

C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Directors	Costas St. Galatariotis, Executive Chairman George St. Galatariotis, Director Stavros G. St. Galatariotis, Director Alexis G. St. Galatariotis, Director Michalis Mousiouttas, Director Constantinos Pittas, Director Riginos Tsanos, Director (Resigned on 1 February 2018) Tasos Anastasiou, Director (Resigned on 31 December 2017) Antonis Antoniou Latouros, Director (Assigned on 19 January 2018)
Secretary	C.C.C. Secretarial Limited, Limassol, Cyprus
Finance Manager	Elena Stylianou
Independent Auditors	Deloitte Limited, Limassol, Cyprus
Legal advisors	Christophi & Associates LLC
Bankers	Bank of Cyprus Public Company Limited
Registered Office	197 Makarios Avenue III, 3030 Limassol

C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

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

In accordance with Article 9 sections (3c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 190 (1) / 2007 until 2013, we, the members of the Board of Directors and the other officials responsible for the drafting of the financial statements of C.C.C. Tourist Enterprises Public Company Limited (the "Company") and the Company's separate financial statements for the year ended 31 December 2017, on the basis of our knowledge, declare that:

- a) the financial statements which are presented on pages 15 to 37:
 - (i) have been prepared in accordance with the applicable International Financial Reporting Standards as adopted by the European Union and the provisions of article 9 section (4) of the law, and
 - (ii) provide a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Company and
- b) the Management report provides a fair review of the developments and the performance of the business and the financial position of the Company and its associated undertakings included in the accounts taken as a whole, together with a description of the main risks and uncertainties which they face.

Costas St. Galatariotis	Executive Chairman
George St. Galatariotis	Director
Stavros G. St. Galatariotis	Director
Alexis G. St. Galatariotis	Director
Michalis Mousiouttas	Director
Constantinos Pittas	Director
Antonis Antoniou Latouros	Director

Responsible for the preparation of the financial statements

Name	Position	Signature
Elena Stylianou	Finance Manager

Limassol, 27 April 2018

MANAGEMENT REPORT

For the year ended 31 December 2017

The Board of Directors presents its annual report of C.C.C. Tourist Enterprises Public Company Limited (the "Company") together with the audited financial statements for the year ended 31 December 2017.

Incorporation and principal activities

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

The principal activity of the Company is the investment in the share capital of Parklane Hotels Limited (formerly L' Union Nationale (Tourism and Sea Resorts) Limited) ("Parklane"). Parklane's principal activities, is the erection and development of hotels, the operation of hotel business and the development and promotion of tourism and tourism activities.

Parklane is the owner company of the luxurious hotel complex Parklane (formerly Meridien) which is currently under full renovation. Parklane is part of the "Luxury Collection Resort & Spa". Parklane is under renovation and is expected to be opened in September 2018, whilst adjacent to the hotel a multi-storey building with luxury apartments has started to be constructed under a plan of mixed-use development after securing the relevant planning permit.

Results

The Company's results for the year are set out on page 15.

Dividends

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

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

Financial performance

The Company has losses in the amount of €43.109 (2016: loss €41.251).

Financial position

The Company's total assets for the year ended were €20.845.443 (2016: €20.848.728). Net assets decreased from €20.785.323 in 2016 to €20.742.214 in 2017 as a result of the loss recognized in income statement for the year.

Expected future developments of the Company

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

MANAGEMENT REPORT (Cont'd)

For the year ended 31 December 2017

Risks and uncertainties

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

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

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

Details with respect to the management of risks associated with the financial position of the Company are included in note 14 of the financial statements.

Branches

The Company does not maintain any branches.

Share Capital

On 31 December 2017, the issued and fully paid up share capital of the Company consisted of 141.692.040 ordinary shares at €0,43 each.

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

Significant events after the end of the financial year

Any significant events that occurred after the end of the financial year are described in note 15 of the financial statements.

Corporate Governance Code

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

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

MANAGEMENT REPORT (Cont'd)

For the year ended 31 December 2017

Corporate Governance Code (Cont'd)

Pursuant to article 78 of the Auditors' Law of 2017, the Board of Directors of the Company has proceeded to the establishment of an Audit Committee on 19 January 2018. The Audit Committee consists of the following members:

- Mr. Antonis Latouros - President of the Committee
- Mr. Michalis Mousiouttas - Member of the Committee
- Mr. Alexis Galatariotis - Member of the Committee

The majority of Audit Committee members are Independent Non-Executive Directors. The Commission will meet at least four times a year with external auditors for independent discussion without the presence of Executive Directors. The Audit Committee will review a wide range of financial issues, including annual and semi-annual results, statements and accompanying reports, before submitting them to the Board of Directors, as well as overseeing the procedures for choosing accounting principles and accounting calculations for the Company's financial statements. Also, the Audit Committee advises the Board of Directors on the appointment of external auditors and their fees for audit and non-audit work. The external auditors shall carry out independent and objective audits of internal financial control procedures only to the extent they deem necessary to express an opinion in their report on the accounts. The Audit Committee discusses extensively with the auditors the findings that have arisen during the audit as well as the auditors' report.

Shareholders who hold at least 5% of the issued share capital of the Company

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

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

	27 April 2018	31 December 2017
	%	%
The Cyprus Cement Public Company Ltd	68,09	68,09
Thomas M. Schmidheiny	13,56	13,56

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

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

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

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

MANAGEMENT REPORT (Cont'd)

For the year ended 31 December 2017

Corporate Governance Code (Cont'd)

The Board of Directors currently consists of 7 members and meetings are convened at regular intervals. The Board of Directors approves the Company's strategy and supervises the adoption and realization of the Company's strategic development.

Directors' interest in the share capital of the Company

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

	27 April 2018	31 December 2017
	%	%
Costas St. Galatariotis (*)	68,09	68,09
Riginos Tsanos (**)	-	1,89
George St. Galatariotis	-	-
Stavros G. St. Galatariotis	-	-
Alexis G. St. Galatariotis	-	-
Michalis Mousiouttas	-	-
Constantinos Pittas	-	-
Antonis Antoniou Latouros (***)	-	-

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

(**) Mr. Riginos Tsanos resigned from a member of the Board of Directors by letter of resignation on 1 February 2018.

(***) Mr. Antonis Antoniou Latouros was appointed as a member of the Board of Directors by the Board of Directors of the Company on 19 January 2018.

Board of Directors

The members of the Board of Directors at the date of this report are shown on page 1. All of them were members of the Board of Directors for the whole year 2017 except Mr. Antonis Antoniou Latouros who was appointed on 19 January 2018. Moreover, Tasos Anastasiou and Riginos Tsanos resigned from the Board of Directors on 31 December 2017 and 1 February 2018 respectively.

In accordance with the Company's Articles of Association Messrs. Alexis Galatariotis, Michalis Mousiouttas and Constantinos Pittas retire by rotation and being eligible, offer themselves for re-election.

In addition, Mr. Antonis Antoniou Latouros who was appointed by the Board of Directors on 19 January 2018 in accordance with the Articles of Association of the Company, resigns on the next Annual General Meeting, but has the right to be re-elected and is offered for re-election.

The directors' remuneration is set out in note 4.

MANAGEMENT REPORT (Cont'd)

For the year ended 31 December 2017

Independent Auditors

Pursuant to the provisions of the Auditors' Law of 2017 (53 (I) / 2017) and the related interpretation of the said law by the Cyprus Public Audit Oversight Board, the Company will proceed with a public tendering procedure for the selection of the independent auditors for the year 2018. The tendering procedure for the selection of independent auditors will be conducted by the Audit Committee of the Company and the independent Auditors selected, will be approved and appointed by the General Meeting of Shareholders of the Company.

By order of the Board of Directors

C.C.C. Secretarial Limited,
Secretary

Limassol, 27 April 2018

Independent Auditor's Report

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

Report on the audit of the financial statements of C.C.C. Tourist Enterprises Public Company Limited

Opinion

We have audited the financial statements of **C.C.C. Tourist Enterprises Public Company Limited** (the "Company"), which are presented in pages 15 to 37 and comprise the statement of financial position of the Company as at 31 December 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report (Cont'd)

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

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

Key Audit Matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How audit addressed the key audit matter
<p>Valuation of available for sale investment</p> <p>As described in note 9 of the financial statements, the available for sale investment which is valued at fair value, represents the Company's participation by 24,98% in the share capital of <i>Parklane Hotels Limited (formerly L' Union Nationale (Tourism and Sea Resorts) Limited)</i> ("Parklane") and as at 31 December 2017 constituted 99,3% of the total assets of the Company. The carrying value of the available for sale investment remained unchanged from last year and therefore as at 31 December 2017 it was reported at €20.702.980.</p> <p>For the determination of the fair value of the available-for-sale investment, it requires significant judgment from the Company's Management to determine the assumptions on which the calculations were based. These assumptions, which are based on historical trends and future expectations, by nature are highly subjective.</p>	<p>In cooperation with our internal valuation specialists and with further cooperation from an external appraiser, we have performed, among others, the following audit procedures:</p> <ul style="list-style-type: none"> • Evaluated the process followed by the Company as well as the capabilities, experience and qualifications of the person who has prepared the valuation on behalf of the Company's management. • Evaluated the independence, experience and capabilities of the external appraiser who cooperated with us. • Confirmed that the valuation methods used by the Company's management and external appraiser are appropriate and comply with International Financial Reporting Standards and best practices. • On a sample basis, examined the reasonableness and credibility of the information and data used by the Company's management for the valuation of the investment. The audit was performed by comparing the appropriate supporting documents and information included in the report provided to us by the external appraiser. A comparison was also performed with other available market data.

Independent Auditor's Report (Cont'd)

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

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

Key Audit Matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud (Cont'd)

Key audit matter	How audit addressed the key audit matter
Valuation of available for sale investment	
More information on the valuation methods and assumptions used, is described in note 9 of the financial statements.	<ul style="list-style-type: none">• We evaluated the valuation methods and the appropriateness of the parameters and assumptions used to calculate the value of the investment. Moreover, the valuation prepared by the Company's Management was compared with the data included in the external valuer's report.• We performed a sensitivity analysis on the significant assumptions for estimating the extent of the impact on fair value.• We have assessed whether the disclosures in the financial statements include the disclosures required by International Financial Reporting Standards, especially those relating to significant assumptions used and based on non-observable data.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and in the declaration of Directors and other responsible officers of the Company, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report (Cont'd)

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

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

Responsibilities of the Board of Directors for the financial statements

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

Independent Auditor's Report (Cont'd)

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

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

Auditor's Responsibilities for the Audit of the financial statements (Cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10 (2) of the EU Regulation 537/2014, we provide the following information in the Independent Auditor's Report, which is required in addition to the requirements of the International Standards on Auditing.

Independent Auditor's Report (Cont'd)

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

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

Appointment of the Auditor and Appointment Period

We were appointed for the first time as auditors of the Company on 7 January 2000 by the Company's Board of Directors. Our appointment is renewed annually by a resolution of shareholders and represents a total uninterrupted appointment period of 18 years.

Consistency of the additional Report to the Audit Committee

We confirm that our opinion on the financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 27 April 2018 in accordance with Article 11 of the European Union Regulation (EU) 537/2014.

Provision of Non-Auditing Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Company and which have not been disclosed in the financial statements or the management report.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Independent Auditor's Report (Cont'd)

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

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

Other Matter

This report, including the opinion, was prepared for the members of the Company as a body and only in accordance with Article 10 (1) of the European Union Regulation (EU) 537/2014 and Article 69 of the Auditors Law of 2017 and for no other purpose. By giving this opinion we do not accept and do not assume any responsibility for any other purpose or to any other person to whose knowledge this report may come across.

The engagement partner on the audit resulting in this independent auditor's report is Costas Georghadjis.

Costas Georghadjis
Certified Public Accountant and Registered Auditor
For and behalf of

Deloitte Limited
Certified Public Accountants and Registered Auditors

Limassol, 27 April 2018

C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 €	2016 €
Administration costs	4	(46.252)	(39.647)
Profit on sale of shares in associate	8	3.843	-
Finance costs	5	(700)	(1.604)
Loss before taxation		<u>(43.109)</u>	<u>(41.251)</u>
Taxation	6	-	-
Loss for the year		<u>(43.109)</u>	<u>(41.251)</u>
Other comprehensive income for the year			
Other comprehensive income for the year		-	-
Loss for the year		<u><u>(43.109)</u></u>	<u><u>(40.193)</u></u>
Loss per share		€ cent	€ cent
Basic and fully diluted loss per share	7	<u>(0,00)</u>	<u>(0,00)</u>

C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 €	2016 €
ASSETS			
Non-current assets			
Investment in associates	8	-	3.417
Available for sale investment	9	20.702.980	20.702.980
		<u>20.702.980</u>	<u>20.706.397</u>
Current assets			
Receivables from related companies	13	142.331	142.331
Cash and cash equivalents		132	-
		<u>142.463</u>	<u>142.331</u>
Total assets		<u><u>20.845.443</u></u>	<u><u>20.848.728</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	60.927.577	60.927.577
Share premium		1.756.398	1.756.398
Revaluation reserve		(2.997.486)	(2.997.486)
Accumulated losses		(38.944.275)	(38.901.166)
Total equity		<u>20.742.214</u>	<u>20.785.323</u>
Current liabilities			
Payables and accruals	11	20.217	15.500
Payables to related companies	13	83.012	15.317
Bank overdrafts		-	32.588
		<u>103.229</u>	<u>63.405</u>
Total liabilities		<u>103.229</u>	<u>63.405</u>
Total equity and liabilities		<u><u>20.845.443</u></u>	<u><u>20.848.728</u></u>

On 27 April 2018 the Board of Directors of C.C.C. Tourist Enterprises Public Company Limited authorized these financial statements for issue.

Costas St. Galatariotis
Executive Chairman

George St. Galatariotis
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital €	Share premium (note a) €	Revaluation reserve (note c) €	Accumulated losses (note b) €	Total €
1 January 2016	60.927.577	1.756.398	(2.997.486)	(38.859.915)	20.826.574
Comprehensive income					
Loss for the year	-	-	-	(41.251)	(41.251)
31 December 2016/1 January 2017	60.927.577	1.756.398	(2.997.486)	(38.901.166)	20.785.323
Comprehensive income					
Loss for the year	-	-	-	(43.109)	(43.109)
31 December 2017	60.927.577	1.756.398	(2.997.486)	(38.944.275)	20.742.214

Notes:

- (a) Share premium is not available to be distributed in the form of dividends.
- (b) Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividend paid for the years profits. This special contribution is payable by the Company on behalf of shareholders. For the purpose of calculating the deemed distribution, the term "profits" means the accounting profits as they are calculated in accordance with generally accepted accounting principles but after the transfer to reserves of any amount pursuant to any legislation.
- (c) Revaluation reserve as of 31 December 2017, represents accumulated gains and losses arising on the revaluation of available for sale investments that has been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	€	€
Cash flows from operating activities		
Loss before taxation	(43.109)	(41.251)
Adjustments for:		
Interest payable	490	1.414
Profit on sale of shares in associate	(3.843)	-
	(46.462)	(39.837)
Operating cash flows before working capital changes	(46.462)	(39.837)
Increase in payables and accruals	4.717	-
	(41.745)	(39.837)
Cash used in operating activities	(41.745)	(39.837)
Interest paid	(490)	(1.414)
	(42.235)	(41.251)
Net cash used in operating activities	(42.235)	(41.251)
 Cash flows from investing activities		
Receipts from sale of shares in associate	7.260	-
	7.260	-
Net cash generated from investing activities	7.260	-
 Cash flows from financing activities		
Decrease in amount due from related parties	-	20.774
Increase in amount due to related parties	67.695	15.317
	67.695	36.091
Net cash generated from investing activities	67.695	36.091
Net increase/ (decrease) in cash and cash equivalents	32.720	(5.160)
Cash and cash equivalents at 1 January	(32.588)	(27.428)
 Cash and cash equivalents at 31 December	132	(32.588)

The reconciliation table for the year 2017 between the initial and final balances for the liabilities arising from financing activities, in accordance with Amendments to IAS 7 Notification Initiatives which entered into force on 1 January 2017, is presented below:

	€
Balance 1 January 2017(note 13)	15.317
Additional Funding	67.695
Balance 31 December 2017(note 13)	83.012

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. INCORPORATION AND PRINCIPAL ACTIVITIES

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

The principal activity of the Company is the investment in the share capital of Parklane Hotels Limited (formerly L' Union Nationale (Tourism and Sea Resorts) Limited) ("Parklane"). Parklane's principal activities, is the erection and development of hotels, the operation of hotel business and the development and promotion of tourism and tourism activities.

Parklane is the owner company of the luxurious hotel complex Parklane (formerly Meridien) which is currently under full renovation. Parklane is part of the "Luxury Collection Resort & Spa". Parklane is under renovation and is expected to be opened in September 2018, whilst adjacent to the hotel, a multi-storey building with luxury apartments has started to be constructed under a plan of mixed-use development after securing the relevant planning permit.

The hotel complex Parklane is situated along the coast to the east of the ancient town of Amathunta occupying an area of 91.170 sq.m. fronting the sea for 270 meters. An area of 73.778 sq.m is owned on a freehold basis whilst an area of 17.392 sq.m is being leased from the government of Cyprus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Statement of compliance

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

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

Basis of preparation

The financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Functional and presentation currency

The financial statements are presented in Euro (€) which is the functional currency of the Company.

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

In the current year, the Company has adopted all of the new and revised International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and are effective for periods beginning on or after 1 January 2017. All the new amendments have been adopted by the European Union and their application has had no impact on the Company's financial statements.

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2017 and had no material impact on the Company:

Standard/ Interpretation	Effective for annual periods beginning on or after:
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses	1 January 2017
Amendments to IAS 7 Disclosure Initiative	1 January 2017
Annual Improvements to IFRSs 2014-2016 Cycle:	1 January 2017

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

i) Adopted by the European Union

Standard/ Interpretation	Effective for annual periods beginning on or after:
IFRS 16 "Leases"	1 January 2019
IFRS 9 "Financial Instruments"	1 January 2018
IFRS 15 "Revenue from Contracts with Customers"	1 January 2018
Clarification to IFRS 15 "Revenue from Contracts with Customers"	1 January 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle	1 January 2018
Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"	1 January 2018

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

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

i) Adopted by the European Union (Cont'd)

Standard/ Interpretation	Effective for annual periods beginning on or after:
IFRIC Interpretation 22: "Foreign Currency Transactions and Advance Consideration"	1 January 2018
Amendments to IAS40: "Transfers of Investment Property"	1 January 2018
Amendments to IFRS 9 "Prepayment Features and Negative Consideration"	1 January 2019

IFRS 9 Financial Instruments (as revised in 2014), IFRS 15 Revenue from Contracts with Customers, IFRS 16 Leases and other amendments to the standards will be effective for financial periods beginning on or after 1 January 2018. For all new standards and amendments, may be applied earlier than the effective date as set out below. The Company's management has not applied IFRS 15 and IFRS 9 earlier, nor does it intend to apply IFRS 16 earlier. Management is in the process of assessing the impact of the above IFRS. Nevertheless, it believes that the application of IFRS 9, IFRS 15 and IFRS 16 will not have a material impact on the Company's financial statements.

ii) Not yet adopted by the European Union

Standard/ Interpretation	Effective for annual periods beginning on or after:
IFRS 17 Insurance Contracts	1 January 2021
IFRIC 23 Uncertainty over Income Tax Treatment	1 January 2019
Amendments to IAS 28 Long Term Interests in Associates and Joint Ventures	1 January 2019
Annual improvements to IFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to IAS 19, Amendments, Curtailments or Settlement	1 January 2019
Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture	-

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Net finance costs

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

Foreign currencies

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

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

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

Taxation

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

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

Investment in associate

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Financial instruments

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

All normal purchases or sales of financial assets are recognized and derecognised on the basis of the transaction date. Regular purchases or sales involve purchases or sales of financial assets that require delivery of the assets within the timeframe established by the regulation or the contract at the time of purchase.

Investments are initially recognized at fair value plus transaction costs for all financial assets that are not presented at fair value through profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” (FVTPL), “held-to-maturity” investments, “available for sale” (AFS) financial assets and “loans and receivables”.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

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

Loans and receivables

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

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

Available for sale financial assets

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

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

Unrealized gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income and then in equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Financial assets (Cont'd)

Impairment of financial assets

The Company assesses at each date in the statement of financial position whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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

In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is taken as an indication that the securities have been impaired. If there are such indications for available-for-sale financial assets, the cumulative loss that is determined as the difference between the acquisition cost and the current fair value less any impairment losses of the asset previously recognized in the income statement is transferred by the same funds and are recognized in the income statement.

With respect to available-for-sale shares, their impairment losses previously recognized in the income statement are not reversed through the income statement. Any increase in fair value subsequent to the impairment loss is recognized in other comprehensive income and accumulated in the revaluation reserve. Impairment losses are reversed through the income statement if the increase in the fair value of the investment can be objectively correlated with an event occurring after the impairment loss has been recognized.

Impairment indications for loans and receivables may include the fact that the borrower is facing significant financial difficulties, omission or inadequacy in interest or capital payments, the probability of bankruptcy or other economic reorganization, and observable evidence that there is a measurable reduction in estimated future cash flows and changes in the economic conditions associated with delays.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets except for trade receivables where the carrying amount is reduced by the use of a provisioning account.

The recognized provision is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the effective interest rate prevailing at the time of initial recognition.

When trade receivables are considered bad, they are written off against the provisioning account. Subsequent recoveries of amounts previously written off are credited against the provisioning account. Changes in the carrying amount of the provisioning account are transferred to the income statement.

Derivatives

Derivative financial instruments are initially recognized at their fair value at the date of the contract and any costs incurred and attributable directly to that transaction are recognized in the income statement when incurred. After their initial recognition, derivatives are measured at fair value, and any changes in fair value are generally recognized in the income statement.

Cash and cash equivalents

Cash and cash equivalents for cash flow statements are made up of the balances with the cashier and the banks less the bank overdrafts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Financial assets (Cont'd)

Derecognition of financial assets

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

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

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

Financial liabilities

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

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

Borrowings

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

Derecognition of financial liabilities

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Provisions

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

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

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

Comparatives

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

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

Fair value of financial assets

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

The fair value of the available for sale investment in Parklane Hotels Limited, being hotel owner, has been determined by using the expected operating profit (known as "EBITDA") and the discounted cash flow method (DCF). The fair value was prepared by the management of the Company.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Impairment of investment available for sale

The Company follows the guidelines of “IAS 39: Financial instruments: Derecognition and measurement” to decide when an investment has been impaired. This decision requires considerable judgment. In the exercise of this judgment, the Company estimates, along with other factors, the duration and the extent where the fair value of an investment is lower than the cost, the fact that the hotel complex is under renovation and the financial viability and short-term business future of the investment including factors such as the performance of the tourism industry and expected operational and financial cash flows.

The management of the Company has estimated that its investment in Parklane Hotels Limited has not been impaired and therefore the fair value loss accumulated in the revaluation reserve from the previous year has not been transferred to the income statement and other comprehensive income.

Fair value of call option

Following the agreement signed on 30 September 2014 between the Company and the 75% owner of Parklane Hotels Limited, the Company has a (“call option”) to compel Parklane Hotels Limited to issue solely and exclusively to the Company shares at fair value which together with the existing shareholding (24,98%) will constitute 50% of the issued shares of Parklane Hotels Limited. The right can be exercised after three years and before the end of the six years share capital restructuring (i.e. from 30 September 2017 to 30 September 2020). In the event of exercise of the right, the shares to be issued will be at fair value which will be determined by an independent party.

The above call option has not been recognized in the Company's financial statements as the Board of Directors considers that the call option does not have significant value.

4. ADMINISTRATION COSTS

	2017	2016
	€	€
Directors' remuneration (i)	3.200	3.200
Auditors' remuneration for statutory audit services – current year	14.300	10.000
Auditors' remuneration for statutory audit services – prior year	3.100	-
Auditors' remuneration for other services – current year	-	3.987
Subscriptions and contributions	12.374	12.377
Secretarial fees	4.760	4.760
Stationery and printing	881	892
Entertaining	935	741
Other professional fees	410	410
Other expenses	6.292	3.280
	<u>46.252</u>	<u>39.647</u>

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

C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. FINANCE COSTS

	2017	2016
	€	€
Finance costs		
Bank overdraft and other bank charges	490	1.414
Other related costs	210	190
	<u>700</u>	<u>1.604</u>
Finance costs	<u>700</u>	<u>1.604</u>

6. TAXATION

	2017	2016
	€	€
Corporation tax – current	-	-
	<u>-</u>	<u>-</u>
Tax charge	-	-
	<u>-</u>	<u>-</u>

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

	2017	2016
	€	€
Loss before taxation	(43.109)	(41.251)
	<u>(43.109)</u>	<u>(41.251)</u>
Tax at the applicable income tax rate of 12,5%	(5.389)	(5.156)
Tax effect of expenses that are not deductible in determining taxable profit	1.935	2.496
Effect of losses carried forward	3.454	2.660
	<u>-</u>	<u>-</u>
Tax charge	<u>-</u>	<u>-</u>

The corporation tax rate during the year ended 31 December 2017 was 12,5%.

Tax losses

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

At the end of the year, the Company's tax losses that were available to be carried forward and offset with taxable profits in the next five years amounted to €127.512 (2016: €109.844).

C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. BASIC AND FULLY DILUTED LOSS PER SHARE

	2017	2016
	€	€
Net loss for the year	43.109	41.251
Weighted average number of shares	141.692.040	141.692.040
	€ cent	€ cent
Basic and fully diluted loss per share	0,00	0,00

8. INVESTMENT IN ASSOCIATED COMPANIES

	2017	2016
	€	€
Investment in associated company - C.C.C. Secretarial Limited	-	3.417
	-	3.417

On 3 January 2017, the Company sold all the shares it held in its affiliated company. The sale was made to its parent company Cyprus Cement Public Company Limited and its related company K + G Complex Public Company Limited. The sale price of the shares was agreed at €3.63 per share, which represents the net book value per share according to the accounts of C.C.C. Secretarial Limited on 31 December 2016, generating a profit of €3.843.

Details of the Company's investment in associate company at the end of the reporting period is as follows:

Name of associated Company	Principal activity	Percentage Holding	
		2017	2016
C.C.C. Secretarial Limited	Secretarial and other professional services	-	20%

9. AVAILABLE FOR SALE INVESTMENT

	2017	2016
	€	€
Investment in Parklane Hotels Limited	20.702.980	20.702.980

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

Name of the entity	Principal activity	Percentage Holding	Percentage Holding
		2017	2016
Parklane Hotels Limited	Hotel Operations	24,98%	24,98%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. AVAILABLE FOR SALE INVESTMENT (Cont'd)

The movement of available for sale investment is the following:

	2017	2016
	€	€
Balance 1 st January (i), (ii)	20.702.980	20.702.980
Balance 31 December	<u>20.702.980</u>	<u>20.702.980</u>

(i) Parklane Hotels Limited has the following shares as of 31 December 2017:

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

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

As of 31 December 2017, the Company and the investor have one and four appointed directors, respectively. In addition, general meetings decisions will be taken by a simple majority unless otherwise specified by law.

(ii) Based on agreement signed on 30 September 2014 with the investor, the Company has a (“call option”) to compel Parklane Hotels Limited to issue solely and exclusively to the Company shares at fair value which together with the existing shareholding (24,98%) will constitute 50% of the issued Parklane Hotels Limited shares. The option is exercisable after 3 years and before the lapse of six years from the Share Capital Restructuring (between 30 September 2017 and 30 September 2020).

The Company's Board of Directors has assessed the fair value of the purchase option as insignificant considering that the shares in Parklane Hotels Limited will be issued at their fair value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. AVAILABLE FOR SALE INVESTMENT (Cont'd)

(iii) The Board of Directors had decided to reclassify its investment in Parklane Hotels Limited from "Investment in associated company" to "Available for sale investment" with effect from 1 January 2015. Despite the Company's participation in Parklane Hotels Ltd with more than 20% , the Board of Directors of the Company had decided from 1 January 2015 that this categorization better reflects the economic substance of the events according to the degree of influence of the Company in the economic and business decisions as taken from Parklane Hotels Ltd with major being the ones eventually involving the complete renovation of the hotel complex and future business model plans. The Board of Directors considers that the same conditions continue to exist and, as a result, the investment is measured at fair value in accordance with the principles of "IAS 39: Financial Instruments: Recognition and Measurement". Furthermore, the Board of Directors, taking into account, among other things, the Company's intention, based on the criteria set out in IFRS 10: Consolidated Financial Statements, the purchase option (see (ii)) is not considered to be a substantive right).

(iii) Valuation method and key assumptions

The valuation of the investment in Parklane Hotels Limited is prepared by the Company's finance department, which has the appropriate capabilities, experience and qualifications. The finance department reports directly to the Company's Board of Directors on the procedures and the result of the valuation, at least once a year, where the final valuation is approved.

The valuation of the investment includes the valuation of the hotel complex and the residential apartments that is constructed in the north-east area of the hotel area. The Company's management used the discounted cash flow method to measure the value of the residential apartments and the fair value method based on the expected operating profit (Earnings Before Interest and Depreciation, known as EBITDA) for the valuation of the hotel complex. The discounted cash flow method was used as a supportive method to verify the outcome.

The Company's management assessed the different techniques and selected the fair value method which was based on the operational profit, as the most appropriate of the Hotel Complex taking into account the characteristics and particularities of the investment, the available information and the maximization of the observable data used in the valuation.

C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. AVAILABLE FOR SALE INVESTMENT (Cont'd)

(iv) Valuation method and key assumptions

The key assumptions used in the valuation are the following:

Description 31 December 2017	Fair value method	Non – observable data	Connection between non – observable data and fair value
Shares in Parklane Hotels Limited	<u>Hotel operations:</u> Fair value method based on operating profit	Multiplier: 16 Expected operating profit: €10m	The higher the multiplier and the expected operating profit, the higher the fair value
	<u>Development and sale of luxury apartments:</u> Discounted cash flow method	Expected sale price of residential apartments €10 - €17 thousand per square meter Discount rate: 7,48%	The higher the sale price per square meter, the greater the fair value. The higher the discount rate, the lower the fair value.
Description 31 December 2016	Fair value method	Non – observable data	Connection between non – observable data and fair value
Shares in Parklane Hotels Limited	<u>Hotel operations:</u> Fair value method based on operating profit	Multiplier: 16 Expected operating profit: €9,6m	The higher the multiplier and the expected operating profit, the higher the fair value
	<u>Development and sale of luxury apartments:</u> Discounted cash flow method	Expected sale price of residential apartments €10.000 per square meter Discount rate: 7,08%	The higher the sale price per square meter, the greater the fair value. The higher the discount rate, the lower the fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

9. AVAILABLE FOR SALE INVESTMENT (Cont'd)

(v) *Sensitivity*

The table below shows the possible impact on the fair value of the investment in Parklane Hotels Limited in other comprehensive income, from the change in significant assumptions. The positive amount reflects the net possible profit and the negative amount the net possible loss to other comprehensive income.

Change in assumptions	Impact in other comprehensive income 2017 €
<u>Operating profit method (Hotel complex)</u>	
Increase by 10% in the expected operating profit	3.597.120
Decrease by 10% in the expected operating profit	(3.597.120)
	<hr/>
Increase by 1 percentage point in the multiplier	2.248.200
Decrease by 1 percentage point in the multiplier	(2.248.200)
	<hr/>
<u>Discounted cash flow method (Luxury apartments)</u>	
Increase by 10% in expected sale price	1.959.811
Decrease by 10% in expected sale price	(1.959.811)
	<hr/>
Increase by 0,5 percentage points of the discount rate	(81.934)
Decrease by 0,5 percentage points of the discount rate	82.881
	<hr/>
Change in assumptions	Impact in other comprehensive income 2016 €
<u>Operating profit method (Hotel complex)</u>	
Increase by 10% in the expected operating profit	3.836.928
Decrease by 10% in the expected operating profit	(3.836.928)
	<hr/>
Increase by 1 percentage point in the multiplier	2.398.080
Decrease by 1 percentage point in the multiplier	(2.398.080)
	<hr/>
<u>Discounted cash flow method (Luxury apartments)</u>	
Increase by 10% in expected sale price	1.376.574
Decrease by 10% in expected sale price	(1.376.574)
	<hr/>
Increase by 0,5 percentage points of the discount rate	(179.470)
Decrease by 0,5 percentage points of the discount rate	183.223
	<hr/>

C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. SHARE CAPITAL

	2017	2016
	€	€
Authorised		
150.000.000 ordinary shares of €0,43 each	64.500.000	64.500.000
	<u>64.500.000</u>	<u>64.500.000</u>
Issued and fully paid shares		
141.692.040 ordinary shares of €0,43 each	60.927.577	60.927.577
	<u>60.927.577</u>	<u>60.927.577</u>

11. PAYABLES AND ACCRUALS

	2017	2016
	€	€
Other payables and accrual	20.217	15.500
	<u>20.217</u>	<u>15.500</u>

12. COMMITMENTS AND CONTINGENCIES

As at 31 December 2017, the Company did not have any capital commitments or contingencies.

13. RELATED PARTY TRANSACTIONS

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

The following transactions were carried out with related parties:

Name	Nature of transactions	2017	2016
		€	€
C.C.C. Secretarial Limited	Management fees	(4.760)	(4.760)
		<u>(4.760)</u>	<u>(4.760)</u>

The following balances were owned from/(to) related parties at the end of the reporting period:

Name	Nature of transactions	Amounts owed from/ (to) related parties	
		2017	2016
		€	€
The Cyprus Cement Public Company Limited	Financing	(83.012)	(15.317)
Parklane Hotels Limited	Financing	142.331	142.331
		<u>59.319</u>	<u>127.014</u>

The balances with affiliated companies do not bear interest and are payable on demand.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company has concentration of credit risk since its receivable amount are due from one company (Parklane Hotels Limited). The Company continuously monitors the ageing of the receivables.

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash in credit facilities. As at 31 December 2017, the Company maintained an overdraft facility limit of €35.000.

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

	Carrying amount €'000	Contractual cash flows €'000	Payable on demand and up to 3 months €'000
31 December 2017			
Trade and other payables	103.229	103.229	103.229
	<u>103.229</u>	<u>103.229</u>	<u>103.229</u>
	Carrying amount €'000	Contractual cash flows €'000	Payable on demand and up to 3 months €'000
31 December 2016			
Bank Overdraft	32.588	32.588	32.588
Trade and other payables	30.817	30.817	30.817
	<u>63.405</u>	<u>63.405</u>	<u>63.405</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. FINANCIAL RISK MANAGEMENT (Cont'd)

(iii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company during 2016 and 2017 has no significant interest-bearing assets or liabilities. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

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

	2017	2016
	€	€
Variable rate instruments		
Bank overdraft	-	32.588
	<u>-</u>	<u>32.588</u>
	<u><u>-</u></u>	<u><u>32.588</u></u>

(iv) Market /price risk

Market /price risk is the risk of loss from changes in the fair value of investment available for sale (note 9) when there are unfavourable changes and uncertainties in tourist industry and in the real estate market as disclosed in section (v) below.

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

(v) Tourism industry and real estate risk

The investment in Parklane Hotels Limited, which is the main asset of the Company, is exposed to the following tourist industry risks:

- The political situation in the Southeastern Mediterranean area may seriously impact the tourist industry.
- The operations of under construction hotel which will be characterised by a high degree of seasonality, between the summer and winter months.
- The competitiveness of Cyprus in the international touristic market and the increasing competition within the Cypriot market may affect the results of the Company.
- The economic situation in Europe and political situation in Russia, the main sources of tourists for the associated company, may adversely affect the tourist industry.

In addition, Parklane Hotels Limited is exposed to risks associated with the development of luxury apartments. The uncertainty that prevailed in previous years in Cyprus, makes forecasting future developments in the real estate market extremely difficult.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. FINANCIAL RISK MANAGEMENT (Cont'd)

(vi) Capital risk management

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

(vii) Fair value

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

	Carrying amount 2017 €	Fair value 2017 €	Carrying amount 2016 €	Fair value 2016 €
Financial assets				
Available for sale investment	20.702.980	20.702.980	20.702.980	20.702.980

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

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

There was no transfer between levels 1, 2 and 3 during the year.

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

	Level 3 2017 €	Level 3 2016 €
Financial assets		
Available for sale investment	20.702.980	20.702.980

15. EVENTS AFTER THE REPORTING PERIOD

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