**	9.409.584

The cost of inventories recognised as expense and included in the cost of sales amounted to €1.774.175 (2010: €464.433).

Inventories are stated at cost. There were no inventories for which impairment charge should be recognized on the net realizable value.

21 Trade and other receivables

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Trade receivables	**935.767**	948.717	**24.430**	35.027
Receivables from related parties (Note 27)	**3.805.782**	13.388	**3.805.782**	13.388
Other receivables	**165.004**	84.145	**115.105**	39.213
	7.798.442	1.046.250	**3.945.317**	87.628

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

Trade receivables that are less than six months past due are not considered impaired. As of 31 December 2011, the Company had trade receivables of €24.430 (2010: €35.027) which were past due but not impaired. The respective trade receivables of the Group amounted to €935.767 (2010: €948.717). For part of these receivables there are pending litigations against them. The credit risk in relation to the amounts due from customers is limited since the title deeds of properties sold is transferred with the full settlement of the balance. Therefore, the Group has the right to obtain back the properties. The ageing analysis of these trade receivables is as follows:

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Over 6 months	**935.767**	948.717	**24.430**	35.027

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

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Euro	**4.906.553**	1.046.250	**3.945.317**	87.628

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above.

22 Cash and cash equivalents

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Cash at bank and in hand	**23.661**	1.820.555	**23.661**	1.820.555
Short term bank deposits	**9.100.000**	8.223.695	**9.100.000**	8.223.695
	9.123.661	10.044.250	**9.123.661**	10.044.250

The effective interest rate on short term bank deposits was 4,20% (2010: 4%) and these deposits have an average maturity of 3 months.

22 Cash and cash equivalents (continued)

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

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Cash and cash equivalents	**9.123.661**	10.044.250	**9.123.661**	10.044.250
Bank overdrafts (Note 24)	**(6.985)**	(173)	**(4.854)**	-
	9.116.676	10.044.077	**9.118.807**	10.044.250

All cash and cash equivalents are denominated in Euro.

23 Share capital and share premium

	Number of shares	Share capital €	Share premium €	Total €
At 1 January and 31 December 2010	100 000 000	17.000.000	1.757.006	**18.757.006**
At 1 January and 31 December 2011	100 000 000	17.000.000	1.757.006	**18.757.006**

The total authorized number of ordinary shares is 500 000 000 shares (2010: 500 000 000 shares) with a par value of €0,17 per share (2010: €0,17 per share). All issued shares are fully paid and carry equal voting rights.

24 Borrowings

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Current				
Bank overdrafts (Note 22)	**6.985**	173	**4.854**	-
Bank borrowings	**1.147.569**	3.245.025	**1.147.569**	3.245.025
	1.154.554	3.245.198	**1.152.423**	3.245.025
Non-current				
Bank borrowings	**17.965.211**	20.829.236	**17.965.211**	20.829.235
Borrowings from subsidiary company (Note 27 (vi))	**-**	-	**1.982.054**	1.961.204
	17.965.211	20.829.236	**19.947.265**	22.790.439
Total borrowings	**19.119.765**	24.074.434	**21.099.688**	26.035.464
Maturity of non-current borrowings				
Between 1 and 2 years	**3.124.392**	3.245.025	**3.124.392**	3.245.025
Between 2 and 5 years	**11.349.999**	9.735.075	**13.332.053**	11.696.278
Over 5 years	**3.490.820**	7.849.136	**3.490.820**	7.849.136
	17.965.211	20.829.236	**19.947.265**	22.790.439

24 Borrowings (continued)

The bank loans are repayable by monthly installments until July 2018. The bank loans and overdrafts are secured as follows:

(i) By guarantees from the holding company C.C.C. Holdings & Investments Public Company Limited (Note 27 (viii)).

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

	2011	2010
	%	%
Borrowings from subsidiary	**7,00**	6,50
Bank borrowings	**6,00**	5,50
Bank overdrafts	**6,45**	6,35

The Company’s and Group's bank borrowings and bank overdrafts are arranged at floating rates. For borrowings at floating rates the interest rate reprises on a monthly basis exposing the Company and the Group to cash flow interest rate risk.

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

	The Group		**The Company**	
	2011	2010	**2011**	2010
	€	€	**€**	€
6 months or less	**19.119.765**	24.074.434	**21.099.688**	26.035.464

The weighted average effective annual interest is 7% (2010: 6,5%). The loans are not secured and are repayable on demand.

The carrying amounts of short term bank overdrafts and bank loans approximate their fair value.

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

	The Group		**The Company**	
	2011	2010	**2011**	2010
	€	€	**€**	€
Euro	**19.119.765**	24.074.434	**21.099.688**	26.035.464

The Company and the Group have the following undrawn borrowing facilities:

	The Group		**The Company**	
	2011	2010	**2011**	2010
	€	€	**€**	€
Floating rate:				
- Expiring within one year	**2.573.917**	2.580.729	**2.558.048**	2.562.902

The facilities expiring within one year are annual facilities subject to review at various dates during 2011.

25 Deferred tax liabilities

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

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Deferred income tax liabilities:				
- Deferred tax liabilities to be settled after more than twelve months	**25.913**	31.657	**-**	5.657

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

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
At beginning of year	**31.657**	48.906	**5.657**	5.657
Credited to:				
Profit or loss (Note 11)	**(5.744)**	(17.249)	**(5.657)**	-
	25.913	31.657	**-**	5.657

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

The Group

Deferred tax liabilities

	Difference in the recognition of gross profit , commissions payable and property tax	**Total**
	€	**€**
At 1 January 2010	48.906	**48.906**
Credited to:		
Profit or loss (Note 11)	(17.249)	**(17.249)**
At 31 December 2010/1 January 2011	31.657	**31.657**
Credited to:		
Profit or loss (Note 11)	(5.744)	**(5.744)**
At 31 December 2011	25.913	**25.913**

The Company

Deferred tax liabilities

	Difference in the recognition of gross profit , commissions payable and property tax	**Total**
	€	**€**
At 1 January and 31 December 2010	5.657	**5.657**
Credit:		
Profit or loss	(5.657)	**(5.657)**
At 31 December 2011	-	**-**

26 Trade and other payables

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Trade payables	**326.384**	326.384	**-**	-
Retentions of work billed by the constructors	**-**	87.935	**-**	87.935
Payables to related parties (Note 27 (v))	**1.520.029**	677.134	**1.514.964**	670.133
Other payables and accrued expenses	**67.117**	68.687	**59.946**	59.790
Dividends payable	**262.844**	334.574	**262.844**	334.574
	2.176.374	1.494.714	**1.837.754**	1.152.432

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

27 Related party transactions

The Company is controlled by C.C.C. Holdings & Investments Public Company Limited, which is registered in Cyprus and is listed in the Cyprus Stock Exchange, holds 83,27% of the share capital of the Company. The remaining issued share capital is widely held. The ultimate holding company of the Group is George S. Galatariotis & Sons Limited.

The related companies are companies under common control and companies controlled by the Directors of the Company.

The following transactions were carried out with related parties:

(i) Purchase of services from associated companies

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Management services	**446.488**	417.901	**440.738**	405.150
Selling expenses	**135.413**	120.400	**135.413**	120.400
	581.901	538.301	**576.151**	525.550

The services are charged from C.C.C. Secretarial Limited and are based on the time spent by its employees on the affairs of the Company and office space allocated to the Company.

(ii) Interest on balances with related companies

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Interest paid (Note 10):				
Holding company	**16.880**	-	**16.880**	-
Subsidiary company	**-**	-	**135.351**	103.810
	16.880	-	**152.231**	103.810
Interest received (Note 7):				
Ultimate Holding company and associated companies	**103.386**	38.750	**103.386**	38.750

27 Related party transactions (continued)

(iii) Dividends receivable from related companies

During the year, the Company received from its subsidiary, Galatex Tourist Enterprises Limited, dividends amounting to €65.500 (2010: €195.242) (Note 7).

(iv) Key management personnel and Directors compensation

The total remuneration of the key management personnel and Directors was as follows:

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Fees	**2.400**	2.400	**2.400**	2.400
Emoluments in their executive capacity (Note 9)	**51.472**	51.472	**51.472**	51.472
	53.872	53.872	**53.872**	53.872

The Group and the Company

	Fees	Wages and employer contributions	Employers provident fund contributions	Total
	€	€	€	€
Year ended 31 December 2011 and 2010				
Executive Directors				
George St. Galatariotis	400	47.200	4.272	51.872
Michalis Christoforou	400	-	-	400
Tasos Anastasiou	400	-	-	400
Costas St. Galatariotis	400	-	-	400
Vassos G. Lazarides	400	-	-	400
Stavros G. St. Galatariotis	400	-	-	400
Total	2.400	47.200	4.272	53.872

27 Related party transactions (continued)

(v) Year end balances

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Receivables from related parties (Note 21):				
Associated companies	**-**	11.483	**-**	11.483
Related companies	**1.922**	1.905	**1.922**	1.905
	1.922	13.388	**1.922**	13.388
Payable to related parties (Note 26):				
Associated companies	**39.946**	7.001	**34.881**	-
Holding company	**1.480.083**	670.133	**1.480.083**	670.133
	1.520.029	677.134	**670.133**	670.133

Balances with related parties bear average annual interest at the rate of 7% (2010: 6,5%), are not secured and are payable/receivable on demand.

(vi) Loans from related parties

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Borrowings from subsidiary company:				
At beginning of year	**-**	-	**1.961.204**	1.282.636
Amounts advanced during the year	**-**	-	**15.000**	845.000
Amounts repaid during the year	**-**	-	**(64.000)**	(75.000)
Interest charged (Note 10)	**-**	-	**135.350**	103.810
Dividend	**-**	-	**(5.500)**	(195.242)
At end of year (Note 24)	**-**	-	**1.982.054**	1.961.204

The loans from the holding and the subsidiary company bear average annual interest rate of 7% (2010: 6,5%), are not secured and are repayable on demand.

(vii) Loans to related parties

	The Group		The Company	
	2011	2010	**2011**	2010
	€	€	**€**	€
Borrowings to ultimate parent company and associated companies:				
Amounts advanced during the year	**3.700.475**	-	**3.700.475**	-
Interest charged (Note 7)	**103.385**	-	**103.385**	-
At end of year	**3.803.860**	-	**3.803.860**	-

Loans to related parties bear average annual interest at the rate of 6%.

The loan to the ultimate parent company of €1.900.000 is secured by corporate guarantee from Galatariotis Enterprises Limited and is repayable on demand. The loan from associated companies are unsecured and are repayable on demand.

27 Related party transactions (continued)

(viii) Loan guarantees from related companies

The holding company C.C.C. Holdings & Investments Public Company Limited, has guaranteed a loan provided to the Company which as at 31 December 2011 amounted to €19.112.780 (2010: €24.074.261).

28 Events after the balance sheet date

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 7 to 9.