

# **K + G Complex Public Company Limited**

## **Unaudited condensed interim consolidated financial statements for the six months ended 30 June 2012**

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# K + G Complex Public Company Limited

## Declaration of the members of the Board of Directors and other responsible persons of the Company for the condensed interim consolidated financial statements

In accordance with Article 10 sections (3) (c) and (7) of the Transparency Requirements (Securities for Trading in Regulated Markets) Law of 2007 ("Law"), we, the members of the Board of Directors and the other responsible persons for the condensed interim consolidated financial statements of K + G Complex Public Company Limited (the "Company") for the period of six months ended 30 June 2012, we confirm that, to the best of our knowledge:

- (a) the condensed interim consolidated financial statements that are presented on pages 4 to 17:
  - (i) were prepared in accordance with the International Financial Reporting Standard IAS 34 "Interim Financial Reporting" as adopted by the European Union and in accordance with the provisions of Article 10, 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 condensed interim consolidated accounts as a total, and
- (b) the interim management report provides a fair review of the information required by Article 10, section (6) of the Law.

### Members of the Board of Directors

Name and surname and position	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 condensed interim consolidated financial statements

Name and surname	Position	Signature
Elena Stylianou	Finance Manager	

Limassol  
30 August 2012

# **K + G Complex Public Company Limited**

## **Interim management report for the six months ended 30 June 2012**

The Board of Directors, at a meeting held on 30 August 2012, reviewed and approved the unaudited condensed interim consolidated financial statements of K + G Complex Public Company Ltd for the six months period ended 30 June 2012.

The consolidated results include the results of its wholly owned subsidiary company Galatex Tourist Enterprises Limited as well as the share of the associated company The Cyprus Cement Public Company Limited.

The unaudited condensed interim consolidated financial statements, which are expressed in Euro, have been prepared in accordance with IAS 34 "Interim Financial Reporting" and comply with the provisions of the Cyprus Stock Exchange Law and Regulations in relation to the announcement of interim financial results.

The same accounting principles and bases of estimates were applied in compiling the interim results for the first six months period of 2012 as those applied for the preparation of the annual financial statements for the year ended 31 December 2011. The results for the first six months period of 2012 have not been audited by the external auditors of the Group.

The condensed interim consolidated financial statements must be read in conjunction with the annual financial statements for the year ended 31 December 2011.

### **Principal activities of the Group**

The principal activities of the Group are the development and sale of land located in the Amathus area of Limassol, the sale of shops at Galatex Beach Centre, in the tourist area of Yermasogia in Limassol, and the holding of investments.

### **Review of the financial position of the Group**

The net loss of the Group for the six months period ended 30 June 2012 was €1,01 million compared to a profit of €3,74 million for the corresponding period of 2011. The adverse change of the results compared to those of the last year/period is mainly due to the following:

- The revenue from the sale of plots that occurred during the period ended 30 June 2012 decreased to €888 thousand (six months 30 June 2011: €7,25 million). This had as a result the decrease of gross profit to €686 thousand (2011: €6,14 million).
- Loss of associated company: The share of loss from the associated company has decreased slightly by €47 thousand to €953 thousand compared to loss of €1 million for the six month period to 30 June 2011.

# **K + G Complex Public Company Limited**

## **Interim management report for the six months ended 30 June 2012 (continued)**

### **Review of the financial position of the Group (continued)**

The total assets of the Group at the end of the six month period amounted to €117,1 million (31 December 2011: €120,1 million) of which €96,9 million (31 December 2011: €98,1 million) represent investments in associated companies, €7,6 million (31 December 2011: €7,8 million) stocks at cost and €5,3 million cash at bank (31 December 2012: €9,1 million).

Under the current conditions, the expected results for 2012, may fluctuate, due to uncertainties in the market that are difficult to predict.

### **Risks and uncertainties**

The Group's activities are subject to various risks and uncertainties. The most significant of which are credit risk, liquidity risk and market risk that arises from adverse movements in foreign exchange rates, interest rates as well as operational risks.

The operations are affected by a number of factors including but not limited to:

- International and national economic and geopolitical conditions
- The growth of the construction and real estate sectors

The Group is analyzing, monitoring and managing these risks through various control mechanisms, and forms, wherever possible, its strategy with a view to minimizing the effects of these risks.

Extracts of the results of the first six months of 2012 will be published in the newspaper "Simerini" on 31 August 2012.

Copies of the Group's unaudited condensed interim consolidated financial statements for the period ended 30 June 2012 are available, free of charge, at the Company's registered office at 197 Makarios III Avenue, Gala Tower, 3030 Limassol and in electronic form at the Galatariotis Group of Companies website ([www.galatariotisgroup.com](http://www.galatariotisgroup.com)).

Limassol,  
30 August 2012

# K + G Complex Public Company Limited

## Condensed interim consolidated statement of comprehensive income for the six months ended 30 June 2012

	Note	30 June 2012 €	30 June 2011 €
Revenue		888.000	7.250.380
Cost of sales		(202.163)	(1.119.426)
<b>Gross profit</b>		<b>685.837</b>	<b>6.130.954</b>
Administrative expenses		(374.661)	(333.738)
Selling and marketing expenses		(78.823)	(97.800)
Other income-net	6	305.983	177.977
<b>Operating (loss)/profit</b>		<b>538.336</b>	<b>5.877.393</b>
Finance costs	8	(582.150)	(673.953)
Share of loss of associated companies	12	(952.128)	(1.001.718)
<b>(Loss)/profit before tax</b>		<b>(995.942)</b>	<b>4.201.722</b>
Income tax expense		(16.145)	(459.504)
<b>(Loss)/profit for the period</b>		<b>(1.012.087)</b>	<b>3.742.218</b>
<b>Other comprehensive loss for the period</b>			
Share of reserves of associated companies	12	(250.127)	(62.963)
<b>Total comprehensive (loss)/income for the period</b>		<b>(1.262.214)</b>	<b>3.679.255</b>
<b>(Loss)/profit per share (cent per share):</b>			
- Basic and fully diluted	10	(1,01)	3,74

The notes on pages 8 to 17 are an integral part of these condensed interim consolidated financial statements.

# K + G Complex Public Company Limited

## Condensed interim consolidated balance sheet as at 30 June 2012

	Note	30 June 2012 €	31 December 2011 €
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	60.662	72.462
Investments in associates	12	96.939.049	98.141.304
		<b>96.999.711</b>	<b>98.213.766</b>
<b>Current assets</b>			
Inventories		7.601.279	7.798.442
Trade and other receivables		7.150.378	4.906.553
Tax recoverable		82.737	82.737
Cash and cash equivalents		5.300.000	9.123.661
		<b>20.134.394</b>	<b>21.911.393</b>
<b>Total assets</b>		<b>117.134.105</b>	<b>120.125.159</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	13	17.000.000	17.000.000
Share premium	13	1.757.006	1.757.006
Reserve of changes in equity of associate company		(1.038.471)	(788.344)
Reserve arising on translation of share capital into Euro		86.014	86.014
Retained earnings		79.605.102	80.617.189
<b>Total equity</b>		<b>97.409.651</b>	<b>98.671.865</b>
<b>Non-current liabilities</b>			
Borrowings	14	16.142.649	17.965.211
Deferred income tax liabilities		25.913	25.913
		<b>16.168.562</b>	<b>17.991.124</b>
<b>Current liabilities</b>			
Trade and other payables		940.038	2.176.374
Current income tax liabilities		132.346	131.242
Borrowings	14	2.483.508	1.154.554
		<b>3.555.892</b>	<b>3.462.170</b>
<b>Total liabilities</b>		<b>19.724.454</b>	<b>21.453.294</b>
<b>Total equity and liabilities</b>		<b>117.134.105</b>	<b>120.125.159</b>

The notes on pages 8 to 17 are an integral part of these condensed interim consolidated financial statements.

# K + G Complex Public Company Limited

## Condensed interim consolidated statement of changes in equity for the six months ended 30 June 2012

	Share capital €	Share premium <sup>(1)</sup> €	Reserve arising on translation of share capital into Euro €	Reserve of changes in equity of associated company <sup>(1)</sup> €	Retained earnings <sup>(2)</sup> €	Total €
<b>Balance at 1 January 2011</b>	17.000.000	1.757.006	86.014	(888.420)	76.991.388	94.945.988
<b>Comprehensive income</b>						
Profit for the period	-	-	-	-	3.742.219	3.742.219
<b>Other comprehensive income</b>						
Share of reserves in associated companies	-	-	-	(62.962)	-	(62.962)
Total comprehensive income for the period	-	-	-	(62.962)	3.742.219	3.679.257
<b>Balance at 30 June 2011</b>	<u>17.000.000</u>	<u>1.757.006</u>	<u>86.014</u>	<u>(951.382)</u>	<u>80.733.607</u>	<u>98.625.245</u>
<b>Balance at 1 January 2012</b>	17.000.000	1.757.006	86.014	(788.344)	80.617.189	98.671.865
<b>Comprehensive loss</b>						
Loss for the period	-	-	-	-	(1.012.087)	(1.012.087)
<b>Other comprehensive loss</b>						
Share of reserves in associated companies	-	-	-	(250.127)	-	(250.127)
Total comprehensive loss for the period	-	-	-	(250.127)	(1.012.087)	(1.262.214)
<b>Balance at 30 June 2012</b>	<u>17.000.000</u>	<u>1.757.006</u>	<u>86.014</u>	<u>(1.038.471)</u>	<u>79.605.102</u>	<u>97.409.651</u>

- (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 share of changes in equity of associated company reserve are not available for distribution in the form of dividends.

The notes on pages 8 to 17 are an integral part of these condensed interim consolidated financial statements.

# K + G Complex Public Company Limited

## Condensed interim consolidated statement of cash flows for the six months ended 30 June 2012

	Note	30 June 2012 €	30 June 2011 €
<b>Cash flows from operating activities</b>			
Cash (used in)/from operations		(168.800)	3.138.013
<b>Net cash (used in)/from operations</b>		<u>(168.800)</u>	<u>3.138.013</u>
<b>Cash flows from investing activities</b>			
Interest received	6	305.183	173.177
<b>Net cash used in investing activities</b>		<u>305.183</u>	<u>173.177</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(537.145)	(4.435.914)
Repayment of borrowings from holding company		(966.000)	(456.000)
Loans granted to related companies	16(d)	(4.007.000)	-
Loan repayments received from related companies	16(d)	2.088.715	-
Amount advanced to associated companies		-	650.500
Interest paid		(582.150)	(673.953)
<b>Net cash used in financing activities</b>		<u>(4.003.580)</u>	<u>(4.915.367)</u>
<b>Net decrease in cash, cash equivalents and bank overdrafts</b>		<u>(3.867.197)</u>	<u>(1.604.177)</u>
<b>Cash, cash equivalents and bank overdrafts at beginning of the period</b>		<u>9.116.676</u>	<u>10.044.077</u>
<b>Cash, cash equivalents and bank overdrafts at end of period</b>		<u>5.249.479</u>	<u>8.439.900</u>

The notes on pages 8 to 17 are an integral part of these condensed interim consolidated financial statements.



# **K + G Complex Public Company Limited**

## **Notes to the unaudited condensed interim consolidated financial statements**

### **1 General information**

K + G Complex Public Company Limited (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 it was converted into a public company. The Company is listed in the Cyprus Stock Exchange.

The condensed interim consolidated financial statements of the Company for the six months ended 30 June 2012 consist of the Company and its subsidiary (Note 17) which together are referred to as the “Group” and the Group’s interest in associated companies (Note 12).

The condensed interim consolidated financial statements of the Group for the period ended 30 June 2012 and the consolidated financial statements as at 31 December 2011 are available upon request from the Company’s registered office at 197 Makarios III Avenue, Gala Tower, CY-3030 Limassol, Cyprus, and in electronic form at the Group’s website ([www.galatariotisgroup.com](http://www.galatariotisgroup.com)).

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

- (a) development and sale of shops at Galatex Beach Center
- (b) development and sale of land located in the Amathus area of Limassol
- (c) holding of investments

The condensed interim consolidated financial statements have not been audited by the external auditors of the Group.

### **2 Basis of preparation**

This unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2012 have been prepared in accordance with the International Accounting Standard 34, ‘Interim financial reporting’ as adopted by the EU. The condensed interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

### **3 Accounting policies**

All the accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those of the annual consolidated financial statements for the year ended 31 December 2011.

#### **Adoption of new and revised IFRSs**

During the current period 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 2012. This adoption did not have a material effect on the accounting policies of the Group.

# K + G Complex Public Company Limited

## 3 Accounting policies (continued)

### Adoption of new and revised IFRSs (continued)

At the date of approval of these condensed interim consolidated financial statements, the following IFRS and amendments to standards have been issued by the IASB, but have not yet been adopted by the EU:

#### (i) Adopted by the European Union

##### Amendments

- 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).

#### (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).
- 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).

# K + G Complex Public Company Limited

## 3 Accounting policies (continued)

### Adoption of new and revised IFRSs (continued)

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

##### Amendments (continued)

- Amendment to IFRS 1 “First-time adoption of International Financial Reporting Standards” on the application of IFRS 9 'Financial Instruments' and IAS 20 'Accounting for Government Grants and Disclosure on Government Assistance' - exemption on the retrospective application of IFRSs in relation to government grants (effective for annual periods beginning on or after 1 January 2013).
- Annual Improvements 2011 (effective for annual periods beginning on or after 1 January 2013).

##### New IFRICs

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

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

### Financial risk management

The 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 condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2011. There have been no changes in the risk management department since year end or in any risk management policies.

## 4 Estimates

The preparation of the condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies actual results may differ from these estimates. The significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2011, and no significant changes are expected.

# K + G Complex Public Company Limited

## 5 Segment information

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

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

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.

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

### Segment results

	Development and sale of land €	Holding of investments €	Total €
<b>Six months ended 30 June 2012</b>			
Revenue	888.000	-	888.000
Adjusted EBITDA	244.951	-	244.951
Share of loss of associated companies	-	(952.128)	(952.128)
<b>Six months ended 30 June 2011</b>			
Revenue	7.250.380	-	7.250.380
Adjusted EBITDA	5.715.172	-	5.715.172
Share of loss of associated companies	-	(1.001.718)	(1.001.718)

# K + G Complex Public Company Limited

## 5 Segment information (continued)

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

	30 June 2012 €	30 June 2011 €
Adjusted EBITDA for reportable segments	244.953	5.715.172
Depreciation	(11.800)	(11.756)
Interest received	305.183	173.977
Profit from operations	538.336	5.877.393
Finance costs	(582.150)	(673.953)
Share of loss of associated companies	(952.128)	(1.001.718)
<b>(Loss)/profit before tax</b>	<b>(995.942)</b>	<b>4.201.722</b>

Segment assets and liabilities did not have any significant changes from the amounts presented in the annual consolidated financial statements of the Group for the year ended 31 December 2011.

## 6 Other income-net

	30 June 2012 €	30 June 2011 €
Interest income:		
Bank balances	141.513	172.827
Related parties (Note 16 (b))	163.670	350
Other income	800	4.800
	<b>305.983</b>	<b>177.977</b>

## 7 Expenses by nature

	30 June 2012 €	30 June 2011 €
Changes in inventories	202.163	1.119.426
Depreciation of property, plant and equipment	11.800	11.756
Property tax	10.220	8.394
Sewerage and municipality taxes	-	8.133
Auditors' remuneration	10.250	8.750
Legal and professional fees	10.454	40.228
Management consultancy and secretarial fees (Note 16(a))	273.600	184.703
Selling and marketing expenses	78.823	97.800
Salaries and fees of Directors and key management personnel	27.016	26.936
Other expenses	31.321	44.838
<b>Total cost of sales, administrative and other operating expenses</b>	<b>655.647</b>	<b>1.550.964</b>

# K + G Complex Public Company Limited

## 8 Finance costs

	30 June 2012 €	30 June 2011 €
Interest expense:		
Bank borrowings and overdrafts	553.715	665.006
Balances with related companies (Note 16(b))	28.435	8.947
	<u>582.150</u>	<u>673.953</u>

## 9 Tax

Tax charge for the period consists corporation tax, defence tax and deferred taxation. Income tax expense is recognised based on the expected annual income tax rate expected for the full financial year.

## 10 (Loss)/earnings per share

	30 June 2012	30 June 2011
(Loss)/profit for the period attributable to equity holders of the Company – (€)	<u>(1.012.087)</u>	<u>3.742.218</u>
Number of ordinary shares in issue during the period	<u>100.000.000</u>	<u>100.000.000</u>
(Loss)/earnings per share-basic and fully diluted (cent per share)	<u>(1,01)</u>	<u>3,74</u>

There is no difference between the basic and fully diluted earnings/(loss) per share for the current or prior period.

## 11 Property, plant and equipment

	Total €
<b>Six months ended 30 June 2011</b>	
Opening net book amount	95.975
Depreciation charge	(11.756)
Net book amount as at 30 June 2011	<u>84.219</u>
<b>Six months ended 30 June 2012</b>	
Opening net book amount	72.462
Depreciation charge	(11.800)
Net book amount as at 30 June 2012	<u>60.662</u>

# K + G Complex Public Company Limited

## 12 Investments in associates

	€
<b>Six months ended 30 June 2011</b>	
At the beginning of period	99.528.975
Share of loss after tax	(1.001.718)
Share of changes in equity	(62.963)
At the end of period	<u>98.464.294</u>
<b>Six months ended 30 June 2012</b>	
At the beginning of period	98.141.304
Share of loss after tax	(952.128)
Share of changes in equity	(250.127)
At the end of period	<u>96.939.049</u>

The associated company is The Cyprus Cement Public Company Limited. Its main activities are the development of land and the holding of strategic investments in companies operating in hotel and tourism industry and in the sector manufacturing and sale of cement. The interest held by the Group to The Cyprus Cement Public Company Limited, which is listed in the Cyprus Stock Exchange, is 32,07%.

## 13 Share capital and share premium

	Number of shares	Share capital €	Share premium €	Total €
At 1 January 2011/30 June 2011	<u>100 000 000</u>	<u>17.000.000</u>	<u>1.757.006</u>	<u>18.757.006</u>
At 1 January 2012/30 June 2012	<u>100 000 000</u>	<u>17.000.000</u>	<u>1.757.006</u>	<u>18.757.006</u>

The total authorized number of ordinary shares is 500 000 000 shares (2011: 500 000 000 shares) with a par value of €0,17 per share (2011: €0,17 per share). All issued shares are fully paid. All issued shares carry equal voting rights.

## 14 Borrowings

	<b>30 June 2012 €</b>	<b>31 December 2011 €</b>
<b>Current</b>		
Bank overdrafts	<b>50.521</b>	6.985
Bank borrowings	<b>2.432.987</b>	1.147.569
	<u><b>2.483.508</b></u>	<u>1.154.554</u>
<b>Non-current</b>		
Bank borrowings	<b>16.142.649</b>	17.965.211
<b>Total borrowings</b>	<u><b>18.626.157</b></u>	<u>19.119.765</u>

# K + G Complex Public Company Limited

## 14 Borrowings (continued)

Movement in bank loans during the period is analyzed as follows:

	<b>30 June 2012 €</b>	<b>30 June 2011 €</b>
Balance at 1 January	<b>19.112.780</b>	24.074.261
Repayments	<b>(1.083.842)</b>	(5.089.935)
Interest expenses	<b>546.698</b>	654.021
<b>Balance at 30 June</b>	<b><u>18.575.636</u></b>	<b><u>19.638.347</u></b>

The bank loans are repayable by monthly installments by July 2018. The bank loans and overdrafts are secured by guarantees from the holding company C.C.C. Holdings & Investments Public Company Limited (Note 16 (e)).

The Company'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 to cash flow interest rate risk.

The carrying amounts of short-term bank overdrafts on current and non-current borrowings approximate their fair value.

## 15 Contingencies

As at 30 June 2012, there were no capital or other commitments which were not provided for in the condensed interim consolidated financial statements.

There were no significant changes in the Group's contingencies from those that were presented in the annual consolidated financial statements for the year ended 31 December 2012.

## 16 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, 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.



# K + G Complex Public Company Limited

## 16 Related party transactions (continued)

The following transactions were carried out with related parties:

### (a) Purchases of services

	30 June 2012 €	30 June 2011 €
Related company:		
Management, consultancy, rental and secretarial fees	273.600	184.703
Selling and marketing expenses	78.823	97.800
	<u>352.423</u>	<u>282.503</u>

The recharge of costs from related companies is based on the time spent by its employees on the affairs of the Group and office space allocated to the Group.

### (b) Interest (on)/from balances with related parties

	30 June 2012 €	30 June 2011 €
Interest paid:		
Balance with holding company	<u>(28.435)</u>	<u>(8.947)</u>
Interest received:		
Balance with associated company	<u>163.670</u>	<u>350</u>

### (c) Period/year end balances

	30 June 2012 €	31 December 2011 €
Receivables from related parties:		
Associated company	224.138	-
Related companies	1.922	1.922
	<u>226.060</u>	<u>1.922</u>
Payables to related parties:		
Associated company	368	39.946
Holding company	514.083	1.480.083
	<u>514.451</u>	<u>1.520.029</u>

Balances with related parties bear average annual interest at the rate of 7% (2011: 7%), are not secured and they are payable/receivable on demand.

# K + G Complex Public Company Limited

## 16 Related party transactions (continued)

### (d) Loans to related parties

	30 June 2012 €	31 December 2011 €
Loans to ultimate holding and associated companies:		
At beginning of period/year	3.803.860	-
Loans advanced during year	4.007.000	3.700.475
Loans repaid during year	(2.088.715)	-
Interest charged	163.670	103.385
At end of period/year	<u>5.885.815</u>	<u>3.803.860</u>

The loans to related companies carry average interest at the rate of 6% per annum.

The loan to the ultimate holding company amounting to €4.130.660 is secured by corporate guarantee from the company Galatariotis Enterprises Limited and is repayable on demand. The loans to related companies are unsecured and are repayable on demand.

### (e) Loan guarantees from related companies

The bank loans of the Group are secured by guarantees from the holding company C.C.C. Holdings & Investments Public Company Limited for an unlimited amount.

### (f) Transactions with Directors and related parties

Apart from the transactions and balances with Directors and key management and other related parties referred to above, there were no other material transactions with the Company as at 30 June 2012, in which the Directors or the related parties had a material interest.

## 17 Subsidiary undertakings

The subsidiary of K + G Complex Public Company Limited is the following:

	% holding	Country of incorporation	Activities
Galatex Tourist Enterprises Limited	100%	Cyprus	Property development

## 18 Seasonality

The results of the Group are not significantly affected by seasonal fluctuations.

## 19 Events after the balance sheet date

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