

# **ITTL Trade Tourist and Leisure Park Plc**

## **Report and financial statements 31 December 2014**

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# **ITTL Trade Tourist and Leisure Park Plc**

## **Board of Directors and other officers**

### **Board of Directors**

Nicolas K. Shacolas (Lifetime Honorary Chairman)  
Marios Panayides (Chairman)  
Costas Severis  
Marios N. Shacolas  
Nicolas Const. Shacolas  
Eleni N. Shacola  
Demetris Demetriou

### **Company Secretary**

**George Mitsides**  
11 Mesologgiou Street  
Acropolis  
Nicosia

### **Registered office**

Shacolas Building  
Old Nicosia-Limassol Road  
Athalassa  
Strovolos  
Nicosia  
Cyprus

### **Legal Advisors**

Ioannides Demetriou  
Tassos Papadopoulos & Associates

### **General Manager**

Kypros Hadjistillis

### **Chief Financial Officer**

Maria Aristidou

# ITTL Trade Tourist and Leisure Park Plc

## **Declaration of the members of the Board of Directors and of other officers of the company for the financial statements**

According to Article 9, subsections (3) (c) and (7) of the Transparency Requirements (Traded Securities on a Regulated Market) Act of 2007 ('Act'), we the members of the Board of Directors and other officers responsible for the financial statements of ITTL Trade Tourist and Leisure Park Plc for the year ended 31 December 2014, we confirm that, according to our knowledge:

- a) the annual financial statements presented on pages 9 to 40 were:(i) prepared in accordance with International financial Reporting Standards as adopted by the European Union and in accordance with the provisions of subsection (4) of the Act, and (ii) give a true and fair view of assets and liabilities, financial position and profit of ITTL Trade Tourist and Leisure Park Plc, and
- b) The Directors Report provides a fair overview of the developments and performance of the business and financial position of ITTL Trade Tourist and Leisure Park Plc, together with a description of the principal risks and uncertainties faced by the Company.

### **Members of the Board of Directors**

#### **Lifetime Honorary Chairman**

Nicolas K. Shacolas

#### **Chairman**

Marios Panayides

#### **Executive Directors**

Marios N. Shacolas

Demetris Demetriou

Eleni N. Shacola

#### **Directors**

Costas Severis

Nicolas Const. Shacolas

#### **Responsible for Preparation of Financial Statements**

Maria Aristidou – Financial Controller

Nicosia, 28 April 2015

# ITTL Trade Tourist and Leisure Park Plc

## Report of the Board of Directors

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2014.

### Principal activities

2 The principal activity of the Company, is the ownership, development and management of the Shacolas Emporium Park, a multifunctional retail park, developed on freehold land, which includes the shopping mall The Mall of Cyprus, an IKEA store and commercial buildings Annex 3 and Annex 4 used for retail and commercial purposes. The Company leases/grants licenses for the use of its retail space.

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

3 The revenues generated from the rights of use of space rose significantly in 2014 compared to the previous year mainly as a result of (i) contractual increases in license fees (ii) licensing the majority of the space on the 1st floor of Annex 4 building which became operational during the year and (iii) due to the fact that in the previous year 2013 certain one off temporary concessions for that year only, were made to licensees due to the economic crisis. In total, the rights of use of space and other income for 2014 reached €10.729.479 compared to €8.730.026 in the previous year.

4 The operating profit of the Company for the year ended 31 December 2014 was €10.099.120 (2013: €7.449.754). The finance costs for the year were €2.233.389 (2013: €2.198.313), increased by €35.076, mainly due to the increase in funding from related parties. The taxation for the year amounted to €1.402.029 (2013: €1.700.982) which includes deferred tax of €866.872 (2013: €1.686.852 ).

5 The profit after tax of the Company for the year ended 31 December 2014 was €6.465.377 (2013: profit of €3.550.676).

6 On 31 December 2014 the total assets of the Company were €182.536.126 (2013: €181.089.442) and the net assets were €74.700.377 (2013: €73.235.000).

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

8 The Company's results for the year are set out on page 9. The Board does not recommend the payment of a dividend and the profit for the year is transferred to reserves.

### Principal risks and uncertainties

9 The principal risks and uncertainties faced by the Company are disclosed in Notes 1, 3 and 4 of the financial statements.

# ITTL Trade Tourist and Leisure Park Plc

## Report of the Board of Directors (continued)

### Future developments of the Company

10 During the year the majority of the space on the 1st floor of Annex 4 building which was licensed to a US multinational corporation became operational in April 2014. In addition all the Ground Floor of the Annex 3 building was licensed and became operational in December 2014. With these licenses the majority of the available space in these two buildings are now licensed and enhance the revenues of the Company. Further a small area of 160m<sup>2</sup> was created on the ground floor of the Mall of Cyprus which was licensed successfully during the year.

11 The remaining areas available for licensing are about 1.200 m<sup>2</sup> at the Annex 4 building which is a very small part of the total letting areas of the Shacolas Emporium Park (less than 3%).

12 The Company plans the expansion of the Mall of Cyprus by about an additional area 7.500 m<sup>2</sup> on the first floor, which will be used for retail, entertainment and cultural purposes in order to meet the demands of its customers/visitors and also increase the variety of offering at the mall, for which space there is high demand from local and international retailers and users. With the expansion about an additional 200 parking places shall be created. The Company filed an application for a planning permit for the expansion.

13 The Company continues to be in an arbitration process with the main contractor of the development regarding disputed amounts.

### Visitors traffic

14 The visitors traffic at The Mall of Cyprus for the year 2014 amounted to 5,42 million people, which represents an increase of 6,14% compared to the previous year. The IKEA's visitors traffic reached 1,49 million people, which represents an increase of 1,85% compared to the previous year.

### Dividends

15 The Board of Directors will examine the distribution of interim dividend before the end of the current year.

16 On 30 December 2014, a dividend of 5 cents per share was paid in respect of the profit for the year ended 31 December 2012. The total dividend paid amounted to €5.000.000.

### Share capital

17 There were no changes in the share capital of the Company.

# ITTL Trade Tourist and Leisure Park Plc

## Report of the Board of Directors (continued)

### Board of Directors

18 The members of the Board of Directors at 31 December 2014 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2014.

19 In accordance with the Company's Articles of Association Mr Demetris Demetriou and Mrs Eleni N. Shacola retire and, being eligible, offer themselves for re-election.

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

### Events after the balance sheet date

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

### Branches

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

### Directors' interests in the Company's share capital

23 The direct and indirect interests of the members of the Board of Directors in the Company's share capital, at 31 December 2014 and as at the date of this report, were as follows:

	31 December 2014	28 April 2015
	%	%
Nicolas K. Shacolas	99.67	99.67
Costas Severis	-	-
Marios N. Shacolas	-	-
Nicolas Const. Shacolas	-	-
Demetris Demetriou	-	-
Marios Panayides	-	-
Eleni N. Shacola	-	-

24 The interest of Mr Nicolas K. Shacolas includes the interests of his wife and children, as well as those of companies in which he owns, directly or indirectly, at least 20% of the voting rights.

25 Except from the balances and transactions disclosed in Note 27 of the financial statements, there were no other significant contracts with the Company or its subsidiaries or related companies, in which a Director or related parties had a significant interest.

# ITTL Trade Tourist and Leisure Park Plc

## Report of the Board of Directors (continued)

### Main shareholders

26 At the date of this report, the following shareholders of the Company held directly or indirectly over 5% of the Company's issued share capital:

	Percentage of shareholding %
Nicolas K. Shacolas (through Woolworth (Cyprus) Properties Plc and Ermes Department Stores Plc)	99.67

### Independent Auditors

27 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

### By Order of the Board

**George Mitsides**  
**Company Secretary**

Nicosia,  
28 April 2015



## **Independent auditor's report**

To the Members of ITTL Trade Tourist and Leisure Park Plc

### **Report on the financial statements**

We have audited the accompanying financial statements of ITTL Trade Tourist and Leisure Park Plc (the "Company"), which comprise the balance sheet as at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the financial statements*

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

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of ITTL Trade Tourist and Leisure Park Plc as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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### **Report on other legal requirements**

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

### **Other matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Ioannis T. Efthymiou  
Certified Public Accountant and Registered Auditor  
for and on behalf of

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Nicosia, 28 April 2015

# ITTL Trade Tourist and Leisure Park Plc

## Statement of comprehensive income for the year ended 31 December 2014

	Note	2014 €	2013 €
Rights for use of space and other income	5	<b>10.729.479</b>	8.730.026
Selling and marketing costs	8	<b>(493.880)</b>	(495.724)
Administrative expenses	8	<b>(687.229)</b>	(863.617)
Other income	6	<b>586.984</b>	340.082
Other losses - net	7	<b>(36.234)</b>	(261.013)
<b>Operating profit</b>		<b>10.099.120</b>	7.449.754
Finance costs	10	<b>(2.233.389)</b>	(2.198.313)
Finance income	11	<b>1.675</b>	217
<b>Profit before income tax</b>		<b>7.867.406</b>	5.251.658
Income tax expense	12	<b>(1.402.029)</b>	(1.700.982)
<b>Profit and total comprehensive income for the year</b>		<b><u>6.465.377</u></b>	<b><u>3.550.676</u></b>
<b>Earnings per share attributable to the Company's shareholders (cents per share):</b>			
		<b>2014 €</b>	<b>2013 €</b>
Basic and fully diluted	13	<b>6,5</b>	3,6

The notes on pages 13 to 40 are an integral part of these financial statements.

# ITTL Trade Tourist and Leisure Park Plc

## Balance sheet at 31 December 2014

	Note	2014 €	2013 €
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	544.275	830.007
Investment property	18	<u>179.410.532</u>	<u>177.839.540</u>
		<b>179.954.807</b>	<b>178.669.547</b>
<b>Current assets</b>			
Trade and other receivables	19	2.088.854	2.211.667
Tax refundable		12.866	12.866
Cash and bank balances	20	<u>479.599</u>	<u>195.362</u>
		<b>2.581.319</b>	<b>2.419.895</b>
<b>Total assets</b>		<b><u>182.536.126</u></b>	<b><u>181.089.442</u></b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	21	50.000.000	50.000.000
Retained earnings		<u>24.700.377</u>	<u>23.235.000</u>
<b>Total equity</b>		<b><u>74.700.377</u></b>	<b><u>73.235.000</u></b>
<b>Non-current liabilities</b>			
Borrowings	22	74.594.362	76.262.563
Deferred income tax liabilities	23	17.263.214	16.396.342
Trade and other payables	24	<u>3.109.545</u>	<u>2.820.136</u>
		<b>94.967.121</b>	<b>95.479.041</b>
<b>Current liabilities</b>			
Trade and other payables	25	4.140.961	4.465.783
Current income tax liabilities		517.733	-
Borrowings	22	<u>8.209.934</u>	<u>7.909.618</u>
		<b>12.868.628</b>	<b>12.375.401</b>
<b>Total liabilities</b>		<b><u>107.835.749</u></b>	<b><u>107.854.442</u></b>
<b>Total equity and liabilities</b>		<b><u>182.536.126</u></b>	<b><u>181.089.442</u></b>

On 28 April 2015 the Board of Directors of ITTL Trade Tourist and Leisure Park Plc authorised these financial statements for issue.

Marios Panayides, Chairman

Demetris Demetriou, Director

The notes on pages 13 to 40 are an integral part of these financial statements.

# ITTL Trade Tourist and Leisure Park Plc

## Statement of changes in equity for the year ended 31 December 2014

	Note	Share capital €	Retained earnings <sup>(1)</sup> €	Total €
<b>Balance at 1 January 2013</b>		<u>50.000.000</u>	<u>23.894.324</u>	<u>73.894.324</u>
<b>Comprehensive income</b>				
Profit for the year		<u>-</u>	<u>3.550.676</u>	<u>3.550.676</u>
<b>Transactions with owners</b>				
Dividend relating to 2011	14	<u>-</u>	<u>(4.210.000)</u>	<u>(4.210.000)</u>
Total transactions with owners		<u>-</u>	<u>(4.210.000)</u>	<u>(4.210.000)</u>
<b>Balance at 31 December 2013/ 1 January 2014</b>		<u>50.000.000</u>	<u>23.235.000</u>	<u>73.235.000</u>
<b>Comprehensive income</b>				
Profit for the year		<u>-</u>	<u>6.465.377</u>	<u>6.465.377</u>
<b>Transactions with owners</b>				
Dividend relating to 2012	14	<u>-</u>	<u>(5.000.000)</u>	<u>(5.000.000)</u>
Total transactions with owners		<u>-</u>	<u>(5.000.000)</u>	<u>(5.000.000)</u>
<b>Balance at 31 December 2014</b>		<u>50.000.000</u>	<u>24.700.377</u>	<u>74.700.377</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. The 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, and is reduced back to 17% in respect of profits of years of assesment 2012 onwards. 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.

The notes on pages 13 to 40 are an integral part of these financial statements.

# ITTL Trade Tourist and Leisure Park Plc

## Statement of cash flows for the year ended 31 December 2014

	Note	2014 €	2013 €
<b>Cash flows from operating activities</b>			
Profit before income tax		7.867.406	5.251.658
Adjustments for:			
Depreciation of property, plant and equipment	17	259.752	305.988
Loss/(profit) on sale of property, plant and equipment	17	36.234	(4.500)
Interest income	11	(1.675)	(217)
Interest expense	10	<u>2.233.389</u>	<u>2.198.313</u>
		<b>10.395.106</b>	<b>7.751.242</b>
Changes in working capital:			
Trade and other receivables		122.813	(148.910)
Trade and other payables		<u>(35.413)</u>	<u>626.544</u>
<b>Cash generated from operations</b>		<b>10.482.506</b>	<b>8.228.876</b>
Income tax paid		<u>(17.424)</u>	<u>(14.130)</u>
<b>Net cash generated from operating activities</b>		<b><u>10.465.082</u></b>	<b><u>8.214.746</u></b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	17	(10.544)	(12.470)
Proceeds from sale of property, plant and equipment	17	290	4.500
Purchases of investment property	18	(1.570.992)	(855.834)
Interest received		<u>1.675</u>	<u>217</u>
<b>Net cash used in investing activities</b>		<b><u>(1.579.571)</u></b>	<b><u>(863.587)</u></b>
<b>Cash flows from financing activities</b>			
Repayments of bank borrowings		(3.948.872)	(2.562.380)
Proceeds from loans from related parties	27(vi)	8.558.291	6.415.257
Repayments of loans from related parties	27(vi)	(6.926.492)	(4.085.016)
Interest paid		(2.233.389)	(2.198.313)
Dividends paid to Company's shareholders	14	<u>(5.000.000)</u>	<u>(4.210.000)</u>
<b>Net cash used in financing activities</b>		<b><u>(9.550.462)</u></b>	<b><u>(6.640.452)</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(664.951)</b>	<b>710.707</b>
<b>Cash and cash equivalents at beginning of year</b>		<b><u>(2.765.384)</u></b>	<b><u>(3.476.091)</u></b>
<b>Cash and cash equivalents at end of year</b>	20	<b><u>(3.430.335)</u></b>	<b><u>(2.765.384)</u></b>

The notes on pages 13 to 40 are an integral part of these financial statements.

# ITTL Trade Tourist and Leisure Park Plc

## Notes to the financial statements

### 1 General information

#### Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Shacolas Building, Old Nicosia-Limassol Road, Athalassa, Strovolos, Nicosia.

#### Principal activities

The principal activity of the Company is the leasing/granting of rights of use of space of its property, the Shacolas Emporium Park which includes a Shopping Mall, an IKEA store and other building developments for retail/commercial purposes.

#### Operating environment of the Company

##### (i) Operating environment of the Company

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". During 2013 and 2014 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

The uncertain economic conditions in Cyprus, the unavailability of financing, the restructuring of the banking sector through "bail in" for Laiki Bank and Bank of Cyprus, and the imposition of capital controls together with the current situation of the banking system and the continuing overall economic recession, could affect (1) the ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions, (2) the ability of the Company's trade and other debtors to repay the amounts due to the Company (3) the ability of the company to generate sufficient turnover or offer its services to customers, and (4) the cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets.

The Company's management has assessed whether any impairment allowances are deemed necessary for the Company's financial assets carried at amortized cost by considering the economic situation and outlook at the end of the reporting period. Impairment of trade receivables is determined using the "incurred loss" model required by International Accounting Standard 39 "Financial Instruments: Recognition and Measurement". This standard requires recognition of impairment losses for receivables that arose from past events and prohibits recognition of impairment losses that could arise from future events, no matter how likely those future events are.

# ITTL Trade Tourist and Leisure Park Plc

## 1 General information (continued)

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

## 2 Summary of significant accounting policies

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

### Basis of preparation

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

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2014 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property.

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

### Adoption of new and revised IFRSs

During the current year the Company 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 2014. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

# ITTL Trade Tourist and Leisure Park Plc

## 2 Summary of significant accounting policies (continued)

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of goods and services in the ordinary course of the Company's activities, net of value added taxes, returns and discounts.

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

**(i) Income from rights for use of space**

The income from rights for use of space is recognised on an accrual basis according to the substance of the relevant agreements.

**(ii) Interest income**

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

**(iii) Rental income**

Rental income arising on operating leases is recognised on a straight-line basis over the lease term.

### Employee benefits

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

### Foreign currency translation

**(i) Functional and presentation currency**

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



# ITTL Trade Tourist and Leisure Park Plc

## 2 Summary of significant accounting policies (continued)

### Foreign currency translation (continued)

#### (ii) Transactions and balances

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

### Current and deferred income tax

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

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

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

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

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

# ITTL Trade Tourist and Leisure Park Plc

## 2 Summary of significant accounting policies (continued)

### Dividend distribution

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

### Property, plant and equipment

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

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

	%
Plant and machinery	10-20
Motor vehicles	20
Signs	15
Furniture, fixtures and office equipment	15-20
Computers	33 1/3
Improvements of leasehold property	50
Art works	Nil

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

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

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

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

# ITTL Trade Tourist and Leisure Park Plc

## 2 Summary of significant accounting policies (continued)

### Investment property

Investment property is held for long-term rental yields and capital appreciation and is not occupied by the Company. Investment property is carried at fair value, representing open market value determined annually by the Company's management, after taking into consideration all relevant available information, including valuations of independent valuers, market conditions and other factors.

### Impairment of non-financial assets

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

### Loans and receivables

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

Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are derecognised when the rights to receive cash flows from the loans and receivables have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An allowance for loan impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. Significant financial difficulties of the borrower, probability that the borrower will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at effective interest rate. The amount of the provision is recognised in profit or loss.

# ITTL Trade Tourist and Leisure Park Plc

## 2 Summary of significant accounting policies (continued)

### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### Trade receivables

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

### Share capital

Ordinary shares are classified as equity.

### Provisions

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

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

# ITTL Trade Tourist and Leisure Park Plc

## 2 Summary of significant accounting policies (continued)

### **Borrowings**

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

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

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

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

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

### **Trade payables**

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

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

### **Cash and cash equivalents**

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

# ITTL Trade Tourist and Leisure Park Plc

## 2 Summary of significant accounting policies (continued)

### Deferred Income

Deferred income represents payments made by the various tenants for additional construction work and alterations made to the leased premises and which are recognised in the comprehensive income during the lease term.

### Segmental Analysis

The Company believes that there are no separate operating segments under IFRS 8 'Operating Segments' for which there is discrete financial information for making decisions on allocating resources and evaluating their performance. The Management of the Company (Board of Directors) (upper body for making operational decisions) take decisions for resource allocation and assessing their performance based on internal reports at Company level. These reports are consistent with IFRS which were used for the preparation of the financial statements. There is no additional information on the performance of individual segments.

## 3 Financial risk management

### (i) Financial risk factors

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

The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

- **Market risk**

- **Cash flow and fair value interest rate risk**

- As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

- The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk.

# ITTL Trade Tourist and Leisure Park Plc

## 3 Financial risk management (continued)

### (i) Financial risk factors (continued)

- **Market risk (continued)**

#### Cash flow and fair value interest rate risk (continued)

At 31 December 2014, if interest rates on Euro-denominated borrowings had been 0,5% (2013: 0,5%) higher/lower with all other variables held constant, post-tax profit for the year would have been €336.179 (2013: €356.574) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

- **Credit risk**

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

For banks and financial institutions, only those that are highly rated by the Board of Directors are accepted. Management assesses the credit quality of the users of space, taking into account its financial position, past experience and other factors. See Note 16 for further disclosure on credit risk.

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, except for the balances of trade and other payables that are presented using their accounting value.

	Less than 1 year €	Between 1 and 2 years €	Between 2 to 5 years €
<b>At 31 December 2013</b>			
Borrowings	9.899.720	6.162.002	74.920.015
Trade and other payables	<u>4.244.506</u>	-	-
	<u>14.144.226</u>	<u>6.162.002</u>	<u>74.920.015</u>
	€	€	€
<b>At 31 December 2014</b>			
Borrowings	10.116.347	6.380.051	71.691.881
Trade and other payables	<u>3.900.778</u>	-	-
	<u>14.017.125</u>	<u>6.380.051</u>	<u>71.691.881</u>

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

# ITTL Trade Tourist and Leisure Park Plc

## 3 Financial risk management (continued)

### (i) Financial risk factors (continued)

Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility (Note 22) and cash and cash equivalents (Note 20) on the basis of expected cash flow. Based on their experience, management considers that the bank overdraft will continue to be renewed normally on an annual basis.

### (ii) Capital risk management

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

During 2014, the Company's strategy, which was unchanged from 2013, was to maintain the gearing ratio within 50% to 70%. The gearing ratios at 31 December 2014 and 2013 were as follows:

	2014 €	2013 €
Total borrowings (Note 22)	82.804.296	84.172.181
Less: cash and cash equivalents (Note 20)	<u>(479.599)</u>	<u>(195.362)</u>
Net debt	82.324.697	83.976.819
Total equity	<u>74.700.377</u>	<u>73.235.000</u>
<b>Total capital as defined by management</b>	<b><u>157.025.074</u></b>	<b><u>157.211.819</u></b>
<b>Gearing ratio</b>	<b>52%</b>	<b>53%</b>

### (iii) Fair value estimation

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



# ITTL Trade Tourist and Leisure Park Plc

## 4 Critical accounting estimates and judgements

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

### (i) Critical accounting estimates and assumptions

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

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

- **Impairment loss on bank deposits during 2013**

As of 26 March 2013, the Company held deposits of €250.000 in Bank of Cyprus and €365.513 in Laiki Bank. Following the Eurogroup decision on 25 March 2013, the Company's uninsured bank deposit balances with Laiki have suffered an impairment loss. In estimating the impairment loss suffered, the Company has assessed that in view of the resolution of Laiki Bank, it will not be able to recover any amounts in excess of the insured balance and as a result has recognised an impairment loss for the entire uninsured balance of €265.513.

- **Fair value of investment property**

The fair value of investment property is determined using valuation techniques. Refer to note 18 for the relevant disclosure of valuation technique used for the determination of the fair value of the Company's investment properties.

## 5 Rights for use of space and other revenue

	2014 €	2013 €
Rights for use of space	10.008.489	8.102.922
Lease income	<u>720.990</u>	<u>627.104</u>
	<u>10.729.479</u>	<u>8.730.026</u>

# ITTL Trade Tourist and Leisure Park Plc

## 6 Other income

	2014 €	2013 €
Other income	<u>586.984</u>	<u>340.082</u>

## 7 Other losses - net

	2014 €	2013 €
Property, plant and equipment: (Loss)/profit on sale (Note 17)	<u>(36.234)</u>	<u>4.500</u>
Cash in hand and at bank Impairment loss on bank balances (Note 4)	<u>-</u>	<u>(265.513)</u>
<b>Total other losses - net</b>	<b><u>(36.234)</u></b>	<b><u>(261.013)</u></b>

## 8 Expenses by nature

	2014 €	2013 €
Depreciation (Note 17)	259.752	305.988
Insurance	25.040	11.573
Auditors' remuneration	20.000	20.000
Trade receivables - impairment charge for receivables (Note 19)	82.030	87.578
Advertising and promotion	11.715	806
Transportation expenses	1.054	493
Other expenses	18.432	1.192
Services rendered	87.898	149.832
Directors fees	20.000	33.600
Internal audit fees	5.515	8.682
Stamps duty	96	13.479
Bank charges	7.198	3.939
Common expenses	289.718	359.908
Licenses and taxes	102.887	102.887
Donations	4.800	-
Immovable Property Tax	<u>244.974</u>	<u>259.384</u>
<b>Total selling, marketing costs and administrative expenses</b>	<b><u>1.181.109</u></b>	<b><u>1.359.341</u></b>

The services rendered stated above include fees of €11.017 (2013: €16.500) for tax consultancy services, €2.024 (2013: €2.024) for other assurance services and €3.850 (2013: €778) for other non-assurance services charged by the Company's statutory audit firm.

## 9 Staff costs

	2014 €	2013 €
Wages and salaries	232.584	255.008
Transferred to common expenses	<u>(232.584)</u>	<u>(255.008)</u>
	<u>-</u>	<u>-</u>

# ITTL Trade Tourist and Leisure Park Plc

## 10 Finance costs

	2014 €	2013 €
Interest expense:		
Bank borrowings	1.364.173	1.514.570
Loans from parent entity and minority shareholder (Note 27(vi))	865.521	680.108
Other interest expense	<u>3.695</u>	<u>3.635</u>
Total interest expense	<u>2.233.389</u>	<u>2.198.313</u>

## 11 Finance income

	2014 €	2013 €
Interest income:		
Bank balances	<u>1.675</u>	<u>217</u>

## 12 Income tax expense

	2014 €	2013 €
<b>Current tax:</b>		
Corporation tax	517.733	-
Defence contribution	16.222	14.108
Under provision of prior years' taxes:		
Defence contribution	<u>1.202</u>	<u>22</u>
Total current tax	<u>535.157</u>	<u>14.130</u>
<b>Deferred tax (Note 23):</b>		
Origination and reversal of temporary differences	<u>866.872</u>	<u>1.686.852</u>
Total deferred tax	<u>866.872</u>	<u>1.686.852</u>
Income tax expense	<u>1.402.029</u>	<u>1.700.982</u>

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

	2014 €	2013 €
Profit before tax	<u>7.867.406</u>	<u>5.251.658</u>
Tax calculated at the applicable corporation tax rate of 12,5%	983.426	656.457
Tax effect of expenses not deductible for tax purposes	30.072	36.537
Tax effect of allowances and income not subject to tax	(4.880)	(563)
Special contribution for defence	17.424	14.130
Tax effect of tax losses transferred from a Group company	-	(155.954)
Difference between capital gains tax rate and income tax rate and effect of inflation	328.921	557.488
Remeasurement of deferred tax due to change in applicable tax rate from 10% to 12,5%	-	592.887
Tax penalty	<u>47.066</u>	<u>-</u>
Income tax charge	<u>1.402.029</u>	<u>1.700.982</u>

The Company is subject to income tax on taxable profits at the rate of 10% up to 31 December 2012, and at the rate of 12,5% as from 1 January 2013.

As from tax year 2012 brought forward losses of only five years may be utilised.

# ITTL Trade Tourist and Leisure Park Plc

## 12 Income tax expense (continued)

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

## 13 Earnings per share

The basic and fully diluted earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of issued shares during the year.

	2014 €	2013 €
Profit for the year attributable to shareholders	<u>6.465.377</u>	<u>3.550.676</u>
Weighted average number of issued shares	<u>100.000.000</u>	<u>100.000.000</u>
Basic and diluted earnings per share - cents	<u>6.5</u>	<u>3.6</u>

## 14 Dividends

On 30 December 2014, a dividend of 5 cents per share was paid in respect of the profit for the year ended 31 December 2012. The total dividend paid amounted to €5.000.000.

On 20 December 2013, a dividend of 4,21 cents per share was paid in respect of the profit for the year ended 31 December 2011. The total dividend paid amounted to €4.210.000.

## 15 Financial instruments by category

	Loans and receivables €
<b>31 December 2013</b>	
<b>Assets as per balance sheet</b>	
Trade and other receivables (excluding prepayments)	1.873.658
Cash and cash equivalents	<u>195.362</u>
<b>Total</b>	<u>2.069.020</u>
	Other financial liabilities €
<b>Liabilities as per balance sheet</b>	
Borrowings	84.172.181
Trade and other payables (excluding statutory liabilities)	<u>7.280.578</u>
<b>Total</b>	<u>91.452.759</u>
	Loans and receivables €
<b>31 December 2014</b>	
<b>Assets as per balance sheet</b>	
Trade and other receivables (excluding prepayments)	1.926.551
Cash and cash equivalents	<u>479.599</u>
<b>Total</b>	<u>2.406.150</u>

# ITTL Trade Tourist and Leisure Park Plc

## 15 Financial instruments by category (continued)

	Other financial liabilities €
<b>Liabilities as per balance sheet</b>	
Borrowings	82.804.296
Trade and other payables (excluding statutory liabilities)	<u>7.244.294</u>
<b>Total</b>	<u><u>90.048.590</u></u>

## 16 Credit quality of financial assets

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

	2014 €	2013 €
<b>Trade receivables</b>		
Counterparties without external credit rating		
Group 1	9.291	-
Group 2	271.922	272.723
Group 3	690.401	601.820
Group 4	<u>302.792</u>	<u>467.860</u>
	<u><u>1.274.406</u></u>	<u><u>1.342.403</u></u>
	2014 €	2013 €
<b>Cash at bank and short-term bank deposits (as per Moody's report on 15 April 2015)<sup>(1)</sup></b>		
Ca	-	80.996
Caa1	189.849	22.884
Caa3	<u>289.400</u>	<u>91.132</u>
	<u><u>479.249</u></u>	<u><u>195.012</u></u>

<sup>(1)</sup> The rest of the balance sheet item 'cash and cash equivalents' is cash in hand.

Group 1 – new customers (less than 6 months).

Group 2 – existing customers (more than 6 months) with no defaults in the past.

Group 3 – companies within the group, common control companies and associates with no defaults in the past.

Group 4 – other receivables

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

None of the loans and receivables from related parties is past due or impaired.

# ITTL Trade Tourist and Leisure Park Plc

## 17 Property, plant and equipment

	Computer Hardware €	Plant and Machinery €	Furniture, fixtures and office equipment €	Motor vehicles €	Signs €	Improvements of leasehold property €	Art works €	Total €
<b>At 1 January 2013</b>								
Cost	37.950	1.162.677	628.252	34.997	341.188	58.500	140.490	2.404.054
Accumulated depreciation	<u>(36.983)</u>	<u>(415.862)</u>	<u>(495.767)</u>	<u>(34.997)</u>	<u>(238.420)</u>	<u>(58.500)</u>	-	<u>(1.280.529)</u>
Net book amount	<u>967</u>	<u>746.815</u>	<u>132.485</u>	-	<u>102.768</u>	-	<u>140.490</u>	<u>1.123.525</u>
<b>Year ended 31 December 2013</b>								
Opening net book amount	967	746.815	132.485	-	102.768	-	140.490	1.123.525
Additions	12.470	-	-	-	-	-	-	12.470
Disposals	-	-	-	(34.997)	-	-	-	(34.997)
Depreciation charge (Note 8)	(921)	(215.718)	(37.555)	-	(51.794)	-	-	(305.988)
Disposal-Accumulated Depreciation	-	-	-	34.997	-	-	-	34.997
Closing net book amount	<u>12.516</u>	<u>531.097</u>	<u>94.930</u>	-	<u>50.974</u>	-	<u>140.490</u>	<u>830.007</u>
<b>At 31 December 2013</b>								
Cost	50.420	1.162.677	628.252	-	341.188	58.500	140.490	2.381.527
Accumulated depreciation	<u>(37.904)</u>	<u>(631.580)</u>	<u>(533.322)</u>	-	<u>(290.214)</u>	<u>(58.500)</u>	-	<u>(1.551.520)</u>
Net book amount	<u>12.516</u>	<u>531.097</u>	<u>94.930</u>	-	<u>50.974</u>	-	<u>140.490</u>	<u>830.007</u>
<b>Year ended 31 December 2014</b>								
Opening net book amount	12.516	531.097	94.930	-	50.974	-	140.490	830.007
Additions	700	7.020	2.824	-	-	-	-	10.544
Disposals-Cost	-	-	(56.190)	-	-	-	-	(56.190)
Depreciation charge (Note 8)	(3.657)	(193.955)	(32.601)	-	(29.539)	-	-	(259.752)
Disposal-Accumulated Depreciation	-	-	19.666	-	-	-	-	19.666
Closing net book amount	<u>9.559</u>	<u>344.162</u>	<u>28.629</u>	-	<u>21.435</u>	-	<u>140.490</u>	<u>544.275</u>
<b>At 31 December 2014</b>								
Cost	51.120	1.169.697	574.886	-	341.188	58.500	140.490	2.335.881
Accumulated depreciation	<u>(41.561)</u>	<u>(825.535)</u>	<u>(546.257)</u>	-	<u>(319.753)</u>	<u>(58.500)</u>	-	<u>(1.791.606)</u>
Net book amount	<u>9.559</u>	<u>344.162</u>	<u>28.629</u>	-	<u>21.435</u>	-	<u>140.490</u>	<u>544.275</u>

# ITTL Trade Tourist and Leisure Park Plc

## 17 Property, plant and equipment (continued)

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2014 €	2013 €
Net book amount	<b>36.524</b>	-
(Loss)/Gain on sale of property, plant and equipment (Note 7)	<u><b>(36.234)</b></u>	<u>4.500</u>
Proceeds from sale of property, plant and equipment	<u><b>290</b></u>	<u>4.500</u>

## 18 Investment property

	2014 €	2013 €
At beginning of year	<b>177.839.540</b>	176.983.706
Additions	<u><b>1.570.992</b></u>	<u>855.834</u>
At end of year	<u><b>179.410.532</b></u>	<u>177.839.540</u>

The investment properties are valued annually on 31 December at fair value comprising open-market value determined annually by the company's management, after taking into consideration all relevant available information, including valuations of independent valuers, market conditions and other factors.

The Company's investment property is measured at fair value. The Company holds one class of investment property being the Shacolas Emporium Park which includes a Shopping Mall, an IKEA store, Annex 3 and Annex 4.

The following table analyses investment property carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Company has classified its Investment property in Level 3 of the hierarchy.

Country/Segment	Cyprus		
	Shopping Mall €	2014 Total €	2013 Total €
Fair Value hierarchy	3	3	3
<b>Fair Value at 1 January</b>	<b>177.839.540</b>	<b>177.839.540</b>	<b>176.983.706</b>
Additions	<u>1.570.992</u>	<u>1.570.992</u>	<u>855.834</u>
<b>Fair value at 31 December</b>	<u><b>179.410.532</b></u>	<u><b>179.410.532</b></u>	<u><b>177.839.540</b></u>

At 31 December 2014, the Company had unprovided contractual obligations for roof insulation at Annex 4 of €98.947(Note 26).

# ITTL Trade Tourist and Leisure Park Plc

## 18 Investment property (continued)

Bank borrowings are secured on the Company's investment property for €74.000.000 (2013: €74.000.000) (Note 22).

### Valuation processes

The Company's investment properties were valued at 31 December 2014 by the company's management by taking into consideration all relevant available information, including valuations of the company's independent professionally qualified valuers, Antonis Loizou and Associates, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The Company's finance department reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the CFO, Management, and the independent valuers at least once every year. At each financial year end the finance department:

- verifies all major inputs to the independent valuation report
- assesses property valuation movements when compared to the prior year valuation report
- holds discussions with the independent valuer.

Country	Valuation €	Level 3 - Range of unobservable inputs (probability-weighted average)		Occupancy rate %	Rental Yield %	License Fee/ Rental Value per square meter per month €
		Valuation technique	Investment method			
Cyprus	179.410.532			99	6,5	6 - 203

### Sensitivity of managements estimates

Cyprus Shopping Mall	Change in rent	Change in discount rate			
		-0,50%	0,00%	0,50%	
		-10%	168.750.000	155.769.231	144.642.857
		0%	187.500.000	<b>179.410.532</b>	160.714.286
		10%	206.250.000	190.384.615	176.785.714

Revenues are derived from a large number of tenants and no single tenant or group under common control contributes more than 25% of the Company's revenues.

There are inter-relationships between unobservable inputs. Increase/Decrease in the rental income per square meter results in higher/lower fair value. Increase/decrease in rental yield results in lower/higher fair value. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase in future rental values. An increase in the future rental income may be linked with higher costs. If the remaining lease term increases the yield may decrease.

### Valuation techniques underlying management's estimation of fair value

#### Rental yields

The basis of the assessment is the expected net income after allowing for the owners property taxes and other direct expenses and the net income is capitalised by an appropriate yield.



# ITTL Trade Tourist and Leisure Park Plc

## 18 Investment property (continued)

For Cyprus land and buildings with a total carrying amount of €179.410.532 (2013: €177.839.540 ), the valuation was determined using the net income approach. Properties valued using the net income approach take into account rental values of occupied and vacant spaces. These values are adjusted for differences in the market conditions such as demand and finance affecting market sales. The most significant input into this valuation approach is license fees per square metre and rental yields.

There were no changes to the valuation techniques during the year.

## 19 Trade and other receivables

	2014 €	2013 €
Trade receivables	1.300.321	1.264.617
Less: Provision for impairment of receivables	<u>(204.660)</u>	<u>(122.630)</u>
Trade receivables - net	1.095.661	1.141.987
Receivables from related parties (Note 27(v))	690.401	601.820
Other receivables	140.489	129.851
Prepayments	132.341	77.964
Advances	<u>29.962</u>	<u>260.045</u>
	<u><b>2.088.854</b></u>	<u><b>2.211.667</b></u>

The fair values of trade and other receivables approximate their carrying amounts.

As of 31 December 2014, trade receivables of €281.213 (2013: €272.723) were fully performing.

Trade receivables that are less than six months past due are not considered impaired. As of 31 December 2014, trade receivables of €814.448 (2013: €869.264) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014 €	2013 €
Up to 3 months	364.566	516.213
3 to 6 months	<u>449.882</u>	<u>353.051</u>
	<u><b>814.448</b></u>	<u><b>869.264</b></u>

Movements on the Company's provision for impairment of trade receivables are as follows:

	2014 €	2013 €
At 1 January	122.630	66.107
Provision for receivables impairment (Note 8)	82.030	87.578
Unused amounts reversed	<u>-</u>	<u>(31.055)</u>
At 31 December	<u><b>204.660</b></u>	<u><b>122.630</b></u>

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in profit or loss (Note 8). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

# ITTL Trade Tourist and Leisure Park Plc

## 19 Trade and other receivables (continued)

The other classes within trade and other receivables do not contain impaired or past due assets.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

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

	2014 €	2013 €
Euro - functional and presentation currency	<u>2.088.854</u>	<u>2.211.667</u>

## 20 Cash in hand and at bank

	2014 €	2013 €
Cash at bank and in hand	<u>479.599</u>	<u>195.362</u>

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

	2014 €	2013 €
Bank balances	479.599	195.362
Bank overdrafts (Note 22)	<u>(3.909.934)</u>	<u>(2.960.746)</u>
Cash and cash equivalents	<u>(3.430.335)</u>	<u>(2.765.384)</u>

Cash and cash equivalents are denominated in the following currencies:

	2014 €	2013 €
Euro - functional and presentation currency	<u>479.599</u>	<u>195.362</u>

## 21 Share capital

	Number of shares	Share capital €
At 31 December 2013 and 31 December 2014	<u>100 000 000</u>	<u>50.000.000</u>

The total authorized number of ordinary shares is 171 000 000 shares (2013: 171 000 000 shares) with a par value of €0,50 per share. All issued shares are fully paid.

# ITTL Trade Tourist and Leisure Park Plc

## 22 Borrowings

	2014 €	2013 €
<b>Current</b>		
Bank overdrafts (Note 20)	3.909.934	2.960.746
Bank borrowings	3.300.000	3.948.872
Borrowings from parent entity and minority shareholder (Note 27(vi))	<u>1.000.000</u>	<u>1.000.000</u>
	<u>8.209.934</u>	<u>7.909.618</u>
<b>Non-current</b>		
Bank borrowings	59.100.000	62.400.000
Borrowings from parent entity and minority shareholder (Note 27(vi))	<u>15.494.362</u>	<u>13.862.563</u>
	<u>74.594.362</u>	<u>76.262.563</u>
<b>Total borrowings</b>	<u>82.804.296</u>	<u>84.172.181</u>
<b>Maturity of non-current borrowings</b>		
Between 1 and 2 years	4.600.000	4.300.000
Between 2 and 5 years	<u>69.994.362</u>	<u>71.962.563</u>
	<u>74.594.362</u>	<u>76.262.563</u>

The bank loans are repayable by January 2017. The bank loans and overdrafts are secured as follows:

- (i) By mortgage on the Company's land and buildings (Note 18) for €74.000.000 (2013: €74.000.000) plus interest on that amount at a maximum rate of 6% per annum.
- (ii) Pledge of 50 000 001 shares held by Woolworth (Cyprus) Properties Plc in ITTL Trade Tourist and Leisure Park Plc (Note 27),
- (iii) Assignment of all license income from the rights of use of space in the Shacolas Emporium Park, bank accounts, insurance contracts, construction contracts, construction guarantees and performance bonds in favour of Hypothekenbank Frankfurt A.G ( formerly Eurohypo A.G.),
- (iv) By corporate guarantees from parent company for the amount of €3.150.000 in favour of Hellenic Bank Public Limited.

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

	2014 %	2013 %
Bank overdrafts	6,28	6,60
Bank borrowings	1,81	1,88
Borrowings from parent entity (Note 27(vi))	5,75	5,75
Borrowings from related parties (Note 27(vi))	4,50	-

The Company's bank borrowings and bank overdrafts are arranged at floating rates. Borrowings at floating rates expose the Company to cash flow interest rate risk.

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

	2014 €	2013 €
6 months or less	66.309.934	69.309.618
1-5 years	<u>16.494.362</u>	<u>14.862.563</u>
	<u>82.804.296</u>	<u>84.172.181</u>

# ITTL Trade Tourist and Leisure Park Plc

## 22 Borrowings (continued)

The Company has the following undrawn borrowing facilities:

	2014 €	2013 €
Floating rate:		
Expiring within one year	<u>19.411</u>	<u>979.503</u>

The carrying amounts of borrowings approximate their fair value.

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

	2014 €	2013 €
Euro - functional and presentation currency	<u>82.804.296</u>	<u>84.172.181</u>

## 23 Deferred income tax liabilities

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

	2014 €	2013 €
<b>Deferred income tax liabilities:</b>		
- Deferred tax liabilities to be settled after more than twelve months	<u>17.263.214</u>	<u>16.396.342</u>
Deferred income tax liabilities - net	<u>17.263.214</u>	<u>16.396.342</u>

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

	2014 €	2013 €
At beginning of year	<b>16.396.342</b>	14.709.490
Charge included in profit or loss (Note 12)	<u>866.872</u>	<u>1.686.852</u>
At end of year	<u>17.263.214</u>	<u>16.396.342</u>

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

### Deferred tax liabilities

	Difference between depreciation and wear and tear allowance €	Fair value gains on investment properties €	Total €
At 1 January 2013	2.371.549	12.337.941	14.709.490
Charged to:			
Profit or loss (Note 12)	<u>1.129.364</u>	<u>557.488</u>	<u>1.686.852</u>
At 31 December 2013/1 January 2014	3.500.913	12.895.429	16.396.342
Charged to:			
Profit or loss (Note 12)	<u>537.951</u>	<u>328.921</u>	<u>866.872</u>
At 31 December 2014	<u>4.038.864</u>	<u>13.224.350</u>	<u>17.263.214</u>

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

# ITTL Trade Tourist and Leisure Park Plc

## 24 Trade and other payables-non current

	2014 €	2013 €
Operating lease advances	1.696.777	1.535.345
Deferred Income	1.407.768	1.284.791
Cash guarantee	<u>5.000</u>	-
	<u><b>3.109.545</b></u>	<u><b>2.820.136</b></u>

The carrying amounts of the Company's trade and other payables are denominated in Euro.

## 25 Trade and other payables-current

	2014 €	2013 €
Trade payables	570.036	722.067
Payables to related parties (Note 27(v))	244.032	273.602
Other payables	2.622.955	2.594.133
Accrued expenses	262.718	470.533
Advances due to customers for contract work	201.037	184.171
Deferred income	<u>240.183</u>	<u>221.277</u>
	<u><b>4.140.961</b></u>	<u><b>4.465.783</b></u>

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

The carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2014 €	2013 €
Euro - functional and presentation currency	<u><b>4.140.961</b></u>	<u><b>4.465.783</b></u>

## 26 Commitments

### (i) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2014 €	2013 €
Investment property	<u><b>98.947</b></u>	<u><b>534.159</b></u>

In October 2014, the Company signed an agreement for roof insulation works at Annex 4. The project will be completed in 2015.

In November 2013, the Company signed a new construction agreement for the internal alterations, construction, completion and maintenance of new tenant offices at Annex 4, together with mechanical, electrical installations, lighting fittings, and associated external works.

# ITTL Trade Tourist and Leisure Park Plc

## 26 Commitments (continued)

### (ii) License fee / Operating lease commitments – where the company is the lessor

The Company's license fee/ operating lease income is derived from rental income and income from rights for use of space.

License Fee/ Rental Income

The Company entered into an agreement to lease out part of the land owned by it. The lessee constructed on this land a retail outlet (IKEA). The lease term signed is for a period of 14 years and 10 months. At the end of the lease period the lessee has the right to extend the lease term for another 14 years and 10 months and at the end of the first extension the lessee has the right for a second extension of 14 years and 10 months.

The total amount of the minimum future license fees/ rentals receivable in accordance with the non-cancellable operating lease commitments are as follows:

	2014 €	2013 €
No later than 1 year	10.237.593	9.814.721
Later than 1 year and no later than 5 years	29.767.553	30.626.482
Later than 5 years	<u>13.849.187</u>	<u>20.051.284</u>
	<u>53.854.333</u>	<u>60.492.487</u>

## 27 Related party transactions

Up to 15 July 2014 the Company was controlled by Woolworth (Cyprus) Properties Plc, incorporated in Cyprus, which owned 99,67% of the Company's shares. At 15 July 2014 Woolworth (Cyprus) Properties Plc sold 45% of the share capital held in the Company, to the related Company Ermes Department Stores Plc. However, Woolworth (Cyprus) Properties Plc retains control of the Company with 54,67%. The ultimate parent Company is N.K.Shacolas (Holdings) Limited. Mr Nicolas Shacolas, controls indirectly, through its shareholding in N.K. Shacolas (Holdings) Limited, the Company's share capital.

### (i) Sales of goods and services

	2014 €	2013 €
Rights for use of space/rental income:		
CTC. Automotive Limited	150.000	150.000
Ermes Department Stores Plc	2.310.772	1.797.129
C.W. Artopolis Limited	<u>148.363</u>	<u>83.114</u>
	<u>2.609.135</u>	<u>2.030.243</u>
Sales of services:		
CTC Automotive Limited	-	84.965
Woolworth Commercial Centre Limited	9.877	12.600
Cyprus Trading Corporation Plc	<u>2.880</u>	<u>2.880</u>
	<u>12.757</u>	<u>100.445</u>

# ITTL Trade Tourist and Leisure Park Plc

## 27 Related party transactions (continued)

### (ii) Purchases of goods and services

	2014 €	2013 €
Purchases of goods:		
Domex Trading Co. Limited	-	4.558
Argosy Trading Company Ltd	1.174	740
Super Home Centre (DIY) Limited	5.140	3.830
CTC Automotive Limited	5.561	2.100
Cyprus Trading Corporation Plc	<u>1.342</u>	<u>-</u>
	<u>13.217</u>	<u>11.228</u>
Purchases of services:		
Ermes Department Stores Plc	11.249	5.003
Cyprus Trading Corporation Plc	25.853	17.604
Woolworth (Cyprus) Properties Plc	79.845	71.506
NK Shacolas (Holdings) Limited	-	3.400
Cyprus Limni Resorts & Golfcourses Plc	<u>-</u>	<u>5.400</u>
	<u>116.947</u>	<u>102.913</u>

### (iii) Key management personnel compensation

The compensation of key management personnel is as follows:

	2014 €	2013 €
Salaries	<u>41.400</u>	<u>81.674</u>

### (iv) Directors' remuneration

The total remuneration of the Directors was as follows:

	2014 €	2013 €
Fees	<u>20.000</u>	<u>33.600</u>

# ITTL Trade Tourist and Leisure Park Plc

## 27 Related party transactions (continued)

### (v) Year-end balances arising from sales/purchases of goods/services

	2014 €	2013 €
Receivables from related parties (Note 19):		
Ermes Department Stores Plc	561.850	29.844
Woolworth Commercial Centre Limited	11.923	7.346
C.W. Artopolis Limited	44.271	236.649
CTC Automotive Ltd	61.345	146.891
N K Shacolas (Holdings) Limited	5.854	9.900
Cyprus Limni Resorts and Golfcourses Plc	-	169.458
Sundry Other	<u>5.158</u>	<u>1.732</u>
	<u>690.401</u>	<u>601.820</u>
Payables to related parties (Note 25):		
Cyprus Trading Corporation Plc	72.183	42.185
Cyprus Limni Resorts and Golfcourses Plc	16.960	-
Ermes Department Stores Plc	-	31.904
CTC Automotive Limited	143.528	186.900
Apex Ltd	8.116	8.496
Sundry Other	<u>3.245</u>	<u>4.117</u>
	<u>244.032</u>	<u>273.602</u>

The above balances bear no interest and are repayable on demand.

The above companies are related due to common ownership.

### (vi) Borrowings from related parties

	2014 €	2013 €
Borrowings from parent entity:		
At beginning of year	14.862.563	12.532.322
Borrowings advanced during year	4.480.591	5.735.149
Borrowings assigned from related party	969.195	-
Borrowings repaid during year	(6.926.492)	(4.085.016)
Interest charged (Note 10)	<u>858.505</u>	<u>680.108</u>
At end of year (Note 22)	<u>14.244.362</u>	<u>14.862.563</u>

The amount payable to parent company, Woolworth (Cyprus) Properties Plc bears interest at the rate of 5,75% (2013: 5,75%). As per the amended agreement signed on 31 December 2013, €1.000.000 is due for repayment per annum for the next five years effective as of the date of the agreement. The remaining non-current payable balance will be repaid at the end of the five year period and no terms have been agreed as to its security.

Borrowings from minority shareholder:

At beginning of year	-	-
Borrowings advanced during year	3.212.179	-
Borrowings assigned to parent company	(969.195)	-
Interest charged (Note 10)	<u>7.016</u>	-
At end of year (Note 22)	<u>2.250.000</u>	-

During March 2014, the company received a loan of €962.179 from Ermes Department Stores Plc at an interest rate of 6,25% per annum. The loan plus interest of €7.016 was assigned to the parent company, Woolworth (Cyprus) Properties Plc, on 30 April 2014.



# ITTL Trade Tourist and Leisure Park Plc

## 27 Related party transactions (continued)

### (vi) Borrowings from related parties (continued)

Additionally during 2014 the Company received a further loan of €2.250.000 from Ermes Department Stores Plc which is unsecured, bears interest at the rate of 4,5% and will be repaid at the end of the four year period starting from 31 December 2014.

### (vii) Guarantees of the Parent Company and related entities

The following guarantees were provided to the Company by its parent Company and other related entities as security for its borrowings:

Woolworth (Cyprus) Properties Plc guaranteed the loans of the Company for the amount of €3.150.000 (Note 22).

Pledge of 50 000 001 shares held by Woolworth (Cyprus) Properties Plc in ITTL Trade Tourist and Leisure Park Plc (Note 22).

## 28 Events after the balance sheet date

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

Independent auditor's report on pages 7 to 8.