Cyprus Limni Resorts and GolfCourses PLC

Report and financial statements
31 December 2014

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Cyprus Limni Resorts and GolfCourses PLC

Board of Directors and other officers

Board of Directors

Nicolas K. Shacolas (Chairman)
Marios Panayides (Managing Director)
Marios N. Shacolas
Stavros Agrotis
Georgios Georgiades
Christos Mavrellis
Chrysoula N. Shacola
Eleni N. Shacola
Menelaos Const. Shacolas
Renos Solomides
Nicolas Const. Shacolas
Makis Constantinides
Demetris Demetriou
Demetris Papapetrou

Company Secretary

G P Mitsides
11 Mesologgiou Street
Acropolis
Nicosia

Registered office

Shacolas Building
Old Nicosia - Limassol road
Athalassa
Nicosia
Cyprus

Legal Consultants

Demetriades Chrysses & Co

Managing Director

Marios Panayides

Financial Controller

Maria Aristidou

Cyprus Limni Resorts and GolfCourses PLC

Declaration of the members of the Board of Directors and the Company Officials for the drafting of 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 Cyprus Limni Resorts and GolfCourses PLC for the year ended 31 December 2014, we confirm that, to the best of our knowledge:

(a) the annual financial statements presented on pages 9 to 45 were:

(i) prepared in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with the provision of subsection (4) of the Act, and

(ii) give a true and fair view of assets and liabilities, financial position and the loss of Cyprus Limni Resorts and GolfCourses PLC, and

(b) The Directors report provides a fair overview of the developments and performance of the business and financial position of Cyprus Limni Resorts and GolfCourses PLC, together with a description of the principal risks and uncertainties feced by the Company.

Members of the Board of Directors

Chairman

Nicolas K. Shacolas

Executive Directors

Eleni N. Shacola

Marios N. Shacola

Chrysoula N. Shacola

Marios Panayides

Demetris Demetriou

Makis Constantinides

Directors

Stavros Agrotis

Georgios Georgiades

Christos Mavrellis

Menelaos Const. Shacolas

Renos Solomides

Nicolas Const. Shacolas

Demetris Papapetrou

Responsible for Preparation of Financial statements

Maria Aristidou - Financial Controller

Nicosia, 28 April 2015

Cyprus Limni Resorts and GolfCourses 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 activities of the Company, which are unchanged from last year, is the planning and development of Limni Bay an integrated mixed-use golf resort of high quality and standards on its own freehold land in Limni area in Polis Chrysochou - Pafos. The resort will include two signature golf courses, a premium international branded 5+ star hotel and wellness center, high quality residential units and other related facilities and amenities. The Company owns additional land mainly in nearby Kinousa village which is available for future development. A secondary activity of the Company is agricultural plantations. The total freehold land owned by the Company is 3 270 000 m2.

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

3 The loss of the Company for the year ended 31 December 2014 was €988.697 (2013: loss of €1.001.526) and the total comprehensive loss was €989.364 (2013: total comprehensive loss of €1.002.602). On 31 December 2014 the total assets of the Company were €200.897.269 (2013: €190.477.466) and the net assets were €64.639.734 (2013: net assets €65.629.098). Given the current status of the development of the project, the financial position and results of the Company as presented are considered satisfactory.

Principal risks and uncertainties

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

Future developments of the Company

5 On 19 December 2013 the Company secured the amended planning permits for the Master Plan (Golf Courses 6 & 7) of the Limni Bay resort relating to golf courses, residential units, road network and other amenities and facilities. Following this, the Company has proceeded with detailed designs for the various elements of the resort being filed to the authorities for the purpose of obtaining the related building permits.

6 In parallel in November 2014 the Company has submitted an application for revising the above planning permits in order to incorporate in the Master Plan the significant additional building benefits provided by the government of Cyprus to golf course developments, in order to facilitate development in Cyprus. With this application, the hotel area and development are also included.

7 The problems faced by the Cyprus economy and the banking sector have delayed the financing of the project due to multiple restrictions placed. The Company continues to take steps to attract investors and banks to finance the project. In the meantime it is being supported financially to cover its needs by its associated companies.

Results

8 The Company's results for the year are set out on pages 9 and 10.
The loss for the year is carried forward.

Share capital

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

Board of Directors

10 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.

11 In accordance with the Company's Articles of Association Messrs Nicos K. Shacolas, Marios N. Shacolas, Renos Solomides, Demetris Demetriou and Makis Constantinou retire and, being eligible, offer themselves for re-election.

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

Events after the balance sheet date

13 The material post balance sheet events, which have a bearing on the understanding of the financial statements are disclosed in Note 26 of the financial statements.

Branches

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

Report of the Board of Directors (continued)

Directors' Interests in the Company's share Capital

15 The direct and indirect interests 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:

	28 April 2015	31 December 2014
	%	%
Nicolas K. Shacolas	99.70	99.70
Marios N. Shacolas	-	-
Stavros Agrotis	0.01	0.01
Georgios Georgiades	0.01	0.01
Christos Mavrellis	-	-
Marios Panayides	-	-
Chrysoula N. Shacola	-	-
Eleni N. Shacola	-	-
Menelaos Const. Shacolas	0.11	0.11
Nicolas Const. Shacolas	0.01	0.01
Renos Solomides	-	-
Makis Constantinides	-	-
Demetris Demetriou	-	-
Demetris Papapetrou	-	-

16 Except for the balances and transactions shown in Note 25, there were no other significant contracts with the Company or its subsidiaries or its associates, in which a Director or related parties had a significant interest.

Major Shareholders

17 At the date of this report, the shareholders of the Company holding directly or indirectly over 5% of the Company's issued share capital were as follows:

	Percentage of shareholding
Arsinoe Investments Company Limited	70.57%
N K Shacolas (Holdings) Limited	17.40%
Chrysochou Merchants Limited	11.73%
Nicolas K. Shacolas (through the above Companies)	99.70%

Report of the Board of Directors (continued)

Independent Auditors

18 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

G P Mitsides
Company Secretary

Nicosia,
28 April 2015

Independent auditor's report

To the Members of Cyprus Limni Resorts and GolfCourses PLC

Report on the financial statements

We have audited the accompanying financial statements of Cyprus Limni Resorts and GolfCourses PLC (the "Company"), which comprise the balance sheet as at 31 December 2014, and the statements of income, 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 Cyprus Limni Resorts and GolfCourses 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

Cyprus Limni Resorts and GolfCourses PLC

Income statement
for the year ended 31 December 2014

	Note	**2014**	2013
		€	€
Revenue	5	**57.492**	102.616
Administrative expenses	7	**(862.209)**	(855.502)
Other income	6	**3.559**	18.100
Operating loss		**(801.158)**	(734.786)
Finance costs	9	**(186.779)**	(265.515)
Loss before income tax		**(987.937)**	(1.000.301)
Income tax expense	10	**(760)**	(1.225)
Loss for the year		**(988.697)**	(1.001.526)

Loss per share attributable to the Company's shareholders (cents per share):

Basic and fully diluted	11	**(0,33)**	(0,33)

The notes on pages 14 to 45 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses PLC

Statement of comprehensive income for the year ended 31 December 2014

	Note	**2014 €**	2013 €
Loss for the year		**(988.697)**	(1.001.526)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Deferred tax adjustment	22	**(667)**	(1.076)
		(667)	(1.076)
Other comprehensive income for the year, net of tax		**(667)**	(1.076)
Total comprehensive income for the year		**(989.364)**	(1.002.602)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 10.

The notes on pages 14 to 45 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses PLC

Balance sheet
at 31 December 2014

	Note	2014 €	2013 €
Assets			
Non-current assets			
Property, plant and equipment	14	**24.276.347**	23.138.463
Investment property	15	**6.834.406**	6.834.406
Investment in subsidiaries	16	**51.986**	51.986
Available-for-sale financial assets		**453**	-
		31.163.192	30.024.855
Current assets			
Inventories	17	**168.684.537**	159.875.238
Trade and other receivables	18	**1.009.829**	569.278
Cash in hand and at bank	19	**39.711**	8.095
		169.734.077	160.452.611
Total assets		**200.897.269**	190.477.466
Equity and liabilities			
Capital and reserves			
Share capital	20	**30.000.000**	30.000.000
Retained earnings		**34.639.734**	35.629.098
Total equity		**64.639.734**	65.629.098
Non-current liabilities			
Borrowings	21	**25.709.178**	22.306.627
Deferred income tax liabilities	22	**17.271.534**	17.270.107
		42.980.712	39.576.734
Current liabilities			
Trade and other payables	23	**2.006.612**	1.743.559
Borrowings	21	**91.270.211**	83.528.075
		93.276.823	85.271.634
Total liabilities		**136.257.535**	124.848.368
Total equity and liabilities		**200.897.269**	190.477.466

On 28 April 2015 the Board of Directors of Cyprus Limni Resorts and GolfCourses PLC authorised these financial statements for issue.

Marios Panayides , Managing Director

Demetris Demetriou, Director

The notes on pages 14 to 45 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses PLC

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

	Note	Share capital €	Retained earnings[1] €	Total €
Balance at 1 January 2013		30.000.000	36.631.700	66.631.700
Comprehensive income				
Loss for the year		-	(1.001.526)	(1.001.526)
Other comprehensive income				
Land and buildings:				
Deferred tax adjustment	22	-	(1.076)	(1.076)
Total other comprehensive income		-	(1.076)	(1.076)
Total comprehensive income for the year		-	(1.002.602)	(1.002.602)
Balance at 31 December 2013/1 January 2014		30.000.000	35.629.098	65.629.098
Comprehensive income				
Loss for the year		-	(988.697)	(988.697)
Other comprehensive income				
Land and buildings:				
Deferred tax adjustment	22	-	(667)	(667)
Total other comprehensive income		-	(667)	(667)
Total comprehensive income for the year		-	(989.364)	(989.364)
Balance at 31 December 2014		30.000.000	34.639.734	64.639.734

(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 14 to 45 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses PLC

Statement of cash flows
for the year ended 31 December 2014

	Note	**2014** €	2013 €
Cash flows from operating activities			
Loss before income tax		**(987.937)**	(1.000.301)
Adjustments for:			
Depreciation of property, plant and equipment	14	**70.252**	79.213
Interest income	9	**(4)**	(16)
Interest expense	9	**172.094**	268.008
		(745.595)	(653.096)
Changes in working capital:			
Inventories		**(3.121.599)**	(463.971)
Trade and other receivables		**(440.551)**	(129.543)
Trade and other payables		**263.053**	165.472
Net cash used in operating activities		**(4.044.692)**	(1.081.138)
Cash flows from investing activities			
Purchases of property, plant and equipment	14	**(429.862)**	(137.579)
Purchases of available-for-sale financial assets		**(453)**	-
Interest received		**4**	16
Net cash used in investing activities		**(430.311)**	(137.563)
Cash flows from financing activities			
Proceeds from bank borrowings		**2.568.585**	1.393.945
Proceeds from loans from related parties	25(v)	**7.297.945**	6.670.950
Repayments of loans from related parties	25(v)	**-**	(50.000)
Interest paid		**(5.399.712)**	(5.512.194)
Net cash from financing activities		**4.466.818**	2.502.701
Net (decrease)/increase in cash and cash equivalents		**(8.185)**	1.284.000
Cash and cash equivalents at beginning of year		**(3.496.738)**	(4.780.738)
Cash and cash equivalents at end of year	19	**(3.504.923)**	(3.496.738)

The notes on pages 14 to 45 are an integral part of these financial statements.

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. On 29 March 2010 the shares of the company were introduced to the Emerging Company's Market 'ECM' of the Cyprus Stock Exchange. Its registered office is at Shacolas Building, Old Nicosia - Limassol road, Athalassa, Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, is the design and development of land for the creation of high quality tourist complexes with a multiple use and global impact which will include golf courses, hotel, residential units and other related developments. Related activity of the company is the agricultural plantations.

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”. Additionally, 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 to proceed with its ambitious development project and (3) the cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets.

The economic conditions described above may have an adverse impact on the Company’s real estate valuation, bankers (inability to provide adequate finance) and future revenue from the sale of properties.

1 General information (continued)

The Company's management has assessed:

1) Whether the net realizable value for the the Company's inventory exceeds cost. Where net realizable value is below cost, the excess should be charged to the profit or loss for the year.

2) The ability of the Company to continue as a going concern (Note 2).

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.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary.

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 Company has prepared these separate financial statements as all its subsidiaries would be excluded from inclusion in consolidated financial statements because their impact would be immaterial in accordance with International Financial Reporting Standards and Article 142A of the Cyprus Companies Law, Cap.113.

The European Commission has concluded that since parent companies are required by the EU 4th Directive to prepare their separate financial statements and since the Cyprus Companies Law, Cap.113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IAS 27 Consolidated and Separate Financial Statements requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

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

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

The financial statements have been prepared on a going concern basis. The Board of Directors has made an assessment of the ability of the Company to continue as a going concern (Note 1) and has satisfactorily concluded that the Financial statements can be prepared on this basis.

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.

Going concern

In assessing the Company's status as a going concern the Directors considered the current intentions and financial position of the Company. The delay in receiving the planning permits and the problems faced by the Cyprus economy and the banking sector have delayed the financing of the project due to multiple restrictions placed. The Company's loans with original maturity 31 December 2014, the repayment of which would be made as part of the overall financing that would be obtained for the implementation of the project, were restructured in March 2014 and their maturity has been extended to 31 December 2015. The bank has expressed its intention to extent the maturity of the loans for a further period, at which time the Company expects to be able to obtain all the appropriate licenses and building permits and proceed with the project in accordance with the master plan and feasibility study prepared for the project. The Directors have prepared an assessment based on which the Company will be able to continue as a Going Concern and meet its obligations as they are expected to fall due. In making this assessment the Directors considered financial and other support by the parent company, which confirmed that it will financially support the Company, to the extend required for the foreseeable future.

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.

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) Sales of goods

Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectibility of the related receivable is reasonably assured.

(ii) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to the stage completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

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.

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.

Property, plant and equipment

Land and buildings comprising mainly golf courses under construction and other construction activities are shown at cost less subsequent depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

2 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Land and buildings under construction that are not ready for their indented use are not depreciated. 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:

	%
Plantations	10
Furniture, fittings and equipment	15
Motor vehicles	20
Computer Hardware	33
Machinery	20
Tools	15
Renovation of houses at pier block	20

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.

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 prepare for its intended use, 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.

Investment property

Investment property, principally comprising land, is held for 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.

2 Summary of significant accounting policies (continued)

Impairment of non-financial assets

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

Financial assets

(i) Classification

The Company classifies its financial assets in the following categories: loans and receivables and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- **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.

- **Available-for-sale financial assets**

  Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless the investment matures or management intends to dispose of the investment within twelve months of the balance sheet date.

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(ii) Recognition and measurement

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

Available for sale financial assets are subsequently carried at fair value. Loans and receivables and held to maturity financial assets are carried at amortised cost using the effective interest method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on “available-for-sale financial assets”.

Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Company's right to receive payments is established.

(iii) Impairment of financial assets

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

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the recoverable amount being the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(iii) Impairment of financial assets (continued)

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

Investments in subsidiaries

Subsidiaries are those companies and other entities (including special purpose entities) in which the Company directly or indirectly, has an interest of more than one half of the voting rights, or otherwise has the power to govern the financial and operating policies so as to obtain economic benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss 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. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

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.

2 Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Inventories consist of the cost of land and work in progress in connection with the construction of residential units and include raw materials, direct labour, other direct costs and expenses associated with construction work including borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete.

Retentions

Retentions represent amounts of progress billings issued to the Company for contract work that are not paid until the satisfaction of conditions specified in the contract for their payment or until defects have been rectified.

Share capital

Ordinary shares are classified as equity.

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

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.

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.

2 Summary of significant accounting policies (continued)

Borrowings (continued)

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.

2 Summary of significant accounting policies (continued)

Segmental Analysis

The Company considers 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 in accordance with IFRS 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 foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price 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 cooperation 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 foreign exchange risk, interest rate risk and liquidity risk.

- **Market risk**

Foreign exchange risk

The Company receives services from abroad and is subject to foreign exchange risk arising from various transactions and balances, mainly to the US Dollar and British Pound. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities that are measured in a currency that is not the functional currency of the Company.

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

Cash flow 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.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk (continued)**

Cash flow interest rate risk (continued)

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. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Borrowings from related parties were issued at fixed rates. The interest rates are set by the Group's management and are reassessed at regular intervals based on market conditions.

At 31 December 2014, if interest rates on Euro-denominated borrowings had been 0,25% (2013: 0,25%) higher/lower with all other variables held constant, the capitalised interest would have been €268.507 (2013:€248.336) lower/higher, mainly as a result of higher/lower interest on floating rate borrowings.

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

- **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. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 to 5 years	Over 5 years
	€	€	€	€
At 31 December 2013				
Borrowings	89.141.640	5.412.079	-	25.771.828
Trade and other payables	1.743.559	-	-	-
	90.885.199	5.412.079	-	25.771.828

	Less than 1 year	Between 1 and 2 years	Between 2 to 5 years	Over 5 years
	€	€	€	€
At 31 December 2014				
Borrowings	**96.666.710**	**-**	**34.000.873**	**-**
Trade and other payables	**2.006.612**	**-**	**-**	**-**
	98.673.322	**-**	**34.000.873**	**-**

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.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

The Board of Directors and Management of the Company has taken all the necessary actions needed to refinance its existing borrowings (See Note 21).

The borrowings of the Company are secured by personal guarantees of one of the Directors of the Company (Note 21),while the company has guaranteed the borrowings of the Parent Company (Note 25).

The ultimate parent company confirmed that it will financially support the Company in case they need it.

(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.

The gearing ratios at 31 December 2014 and 2013 were as follows:

	2014	2013
	€	€
Total borrowings (Note 21)	**116.979.389**	105.834.702
Less: cash and cash equivalents (Note 19)	**(39.711)**	(8.095)
Net debt	**116.939.678**	105.826.607
Total equity	**64.639.734**	65.629.098
Total capital as defined by management	**181.579.412**	171.455.705
Gearing ratio	**64%**	62%

The increase in the gearing ratio during 2014 resulted primarily from borrowings taken during the year for financing the working capital needs of the Company.

(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.

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.

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.

- **Fair value of investment property**

  The fair value of investment property is determined using valuation techniques. Refer to note 15 for the relevant disclosure of valuation technique used for the determination of the fair value of the Company's Investment Properties.

- **Golf licences**

  In accordance with the provisions of the contracts signed during 2013 between the Company and the planning authority department of the Cyprus Government, the Company has undertaken to pay an aggregate amount of €10.000.000 to the Government over a period of 10 years from the signing date of the contracts in December 2013. Having considered legal advice, management has assessed that no financial, legal or constructive obligation arises for this amount as of 31 December 2014 as the Company may avoid these costs prior to commencement of the development of the project. The Company has disclosed these amounts as capital commitments in Note 24.

5 Revenue

	2014	2013
	€	€
Net income from plantations	**57.392**	102.016
Other income	**100**	600
	57.492	102.616

6 Other income

Other income	**3.559**	18.100

7 Expenses by nature

	2014 €	2013 €
Depreciation, amortisation and impairment charges (Note 14)	**70.252**	79.213
Repairs and maintenance	**9.385**	36.165
Operating lease payments	**2.300**	2.085
Insurance	**12.940**	12.302
Auditors' remuneration charged by statutory audit firm	**15.186**	15.000
Staff costs (Note 8)	**324.644**	297.097
Advertising and promotion	**8.223**	60.986
Transportation expenses	**1.406**	2.458
Other expenses	**85.624**	68.876
Services rendered	**223.506**	165.037
Motor car expenses	**25.283**	19.059
Municipality taxes	**7.969**	7.782
Legal fees	**7.497**	7.575
Stock exchange fees	**11.081**	12.132
Director fees	**33.200**	35.742
Tax services provided by statutory audit firm	**-**	6.750
Petrol and fuel	**6.650**	9.177
Immovable property tax	**17.063**	18.066
Total cost of goods sold, selling and marketing costs, administrative expenses and other expenses	**862.209**	855.502

8 Staff costs

	2014 €	2013 €
Wages and salaries	**290.777**	270.132
Social insurance costs	**31.944**	26.494
Provident fund contributions	**1.923**	471
	324.644	297.097

The Company participates in a defined contribution scheme, the Cyprus Trading Corporation Plc Employees' Provident Fund, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

9 Finance costs

	2014 €	2013 €
Interest expense:		
Bank borrowings	**171.836**	268.008
Other interest	**258**	-
Total interest expense	**172.094**	268.008
Net foreign exchange loss/(gain)	**14.689**	(2.477)
Interest income:		
Bank balances	**(4)**	(16)
	186.779	265.515

10 Income tax expense

	2014	2013
	€	€
Deferred tax (Note 22):		
Origination and reversal of temporary differences	**760**	1.225
Total deferred tax	**760**	1.225
Income tax expense	**760**	1.225

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

	2014	2013
	€	€
Loss before tax	**(987.937)**	(1.000.301)
Tax calculated at the applicable corporation tax rate of 12,5%	**(123.492)**	(125.038)
Tax effect of expenses not deductible for tax purposes	**-**	16.004
Tax effect of allowances and income not subject to tax	**-**	(4.217)
Tax effect of tax losses for which no deferred tax asset was recognised	**123.492**	113.251
Tax effect of inflation	**760**	1.225
Income tax charge	**760**	1.225

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.

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.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

Tax effects of components of other comprehensive income

	Year ended 31 December					
	2014			2013		
	Before tax	**Tax (charge)/ credit**	**After tax**	Before tax	Tax (charge)/ credit	After tax
	€	**€**	**€**	€	€	€
Land and buildings:						
Deferred tax adjustment	**-**	**(667)**	**(667)**	-	(1.076)	(1.076)
Other comprehensive income	**-**	**(667)**	**(667)**	-	(1.076)	(1.076)

11 Loss per share

The basic and fully diluted losses per share are calculated by dividing the loss attributed to the shareholders of the Company with the weighted average number of issued shares during the year.

	2014	
	€	€
Loss for the year attributed to shareholders	(988.697)	(1.001.526)
Weighted average number of issued shares	300.000.000	300.000.000
Loss per share - cents	(0,33)	(0,33)

12 Financial instruments by category

	Loans and receivables	Available-for-sale	Total
	€	€	€
31 December 2013			
Assets as per balance sheet			
Trade and other receivables (excluding prepayments and statutory receivable)	450.096	-	450.096
Cash and cash equivalents	8.095	-	8.095
Total	458.191	-	458.191

	Other financial liabilities
	€
Liabilities as per balance sheet	
Borrowings	105.834.702
Trade and other payables (excluding statutory liabilities)	1.737.011
Total	107.571.713

	Loans and receivables	Available-for-sale	Total
	€	€	€
31 December 2014			
Assets as per balance sheet			
Available-for-sale financial assets	-	453	453
Trade and other receivables (excluding prepayments and statutory receivable)	841.356	-	841.356
Cash and cash equivalents	39.711	-	39.711
Total	881.067	453	881.520

	Other financial liabilities
	€
Liabilities as per balance sheet	
Borrowings	116.979.389
Trade and other payables (excluding statutory liabilities)	1.998.640
Total	118.978.029

13 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
	€	€
Counterparties without external credit rating		
Group 1	**121.183**	118.185
Group 2	**720.173**	331.911
	841.356	450.096

	2014	2013
	€	€
Cash at bank and short-term bank deposits(1)		
Caa3	**38.845**	6.291

(1) The rest of the balance sheet item ‘cash and cash equivalents’ is cash in hand.

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

Group 2 – Other receivables with no defaults in the past

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

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

Cyprus Limni Resorts and GolfCourses PLC

14 Property, plant and equipment

	Land and buildings €	Pier €	Renovation of houses at pier block €	Motor vehicles €	Furniture, fixtures and office equipment €	Plantations €	Computer Hardware €	Total €
At 1 January 2013								
Cost	21.086.260	968.620	38.977	258.663	854.100	27.480	2.647	23.236.747
Accumulated depreciation	-	-	(14.291)	(194.199)	(665.706)	(7.583)	(1.558)	(883.337)
Net book amount	21.086.260	968.620	24.686	64.464	188.394	19.897	1.089	22.353.410
Year ended 31 December 2013								
Opening net book amount	21.086.260	968.620	24.686	64.464	188.394	19.897	1.089	22.353.410
Additions	790.175	-	65.000	-	9.091	-	-	864.266
Depreciation charge (Note 7)	-	-	(19.712)	(25.739)	(32.996)	(217)	(549)	(79.213)
Closing net book amount	21.876.435	968.620	69.974	38.725	164.489	19.680	540	23.138.463
At 31 December 2013								
Cost	21.876.435	968.620	103.977	258.663	857.405	27.480	2.647	24.095.227
Accumulated depreciation	-	-	(34.003)	(219.938)	(692.916)	(7.800)	(2.107)	(956.764)
Net book amount	21.876.435	968.620	69.974	38.725	164.489	19.680	540	23.138.463
Year ended 31 December 2014								
Opening net book amount	21.876.435	968.620	69.974	38.725	164.489	19.680	540	**23.138.463**
Additions	1.205.416	-	-	-	-	-	2.720	**1.208.136**
Depreciation charge (Note 7)	-	-	(20.796)	(18.400)	(29.882)	-	(1.174)	**(70.252)**
Closing net book amount	23.081.851	968.620	49.178	20.325	134.607	19.680	2.086	**24.276.347**
At 31 December 2014								
Cost	23.081.851	968.620	103.977	258.663	857.405	27.480	5.367	**25.303.363**
Accumulated depreciation	-	-	(54.799)	(238.338)	(722.798)	(7.800)	(3.281)	**(1.027.016)**
Net book amount	23.081.851	968.620	49.178	20.325	134.607	19.680	2.086	**24.276.347**

14 Property, plant and equipment (continued)

Bank borrowings are secured on the Company's land ((including investment properties and inventories (Notes 15 and 17) for €80.500.000 (2013: €80.500.000) (Note 21).

Interest amounting to €778.273 (2013: €726.687) relating to loans granted to the Company for financing the cost of construction of the project, were capitalised during the year and were included in the cost of construction. The interest rate used for the capitalisation is 6,17% (2013: 6,34%) and represents the borrowing cost of the project for 2014. The total interest capitalised since the commencement of the project in 2007 is €3.769.469 (2013: €2.991.196).

On 1 January 2007 the Board of Directors decided to proceed with the development of the Company's land for tourist purposes with the construction of a hotel and two golf courses, along with land development activities. After this decision, an amount of €9.000.895 which represents the fair value of the land as at 1 January 2007 which will be used for the construction of the hotel and the two golf courses was transferred from investment property to property, plant and equipment. The fair value of the land which was transferred to property, plant and equipment and to inventories has been estimated based on the respective buildable square meters. The buildable square meters is the method which is used each year for the allocation of the construction costs of the project between inventories and property, plant and equipment, as the costs are incurred for the whole project.

The company has already secured the final planning permits (19 December 2013) for the construction of residential units, golf courses, golf clubs and other related activities.

15 Investment property

	2014	2013
	€	€
At beginning and end of year	**6.834.406**	6.834.406

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 holds one class of investment property being land held for a currently undetermined use.

Fair value is based in active market process, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If the information is not available, the Company uses alternative valuation methods such as recent prices or less active markets or discounted cash flow projections. These valuations are reviewed annually by the company's management. Changes in fair values are recorded in profit or loss and are included in “other gains – net”.

Bank borrowings are secured on the Company's land ((including investment properties and inventories (Notes 14 and 17)) for €80.500.000 (2013: €80.500.000) (Note 21).

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	**Land - Kynousa**	**2014 Total**	**2013 Total**
	€	**€**	**€**
Fair Value hierarchy	3	3	3
Fair Value at 1 January	**6.834.406**	**6.834.406**	**6.834.406**
Fair value at 31 December	6.834.406	6.834.406	6.834.406

15 Investment property (continued)

Valuation processes

The Company's investment properties were valued at 31 December 2014 by management taking into account valuation performed by independent professionally qualified valuers 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, the 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.

	Level 3 - Range of unobsevable inputs (probability-weighted average)			
Property	**Valuation €**	**Valuation technique**	**Unobservable Inputs**	**Price Range €**
Land - Kynousa	6.834.406	Comparable selling prices	Price per square meter	€10-€55 (average: €27)

		Sensitivities in discount and cap rate	
			Change in discount rate -0,05% **€** 0,50%
		-10,00%	6.150.965
Land - Kynousa	**Price per square meter**	**0,00%**	6.834.406
		10,00%	7.517.847

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

16 Investments in subsidiaries

	2014 €	2013 €
At beginning of year	**51.986**	51.986
At end of year	**51.986**	51.986

The Company's interests in its subsidiaries, all of which are unlisted, were as follows:

Name	Principal activity	Issued share capital	2013 % holding
CSC Kafkalla Viklin Limited	Dormant	100	100
CSC Evloimeni Limni Limited	Dormant	100	100
CSC Kynousa Limni Limited	Dormant	100	100
CSC Mavroli Limni Limited	Dormant	100	100
CSC Kharkoma Limni Limited	Dormant	100	100
CSC Kafkalia Aloni Limited	Dormant	100	100
Akamas Line Company Limited	Dormant	24500	99,99

No consolidated financial statements have been prepared incorporating the results of the above subsidiaries in view of the fact that the subsidiaries are dormant, and therefore the effect of preparing financial statements would be immaterial.

17 Inventories

	2014 €	2013 €
Balance at the beginning of the year	**159.875.238**	154.100.562
Golf Permits	**882.305**	-
Costruction cost	**22.651**	64.168
Professional fees	**2.216.643**	399.803
Interest expense capitalised	**5.687.700**	5.310.705
	168.684.537	159.875.238

Interest amounting to €5.687.700 (2013: €5.310.705) relating to loans granted to the Company for financing the cost of construction of the project, were capitalised during the year and were included in the cost of construction. The interest rate used for the capitalisation is 6,17% (2013: 6,34%) and represents the borrowing cost of the project for 2014. The total interest capitalised since the commencement of the project in 2007 is €27.547.672 (2013: €21.859.972).

On 1 January 2007 the Board of Directors decided to proceed with the development of the Company's land for tourist purposes with the construction of a hotel and two golf courses, along with development activities. After this decision, an amount of €65.779.465 which represents the fair value of the land as at 1 January 2007 which will be used for development activities was transferred from investment property to inventories, and is included in the cost of inventories shown above. The fair value of the land which was transferred to property, plant and equipment and to inventories has been estimated based on the respective buildable square meters. The buildable square meters is the method which is used each year for the allocation of the construction costs of the project between inventories and property, plant and equipment as the costs are incurred for the whole project.

17 Inventories (continued)

The company has already secured the final planning permits (19 December 2013) for the construction of residential units, golf courses, golf clubs and other related activities.

Bank borrowings are secured on the Company's land ((including investment properties and inventories (Notes 14 and 15)) for €80.500.000 (2013: €80.500.000) (Note 21).

All inventory items are stated at cost with the exception of inventory that was transferred on 1 January 2007 from investment property which is presented at its fair value at the date of transfer. The current value of inventories and thus the capital base of the Company is significantly higher than its carrying value.

18 Trade and other receivables

	2014	2013
	€	€
Receivables from subsidiaries (Note 25(iv))	**12.066**	12.066
Receivables from related parties (Note 25(iv))	**109.117**	106.119
Other receivables	**720.173**	331.911
Prepayments	**8.054**	10.505
Vat refundable	**160.419**	108.677
	1.009.829	569.278

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

Trade and other receivables do not include assets that have been impaired.

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

	2014	2013
	€	€
Euro - functional and presentation currency	**1.009.829**	569.278

19 Cash in hand and at bank

	2014	2013
	€	€
Cash at bank and in hand	**39.711**	8.095

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

	2014	2013
	€	€
Bank balances	**39.711**	8.095
Bank overdrafts (Note 21)	**(3.544.634)**	(3.504.833)
Cash and cash equivalents	**(3.504.923)**	(3.496.738)

19 Cash in hand and at bank (continued)

Cash and cash equivalents are denominated in the following currencies:

	2014	2013
	€	€
Euro - functional and presentation currency	**39.711**	8.095

20 Share capital

	2014		2013	
	Number of shares	**€**	Number of shares	€
Authorised				
Shares of €0,10 each	**350 000 000**	**35.000.000**	350 000 000	35.000.000
Issued and fully paid				
Shares of €0,10 each	**300 000 000**	**30.000.000**	300 000 000	30.000.000

The total authorized number of ordinary shares is 350.000.000 shares (2013: 350.000.000 shares) with a par value of €0,10 per share. All issued shares are fully paid.

21 Borrowings

	2014	2013
	€	€
Current		
Bank overdrafts (Note 19)	**3.544.634**	3.504.833
Bank borrowings	**87.725.577**	80.023.242
	91.270.211	83.528.075
Non-current		
Bank borrowings	**-**	5.133.750
Borrowings from related parties (Note 25(v))	**25.709.178**	17.172.877
	25.709.178	22.306.627
Total borrowings	**116.979.389**	105.834.702
Maturity of non-current borrowings		
Between 1 and 2 years	**-**	5.133.750
Between 2 and 5 years	**25.709.178**	-
Over 5 years	**-**	17.172.877
	25.709.178	22.306.627

During 2014, the company agreed with its main banker to restructure its loans. As at 31 December 2014 the bank loans of €82.077.405 were repayable by 31 December 2014 and bank loans of €5.648.172 were repayable by 25 November 2015. Based on the restructured agreement all of the bank loans are repayable by 31 December 2015.

The borrowings from related party (Woolworth (Cyprus) Properties Plc) bear interest at the fixed rate of 5,75% (2013: fixed rate of 7%) and at 31 December 2014 both parties agreed that no repayment of the above amount will be demanded within the next four years. No terms and conditions were agreed as to the loan security.The interest rate is being determined by the Group's management and is revised at regular intervals depending on the market conditions.

21 Borrowings (continued)

The Company's banking facilities are secured :

(i) By mortgage of the Company's land and buildings for €38.500.000 (A' Mortgage number Y2207/08 dated 17/04/2008), €15.000.000 (B' Mortgage number Y170/14 dated 21/3/2014) and €27.000.000 (A' Mortgage number Y 1860/10 dated 22/4/2010) (Notes 14, 15 and 17).

(ii) By personal guarantee of one of the directors of the Company on a guarantee document dated 23/11/2009 and 4/4/2010 for €18.000.000 and €28.200.000 respectively (Note 25(vi)).

(iii) By corporate guarantee from its parent company N.K. Shacolas (Holdings) Limited on a guarantee document dated 19/03/2014 for €20.000.000.

(iv) By corporate guarantee from its related company Woolworth (Cyprus) Properties Plc on a guarantee document dated 19/03/2014 for €20.000.000.

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

	2014	2013
	%	%
Bank overdrafts	**4,94**	5,08
Bank borrowings	**6,17**	6,34
Borrowings from related parties (Note 25(v))	**5,78**	7,00

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	**40.793.911**	39.714.320
6-12 months	**76.185.478**	48.947.505
1-5 years	**-**	17.172.877
	116.979.389	105.834.702

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	**116.979.389**	105.834.702

22 Deferred income tax liabilities

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

	2014 €	2013 €
Deferred income tax liabilities:		
- Deferred tax liabilities to be settled after more than twelve months	**17.271.534**	17.270.107
Deferred income tax liabilities - net	**17.271.534**	17.270.107

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

	2014 €	2013 €
At beginning of year	**17.270.107**	17.267.806
Charge included in profit or loss (Note 10)	**760**	1.225
Tax charge relating to components of other comprehensive income (Note 10)	**667**	1.076
At end of year	**17.271.534**	17.270.107

The movement in deferred income 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

	Fair value gains €
At 1 January 2013	17.267.806
Charged/(credited) to:	
Income statement (Note 10)	1.225
Other comprehensive income (Note 10)	1.076
At 31 December 2013	17.270.107
At 1 January 2014	17.270.107
Charged/(credited) to:	
Income statement (Note 10)	760
Other comprehensive income (Note 10)	667
At 31 December 2014	17.271.534

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. The Company did not recognize deferred income tax assets of €535.364 (2013: €487.468) in respect of losses amounting to €4.282.914 (2013: €3.899.742) since the project is still at its initial stage.

23 Trade and other payables

	2014 €	2013 €
Trade payables	**333.379**	115.622
Social insurance and other taxes	**7.972**	6.548
Payables to related parties (Note 25(iv))	**801.610**	800.909
Other payables	**32.573**	36.455
Accrued expenses	**72.955**	25.902
Retentions for contract work	**758.123**	758.123
	2.006.612	1.743.559

23 Trade and other payables (continued)

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	**2.006.612**	1.743.559

24 Commitments

Capital commitments

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

	2014	2013
	€	€
Property, plant and equipment	**1.159.952**	1.593.045
Inventories	**8.477.048**	11.642.133
	9.637.000	13.235.178

The ageing analysis of the obligations of the company's capital expenditure contracted is as follows:

	2014	2013
	€	€
No later than 1 year	**1.637.000**	3.255.584
Later than 1 year and no later than 5 years	**4.000.000**	4.979.594
Later than 5 years	**4.000.000**	5.000.000
	9.637.000	13.235.178

25 Related party transactions

The Company is controlled by Arsinoe Investments Company Limited, incorporated in England, which owns 70,57% of the Company’s shares, N.K. Shacolas (Holdings) Limited incorporated in Cyprus, which owns 17,40% of the Company’s shares and Chrysochou Merchants Limited, incorporated in Cyprus, which owns 11,73% of the Company’s shares. The ultimate controlling party is N.K.Shacolas (Holdings) Limited. Mr Nicos K. Shacolas, Chairman of the Board of Directors, controls indirectly, through its shareholding in N.K. Shacolas (Holdings) Limited, the share capital of the Company.

All companies are considered related due to common control.

The following transactions were carried out with related parties:

25 Related party transactions (continued)

(i) Sales of goods and services

	2014	2013
	€	€
Sales of professional services:		
ITTL Trade Tourist and Leisure Park Plc	**3.068**	5.400
Woolworth Commercial Centre Limited	**1.534**	3.600
Woolworth (Cyprus) Properties Plc	**4.602**	3.600
Argosy Trading Co Limited	**-**	-
Superhome Center (DIY) Limited	**1.534**	1.800
Ermes Department Stores Plc	**-**	3.600
	10.738	18.000

(ii) Purchases of goods and services

	2014	2013
	€	€
Purchases of professional services:		
Woolworth (Cyprus) Properties Plc	**77.996**	148.783
Cyprus Trading Corporation Plc	**3.884**	-
N.K. Shacolas (Holdings) Ltd	**153.500**	153.200
Ermes Department Stores Plc	**37.700**	38.900
	273.080	340.883

(iii) Directors' remuneration

The total remuneration of the Directors was as follows:

	2014	2013
	€	€
Emoluments in their executive capacity	**33.200**	35.742

25 Related party transactions (continued)

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

	2014 €	2013 €
Receivables from related parties (Note 18):		
Limni Mines Limited	**9.361**	9.361
Limni Air & Seas Tourist Limited	**991**	991
Limni Foods & Fisheries Limited	**923**	923
Limni Development Project Limited	**2.226**	2.226
Danapan Limited	**62.063**	67.098
CSC Kafkalla Viklin Limited	**2.011**	2.011
CSC Evloimeni Limni Limited	**2.011**	2.011
CSC Kynousa Limni Limited	**2.011**	2.011
CSC Mavroli Limni Limited	**2.011**	2.011
CSC Kharkoma Limni Limited	**2.011**	2.011
CSC Kafkala Aloni Limited	**2.011**	2.011
ITTL Trade Tourist and Leisure Park Plc	**16.960**	-
N.K. Shacolas (Holdings) Ltd	**-**	385
Argosy Trading Co Limited	**1.499**	1.499
Superhome Center (DIY) Limited	**1.558**	8.214
Cyprus Trading Corporation PLC	**537**	-
Woolworth Commercial Centre Limited	**1.825**	4.248
Arsinoe Investment Company Ltd	**6.926**	6.926
Ermes Department Stores Plc	**4.248**	4.248
	121.183	118.185
Payables to related parties (Note 23):		
Domex Trading Company Limited	**1.659**	1.659
PLC's Management Limited	**33.401**	33.401
Ideea Distribution of Appliances Ltd	**246**	1.754
CTC Automotive Limited	**105.941**	102.507
Ermes Department Stores Plc	**129.965**	66.711
Argosy Trading Company Limited	**862**	648
Akamas Lime Company Limited	**39.081**	39.081
Cyprus Trading Corporation Plc	**490.455**	385.690
ITTL Trade Tourist and Leisure Park Plc	**-**	169.458
	801.610	800.909

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

The above companies are considered related due to common control.

(v) Borrowings from related parties

	2014 €	2013 €
Borrowings from related party:		
At beginning of year	**17.172.877**	9.758.721
Borrowings advanced during year	**7.297.947**	6.670.950
Borrowings repaid during year	**-**	(50.000)
Interest charged (Note 9)	**1.238.354**	793.206
At end of year (Note 21)	**25.709.178**	17.172.877

The borrowings from the related party Woolworth (Cyprus) Properties Plc is of financing nature and bears interest of 5,75% (2013: 7%). At 31 December 2014 both parties agreed that no repayment of the above amount will be demanded within the next four years and no terms and conditions were agreed as to the loan security.

25 Related party transactions (continued)

(v) Borrowings from related parties (continued)

The interest charged has been capitalised to inventory and property, plant and equipment.

(vi) Personal guarantees of the Directors

The bank loans and overdrafts of the Company are secured by personal guarantees of the Directors for €46.200.000 (Note 21).

(vii) Guarantees

The Company guaranteed loans of the ultimate parent company for the amount of €44.666.667. No losses are expected from the default of terms and liabilities thatthe parent entity agreed with the financial institution.

(viii) Corporate guarantees

The Company's bank facilities are secured by corporate guarantees provided by the Company's parent company N.K. Shacolas (Holdings) Limited and related company Woolworth (Cyprus) Properties Plc for €20.000.000 each respectively (Note 21).

26 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.