LOUIS PLC

REPORT, CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2013

C O N T E N T S

LOUIS PLC

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY OFFICIALS RESPONSIBLE FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

In accordance with Article 9, sections (3)(c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law of 2007 ("Law"), we the members of the Board of Directors and the company officials responsible for the consolidated and separate financial statements of Louis plc (the "Company") for the year ended 31 December 2013, confirm that to the best of our knowledge:

(a) the annual consolidated and separate financial statements of the Company which are presented on pages 9 to 100:
  (i) were prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and in accordance with the provisions of Article 9, section (4) of the Law, and
  (ii) give a true and fair view of the assets and liabilities, the financial position and the profit or loss of Louis plc and the subsidiary companies that are included in the consolidated and separate financial statements of the Company as a total (the "Group"), and

(b) the Directors' report gives a fair review of the developments and the financial performance of the business as well as the financial position of the Company and the Group, together with a description of the principal risks and uncertainties that they are facing.

Members of the Board of Directors and Company officials responsible for the consolidated and separate financial statements of the Company

Costakis Loizou	Chairman	…………………………
Jason Perdios	Executive Director	…………………………
Louis Loizou	Executive Director	…………………………
Christos Mavrellis	Non-executive Director	…………………………
Olga Eliadou	Non-executive Director	…………………………
Dinos Papadopoulos	Non-executive Director	…………………………
George Foradaris	Non- Executive Director	…………………………
George Paschalis	Chief Financial Officer	…………………………
Yiannakis Lakkotripis	Chief Accountant	…………………………

Nicosia, 29 April 2014

LOUIS PLC

BOARD OF DIRECTORS, PROFESSIONAL ADVISERS AND BANKERS

Board of Directors	Costakis Loizou *(Chairman)* Jason Perdios *(Executive Director)* Louis Loizou *(Executive Director)* Christos Mavrellis Olga Eliadou Dinos Papadopoulos George Foradaris *(appointed on 9 January 2013)*
Secretary	Costas Hadjimarkos
Independent Auditors	KPMG Limited
Legal Advisers	Ioannides Demetriou LLC L. Papaphilippou & Co LLC Pampoukis & Associates Law Firm L. Pelekanos & Associates Tassos Papadopoulos & Co LLC Chrysafinis & Polyviou LLC Chryses Demetriades & Co LLC Tsimpanoulis & Associates Rousos & Hadjidemetriou Hill Dickinson LLP Ince & Co International Law Firm Campbell Johnston Clark LLP
Bankers	National Bank of Greece S.A. Hellenic Bank Public Company Ltd Bank of Cyprus Public Company Ltd Bank of Cyprus Leasing S.A. DVB Bank America N.V. HSBC Bank plc Societe Generale Bank Cyprus Ltd USB Bank Plc Joh. Berenberg Gussler & Co. KG Alpha Bank Piraeus Bank Barclays Bank
Registered Office	11 Limassol Avenue 2112, Nicosia

LOUIS PLC

BOARD OF DIRECTORS' REPORT

The Board of Directors presents its Annual Report and the audited consolidated and separate financial statements of Louis plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Group which are the operation of cruises, the charter hire of vessels to third parties and the ownership, operation and management of hotel units, have not changed since last year.

FINANCIAL RESULTS AND EXAMINATION OF THE DEVELOPMENT OF THE POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP AND THE COMPANY

Despite the negative environment that prevailed especially in Cyprus during 2013, the results of the Group show a significant improvement compared to 2012. The operating profit (EBITDAR) increased to €50,8 m. in 2013 compared to €36,7 m. in 2012, showing an improvement of €14,1 m. or 38,4%. This is due to the increase in the total revenue and the fall in the operating expenses.

In 2013, profit from operations before net finance expenses increased from €1,4 m. in 2012 to €17,9 m., showing an increase of €16,5 m. The Louis Cruises group showed the greatest improvement, since 2012 was a very difficult year. Also, the decrease in the total net finance expenses of the Group also contributed positively to the improved results of the Group in 2013 compared to 2012, showing an improvement in the net results from operations €17,1 m.

The results before taxation also show significant improvement since, compared to 2012 there was an improvement of €20,5 m. Specifically, the loss before taxation for 2013 was €18,7 m. compared to the loss of €39,2 m. in 2012.

The net results were loss-making for 2013 but significantly improved since the net loss attributable to the owners (€29,5 m.) showed a total decrease of €10,7 m. compared to 2012. It should be noted that the improvement in the results of the Group would have been greater had the deferred tax provision amounting to €4,1 m. not been required due to the increase in the income tax rates in Greece from 20% to 26%. Provision amounting to €5,4 m. was also recognized as a result of the retrospective amendment in the legislation in Greece that imposes taxes in relation to finance lease contracts concluded in prior years and that, according to the enacted legislation were not subject to taxation. The respective legislation is expected to cease once the Ministry of Finance of Greece issues a clarification circular.

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend for the year 2013.

MAIN RISKS AND UNCERTAINTIES

The Group is exposed to risks, the most significant of which are credit risk, interest rate risk, liquidity risk, foreign currency risk, risk of fuel price increases and shipping and tourist industry risks. The Group monitors and manages these risks through various mechanisms as described in notes 41 and 44 of the consolidated and separate financial statements of the Company.

LOUIS PLC

BOARD OF DIRECTORS' REPORT

SHARE CAPITAL

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

BRANCHES

During the year, the Group operated branches in Athens, Piraeus and in the islands of Zakynthos, Corfu, Crete and Rhodes. Moreover, the Group operates in Cyprus, Greece and other countries through its subsidiary companies, which are reported in note 37 of the consolidated and separate financial statements of the Company.

FUTURE DEVELOPMENTS

The Group will continue to operate in the cruise and hotel sectors. As far as the cruise sector is concerned, the Group's objectives include further expansion in the areas of charter hiring and management of vessels, the establishment of the Louis brand in the cruise market of Piraeus and the more effective use of the vessels (which will lead to the reduction of the effects of seasonality).

The hotel sector will continue its efforts for further expansion of its activities in Cyprus and Greece, but also in new overseas markets, where opportunities are presented in relation to hotel management or leasing of hotel units.

BOARD OF DIRECTORS

The members of the Board of Directors as at 31 Decmeber 2013 and at the date of this report are presented on page 2.

In accordance with the provisions of the Company's Articles of Association, the Directors that retire are Messrs Jason Perdios and Olga Eliadou. Mr. Jason Perdios and Mrs Olga Eliadou are eligible for re-election and offer themselves for re-election. For the filling of the positions there will be elections at the Annual General Meeting.

On 9 January 2013, the Board of Directors appointed Mr. George Foradaris as a Non-Executive Director. The appointment of Mr. George Foradaris is subject to approval by the Annual General Meeting on 19 June 2013.

There were no other significant changes in the composition, allocation of responsibilities or remuneration of the Board of Directors.

RELATED PARTY TRANSACTIONS

Transactions with related parties are disclosed in note 35 of the consolidated and separate financial statements of the Company.

AGREEMENTS WITH THE BOARD OF DIRECTORS AND THEIR RELATED PARTIES

Except for the transactions and balances with related parties and management disclosed in notes 35 and 40 respectively, there were no other significant transactions in which the Board of Directors and their related parties had a significant interest.

LOUIS PLC

BOARD OF DIRECTORS' REPORT

DIRECTORS' AND RELATED PARTIES' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The percentage of the Company's share capital principally held, directly or indirectly, by the members of the Board of Directors, their spouses and their dependent children, as at 31 December 2013 and 24 April 2014 (5 days prior to the date of approval of the consolidated and separate financial statements of the Company) was as follows:

	31/12/2013	24/4/2014
	%	%
Costakis Loizou, Chairman	65,475	65,475
Jason Perdios, Executive Director	1,972	1,972
Louis Loizou, Executive Director	0,003	0,003
Christos Mavrellis	0,015	0,015
Olga Eliadou	-	-
Dinos Papadopoulos	-	-
George Foradaris	-	-

The shareholding interest of Mr. Costakis Loizou includes the shareholding interest of the companies CLIN Company Ltd (the "Parent") and Alasia Cyprus Cruises Ltd, with percentage holdings of 65,199% and 0,016% respectively, of which he is the primary shareholder and the shareholding interest of Ms. Marissa Loizou (daughter) and Mr. Louis Loizou (son) with percentage holdings of 0,154% and 0,106% respectively.

MAIN SHAREHOLDERS

The shareholder holding more than 5% of the share capital of the Company as at 31 December 2013 and 24 April 2014 (5 days prior to the date of approval of the consolidated and separate financial statements of the Company) was Mr. Costakis Loizou with a shareholding interest of 65,475%.

GOING CONCERN BASIS

The consolidated and separate financial statements of the Company were prepared on a going concern basis. Notwithstanding the contingent uncertainties regarding the ability of the Group and the Company to continue as a going concern, as disclosed in note 44 of the consolidated and separate financial statements of the Company, the Board of Directors considers that the Group and the Company have the ability to continue their operations as a going concern.

EVENTS AFTER THE REPORTING PERIOD

The events that occurred after the reporting period are disclosed in note 45 of the consolidated and separate financial statements of the Company.

LOUIS PLC

BOARD OF DIRECTORS' REPORT

CORPORATE COVERNANCE DECLARATION

The Board of Directors has adopted the provisions of the Corporate Governance Code, as issued and published by the Cyprus Stock Exchange.

The Board of Directors' Corporate Governance Report based on the Corporate Governance Code, includes the relevant information in accordance with Article 5 of the Directive DI 190-2007-04 as issued according to the Transparency Requirements (Traded Securities in Regulated Markets) Law of 2007, N.190(I)/2007.

INDEPENDENT AUDITORS

The independent auditors, KPMG Limited, have expressed their willingness to continue in office. A resolution for their re-appointment and authorising the Board of Directors to determine their remuneration will be submitted at the Annual General Meeting.

By order of the Board of Directors,

Costas Hadjimarkos
Secretary

Nicosia, 29 April 2014

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

LOUIS PLC

Report on the consolidated and separate financial statements of Louis plc

We have audited the accompanying consolidated financial statements of Louis plc and its subsidiary companies (the "Group") and the separate financial statements of Louis plc (the "Company") on pages 9 to 100, which comprise the consolidated statement of financial position and the statement of financial position of the Company as at 31 December 2013, the consolidated income statement and the consolidated statements of comprehensive income, changes in equity and cash flows and the income statement and the statements of comprehensive income, changes in equity and cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the financial statements

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

Auditors' Responsibility

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

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

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

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

LOUIS PLC

Opinion

In our opinion, the consolidated and separate financial statements of the Company give a true and fair view of the financial position of the Group and the Company as at 31 December 2013, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap 113.

Emphasis of matter

We draw attention to notes 2(a) and 44 of the consolidated and separate financial statements of the Company where it is reported that these were prepared on a going concern basis, the negative financial results of the Group during the year ended 31 December 2013, the negative working capital as of that date, as well as uncertainties relating to the continuation of the financing facilities. Our opinion is not qualified in respect of this matter.

Report on other legal and statutory requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws 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.
- The consolidated and separate financial statements of the Company are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated and separate financial statements of the Company 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 on pages 3 to 6 is consistent with the consolidated and separate financial statements of the Company.

Pursuant to the requirements of the Directive DI 190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the report of the Board of Directors.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the 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.

Demetris Vakis

Demetris S. Vakis FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

29 April 2014

LOUIS PLC

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Revenue	4,5	205.168	193.895
Operating expenses		(92.758)	(94.108)
Personnel costs		(56.815)	(57.558)
Selling and administrative expenses		(4.802)	(5.532)
		(154.375)	(157.198)
Operating profit before interest, taxes, depreciation, amortization and hotel rent expenses		50.793	36.697
Hotel rents		(8.641)	(10.993)
Depreciation	14	(23.862)	(24.033)
Lease amortisation charges	16	(688)	(688)
Other amortisation and impairment charges		256	381
Profit from operations	6	17.858	1.364
Finance income		1.455	1.506
Finance expenses		(25.080)	(25.801)
Net finance expenses	7	(23.625)	(24.295)
Loss from operations after net finance expenses		(5.767)	(22.931)
Net exchange gain/(loss)	8	1.066	(4.259)
Share of (loss)/profit of equity-accounted investees	34	(583)	297
Loss on disposal of vessels, property, plant and equipment	14	(10.265)	(398)
Impairment charge on assets	9	-	(6.966)
Loss from write off of financial assets	10	(2.177)	-
Loss from disposal of subsidiary company	33	(40)	-
Impairment charges and provision for doubtful debts	19	(929)	(4.910)
Loss before taxation		(18.695)	(39.167)
Taxation	11	(10.841)	(1.028)
Loss for the year		(29.536)	(40.195)
Loss for the year attributable to:			
Owners of the Company		(29.529)	(40.189)
Non-controlling interest		(7)	(6)
Loss for the year		(29.536)	(40.195)
Basic and fully diluted loss per share (€ cent)	13	(6,41)	(8,73)

The notes on pages 21 to 100 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Loss for the year		(29.536)	(40.195)
Other comprehensive income			
Items that are or may be reclassified to the consolidated profit or loss			
Profit/(loss) from cash flow hedges	8	1.347	(1.945)
Transfer of derivative financial instruments fair value to the results	8	-	3.623
Exchange difference from translation of foreign subsidiary company's financial statements		(2)	(12)
		1.345	1.666
Items that will never be reclassified to the consolidated profit or loss			
Revaluation of properties	9	-	236
Deferred tax on revaluation		(114)	850
Increase in deferred tax due to the change in corporation tax rate from 10% to 12,5%		(314)	-
Increase in deferred tax due to the change in corporation tax rate from 20% to 26%		(626)	-
Deferred tax written off on disposal of non-current assets held for sale	21	-	1.247
Capital gains tax through reserves		-	(403)
Adjustments to obligations of employees benefits	32	451	-
Deferred tax on adjustments to obligations of employees benefits	28	(117)	-
		(720)	1.930
Other comprehensive income for the year		625	3.596
Total comprehensive income for the year		(28.911)	(36.599)
Total comprehensive income attributable to:			
Owners of the Company		(28.903)	(36.597)
Non-controlling interest		(8)	(2)
Total comprehensive income for the year		(28.911)	(36.599)

The notes on pages 21 to 100 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	2013 €'000	2012 €'000
Assets			
Vessels, property, plant and equipment	14	443.362	457.361
Intangible assets	15	-	-
Hotel leases	16	22.259	22.947
Amounts due from related parties	35	47.803	46.460
Other assets	17	692	2.025
Equity accounted- investees	34	15.164	16.160
Non-current assets		529.280	544.953
Inventories	18	8.656	8.112
Trade and other receivables	19	48.702	46.695
Amounts due from related parties	35	12.001	11.850
Blocked bank deposits	20	8.178	6.838
Cash and cash equivalents	20	10.449	12.847
Non-current assets held for sale	21	34.600	36.084
Current assets		122.586	122.426
Total assets		651.866	667.379
Equity			
Share capital	22	78.293	78.293
Reserves	23	(6.829)	22.076
Equity attributable to the owners of the Company		71.464	100.369
Non-controlling interest		65	71
Total equity		71.529	100.440
Liabilities			
Borrowings	24	98.751	110.622
Finance lease obligations	25	196.152	198.053
Amounts due to related parties	35	7.778	7.636
Other liabilities	26	2.783	4.766
Deferred income	27	6.082	5.988
Deferred tax	28	24.681	19.388
Non-current liabilities		336.227	346.453
Bank overdrafts	20	36.048	30.838
Borrowings	24	86.556	74.646
Finance lease obligations	25	26.470	18.747
Trade and other payables	29	55.899	60.922
Derivative financial instruments	30	2.562	3.909
Amounts due to related parties	35	12.072	13.113
Other liabilities	26	1.450	1.895
Deferred income	27	10.344	9.190
Taxation due	31	8.447	3.282
Liabilities held for sale	21	4.262	3.944
Current liabilities		244.110	220.486
Total liabilities		580.337	566.939
Total equity and liabilities		651.866	667.379

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 29 April 2014.

Costakis Loizou Chairman	Christos Mavrellis Director

The notes on pages 21 to 100 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

		Equity attributable to the owners of the Company										
	Σημ.	Share capital €'000	Share premium €'000	Hedging reserve €'000	Property revaluation reserve €'000	Employees defined benefits reserve €'000	Other reserves €'000	Difference from conversion of capital to Euro €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Balance 1 January 2013		78.293	94.301	(3.909)	19.598	-	180	364	(88.458)	100.369	71	100.440
Total comprehensive income for the year												
Loss for the year		-	-	-	-	-	-	-	(29.529)	(29.529)	(7)	(29.536)
Other comprehensive income												
Profit from cash flow hedges	8	-	-	1.347	-	-	-	-	-	1.347	-	1.347
Exchange difference from translation of foreign subsidiary company's financial statements		-	-	-	-	-	(2)	-	-	(2)	-	(2)
Deferred tax on revaluation		-	-	-	(114)	-	-	-	-	(114)	-	(114)
Transfer of additional depreciation from revaluation		-	-	-	(19)	-	-	-	19	-	-	-
Transfer from the disposal of subsidiary company		-	-	-	(119)	-	-	-	119	-	-	-
Increase of deferred tax due to the change in corporation tax rate from 10% to 12,5%		-	-	-	(313)	-	-	-	-	(313)	(1)	(314)
Increase of deferred tax due to the change in corporation tax rate from 20% to 26%		-	-	-	(625)	-	-	-	-	(625)	(1)	(626)
Adjustments to obligations of employees benefits	32	-	-	-	-	450	-	-	-	450	1	451
Deferred tax on adjustments to obligations of employees benefits	28	-	-	-	-	(117)	-	-	-	(117)	-	(117)
Other comprehensive income for the year		-	-	1.347	(1.190)	333	(2)	-	138	626	(1)	625
Total comprehensive income for the year		-	-	1.347	(1.190)	333	(2)	-	(29.391)	(28.903)	(8)	(28.911)
Transactions with owners, recognised directly in equity												
Contributions by and distributions to owners of the Company												
Dividend paid		-	-	-	-	-	-	-	(2)	(2)	2	-
Total transactions with owners, recognised directly in equity		-	-	-	-	-	-	-	(2)	(2)	2	-
Balance 31 December 2013		78.293	94.301	(2.562)	18.408	333	178	364	(117.851)	71.464	65	71.529

The notes on pages 21 to 100 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Note	Share capital €'000	Share premium €'000	Hedging reserve €'000	Property revaluation reserve €'000	Other reserves €'000	Difference from conversion of capital to Euro €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
		Equity attributable to the owners of the Company									
Balance 1 January 2012		78.293	94.301	(5.587)	20.167	192	364	(50.647)	137.083	427	137.510
Total comprehensive income for the year											
Loss for the year		-	-	-	-	-	-	(40.189)	(40.189)	(6)	(40.195)
Other comprehensive income											
Loss from cash flow hedges	8	-	-	(1.945)	-	-	-	-	(1.945)	-	(1.945)
Transfer of derivative financial instruments fair value to the results	8	-	-	3.623	-	-	-	-	3.623	-	3.623
Exchange difference from translation of foreign subsidiary company's financial statements		-	-	-	-	(12)	-	-	(12)	-	(12)
Deferred tax written off on disposal of non-current assets held for sale	20	-	-	-	1.245	-	-	-	1.245	2	1.247
Capital gains tax through reserves		-	-	-	(403)	-	-	-	(403)	-	(403)
Transfer on disposal of financial assets		-	-	-	(2.453)	-	-	2.453	-	-	-
Revaluation of properties	9	-	-	-	236	-	-	-	236	-	236
Deferred tax on revaluation	27	-	-	-	848	-	-	-	848	2	850
Transfer of additional depreciation from revaluation		-	-	-	(42)	-	-	42	-	-	-
Acquisition of non-controlling interest	32	-	-	-	-	-	-	(117)	(117)	-	(117)
Other comprehensive income for the year		-	-	1.678	(569)	(12)	-	2.378	3.475	4	3.479
Total comprehensive income for the year		-	-	1.678	(569)	(12)	-	(37.811)	(36.714)	(2)	(36.716)
Transactions with owners, recognised directly in equity											
Changes in ownership interests in subsidiary companies											
Non-controlling interest written off on the acquisition of shareholding interest in subsidiary company	32	-	-	-	-	-	-	-	-	(354)	(354)
Total transactions in ownership interests in subsidiary companies		-	-	-	-	-	-	-	-	(354)	(354)
Total transactions with owners, recognised directly in equity		-	-	-	-	-	-	-	-	(354)	(354)
Balance 31 December 2012		78.293	94.301	(3.909)	19.598	180	364	(88.458)	100.369	71	100.440

The notes on pages 21 to 100 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Cash flows from operating activities			
Loss before taxation		(18.695)	(39.167)
Adjustments for:			
Depreciation	14	23.862	24.033
Lease amortisation charges	16	688	688
Other amortisation and impairment charges		(256)	(381)
Impairment charge on assets	9	-	6.966
Unrealised exchange gain	8	(935)	(114)
Loss on disposal of vessels, property, plant and equipment		10.265	398
Loss from the write off of financial assets	10	2.177	-
Loss from the disposal of subsidiary company	33	40	-
Cost of employees' benefits plan	32	91	-
Impairment charges and provision for doubtful debts	19	929	4.910
Share of loss/(profit) from equity accounted- investees	34	583	(297)
Interest income	7	(1.455)	(1.506)
Interest expense	7	25.080	25.801
Cash flows from operating activities before working capital changes		42.374	21.331
(Increase)/decrease in inventories		(561)	186
(Increase)/decrease in trade and other receivables		(3.902)	10.169
Decrease in trade and other payables		(4.745)	(5.752)
Increase in deferred income		1.638	1.174
Decrease in other assets		1.267	370
Decrease in other liabilities		(2.032)	(2.275)
Increase in amounts due from related parties		(2.808)	(1.855)
Benefits paid in relation to employees' benefits plan	32	(36)	-
Cash generated from operating activities		31.195	23.348
Taxation paid		(1.031)	(1.079)
Net cash flows from operating activities		30.164	22.269
Cash flows from investing activities			
Payments for acquisition of subsidiary company	33	-	(471)
Proceeds from disposal of subsidiary company	33	1.128	-
Payments for acquisition of vessels, property, plant and equipment	14	(24.326)	(14.046)
Payments for additions to non-current assets held for sale	21	(72)	(506)
Proceeds from disposal of vessels, property, plant and equipment		1.464	31
Proceeds from disposal of non-current assets held for sale	21	1.484	23.299
Dividend received	34	323	394
Interest received		1.455	1.506
Net cash flow (used in)/from investing activities		(18.544)	10.207
Cash flow from financing activities			
Proceeds from issue of new borrowings	24	481	-
Repayments of borrowings		(2.796)	(17.555)
Repayments of finance lease obligations		(3.491)	(660)
Blocked bank deposits		(1.340)	(5.859)
Interest paid		(12.396)	(7.148)
Net cash flow used in financing activities		(19.542)	(31.222)
Effect of exchange rate fluctuations on cash and cash equivalents		314	78
Net (decrease)/increase in cash and cash equivalents		(7.608)	1.332
Cash and cash equivalents at the beginning of the year		(17.991)	(19.323)
Cash and cash equivalents at the end of the year		(25.599)	(17.991)
Cash and cash equivalents consist of:			
Cash in hand and at bank	20	10.449	12.847
Bank overdrafts	20	(36.048)	(30.838)
		(25.599)	(17.991)

The notes on pages 21 to 100 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

INCOME STATEMENT

For the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Revenue	4	2.403	1.567
Personnel costs		(662)	(713)
Depreciation	14	(61)	(86)
Administrative and other expenses		(867)	(1.139)
		(1.590)	(1.938)
Profit/(loss) from operations	6	813	(371)
Finance income		3	3
Finance expenses		(7.684)	(7.737)
Net finance expenses	7	(7.681)	(7.734)
Loss from operations after net finance expenses		(6.868)	(8.105)
Net exchange loss	8	(117)	(55)
Impairment charge on investments in subsidiary companies	36	(2)	(3)
Loss before taxation		(6.987)	(8.163)
Taxation	11	(575)	-
Loss for the year		(7.562)	(8.163)
Basic and fully diluted loss per share (€ cent)	13	(1,64)	(1,77)

The notes on pages 21 to 100 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Loss for the year		(7.562)	(8.163)
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Profit/(loss) from cash flow hedges	8	1.347	(1.071)
Items that will never be reclassified to profit or loss			
Merger of subsidiary companies	36	(25.965)	-
Other comprehensive income		(24.618)	(1.071)
Total comprehensive income for the year		(32.180)	(9.234)

The notes on pages 21 to 100 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	2013 €'000	2012 €'000
Assets			
Equipment	14	484	509
Amounts due from subsidiary companies	35	2.740	2.740
Amounts due from Parent and other related parties	35	38.590	37.579
Investment in associate company		9.719	9.719
Investments in subsidiary companies	36	93.732	119.696
Deferred tax	28	-	575
Non-current assets		145.265	170.818
Trade and other receivables	19	1.021	862
Amounts due from subsidiary companies	35	102.315	104.620
Amounts due from Parent and other related parties	35	302	244
Cash and cash equivalents	20	153	66
Current assets		103.791	105.792
Total assets		249.056	276.610
Equity			
Share capital	22	78.293	78.293
Reserves	23	20.013	52.193
Total equity		98.306	130.486
Liabilities			
Borrowings	24	63.669	63.843
Amounts due to subsidiary companies	35	11.266	11.271
Amounts due to Parent and other related parties	35	7.233	6.818
Non-current liabilities		82.168	81.932
Bank overdrafts	20	11.571	8.899
Borrowings	24	50.287	46.621
Trade and other payables	29	729	1.398
Derivative financial instruments	30	2.562	3.909
Amounts due to subsidiary companies	35	2	-
Amounts due to Parent and other related parties	35	2.762	2.696
Taxation due	31	669	669
Current liabilities		68.582	64.192
Total liabilities		150.750	146.124
Total equity and liabilities		249.056	276.610

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 29 April 2014.

Costakis Loizou Chairman	Christos Mavrellis Director

The notes on pages 21 to 100 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Note	Share capital €'000	Share premium €'000	Difference from conversion of capital to Euro €'000	Hedging reserve €'000	Merger reserve €'000	Retained earnings €'000	Total equity €'000
Balance 1 January 2013		78.293	94.301	364	(3.909)	-	(38.563)	130.486
Total comprehensive income for the year								
Loss for the year		-	-	-	-	-	(7.562)	(7.562)
Other comprehensive income								
Profit from cash flow hedges	8	-	-	-	1.347	-	-	1.347
Merger of subsidiary companies	36	-	-	-	-	(25.965)	-	(25.965)
Other comprehensive income		-	-	-	1.347	(25.965)	-	(24.618)
Total comprehensive income for the year		-	-	-	1.347	(25.965)	(7.562)	(32.180)
Balance 31 December 2013		78.293	94.301	364	(2.562)	(25.965)	(46.125)	98.306

The notes on pages 21 to 100 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Note	Share capital €'000	Share premium €'000	Difference from conversion of capital to Euro €'000	Hedging reserve €'000	Retained earnings €'000	Total equity €'000
Balance 1 January 2012		78.293	94.301	364	(2.838)	(30.400)	139.720
Total comprehensive income for the year							
Loss for the year		-	-	-	-	(8.163)	(8.163)
Other comprehensive income							
Loss from cash flow hedges	8	-	-	-	(1.071)	-	(1.071)
Total comprehensive income for the year		-	-	-	(1.071)	(8.163)	(9.234)
Balance 31 December 2012		78.293	94.301	364	(3.909)	(38.563)	130.486

The notes on pages 21 to 100 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Cash flows from operating activities			
Loss before taxation		(7.562)	(8.163)
Adjustments for:			
Depreciation	14	61	86
Unrealised exchange loss	8	124	50
Impairment charge on investments in subsidiary companies	36	2	3
Loss on disposal of equipment		(12)	-
Interest income	7	(3)	(3)
Interest expense	7	7.684	7.737
Cash flows from/(used in) operating activities before working capital changes		294	(290)
Increase in trade and other receivables		(159)	(24)
(Decrease)/increase in trade and other payables		(638)	253
Decrease in amounts due from subsidiary companies		2.276	2.456
Increase in amounts due from Parent and other related parties		(399)	(803)
Net cash flow from operating activities		1.374	1.592
Cash flows from investing activities			
Interest received		3	3
Payments for acquisition of equipment	14	(41)	(560)
Procees from the disposal of equipment		17	-
Payments for the acquisition of subsidiary	36	(3)	-
Net cash flow used in investing activities		(24)	(557)
Cash flows from financing activities			
Repayments of borrowings		(500)	-
Interest paid		(3.444)	(2.730)
Net cash flow used in financing activities		(3.944)	(2.730)
Effect of exchange rate fluctuations on cash and cash equivalents		9	-
Net decrease in cash and cash equivalents		(2.585)	(1.695)
Cash and cash equivalents at the beginning of the year		(8.833)	(7.138)
Cash and cash equivalents at the end of the year		(11.418)	(8.833)
Cash and cash equivalents consist of:			
Cash in hand and at bank	20	153	66
Bank overdrafts	20	(11.571)	(8.899)
		(11.418)	(8.833)

The notes on pages 21 to 100 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2013

1. INCORPORATION AND PRINCIPAL ACTIVITIES

Louis plc (the "Company") was incorporated in Cyprus on 31 December 1998 as a limited liability private company. On 14 May 1999, the Company became public in accordance with the provisions of the Cyprus Companies Law, Cap. 113, and on 3 August 1999 it listed its shares on the Cyprus Stock Exchange. The Company is a subsidiary of CLIN Company Ltd (the "Parent").

The consolidated and separate financial statements of the Company for the year ended 31 December 2013 comprise the Company and its subsidiaries (the "Group") as well as the Group's interest in equity accounted - investees.

The principal activities of the Group which are the operation of cruises, the charter hire of vessels to third parties and the ownership, operation and management of hotel units, have not changed since last year.

2. BASIS OF PREPARATION

(a) Going concern basis

The consolidated and separate financial statements of the Company were prepared on a going concern basis. Notwithstanding the contingent uncertainties regarding the ability of the Group and the Company to continue as a going concern, as disclosed in note 44 of the consolidated and separate financial statements of the Company, the Board of Directors considers that the Group and the Company have the ability to continue their operations as a going concern.

(b) Statement of compliance

The consolidated and separate financial statements of the Company relate to the year ended 31 December 2013 and have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Also, the consolidated and separate financial statements of the Company have also been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, the Cyprus Stock Exchange Laws and the Transparency Requirements Law (Traded Securities in Regulated Market) Law of 2007, N.190(I)/2007.

(c) Basis of measurement

The consolidated and separate financial statements of the Company have been prepared under the historical cost convention, as modified by the revaluation of vessels, property, plant and equipment, finance leases, equity accounted-investees and derivative financial instruments.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2013

2. BASIS OF PREPARATION (continued)

(d) Functional and presentation currency

The consolidated and separate financial statements of the Company are presented in Euro (€), which is the functional currency of the Group and the Company. All financial information has been rounded to the nearest thousand.

(e) Use of estimates and judgements

The preparation of the consolidated and separate financial statements of the Company in accordance with IFRSs requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable under the circumstances, the results of which comprise the basis for the use of judgment for the current values of assets and liabilities that are not available from other sources. Actual results may deviate from these estimates.

The estimates and underlying assumptions are revised on a continous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

Estimates and assumptions that may cause significant revisions in the carrying amount of assets and liabilities are presented below:

(i) Provision for doubtful debts
The Group and the Company review their trade and other receivables for evidence of their recoverability. The provision for doubtful debts is based on such indicators as the customer's payment record and overall financial position. If indications of non-recoverability exist, the recoverable amount is estimated and a relevant provision for doubtful debts is made. The amount of the provision is charged throught profit or loss. The review of credit risk is continous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly. It is possible that the actual conditions in the next financial year to be different than the assumptions used, as result of which significant adjustments to trade and other receivables may occur.

(ii) Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group and the Company use their judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting. The Group and the Company regularly review the valuation methods used to ensure their validity and applicability. Changes to the calculations and assumptions used will possibly affect the fair value of the financial instruments.

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgements (continued)

(iii) Taxation

The Group and the Company are subject to corporation tax in accordance to the legislation and the tax rates applicable at the reporting date. For specific transactions and computations the final tax assessment is uncertain. The Group and the Company recognise liabilities for anticipated tax issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters differs from the amount that was initially recognised, such differences may impact the corporation tax and deferred tax provisions in the period in which such assessment was made.

(f) Adoption of new and revised International Financial Reporting Standards

During the current year, the Group and the Company adopted all the new and revised IFRSs that are relevant to their operations and are effective for accounting periods beginning on 1 January 2013. This adoption did not have a material effect on the consolidated and separate financial statements of the Company.

As of the date of approval of these consolidated and separate financial statements of the Company the following Standards, Amendments to Standards and Interpretations had been issued by the International Accounting Standards Board but are not yet effective for annual periods beginning on 1 January 2013. Those which may be relevant to the operations of the Group and the Company are set out below. The Company does not plan to adopt these Standards early:

(i) Standards and Interpretations adopted by the EU

- IFRS 10 "Consolidated Financial Statements" (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- IFRS 11 "Joint Arrangements" (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- IAS 27 (Revised) "Separate Financial Statements" (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- IAS 28 (Revised) "Investments in Associates and Joint ventures" (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- IAS 32 (Amendments) "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).
- IFRS 12 "Disclosure of Interests in Other Entities" (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- Investment Entities - Amendments to IFRS 10, 12 and IAS 27 (effective the latest, as from the commencement date of its first financial year starting on or after 1 January 2014).
- IAS 36 (Amendments) "Recoverable Amount Disclosures for Non-Financial Assets" (effective for annual periods beginning on or after 1 January 2014).

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2013

2. BASIS OF PREPARATION (continued)

(f) Adoption of new and revised International Financial Reporting Standards (continued)

(i) Standards and Interpretations adopted by the EU (continued)

- IAS 39 (Amendments) "Novation of Derivatives and Continuation of Hedge Accounting" (effective for annual periods beginning on or after 1 January 2014).
- Transition Guidance for IFRS 10, 11 and 12 (effective for annual periods beginning on or after 1 January 2014).

(ii) Standards and Interpretations not adopted by the EU

- IFRS 7 (Amendments) "Financial Instruments: Disclosures" – "Disclosures on transition to IFRS 9" (effective for annual periods beginning on or after 1 January 2015).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).
- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).
- IAS 19 (Amendments) "Employee Benefits" (effective for annual periods beginning on or after 1 July 2014).
- Improvements to IFRSs 2010-2012 (effective for annual periods beginning on or after 1 July 2014).
- Improvements to IFRSs 2011-2013 (effective for annual periods beginning on or after 1 July 2014).
- IFRIC 21 "Bank Levies" (effective for annual periods beginning on or after 1 January 2014).

The Board of Directors expects that the adoption of the above Standards and Interpretations in future periods will not have a material effect on the consolidated and separate financial statements of the Company, except for the adoption of:

- IFRS 7 (Amendments) "Financial Instruments: Disclosures" – "Disclosures on transition to IFRS 9" (effective for annual periods beginning on or after 1 January 2015).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).
- IAS 19 (Amendments) "Employee Benefits" (effective for annual periods beginning on or after 1 July 2014).
- Improvements to IFRSs 2010-2012 (effective for annual periods beginning on or after 1 July 2014).
- Improvements to IFRSs 2011-2013 (effective for annual periods beginning on or after 1 July 2014).

The adoption of the above may affect the classification and measurement of financial assets. The extent of the impact has not been determined.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently applied for all the years presented in these consolidated and separate financial statements of the Company. Uniform accounting policies have been applied for the preparation of the financial statements of all the Group companies and, except where a change is stated, these are consistent with those applied in the prior year.

Basis of consolidation

Subsidiary companies

Subsidiary companies are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiary companies are included in the consolidated financial statements from the date control commences until the date control ceases. Where necessary adjustments are made to the financial statements of the subsidiary companies to bring their accounting policies in line with those adopted by the Group.

Investments in subsidiary companies are presented in the statement of financial position of the Company at acquisition cost. In case of a permanent impairment on the fair value of the investments, the deficit is transferred to profit or loss. The most significant subsidiary companies of the Group are presented in note 37 of the consolidated and separate financial statements of the Company.

Associate companies

Associate companies are those entities in which the Group has significant influence, but not control, over their financial and operating policies. The consolidated financial statements include the Group's share of recognised income and expenses and equity movements of associate companies using the equity method, from the date significant influence commences until the date significant influence ceases. When the Group's share of the associate companies' loss exceeds its interest in the associate companies, the carrying amount of that interest is reduced to nil and no further losses are recognised except to the extent that the Group has assumed obligations or has made payments on behalf of the associate companies.

In the financial statements of the Company, the investment in associate company is presented at acquisition cost. In case of a permanent impairment on the fair value of the investment, the deficit is transferred to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Transactions eliminated on consolidation

Intra-group balances and transactions between the companies of the Group and any unrealised gains and losses arising from these intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associate companies are eliminated against the investment to the extent of the Group's interest in the associate companies. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest

Non-controlling interest may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The Group adopts the second choice.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

Presentation of items in the consolidated and individual statement of comprehensive income

As a result of the amendments to IAS 1, the Group and the Company have modified the presentation of items of other comprehensive income in the consolidated and separate statement of comprehensive income, to present separately items that would be reclassified to the consolidated and separate income statement from those that would never be. Comparative information has been re-presented accordingly.

Revenue

Revenue earned by the Group is recognised net of Value Added Tax, where applicable, as well as returns, discounts and commissions on the following basis:

(i) Passenger transportation revenue
Passenger transportation revenue is recognised in the accounting period in which the services are rendered, i.e. when the transportation is provided.

(ii) Hotel operations revenue
Revenue from the operation of hotels represents amounts invoiced and services rendered to customers for accommodation, catering and the granting of ballrooms for receptions and is recognised in the accounting period in which the services are rendered.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue (continued)

(iii) Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. This is usually the case when the Group has sold or delivered the goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

(iv) Charter hire of vessels to third parties
Revenue from the charter hire of vessels to third parties is recognised in the accounting period in which the charter hire is undertaken. When the period of the charter hire of a vessel extends beyond the current accounting period then the revenue concerning the other accounting period is presented as deferred income in the current period and recognised as revenue in profit or loss in the relevant future period.

(v) Dividend income
Dividend income is recognised when the right of the Company to receive payment is established.

Determination and presentation of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn income and incur expenses, including income and expenses that relate to transactions with any of the Group's other components. The operating results of an operating segment for which separately identifiable financial information is available, are regularly reviewed by the Board of Directors to make decisions about the allocation of resources to the segment and assess its performance.

Operating segment results that are presented to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Items that are not attributable mainly comprise corporate assets and income tax assets and liabilities.

Foreign currency transactions

Foreign currency transactions are translated in Euro based on the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated in Euro based on the exchange rate prevailing on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated in Euro based on the exchange rate prevailing at the date that the fair value was determined.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions (continued)

Foreign exchange differences arising on translation are recognised in profit or loss and are separately presented when judged as significant, except for foreign exchange differences that arise from the exchange rate movement between foreign currencies and the Euro in relation to foreign currency loans issued for the purpose of hedging the foreign currency risk in connection with revenue received in the same currency. The effective portion of the foreign exchange difference related to the hedge of foreign currency risk is transferred to the hedging reserve and the ineffective portion of the foreign exchange difference related to the hedge of foreign currency risk is recognised in profit or loss. The balance of the hedging reserve is adjusted according to the foreign currency loan balances and the exchange rates at the end of each year.

The financial results of foreign subsidiary companies are translated into Euro based on the average exchange rate during the year. In the statement of financial position, all assets and liabilities are translated into Euro based on the exchange rate prevailing at the statement of financial position date. Any foreign exchange differences that arise are recognised in the statement of changes in equity.

Finance income and expenses

Finance income comprises interest income. Interest income is recognised in profit or loss using the effective interest method.

Finance expenses comprise interest payable on borrowings, interest payable on finance lease obligations, creditors' interest, losses on financial instruments that are recognised in profit or loss and bank charges. All borrowing costs are recognised in profit or loss using the effective interest method.

Finance expenses related to improvements on vessels, buildings, land and acquisition of assets prior to their initial operation, are capitalised.

Taxation

Income tax expense comprises current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, based on legislation and the tax rates enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities and their tax base. Deferred tax is estimated based on the tax rates that are expected to be applied when the temporary differences reverse, based on the legislation enacted by the reporting date.

A deferred tax asset is recognised in relation to unused tax losses, tax credits and deductible temporary differences, but only to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Adjustments in deferred tax due to changes in tax rates are presented in profit or loss, or in the statement of changes in equity, depending on where the initial debit or credit on deferred tax was recognised. Deferred tax arising on revaluation of property, plant and equipment is transferred to the property revaluation reserve.

Vessels, property, plant and equipment

Vessels, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Immovable property is stated at fair value based on valuations by independent external valuers less accumulated depreciation for buildings. Revaluations are conducted at regular intervals so that the carrying amount is not significantly different from the fair value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The subsequent cost of replacing a part of an item of vessels, property, plant and equipment is capitalised if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The costs of servicing and maintenance of vessels, property, plant and equipment are recognised in profit or loss as incurred.

Surpluses or deficits that result from the revaluation of immovable property are recognised in the property revaluation reserve. If a deficit arises, which is not covered by the accumulated surpluses in the property revaluation reserve for a specific asset, it is written off in the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Vessels, property, plant and equipment (continued)

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or any other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of vessels, property, plant and equipment as presented below, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

Vessels	Up to 30 years
Buildings	1%
Furniture and equipment	10% - 25%
Computer hardware	20%
Motor vehicles	20%
Computer software	$33\,^1/_3$%

The depreciation method, useful lives and residual values are reassessed annually.

No depreciation is charged on land and assets under renovation. Also, no depreciation is charged on linen and kitchen utensils, since they are written off in profit or loss based on the replacement method.

Profits or losses on disposal of an item of vessels, property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of these assets, and are recognised on a net basis in profit or loss. When revalued assets are being disposed of, the amounts included in the revaluation reserve are transferred to retained earnings.

Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiary and associate companies, represents the difference between the cost and the Group's share in the fair value of the identifiable net assets acquired and is presented at cost less accumulated impairment losses.

Goodwill is allocated to cash generating units based on operating segments and is not amortised but tested for impairment on an annual basis to establish whether any impairment indicators exist.

In case where, during the acquisition of subsidiary and associate companies, the Group's share in the fair value of the identifiable net assets, liabilities and contingent liabilities of the subsidiary and associate companies, exceeds the cost then the valuation method of the identifiable asset and liabilities and the cost are reconsidered and any remaining difference is recognised in profit or loss in the year of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Hotel leases

The cost to obtain the leases of hotel units is presented as a non-current asset. The cost represents the fair value at the date of recognition, based on valuation by independent external valuers. The cost is amortised using the straight line method over the duration of the lease agreement.

Investments in joint ventures

A joint venture is a contractual arrangement whereby the Group undertakes an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic, financial and operating decisions relating to the activities require the unanimous consent of the parties sharing control.

The joint ventures are classified and recognized as follows:

(i) Jointly controlled operations – the Group shall recognize in the consolidated financial statements the assets that the Group controls, the liabilities that it incurs, the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

(ii) Jointly controlled assets – the Group shall recognize in the consolidated financial statements its share of the jointly controlled assets, any liabilities that it has incurred, its share of any liabilities incurred jointly with the other venturers, any income from the sale or use of its share of the output of the joint venture together with its share of any expenses incurred by the joint venture and any expenses that it has incurred in respect of its interest in the joint venture.

(iii) Jointly controlled entities – the Group shall recognize its interest in a jointly controlled entity using proportionate consolidation or the alternative method (refer to “Associate companies” in “Basis of consolidation” above). The Group’s investment in jointly controlled entities is presented in note 34 of the consolidated and separate financial statements of the Company.

Investments in subsidiary companies

Investments in subsidiary companies are presented in the statement of financial position of the Company at acquisition cost less adjustments for any permanent impairment in the investment values. Any adjustments that may arise are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Merger of companies under common control

The “merger of companies under common control” is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination.

When the Group and the Company proceed with the merger of companies under common control should use either of the following methods in the consolidated and separate financial statements of the Company:

(i) Book value on the basis that the investment has simply been moved from one part of the group to another.

(ii) Acquisition accounting on the basis that the acquirer is a separate entity.

In applying the method of book value accounting, an adjustment may be required in equity to reflect any difference between the consideration paid and the capital of the acquiree. The adjustment in equity can be recognized in a capital account, called a “merger” reserve or in retained earnings.

Non-current assets held for sale

Non-current assets whose carrying amount is expected to be recovered principally through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured in accordance with the Group’s accounting policies. Then the assets are measured at the lower of their carrying amount and fair value less costs to sell.

Derivative financial instruments

The Group and the Company, as a matter of principle, seek to reduce their exposure to unexpected and unfavourable fluctuations in the exchange rates of foreign currencies. In order to protect against foreign currency risk, the Group and the Company principally aim to achieve natural hedging by matching as far as possible the currencies of their borrowings or liabilities with those of future revenue streams or other future receivables based on contractual agreements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

The Group and the Company hold derivative financial instruments to hedge foreign currency risk and the risk of fluctuations in interest rates.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedged items, including the objectives and risk management strategy underlying the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedge relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated. For a cash flow hedge of a forecast transaction, the transaction should be highly probable and present an exposure to variations in cash flows that could ultimately affect the net income.

Derivatives are initially recognised at fair value and attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below in the accounting policy "cash flow hedge".

Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. The amount recognised in other comprehensive income is transferred to profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the statement of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gains or losses previously recognised in other comprehensive income and presented in the hedging reserve in equity remain there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

Receivables

Receivables are assessed at each reporting date to determine whether there is objective evidence of impairment in their value. A receivable is impaired if objective evidence indicates that a tortuous event has occurred after the initial recognition of the asset, and that the tortuous event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. The accounting policy prohibits the recognition of impairment losses that could arise from future events, no matter how likely those future events may be.

Objective evidence that financial receivables are impaired may include default or delay of settlement by a customer, restructuring of an amount receivable on terms that would not otherwise be accepted and indications that a customer will enter bankruptcy. The Group considers evidence of impairment of receivables at specific asset levels.

Other non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there are any indicators of impairment. If any such indicators exist, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognised.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Fuel inventories are valued based on the first-in-first-out method. Other inventories are valued based on the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

LOUIS PLC

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For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories (continued)

Land under development and sale is presented at acquisition cost and includes the acquisition price, stamp duties paid for contracts and land-registry transfer fees.

Trade and other receivables

Trade and other receivables are presented at their nominal value less provision for doubtful debts, which is estimated based on a review of all outstanding balances at the year end. Bad debts are written off when identified. The provision for doubtful debts represents the difference between the carrying amount and the recoverable amount which is the present value of estimated future cash flows.

Cash and cash equivalents

For statement of cash flows purposes, cash and cash equivalents comprise cash and other readily convertible investments as well as bank overdrafts that are repayable on demand and form an integral part of the Group and the Company's cash management.

Share capital

Ordinary share capital

Ordinary shares that have been issued and paid are classified as equity.

Purchase of own shares

Company shares acquired upon the resolution for purchase of own shares, are included in the reserve from acquisition of own shares at cost including directly attributable expenses.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated and separate financial statements of the Company in the year that the dividends are approved by the owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Finance leases

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership of an underlying asset are classified as finance leases.

Assets acquired by way of finance leases are capitalised under vessels, property, plant and equipment at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. At the inception of the finance lease the future lease payments that relate to the capital commitment are recognised as a non-current liability. Each lease payment comprises the finance charge and the reduction in the capital commitment. The finance charge is calculated by applying the prevailing variable interest rate on the outstanding balance of the capital commitment and is recognised in profit or loss on an accruals basis.

Depreciation for assets acquired through finance leases is being provided over the shorter of the useful life of the vessels, property, plant and equipment and the lease term. However, in cases where there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use in the useful life of the asset.

Deferred income

Deferred income comprises receipts for revenue that relates to future accounting periods and includes:

Revenue from charter hire and customer advances

Prepayments that concern charter hire contracts and tourist agency contracts, for which no revenue has been recognised, are presented as deferred income and included in liabilities. Receipts that concern charter hire contracts and tourist agency contracts for which revenue has been recognised, are presented as deferred income to the extend they exceed the revenue recognised in profit or loss until the reporting date.

Government grants

Government grants for capital expenditure are included in the Group's consolidated statement of financial position and are recognised when received. They are amortised using the straight-line method over the expected useful life of the related assets. Government grants that relate to revenue expenditure are recognised as revenue when received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

The Group and the Company operate a number of Provident Funds for their employees as disclosed in note 32 of the consolidated and separate financial statements of the Company.

Defined contribution schemes

A defined contribution scheme is a post-employment benefit scheme under which a company pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution schemes are recognised as an expense in profit or loss in the period during which the services were offered by the employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is possible.

Defined benefit schemes

A defined benefit scheme is a post-employment benefit scheme other than a defined contribution scheme. The Group's net pension liability or asset is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods less any unrecognised past service cost and the fair value of the plan's assets. The future benefit is discounted to determine its present value based on a discount rate equal to the expected future return of the plan's assets. The calculation is performed at regular intervals by a qualified actuary using the projected unit method. If the calculation results in a net liability, a provision is made by the Group for additional contributions on the salaries of the affected employees over a period equal to the average remaining working life of the said employees in accordance with the requirements of IAS 19 "Employee Benefits".

The Group, provides predetermined redundancy benefits for its permanent staff, employed in Greece, in the form of a lump sum according to the Greek legislation. The cost of the retirement benefits is undertaken exclusively by the Group and is calculated annually by the Management of the Group and on regular intervals by independent qualified actuaries. Any surpluses or deficits which might arise from the difference between the expected and actual returns on the actuarial assumptions are recognised in the income statement.

Trade and other payables

Trade and other payables are presented based on the nominal values of the amounts owed at the statement of financial position date and include interest, where applicable.

Provisions

Provisions are recognised when the Group and the Company have 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 a reliable estimate of the amount can be made.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value determination

The application of the Group and the Company's accounting policies requires the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or presentation purposes for various assets and liabilities and further information is described in their respective notes, in the notes to the consolidated and separate financial statements of the Company.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Comparative figures

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

4. REVENUE

GROUP

Income from the operation of vessels and hotels, which represents amounts invoiced and services rendered to customers during the year, is recognised as revenue.

Income from the operation of vessels represents revenue from passenger transportation, sale of goods and services rendered to passengers, as well as ship management services and charter hire of vessels to third parties.

Revenue from the operation of hotels includes services that relate to accommodation, catering, the granting of ballrooms for receptions and other services rendered to customers. It also includes net income from the disposal of land and country residences.

Revenue is presented after the deduction of discounts, commissions, returns, taxes and duties.

COMPANY

The Company's revenue comprises interest income and dividends.

LOUIS PLC

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For the year ended 31 December 2013

5. OPERATING SEGMENTS

GROUP

Information on reportable operating segments

	Crusing and other operations		Hotel operations		Total	
	2013	2012	2013	2012	2013	2012
	€'000	€'000	€'000	€'000	€'000	€'000
Revenue from operations	120.368	109.655	86.557	84.983	206.925	194.638
Inter-segment reportable revenue	1.757	743	-	-	1.757	743
Interest income	762	841	1.121	1.173	1.883	2.014
Interest expense	(20.058)	(20.429)	(5.450)	(5.880)	(25.508)	(26.309)
Depreciation, amortisation and impairment charges	(18.416)	(18.323)	(5.878)	(6.017)	(24.294)	(24.340)
Reportable segment (loss)/profit before taxation	(22.978)	(34.906)	6.554	(2.516)	(16.424)	(37.422)
Other significant items:						
Share of (loss)/profit of equity accounted-investees	(583)	297	-	-	(583)	297
Impairment charge on assets	-	1.861	-	5.105	-	6.966
Loss from write off of financial assets	-	-	2.177	-	2.177	-
Reportable segment assets	462.286	376.904	174.416	274.315	636.702	651.219
Equity accounted-investees	15.164	16.160	-	-	15.164	16.160
Capital expenditure	11.326	5.340	680	5.950	12.006	11.290
Reportable segment liabilities	430.782	416.855	149.555	150.084	580.337	566.939

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2013

5. OPERATING SEGMENTS (continued)

GROUP (continued)

Reconciliation of revenue, profit or loss, assets and liabilities and other significant items of reportable operating segments:

	2013 €'000	2012 €'000
Revenue		
Total revenue of reportable segments	206.925	194.638
Elimination of inter-segment reportable revenue	(1.757)	(743)
Revenue as per financial statements	205.168	193.895
Loss before taxation		
Total reportable segment loss	(16.424)	(37.422)
Elimination of inter-segment reportable revenue	(1.757)	(743)
Share of (loss)/profit of equity accounted-investees	(583)	297
Impairment charge on goodwill of associate company	-	(1.360)
Elimination of other revenue	69	61
Loss before taxation as per financial statements	(18.695)	(39.167)
Assets		
Total reportable segment assets	636.702	651.219
Equity accounted-investees	15.164	16.160
Assets as per financial statements	651.866	667.379
Liabilities		
Liabilities as per financial statements	580.337	566.939

Other significant items

	2013			2012		
	Reportable segments totals €'000	Reconciliation €'000	Consolidated totals €'000	Reportable segments totals €'000	Reconciliation €'000	Consolidated totals €'000
Interest income	1.883	(428)	1.455	2.014	(508)	1.506
Interest expense	(25.508)	428	(25.080)	(26.309)	508	(25.801)
Capital expenditure	12.006	-	12.006	11.290	-	11.290
Depreciation, amortisation and impairment charges	(24.294)	-	(24.294)	(24.340)	-	(24.340)
Impairment charge on financial assets				(6.966)	-	(6.966)
Loss from write off of financial assets	- (2.177)	- -	- (2.177)	-	-	-

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

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5. OPERATING SEGMENTS (continued)

GROUP (continued)

Information per geographical segment

(i) Crusing and other operations

	Revenue	
	2013	2012
	€'000	€'000
Cyprus	4.905	3.165
Greece	41.022	38.748
Other countries	74.441	67.742
	120.368	109.655

The segregation of revenue for geographical analysis purposes is based on the operations of the vessels in the geographical areas of Cyprus, Greece and other countries. Due to the fact that some Group vessels are oocassionally operating in different geographical areas during the year, it is considered that the geographical analysis of profit from operations and operating capital may lead to false conclusions. For this reason, the geographical analysis of profit from operations and operating capital is not recommended.

(ii) Hotel operations

	Revenue		Non-current assets	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Cyprus	46.964	52.582	50.339	78.807
Greece	39.593	32.401	154.215	155.579
	86.557	84.983	204.554	234.386

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6. PROFIT/(LOSS) FROM OPERATIONS

The profit/(loss) from operations is reported after the following charges:

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Independent auditors' remuneration	520	509	55	45
Auditors' remuneration for other non-audit services	75	72	42	30
Auditors' remuneration for taxation related advisory services	119	61	-	-
Remuneration of the members of the board of directors as:				
- executive directors	726	730	386	389
- non executive directors	14	16	14	15
- chief executive officer	315	269	-	-
Depreciation	23.862	24.033	61	86
Amortisation of leases	(688)	(688)	-	-
Amorisation and other impairment charges	256	381	-	-
Salaries and employee benefits	55.760	56.543	262	309

During the year, the average number of the employees of the Group was 3.857 (2012: 3.937), and of the Company 25 (2012: 22).

7. NET FINANCE EXPENSES

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Interest from Parent	873	849	-	-
Bank interest income	582	657	3	3
Finance income	1.455	1.506	3	3
Interest to Parent	(415)	(484)	(513)	(484)
Interest to subsidiary company	-	-	(26)	(27)
Loan interest	(11.301)	(9.653)	(4.749)	(5.287)
Interest on finance lease obligations	(9.028)	(10.737)	-	-
Bank interest and charges	(4.189)	(4.810)	(2.396)	(1.939)
Creditors' interest	(147)	(117)	-	-
Finance expenses	(25.080)	(25.801)	(7.684)	(7.737)
Net finance expenses	(23.625)	(24.295)	(7.681)	(7.734)

8. NET EXCHANGE GAIN/(LOSS)

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Realised exchange gain/(loss)	131	(750)	7	(5)
Unrealised exchange gain/(loss)	935	114	(124)	(50)
Transfer of derivative financial instruments fair value to the results	-	(3.623)	-	-
	1.066	(4.259)	(117)	(55)

The Group's unrealised exchange gain of €935 thousand (2012: €114 thousand) and the Company's unrealised exchange loss of €124 thousand (2012: €50 thousand), respectively, resulted from the translation of foreign currency financial assets and liabilities presented in foreign currency as at the statement of financial position date, as well as from the translation of foreign currency loans that do not effectively protect (ineffective portion) foreign currency risk in relation to revenue received in foreign currency.

The Group follows a policy of hedging currency exchange movements between foreign currencies and the Euro, in relation to revenue received in foreign currency to the maximum possible degree, as well as derivative financial instruments in relation to fluctuations in interest rate risks through interest rate swaps, as described in the accounting policies. The Group and the Company's profit from cash flow hedge that was transferred to the hedging reserve for the year ended 31 December 2013, amounted to €1.347 thousand (2012: €1.945 thousand) and €1.347 thousand (2012: €1.071 thousand), respectively.

9. IMPAIRMENT CHARGE ON ASSETS

GROUP

The impairment charge on assets resulted as follows:

	Note	2013 €'000	2012 €'000
Impairment charge on goodwill	15	-	6.130
Impairment charge on vessels, property, plant and equipment	(i)	-	335
Impairment charge on non-current assets held for sale	21	-	501
		-	6.966

9. IMPAIRMENT CHARGE ON ASSETS (continued)

GROUP (continued)

Note (i)
The impairment charge on vessels, property, plant and equipment for the year 2012 amounting to €335 thousand resulted as follows:

(a) revaluation that decreased the carrying amount of property by €120 thousand and has been recognised in the consolidated statement of changes in equity (see property revaluation reserve - included in "Revaluation of properties"),

(b) impairment charge on property amounting to €215 thousand (see note 14).

10. LOSS FROM WRITE OFF OF ASSETS

During the year, the subsidiary company of the Group, Il Mondo Café Limited, signed an agreement with the landlord for the early termination of the lease contract of the building in which it operated and managed restaurants. The Il Mondo Café Limited transferred the operation of 'AKAKIKO' restaurant in existing buildings of the Group. As a result of this transaction, a total amount of €2.177 thousand was recognized as write off in relation to the building and other plant, as well as, a write off in relation to the debit balance with the landlord.

11. TAXATION

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Corporation tax in Cyprus and Greece	(642)	(774)	-	-
Special defence contribution in Cyprus	(117)	(54)	-	-
Taxation on tax-free reserves in Greece	(5.365)	-	-	-
Deferred taxation	(4.717)	(200)	(575)	-
Charge for the year	(10.841)	(1.028)	(575)	-

11. **TAXATION** (continued)

Reconciliation of taxation based on the taxable income and taxation based on the accounting losses of the Group and the Company:

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Accounting loss before taxation	(18.695)	(39.167)	(6.987)	(8.163)
Tax of profitable companies	(610)	(369)	-	-
Tax effect of expenses not deductible for tax purposes	(829)	(705)	-	-
Tax effect of allowances and income not subject ot tax	649	356	-	-
Tax effect of current year loss	39	27	-	-
Prior year taxation	1	(50)	-	-
Special defence contribution for the year	(117)	(54)	-	-
Deferred taxation	(4.717)	(200)	(575)	-
Additional taxation	-	(33)	-	-
Other taxes	(15)	-	-	-
Taxable loss prior years	123	-	-	-
Taxation on tax-free reserves in Greece	(5.365)	-	-	-
Taxation as per consolidated income statement	(10.841)	(1.028)	(575)	-

In Cyprus, the corporation tax rate for the year 2013 was 12,5% (2012: 10%). Under certain conditions, interest income may be subject to defence contribution at the rate of 30% (15% until 28 April 2013). In such cases this interest will be exempt from corporation tax. In Greece, the corporation tax rate for the year 2013 was 26% (2012: 20%).

In Cyprus, tax losses can be carried forward for the next five years until their full utilisation and can also be offset against taxable profits of other Group companies. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014.

According to the Merchant Shipping (Fees and Taxing Provisions) Law 44(I)/2010, ship owning companies and companies offering ship management services that are taxed or elect to be taxed under the tonnage tax system will be exempt from corporation tax and defence contribution on their revenue. Also, no defence contribution is charged on dividends received from ship owning companies and companies offering ship management services that are taxed or elect to be taxed under the tonnage tax system.

11. TAXATION (continued)

According to the Greek Law 27/1975 on the taxation of ships, the levy for the development of Merchant Shipping, the establishment of foreign shipping businesses and the regulation of related matters, no corporation tax is charged on the income of a ship-owner generated from the operation of ships under the Greek flag. It is subject to tonnage tax, instead. According to Article 26 and as replaced by Article 24 of Law 4110/2013 tonnage tax is also levied to the ships under foreign flag, which are managed by domestic or foreign companies established in Greece. The tonnage tax on ships under foreign flag is reduced by the amount paid for the ship in the foreign registry and up to the amount of tax due in Greece.

Also, no taxation is charged on the Group's vessels that are registered in foreign countries' shipping registers (except Cyprus and Greece) due to the fact that the profits resulting from the operation of these vessels are not subject to tax in these dominions.

12. DIVIDENDS

GROUP AND COMPANY

The Board of Directors does not recommend the payment of a dividend for the year 2013.

13. LOSS PER SHARE

	2013	2012
GROUP		
Loss attributable to owners (€'000)	(29.529)	(40.189)
Weighted average number of shares issued and fully diluted during the year ('000)	460.547	460.547
Basic and fully diluted loss per share (€ cent)	(6,41)	(8,73)
COMPANY		
Loss attributable to owners (€'000)	(7.562)	(8.163)
Weighted average number of shares issued and fully diluted during the year ('000)	460.547	460.547
Basic and fully diluted loss per share (€ cent)	(1,64)	(1,77)

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13. LOSS PER SHARE (continued)

GROUP AND COMPANY

The loss per share as at 31 December is calculated by adjusting the weighted average number of shares that were in issue during the year taking into account the impact of each share transaction on the loss per share, as follows:

	Note	2013 '000	2012 '000
Weighted average number of shares issued and fully diluted during the year	22	460.547	460.547

On 31 December 2013 and 2012, basic and fully diluted losses per share are the same, since there were no warrants or other convertible instruments in issue.

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14. VESSELS, PROPERTY, PLANT AND EQUIPMENT

GROUP	Note	Land and buildings €'000	Vessels €'000	Vessels under finance leases €'000	Furniture and fittings €'000	Linen and kitchen utensils €'000	Computers €'000	Motor vehicles €'000	Total €'000
2013									
Cost									
Balance 1 January		171.367	69.822	342.162	52.568	2.620	1.376	1.686	641.601
Additions		12.034	1.972	7.033	2.629	199	189	270	24.326
Disposal of subsidiary company	33	(1.538)	-	-	-	-	-	-	(1.538)
Disposals and write offs		(1.588)	(15.000)	-	(1.310)	-	-	(569)	(18.467)
Balance 31 December		180.275	56.794	349.195	53.887	2.819	1.565	1.387	645.922
Depreciation and impairment charges									
Balance 1 January		8.856	41.199	89.958	41.413	-	1.293	1.521	184.240
Charge for the year		3.346	3.661	14.526	2.206	-	37	86	23.862
Disposals and write offs		(368)	(3.333)	-	(1.297)	-	-	(544)	(5.542)
Balance 31 December		11.834	41.527	104.484	42.322	-	1.330	1.063	202.560
Carrying amounts									
Balance 31 December		168.441	15.267	244.711	11.565	2.819	235	324	443.362

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

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14. VESSELS, PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	Note	Land and buildings €'000	Vessels €'000	Vessels under finance leases €'000	Furniture and fittings €'000	Linen and kitchen utensils €'000	Computers €'000	Motor vehicles €'000	Total €'000
2012									
Cost									
Balance 1 January		171.185	403.535	-	51.288	2.614	1.315	1.658	631.595
Transfers		-	(334.710)	334.710	-	-	-	-	-
Additions		2.712	997	7.452	2.718	71	87	9	14.046
Transfer from accumulated depreciation due to revaluation		(2.055)	-	-	-	-	-	-	(2.055)
Impairment charge	9	(215)	-	-	-	-	-	-	(215)
Transfer from non-current assets held for sale	21	-	-	-	-	-	-	19	19
Disposals		(260)	-	-	(1.438)	(65)	(26)	-	(1.789)
Balance 31 December		171.367	69.822	342.162	52.568	2.620	1.376	1.686	641.601
Depreciation and impairment charges									
Balance 1 January		8.398	113.178	-	39.465	-	1.253	1.378	163.672
Transfers		-	(75.662)	75.662	-	-	-	-	-
Charge for the year		2.708	3.683	14.296	3.176	-	40	130	24.033
Elimination of accumulated depreciation against cost due to revaluation		(2.055)	-	-	-	-	-	-	(2.055)
Transfer from non-current assets held for sale	21	-	-	-	-	-	-	13	13
Disposals		(195)	-	-	(1.228)	-	-	-	(1.423)
Balance 31 December		8.856	41.199	89.958	41.413	-	1.293	1.521	184.240
Carrying amounts									
Balance 31 December		162.511	28.623	252.204	11.155	2.620	83	165	457.361

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14. VESSELS, PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Furniture and fittings €'000	Computers €'000	Motor vehicles €'000	Total €'000
2013				
Cost				
Balance 1 January	560	24	333	917
Additions	40	1	-	41
Disposals	-	-	(138)	(138)
Balance 31 December	600	25	195	820
Depreciation				
Balance 1 January	56	24	328	408
Charge for the year	60	1	-	61
Disposals	-	-	(133)	(133)
Balance 31 December	116	25	195	336
Carrying amounts				
Balance 31 December	484	-	-	484
2012				
Cost				
Balance 1 January	-	24	333	357
Additions	560	-	-	560
Balance 31 December	560	24	333	917
Depreciation				
Balance 1 January	-	22	300	322
Charge for the year	56	2	28	86
Balance 31 December	56	24	328	408
Carrying amounts				
Balance 31 December	504	-	5	509

14. VESSELS, PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP

On 12 December 2013, the ship owning subsidiary company of the Group, New Wave Navigation S.A., disposed of its vessel M/V Coral to the company Argo Systems Fze for the amount of €1.633 thousand (US$ 2,3 m.). As a result, a loss on disposal amounting to €10.271 thousand was recognized in the results.

The land and buildings of the subsidiary company Louis Hotels Public Company Ltd ("Louis Hotels") were revalued on 31 December 2012 by independent professionals valuers. The revaluation surplus was transferred to the property revaluation reserve after the inclusion of the relevant estimated provision for deferred tax.

The method used to estimate the fair value of properties is the Comparative Method, by which the valuation of land is based on comparable transactions, in combination with the Capitalisation Method by discounting future cash flows (DCF) to calculate the total value of the hotel properties.

The main factors that have been taken into consideration are the following:
- The specific characteristics of the properties and the surrounding area.
- The supply and demand in the surrounding area.
- The nature of use of the specific wider region.
- The location of the properties.

The acquisition cost of land and buildings which are presented at their revalued amount and their carrying amount based on the historic cost principle on 31 December 2013 amount to €178.067 thousand (2012: €169.000 thousand) and €157.666 thousand (2012: €150.908 thousand), respectively.

The Group leased vessels, property, plant and equipment through various finance lease agreements. On 31 December the carrying amount of each category of vessels, property, plant and equipment under finance leases was as follows:

	2013 €'000	2012 €'000
Carrying amounts		
Land	9.150	9.150
Buildings	25.501	25.795
Vessels	244.711	252.204
	279.362	287.149

The immovable property and the vessels of the Group are used as collateral to obtain financing from financial institutions.

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For the year ended 31 December 2013

15. INTANGIBLE ASSETS

GROUP

Goodwill

	Note	2013 €'000	2012 €'000
Cost			
Balance 1 January		-	6.130
Impairment charge on goodwill	9	-	(6.130)
Balance 31 December		-	-

On 1 January 2012, goodwill amounting to €6.130 thousand resulted as follows:

(a) Acquisition of 100% of the share capital of the subsidiary company Nausicaa Estates Limited on 5 May 2000 by Louis Hotels.

(b) Acquisition of 100% of the share capital of the subsidiary company Regency S.A. by Louis Hotels with the main objective the management and operation of the company owned hotel Louis Regency Hotel which belongs to the subsidiary company Louis Hotels S.A. since 2007. During the restructuring in 2007, the company Regency S.A. was absorbed by the company Louis Hotels S.A.

(c) Transfer of the company "The Cyprus Tourism Development Public Company Ltd" ("C.T.D.C.") from subsidiary to associate on 29 May 2007.

(d) Acquisition of 50% of the share capital of the subsidiary company Il Mondo Café Ltd on 1 January 2011 by Louis Hotels.

Impairment testing for goodwill

For the purpose of impairment testing, goodwill is allocated to cash generating units (CGUs) based on the Group's subsidiary companies.

The recoverable amount of a CGU is estimated based on its value in use. These calculations are determined by discounting future cash flows that are based on financial budgets covering a period of five years and have been approved by management. Cash flows of more than five years are projected using the final estimated growth rate. The growth rate does not exceed the average long-term growth rate of the business in which the CGU operates.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

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15. INTANGIBLE ASSETS (continued)

GROUP (continued)

Goodwill (continued)

Results of impairment testing for goodwill for 2012

Based on the calculation of the carrying amount of the cash generating unit that relates to Nausicaa Estates Limited on 31 December 2012, there was an impairment charge on goodwill amounting to €3.462 thousand.

Based on the calculation of the carrying amount of the cash generating unit that relates to Louis Regency Hotel on 31 December 2012, there was an impairment charge on goodwill amounting to €1.004 thousand.

Based on the calculation of the carrying amount of the cash generating unit that relates to C.T.D.C. on 31 December 2012, there was an impairment charge on goodwill amounting to €1.360 thousand.

Based on the calculation of the carrying amount of the cash generating unit that relates to Il Mondo Café Limited on 31 December 2012, there was an impairment charge on goodwill amounting to €304 thousand.

16. HOTEL LEASES

GROUP

	2013 €'000	2012 €'000
Cost		
Balance 1 January and 31 December	31.609	31.609
Amortisation		
Balance 1 January	8.662	7.974
Charge for the year	688	688
Balance 31 December	9.350	8.662
Carrying amounts		
Balance 31 December	22.259	22.947

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17. OTHER ASSETS

GROUP

	2013	2012
	€'000	€'000
Prepayments	681	2.014
Other assets	11	11
	692	2.025

Prepayments for the year 2012, represent hotel rentals in Greece and restaurant rentals in Cyprus according to relevant agreements entered into by subsidiary companies of the Group. For the year 2013 the amount, represents only hotel rentals in Greece.

18. INVENTORIES

GROUP

	2013	2012
	€'000	€'000
Land	104	104
Fuels	1.812	1.743
Other inventories	6.740	6.265
	8.656	8.112

Other inventories represent inventories of consumables, spare parts, food, drinks, cigarettes and souvenirs, and inventories of advertising, printing and cleaning materials.

The fair value of the land, according to a report from independent valuers dated 26 February 2012, amounts to €2.922 thousand. The total value of land is used as collateral to obtain financing from financial institutions.

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For the year ended 31 December 2013

19. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Trade receivables	38.395	35.432	-	-
Provision for doubtful debts	(13.886)	(12.959)	-	-
	24.509	22.473	-	-
Other receivables and prepayments	24.193	24.222	1.021	862
	48.702	46.695	1.021	862
Short-term	48.702	46.695	1.021	862

The ageing of trade receivables at the reporting date was as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Up to 30 days	3.508	2.666	-	-
31 – 120 days	5.368	7.295	-	-
More than 120 days	15.633	12.512	-	-
	24.509	22.473	-	-

Movement of the provision for doubtful debts:

		GROUP	
		2013	2012
	Note	€'000	€'000
Balance 1 January		12.959	9.328
Provision recognised for doubtful debts	(i)	929	3.769
Receivables collected		(2)	(138)
Balance 31 December		13.886	12.959

19. TRADE AND OTHER RECEIVABLES (continued)

Note (i)

- The Company made a specific provision for doubtful debts amounting to €929 thousand (2012: €3.769 thousand) and was recognised in profit or loss.

- In addition for the year 2012, the Company recognised an impairment charge of trade and other receivables that are not expected to be collected, mainly due to the current economic conditions, amounting to €1.141 thousand.

The Group recognised impairment charges and provisions for doubtful debts in relation to trade and other receivables based on the Group's historical experience in the collection of amounts receivable and based on the applicable accounting policies (see note 3 "Impairment of assets – *Receivables"* and note 2(e)(i) "Use of estimates and judgments": "Provision for doubtful debts"). Based on the assessment made by the Board of Directors of the Company, as well as existing evidence in hand, it is judged that impairment and/or provisions were sufficient, having also regard to the fact that a large number of customers of the Group are active in various markets outside Cyprus.

The exposure of the Group and the Company to credit risk is presented in note 41 of the consolidated and separate financial statements of the Company.

20. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Blocked bank deposits	8.178	6.838	-	-
Cash in hand and at bank	10.449	12.847	153	66
	18.627	19.685	153	66
Bank overdrafts	(34.740)	(29.527)	(11.571)	(8.899)
Credit facilities from a Factoring Organisation	(1.308)	(1.311)	-	-
	(36.048)	(30.838)	(11.571)	(8.899)
	(17.421)	(11.153)	(11.418)	(8.833)

The bank overdrafts bear an average annual interest rate of 7,36% (2012: 7,82%) for the Group and 8,25 % (2012: 7.85%) for the Company. The credit facilities from a Factoring organisation bear an average annual interest rate of 6,71% (2012: 6,96%).

20. CASH AND CASH EQUIVALENTS (continued)

GROUP

Bank deposits are blocked as follows:

Cash at bank amounting to €592 thousand (2012: €605 thousand) is blocked by Alpha Bank (ex. Commercial Bank of Greece S.A.) as guarantee for the settlement of contingent liabilities to the Hellenic Register of Shipping in Piraeus, the Navy Retirement Fund, the Piraeus Port Authority and in favour of various beneficiaries.

Cash at bank amounting to €107 thousand (2012: €248 thousand) is blocked by Societe Generale Bank - Cyprus Ltd as guarantee for the provision of bank guarantees and other bank facilities.

Cash at bank amounting to €7.406 thousand (2012: €5.900) is blocked by Bank of Cyprus Public Company Ltd as guarantee for bank facilities of Group companies.

Additionally, cash at bank amounting to €54 thousand (2012: €66 thousand), €19 thousand (2012: €19 thousand) is blocked by Bank of Cyprus Public Company Ltd and National Bank of Greece S.A., as guarantees for the provision of bank guarantees.

Cash and cash equivalents are secured as follows:

GROUP

The bank overdrafts of the Group are secured as follows:

- Mortgages over the Group's vessels,
- Mortgages over immovable property owned by the Group's subsidiary companies,
- Mortgages over long-term leases of the Group's subsidiary companies,
- Corporate guarantees of the Parent company CLIN Company Ltd, the Company and the Group's subsidiary companies,
- Bank guarantee letters,
- Personal guarantee of the Chairman Mr. Costakis Loizou,
- Pledging of shares of the Company, the associate company and the Group's subsidiary companies,
- Assignment of receipt of the fire insurance of subsidiary companies,
- Assignment of invoices of trade receivables,
- Floating charge over assets of the Group's subsidiary companies,
- Letter of allocation according to which a subsidiary company of the Group will proceed with the renewal of a lease agreement,
- Negative pledge where subsidiary companies of the Group will not proceed with the sale, assignment, mortgage or pledge of financial assets without the written consent of specific banks.

20. CASH AND CASH EQUIVALENTS (continued)

COMPANY

The bank overdrafts of the Company are secured as follows:

- Mortgages over the Group's vessels,
- Mortgages over immovable property owned by the Group's subsidiary companies,
- Mortgages over long-term leases of the Group's subsidiary companies,
- Corporate guarantees of the Group's subsidiary companies,
- Pledging of shares of the associate company and the Group's subsidiary companies,
- Assignment of receipts of the fire insurance of subsidiary companies,
- Floating charge over the assets of the Group's subsidiary companies,
- Letter of allocation according to which a subsidiary company of the Group will proceed with the renewal of a lease agreement,
- Negative pledge where subsidiary companies of the Group will not proceed with the sale, assignment, mortgage or pledge of financial assets without the written consent of specific banks.

The exposure of the Group and the Company to liquidity and interest rate risks and sensitivity analysis of the financial assets and liabilities is presented in note 41 of the consolidated and separate financial statements of the Company.

21. NON-CURRENT ASSETS HELD FOR SALE

GROUP

The vessels M/V Sapphire, M/V Emerald and M/V Calypso of the ship owning subsidiary companies of the Group, Sydelle Navigation Corp., Ionian Cruise Lines S.A. and Calypso Navigation Ltd respectively, are classified as non-current assets held for sale, further to the decision of the Board of Directors to dispose of these assets. The procedures for the disposal of the assets commenced in 2011, continued during the year 2012 and completed in 2013 as follows:

- On 29 March 2012, the ship owning subsidiary company of the Group Sydelle Navigation Corp. disposed of its vessel M/V Sapphire to the company Taymouth Ltd for the amount of €2.552 thousand (US$3,3 m.). The selling price represents the value of the vessel in the consolidated and separate financial statements of the Company and therefore no gain or loss arose as a result of the disposal.

21. NON-CURRENT ASSETS HELD FOR SALE (continued)

- On 15 June 2012, the ship owning subsidiary company of the Group, Ionian Cruise Lines S.A. disposed of its vessel M/V Emerald to the company Taymouth Ltd for the amount of €4.637 thousand (US$5 m.). The selling price represents the value of the vessel in the consolidated and separate financial statements of the Company and therefore no gain or loss arose as a result of the disposal.

- On 27 February 2013, the ship owning subsidiary company of the Group, Calypso Navigation Ltd disposed of its vessel M/V Calypso to the company Argo Systems Fze for the amount of €1.484 (US$ 2,1 m.). The selling price represents the value of the vessel in the consolidated and separate financial statements of the Company and therefore no gain or loss arose as a result of the disposal.

The hotel units of the subsidiary company Louis Hotels Public Company Ltd ("Louis Hotels"), Louis Ayios Elias Village and Louis Nausicaa Beach are classified as non-current assets held for sale, further to the decision of the Board of Directors to dispose of these assets. It is expected that the Louis Hotels group will lease back the hotel unit Louis Nausicaa Beach and continue its operation. The procedures for the disposal of the assets commenced in 2011 and continue until the reporting date. The disposal is expected to take place during 2014.

On 5 June 2012, Louis Hotels disposed of the hotel unit Louis Althea Beach to the company Smooland Properties Ltd for the amount of €16.299 thousand. The selling price represents the value of the hotel unit in the books of the Group and therefore no gain or loss arose as a result of the disposal. Louis Hotels group leased back the hotel unit Louis Althea Beach for an initial period of 3 years with a right for renewal for another 2 years on the same terms and continues to operate the unit as in the past.

As at 31 December 2013, non-current assets held for sale consist of financial assets of €34.600 thousand (2012: €36.084 thousand) and financial liabilities of €4.262 thousand (2012: €3.944 thousand) as follows:

Non-current assets held for sale

	Note	2013 €'000	2012 €'000
Balance 1 January		36.084	59.372
Transfers to vessels, property, plant and equipment	14	-	(6)
Inventories on vessels		-	155
Additions		72	506
Write offs		(72)	(143)
Impairment charge on non- current assets held for sale	9	-	(501)
Disposals		(1.484)	(23.299)
Balance 31 December		34.600	36.084

NOTES TO THE CONSOLIDATED AND SEPARATE

21. NON-CURRENT ASSETS HELD FOR SALE (continued)

GROUP (continued)

Liabilities held for sale

	2013 €'000	2012 €'000
Deferred tax		
Balance 1 January	3.944	5.144
Increase in deferred tax in Cyprus due to change in corporation tax rate from 10% to 12,5%	246	-
Debit to property revaluation reserve	21	-
Charge to income statement	51	47
Disposals	-	(1.247)
Balance 31 December	4.262	3.944

22. SHARE CAPITAL

GROUP AND COPMANY

	2013 €'000	2012 €'000
Authorised		
1 January and 31 December (500.000.000 shares of €0,17)	85.000	85.000
Issued and fully paid		
1 January and 31 December (460.546.854 shares of €0,17)	78.293	78.293

23. RESERVES

GROUP AND COMPANY

Share premium
The share premium reserve comprises amounts arising from the issue of shares at prices in excess of their nominal value and is not distributable.

Hedging reserve
The hedging reserve includes the effective portion of foreign exchange differences resulting from the translation of loans denominated in foreign currencies that effectively hedge revenue receivable in foreign currencies from foreign currency risk. The hedging reserve also includes the effective portion of derivative financial instruments in relation to fluctuations in interest rate risks through interest rate swaps. The hedging reserve is not distributable.

23. RESERVES (continued)

Property revaluation reserve
The property revaluation reserve comprises the accumulated amounts from the revaluations of land and buildings and deferred tax resulting from the revaluations. The property revaluation reserve is not distributable.

Employee benefits reserve
The employee benefits reserve comprises adjustments to the employee benefit obligations arising from the defined benefit plan and consists of:
(i) Actuarial gains and losses,
(ii) Expected return on plan assets,
(iii) Any change in the effect of the asset ceiling.

The employee benefits reserve is not distributable.

Other reserves
Other reserves mainly represent foreign exchange differences from the translation of the financial results of foreign subsidiary companies and are not distributable.

Retained earnings
Retained earnings include accumulated profits or losses and are distributable.

Merger reserve
The merger reserve arose from the merging of companies under common control and recognized using the method of book value accounting. In applying the method of book value accounting, an adjustment required in equity to reflect any difference between the consideration paid and the capital of the acquiree. The adjustment in equity was recognized through merger reserve. The merger reserve is not distributable.

Deemed dividend distribution
Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during 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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividend to the extent that the owners (individuals and companies) 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 amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the owners.

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24. BORROWINGS

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Current liabilities				
Bank loans	85.517	73.453	50.287	46.621
Other loans	1.039	1.193	-	-
	86.556	74.646	50.287	46.621
Non-current liabilities				
Bank loans	97.526	108.422	63.669	63.843
Other loans	1.225	2.200	-	-
	98.751	110.622	63.669	63.843
Total	185.307	185.268	113.956	110.464

Bank and other loans are analysed as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Repayable				
Within 1 year	86.556	74.646	50.287	46.621
Between 1 and 5 years	38.834	49.662	17.864	18.496
More than 5 years	59.917	60.960	45.805	45.347
Total	185.307	185.268	113.956	110.464

The movement of the above loans during the year was as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Balance 1 January	185.268	375.658	110.464	105.552
Granting of new loans	481	-	-	-
Repayment of loans	(9.620)	(22.218)	(1.729)	(1.000)
Restructuring of loans/transfer to finance lease obligations (note 25)	-	(181.530)	-	-
Interest credited	9.376	13.424	5.306	5.951
Exchange difference	(236)	(66)	(85)	(39)
Loan restructuring costs capitalised	38	-	-	-
Balance 31 December	185.307	185.268	113.956	110.464

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24. BORROWINGS (continued)

The bank and other loans analysed by currency as at 31 December were as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Euro	179.874	179.947	111.988	108.532
United States Dollars	5.433	5.321	1.968	1.932
	185.307	185.268	113.956	110.464

The weighted average interest rates as at 31 December for the above loans analysed by currency were as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
	%	%	%	%
Euro	5,14	6,10	4,82	5,55
United States Dollars	8,04	9,12	7,10	8,12

Bank loans are secured as follows:

GROUP

- Mortgages over the Group's vessels,
- Mortgages over immovable property owned by Group's subsidiary companies,
- Mortgages over long-term leases of the Group's subsidiary companies,
- Mortgage pre-notation over immovable property owned by one of the Group's subsidiary company,
- Corporate guarantees of the Parent company CLIN Company Ltd, the Company and the Group's subsidiary companies,
- Pledging of shares of the Company the associate company and the Group's subsidiary companies,
- Assignment of the income and receipt of insurances of the Group's subsidiary companies,
- Assignment of rights, titles, interests and monetary demands on long term leases of the Group's subsidiary companies,
- Assignment of the revenue from the disposal of the vessel M/V Aegean Pearl,
- General assignment of revenue from charter hire agreements,
- Cross default between the Group's companies,
- Floating charge over the assets of the Group's subsidiary companies,

24. BORROWINGS (continued)

GROUP (continued)

- Letter of allocation according to which a subsidiary company of the Group will proceed with the renewal of a lease agreement,
- Negative pledge where subsidiary companies of the Group will not proceed with the sale, assignment, mortgage or pledge of financial assets without the written consent of specific banks.
- Possitive pledge where subsidiary companies of the Group will proceed with the renewal of long-term finance leases.

COMPANY

- Mortgages over the Group's vessels,
- Mortgages over immovable property owned by the Group's subsidiary companies,
- Mortgages over long-term leases of the Group's subsidiary companies,
- Corporate guarantees of the Parent company CLIN Company Ltd and the Group's subsidiary companies,
- Pledging of shares of the Company, the associate company and the Group's subsidiary companies,
- Assignment receipt of insurances of the Group's subsidiary companies,
- Assignment of rights, titles, interests and monetary demands on long term leases of the Group's subsidiary companies,
- Cross default between the Group's companies,
- Floating charge over the assets of the Group's subsidiary companies,
- Letter of allocation according to which a subsidiary company of the Group will proceed with the renewal of a lease agreement,
- Negative pledge where subsidiary companies of the Group will not proceed with the sale, assignment, mortgage or pledge of financial assets without the written consent of specific banks,
- Possitive pledge where subsidiary companies of the Group will proceed with the renewal of long-term finance leases.

For specific borrowings, cash sweep arrangements are in place, based on which the Group has the obligation to proceed to additional repayments of loans, if surplus cash is available.

An amount of €2.993 thousand (2012: €650 thousand) included in the repayment of loans was paid to a bank and held by the specific bank in a separate reserve bank account. Based on the credit facility agreement, the bank reserves the right to utilize the balances of the reserve bank account for the repayment of loan facilities.

At this stage, the Group and the Company have not fulfilled all of their loan obligations according to the agreed repayment schedule. As a result, the Group and the Company continue to be in discussions with the specific bank for the renegotiation of the terms and their effective date.

24. BORROWINGS (continued)

Specifically, Group bank loans with carrying amount of €166,9 m (2012: €147,6 m) have in arrears the total amount of €67,2 m (2012: €42,1 m), out of which €50,8 m (2012: €29,6 m) represented principal and €16,4 m (2012: €12,4 m) represented interest. Company's bank loans with carrying amount of €114,0 m (2012: €110,5 m) having in arrears the total amount of €45,9 m (2012: €33,3 m), out of which €31,1 m (2012: €22,1 m) represented principal and €14,8 m (2012: €11,2 m) represented interest.

The Group and the Company are in the process of restructuring their financing facilities, including the reduction of short term obligations, as well as the lengthening of the repayment period as disclosed in note 44 of the consolidated and separate financial statements of the Company.

The exposure of the Group and the Company to foreign currency, interest rate and liquidity risks is presented in note 41 of the consolidated and separate financial statements of the Company.

25. FINANCE LEASE OBLIGATIONS

GROUP

	2013			2012		
	Future value of minimum lease payments €'000	Interest €'000	Present value of minimum lease payments €'000	Future value of minimum lease payments €'000	Interest €'000	Present value of minimum lease payments €'000
Land and buildings						
Within 1 year	1.173	1.108	65	3.694	1.064	2.630
Between 1 and 5 years	15.328	3.676	11.652	12.526	3.511	9.015
More than 5 years	18.076	1.466	16.610	18.490	1.450	17.040
	34.577	6.250	28.327	34.710	6.025	28.685
Vessels						
Within 1 year	26.971	566	26.405	16.618	501	16.117
Between 1 and 5 years	48.528	1.859	46.669	48.555	1.668	46.887
More than 5 years	182.876	61.655	121.221	195.599	70.488	125.111
	258.375	64.080	194.295	260.772	72.657	188.115
Total	292.952	70.330	222.622	295.482	78.682	216.800

The finance leases of land and buildings relate to leases of the Louis Hotels group in the context of various lease agreements.

LOUIS PLC

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25. FINANCE LEASE OBLIGATIONS (continued)

As part of the restructuring plan as disclosed in note 44 of the consolidated and separate financial statements of the Company, the Group proceeded on 27 April 2012 with the sale and leaseback of four vessels. The value of the finance lease obligations at the date of the reorganization of the Group's borrowings was €181.530 thousand (see note 24). Finance lease obligations are secured as follows:

- Mortgages on vessels of the Group,
- Pledge on the Group's vessels,
- Corporate guarantee of Louis Cruises Ltd, a subsidiary company of the Group,
- Assignment of revenes and insurance proceeds of subsidiary companies of the Group.

An amount of €1.305 thousand (2012: €nil thousand) included in the repayment of finance lease obligations was paid into a bank and held by the specific bank in a separate reserve bank account. Based on the credit facility agreement, the bank reserves the right to utilize the balances of the reserve bank account for the repayment of finance lease obligations.

At this stage, the Group has not fulfilled all of its finance lease obligations according to the agreed repayment schedule. As a result, the Group continues to be in discussions with the specific bank for the renegotiation of the terms and their effective date.

Specifically, the finance lease obligations that were due but not paid at the reporting date amounted to €14.837 thousand (2012: €4.396 thousand).

The Group is in the process of restructuring its financing facilities, including the reduction of short term obligations, as well as, the lengthening of the repayment as disclosed in note 44 of the consolidated and separate financial statements of the Company.

The exposure of the Group and the Company to interest rate and liquidity risks is presented in note 41 of the consolidated and separate financial statements of the Company.

26. OTHER LIABILITIES

GROUP

	Note	2013 €'000	2012 €'000
Current other liabilities			
Short-term creditors	(i)	1.450	1.895
Non-current other liabilities			
Defined benefit scheme	32	953	1.349
Long-term creditors	(i)	1.830	3.417
		2.783	4.766
		4.233	6.661

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26. OTHER LIABILITIES (continued)

Note (i)
On 9 June 2011, the Company reached to an out of court settlement with the company Star Cruises (currently Genting Hong Kong Ltd). A special provision was made for settlement costs of the dispute in relation to the cruise ship M/V Norwegian Dream of €11,1 m. (US$ 14,5 m) which comprises the total amount of the settlement. In accordance with the terms of the settlement achieved, Louis plc paid an amount of €7,8 m (US$ 10 m) and will also pay €3,3 m (US$ 4,5 m), payable in annual interest-free installments over a period of 2 years, out of which €1,8 m are included in long-term creditors under non-current other liabilities and the balance of €1,5 m is included in short-term creditors under other current liabilities.

27. DEFERRED INCOME

GROUP

	2013 €'000	2012 €'000
Government grants	4.530	4.853
Customer advances	6.106	5.969
Advances from charter hire of vessels	5.790	4.356
	16.426	15.178
Deferred income is analysed as follows:		
Within 1 year	10.344	9.190
Between 1 and 5 years	3.161	2.856
More than 5 years	2.921	3.132
	16.426	15.178

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28. DEFERRED TAX

		GROUP		COMPANY	
		2013	2012	2013	2012
	Note	€’000	€’000	€’000	€’000
Balance 1 January		19.388	20.085	(575)	(575)
Credit in the property revaluation reserve		(68)	(850)	-	-
Debit in profit or loss		293	153	575	-
Effect of deferred tax in Cyprus due to change of the corporation tax rate from 10% to 12,5%		(50)	-	-	-
Effect of deferred tax in Greece due to change of the corporation tax rate from 20% to 26%		5.118	-	-	-
Disposal of subsidiary company	33	(117)	-	-	-
Debit in employees’ benefits reserve		117	-	-	-
Balance 31 December		24.681	19.388	-	(575)

The liability for deferred tax arises as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
	€’000	€’000	€’000	€’000
Sale and leaseback	(5.791)	(2.393)	-	-
Revaluation of assets	23.111	15.930	-	-
Write-off of intangible assets	402	305	-	-
Cummulative temporary differences between depreciation and capital allowances	7.664	6.440	-	-
Other assets	(705)	(894)	-	(575)
	24.681	19.388	-	(575)

The calculation for deferred tax is based on a tax rate of 26% (2012: 20%) for companies in Greece and a tax rate of 12,5% (2012: 10%) for companies in Cyprus on temporary differences between the carrying amount of assets and liabilities and their tax base. For the revaluation of land in Cyprus, the provision for deferred tax was based on the 20% capital gains tax rate.

29. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Trade payables	22.864	28.903	177	354
Other payables and accruals	33.035	32.019	552	1.044
	55.899	60.922	729	1.398

The exposure of the Group and the Company to foreign currency and liquidity risks is presented in note 41 of the consolidated and separate financial statements of the Company.

30. DERIVATIVE FINANCIAL INSTRUMENTS

GROUP AND COMPANY

	Note	2013 €'000	2012 €'000
Cash flow hedge:			
Interest rate swap	(i)	2.562	3.909

Notes (i)
Relates to an interest rate swap used for hedging against exposure in interest rate movements associated with a recognised Company loan.

The exposure of the Group and the Company to liquidity, interest rate and foreign currency risks is presented in note 41 of the consolidated and separate financial statements of the Company.

31. TAXATION DUE

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Special defence contribution in Cyprus	364	402	347	347
Corporation tax in Cyprus	747	1.056	322	322
Corporation tax in Greece	1.971	1.824		-
Taxation on tax-free reserve in Greece	5.365	-	-	-
	8.447	3.282	669	669

32. EMPLOYEE RETIREMENT BENEFIT SCHEMES

GROUP

Defined benefit schemes

	Note	2013 €'000	2012 €'000
Balance 1 January		1.349	1.349
Current service cost		45	-
Interest cost		36	-
Cut back costs		10	-
Contributions paid by the employer		(36)	-
Actuarial loss		(451)	-
Balance 31 December	26	953	1.349

Defined benefit schemes

The above amounts relate to Greek subsidiary companies of the Louis Hotels group, the employees of which, under local labor legislation, must be paid retirement benefits after the termination of their service. The amount that will be paid as a retirement benefit is determined based on the employees' salary and the length of their service provision. The Company made a provision for compensation in relation to a possible retirement of all employees in accordance with the Greek Labour Legislation. The provision is based on estimates made during this year by independent qualified actuary, using the following assumptions:

Discount rate	3,2%
Percentage increase in salaries	2014: 0%, hereafter:0,75%
Average period of time in service	13,62 years
Inflation	1,75%

Defined contribution schemes

The permanent employees of the Company and its subsidiary companies Louis Ship Management Ltd, Louis Cruise Centre Ltd and C.S.P.A. Cyprus Shipping & Port Agencies Ltd participate in a defined contribution scheme, the main purpose of which is to provide retirement benefits that cover all permanent staff. The scheme provides for contribution by the above companies equal to 6,25% of gross emoluments. For the period from 1 April 2012 until 30 September 2013, the contribution rate is reduced to 0,25%. The decrease in the percentage contribution involves only the employees of the Company. From 1 October 2013 the contribution rate returns to 6,25%.

The ship owning companies of the Group do not participate in defined contribution schemes and there is no existing policy regarding a retirement benefit scheme for staff employed on the vessels due to the fact that such staff is usually employed on short-term contracts.

32. EMPLOYEE RETIREMENT BENEFIT SCHEMES (continued)

The Cyprus companies of the group Louis Hotels and their employees contribute a percentage to the Provident Fund of hotel industry employees (the "Fund") for retirement benefits and covers all the employees. The last years, the percentage was 10%. From 1 May 2013 until 31 December 2015, the employer contribution to the Fund is 3% of gross emoluments (basic and cola), while the employee can elect to contribute between 3% and 10%.

33. MERGERS, DISPOSALS AND ACQUISITIONS OF SUBSIDIARY COMPANIES

GROUP

Mergers
Based on the decision of the District Court of Nicosia, on 1 March 2013, the operations of the subsidiary company of the Group, Il Mondo Café Ltd, have been absorbed by Louis Hotels (note 37).

Disposals
2013
On 3 October 2013, Louis Hotels disposed the 100% of the share capital held in King Jason S.A. (note 37). The net assets disposed amounted to €1.168 thousand. In the consolidated financial statements were recognized the results of the above company only for the period from 1 January to 3 October 2013.

	Note	2013 €'000
Land and buildings	14	1.538
Inventories		17
Cash		1
Deferred tax	28	(117)
Trade payables		(271)
		1.168
Share of net assets disposed		(1.168)
Sales consideration		1.128
Loss from disposal		(40)
Sales consideration		1.128
Cash of the subsidiary company		(1)
		1.127

2012
During the year 2012, there were no disposals of subsidiary companies.

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33. MERGERS, DISPOSALS AND ACQUISITIONS OF SUBSIDIARY COMPANIES (continued)

Aquisitions

2013

During the year 2013, there were no aquisitions.

2012

On 16 March 2012, the subsidiary company Louis Hotels acquired the remaining 50% of the share capital of Il Mondo Café Ltd for €471 thousand from the company Vorini Enterprises Ltd, a company controlled by Mr. Jason Perdios, and now owns 100% of its share capital (note 37). The carrying amount of Il Mondo Café Ltd equity as at that date amounted to €708 thousand. The Group has recognised the excess of the cost of acquisition over the share in the equity of Il Mondo Café Ltd acquired, amounting to €117 thousand, in retained earnings.

34. IN EQUITY ACCOUNTED-INVESTEES

		GROUP	
		2013	2012
	Note	€'000	€'000
Investment in associate company	(i)	15.753	16.160
Investment in joint venture	(ii)	(589)	-
		15.164	16.160
Share of (loss)/profit from equity accounted-investees			
Share of profit from associate company	(i)	6	297
Share of loss from joint venture	(ii)	(589)	-
		(583)	297

(i) Investment in associate company

	GROUP	
	2013	2012
	€'000	€'000
Balance 1 January	16.160	16.154
Share of profit attributable to the Group	6	297
Dividend received	(323)	(394)
Share of reserves movement attributable to the Group	(90)	103
Balance 31 December	15.753	16.160

34. EQUITY ACCOUNTED-INVESTEES (continued)

(i) Investment in associate company (continued)

Details of the investment in associate company are as follows:

Name	Shareholding interest 2013 %	Shareholding interest 2012 %
The Cyprus Tourism Development Public Company Ltd (“C.T.D.C.”)	21,53	21,53

The reporting period of the associated company is the 31 December.

Summary of financial information of the associate company as at 31 December:

	GROUP 2013 €’000	GROUP 2012 €’000
Assets		
Non-current assets	92.416	93.097
Current assets	1.719	3.686
	94.135	96.783
Liabilities		
Non-current liabilities	15.970	17.121
Current liabilities	5.023	4.629
	20.993	21.750
Net assets	73.142	75.033
Income	10.176	13.732
Expenses	(10.147)	(12.353)
Profit for the year	29	1.379

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34. EQUITY ACCOUNTED-INVESTEES (continued)

(ii) Investment in Joint venture

	GROUP	
	2013	2012
	€'000	€'000
Balance 1 January	-	-
Share of profit attributable to the Group	(589)	-
Balance 31 December	(589)	-

Details of the investment in a jointly controlled entity are as follows:

Name	Shareholding	
	2013	2012
	%	%
Cubacruise Limited	50,60	-

The reporting period of the jointly controlled entity is the 30th of June.

Summary of financial information of the jointly controlled entity as at 31 December::

	GROUP	
	2013	2012
	€'000	€'000
Assets		
current assets	373	-
Liabilities		
Non-current liabilities	479	-
Current liabilities	1.047	-
	1.526	-
Net liabilities	(1.153)	-
Income	210	-
Expenses	(1.364)	-
Loss for the period	(1.154)	-

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35. RELATED PARTY TRANSACTIONS

The following transactions took place in the normal course of the Group and the Company's business and were carried out on an arm's length basis.

(a) Sale of services

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Subsidiary companies				
Financing and interest	-	-	381	451
Use of space rights	-	-	126	5
Management services	-	-	452	546
	-	-	959	1.002
Parent and other related companies				
Financing and interest	321	361	321	361
Use of space rights	214	107	214	107
Management services	111	266	23	26
Tourist services	2.305	3.387	-	-
	2.951	4.121	558	494
Joint venture				
Tourist services	1.070	-	-	-

(b) Purchase of services

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Subsidiary companies				
Financing and interest	-	-	26	27
Parent and other related companies				
Financing and interest	554	517	512	484
Use of space rights	8	590	-	142
Technological & IT support services	590	1.050	1	13
Management services	218	218	7	15
Tourist services	681	1.587	-	-
	2.051	3.962	520	654

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35. RELATED PARTY TRANSACTIONS (continued)

(c) Dividend received

	COMPANY	
	2013	2012
	€'000	€'000
Subsidiary companies	1.364	288
Associate company	323	394
	1.687	682

(d) Remuneration of Board of Directors members and management

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Remuneration of executive Directors and Chairman	726	730	386	389
Remuneration of non-executive Directors	14	16	14	15
Remuneration of chief executive officer	315	269	-	-
Contributions to employees benefit schemes	49	50	19	20
	1.104	1.065	419	424

(e) Year end balances

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Receivables				
Subsidiary companies	-	-	105.055	107.360
Parent and other related companies	58.997	58.310	38.892	37.823
Joint venture	807	-	-	-
	59.804	58.310	143.947	145.183
Payables				
Subsidiary companies	-	-	11.268	11.271
Parent and other related companies	19.850	20.749	9.995	9.514
	19.850	20.749	21.263	20.785
Total	39.954	37.561	122.684	124.398

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35. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

GROUP

Year end balances are analysed as follows:

	Note	2013 €'000	2012 €'000
Receivables			
Amounts due from Parent and other related companies			
▪ Loans receivable			
Louis plc	(i)	38.590	37.578
Louis Hotels	(ii)	4.852	4.834
		43.442	42.412
▪ Trading balances	(v)	15.555	15.898
Amounts due from Joint venture		807	-
		59.804	58.310
The above amounts are receivable as follows:			
Current		12.001	11.850
Non-current		47.803	46.460
		59.804	58.310
Payables			
Amounts due to Parent and other related companies			
▪ Loans payable			
Louis plc	(iii)	7.233	6.818
		7.233	6.818
▪ Trading balances	(iv), (v)	12.617	13.931
		19.850	20.749
The above amounts are payable as follows:			
Current		12.072	13.113
Non-current		7.778	7.636
		19.850	20.749

35. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

GROUP (continued)

Notes

(i) (a) Loan in US$ amounting to €12.590 thousand (2012: €12.449 thousand), which bears variable interest rate equal to one year Libor plus 1,65% and is repayable in more than one year.
(b) Loan in US$ amounting to €6.966 thousand (2012: €7.007 thousand), which bears variable interest rate equal to 6 months Libor plus 1,75% and is repayable in more than one year.
(c) Loan amounting to €18.683 thousand (2012: €17.795 thousand), which bears fixed interest rate equal to 5,67% and is repayable in more than one year.
(d) Loan amounting to €351 thousand (2012: €330 thousand), which bears fixed interest rate equal to 6% and is repayable in more than one year.

(ii) (a) Loan amounting to €1.881 thousand (2012: €1.924 thousand) which bears fixed interest rate equal to 5,20% and is repayable in more than one year.
(b) Loan amounting to €1.324 thousand (2012: €1.348 thousand) which bears fixed interest rate equal to 5,20% and is repayable in more than one year.
(c) Two loans amounting to €1.647 thousand (2012: €1.562 thousand) which bear fixed interest rate equal to 6% and are repayable in more than one year.

(iii) Loan amounting to €7.233 thousand (2012: €6.818 thousand), which bears fixed interest rate equal to 6% and is repayable in more than one year.

(iv) Includes trading balance for the amount of €818 thousand (2012: €1.091 thousand), which bears no interest and is repayable in 2 years.

(v) Receivable and payable trading balances with the Parent and other related companies resulting from transactions between the Group, the Parent and other related companies in the normal course of their business, which bear fixed interest rate equal to 6%.

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35. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

COMPANY

Year end balances are analysed as follows:

	Note	2013 €'000	2012 €'000
Receivables			
Amounts due from subsidiary companies			
▪ Loans receivable			
Louis Ship Management Ltd	(i)	2.740	2.740
▪ Trading balances	(iii)	102.315	104.620
		105.055	107.360
The above amounts are receivable as follows:			
Current		102.315	104.620
Non-current		2.740	2.740
		105.055	107.360
Payables			
Amounts due to subsidiary companies			
▪ Loans payable			
Louis Hotels	(ii)	301	306
▪ Trading balances	(iii)	10.967	10.965
		11.268	11.271
The above amounts are payable as follows:			
Current		2	-
Non-current		11.266	11.271
		11.268	11.271

Notes

(i) Loan amounting to €2.740 thousand (2012: €2.740 thousand), which bears variable interest rate equal to 3-month Euribor plus 5,50% and is repayable in more than one year.

(ii) Loan amounting to €301 thousand (2012: €306 thousand), which bears fixed interest rate equal to 7,24% and is repayable in more than one year.

(iii) Receivable and payable trading balances resulting from transactions between the Company and its subsidiaries companies in the normal course of their business, which bear fixed interest rate equal to 6%.

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35. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

COMPANY (continued)

Year end balances are analysed as follows:

	Note	2013 €’000	2012 €’000
Receivables			
Amounts due from Parent and other related companies			
▪ Loans receivable			
CLIN Company Ltd	(i)	38.590	37.579
▪ Trading balances	(iii)	302	244
		38.892	37.823
The above amounts are receivable as follows:			
Current		302	244
Non-current		38.590	37.579
		38.892	37.823
Payables			
Amounts due to Parent and other related companies			
▪ Loans payable			
CLIN Company Ltd	(ii)	7.233	6.818
▪ Trading balances	(iii)	2.762	2.696
		9.995	9.514
The above amounts are payable as follows:			
Current		2.762	2.696
Non-current		7.233	6.818
		9.995	9.514

Notes

(i) (a) Loan in US$ amounting to €12.590 thousand (2012: €12.449 thousand), which bears variable interest rate equal to one year Libor plus 1,65% and is repayable in more than one year.

(b) Loan in US$ amounting to €6.966 thousand (2012: €7.007 thousand), which bears variable interest rate equal to 6 months Libor plus 1,75% and is repayable in more than one year.

(c) Loan amounting to €18.683 thousand (2012: €17.795 thousand), which bears fixed interest rate equal to 5,67% and is repayable in more than one year.

34. RELATED PARTY TRANSACTIONS (continued)

(d) Year end balances (continued)

COMPANY (continued)

Notes (continued)

(d) Loan amounting to €351 thousand (2012: €330 thousand), which bears fixed interest rate equal to 6% and is repayable in more than one year.

(ii) Loan amounting to €7.233 thousand (2012: €6.818 thousand), which bears fixed interest rate equal to 6% and is repayable in more than one year.

(iii) Receivable and payable trading balances resulting from transactions between the Company, the Parent and other related companies in the normal course of their business, which bear fixed interest rate equal to 6%.

36. INVESTMENTS IN SUBSIDIARY COMPANIES

COMPANY

	Note	2013 €'000	2012 €'000
Balance 1 January		119.696	119.699
Additions		3	-
Merger of subsidiary companies	(i)	(25.965)	-
Impairment charge on investments in subsidiary companies	(ii)	(2)	(3)
Balance 31 December		93.732	119.696

(i) On 31 October 2013 and further to a decree of the District Court of Nicosia, a merger of a number of subsidiaries of the Company was effected. According to the above procedure and Article 198 of the Cyprus Companies Law, Cap. 113, the assets and liabilities of the merged subsidiary companies were transferred to the subsidiary company, Louis Enterprises Ltd. The merger was recognized using the accounting method of merger of companies under common control and as a result a merger reserve amounting to €25.965 thousand (refer to note 3 "Merger of companies under common control" and note 23 "Merger reserve") was recognized.

(ii) At each reporting date the Company evaluates whether there is objective evidence that its investments in subsidiary companies have been impaired. During the year, impairment charges on investments in subsidiary companies were recognized in the Company's profit or loss, in those cases where the acquisition cost of the investment in the subsidiary company exceeded its net assets. The total impairment charge of €2 thousand (2012: €3 thousand) was recognised in profit or loss.

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37. SUBSIDIARY COMPANIES

The most significant subsidiary companies of the Group are the following:

Company name	Note	Country of incorporation	Shareholding interest 2013 %	2012 %
Subsidiary companies of Louis plc				
Louis Hotels Public Company Ltd		Cyprus	99,87	99,87
Fulmar Shipmanagement S.A		Marshall Islands	100	-
Calypso Navigation Ltd		Marshall Islands	100	100
New Wave Navigation S.A.		Marshall Islands	100	100
Teal Shipping S.A.		Marshall Islands	100	100
Citron Navigation Corp.		Marshall Islands	100	100
Crew Navigation Ltd		Marshall Islands	100	100
Louis Ship Management Ltd		Cyprus	100	100
Louis Cruise Centre Ltd		Cyprus	100	100
Spirit Holding Ltd		Marshall Islands	100	-
Subsidiary companies of Louis Hotels Public Company Ltd				
Nausicaa Estates Ltd		Cyprus	100	100
Harmakia Development Ltd		Cyprus	100	100
Clairnet Enterprises Ltd		Cyprus	100	100
King Jason S.A.	33	Greece	-	100
Louis Hotels S.A.		Greece	100	100
Leisureland Hotel Enterprises Ltd		Cyprus	100	100
Trevora Holding Ltd		Cyprus	100	100
Louis S.A.E.		Egypt	100	100
Il Mondo Café Ltd	33	Cyprus	-	100

38. PARTICIPATION OF DIRECTORS IN THE COMPANY'S SHARE CAPITAL

The percentage of the Company's share capital principally held, directly or indirectly, by the members of the Board of Directors, their spouses and their dependent children as at 31 December 2013 and 24 April 2014 (5 days prior to the date of the approval of the consolidated and separate financial statements of the Company) was as follows:

	31/12/2013 %	24/4/2014 %
Costakis Loizou, Chairman	65,475	65,475
Jason Perdios, Executive Director	1,972	1,972
Louis Loizou, Executive Director	0,003	0,003
Christos Mavrellis	0,015	0,015
Olga Eliadou	-	-
Dinos Papadopoulos	-	-
George Foradaris	-	-

The shareholding interest of Mr. Costakis Loizou includes his shareholding interest of the companies CLIN Company Ltd (the "Parent") and Alasia Cyprus Cruises Ltd, with percentage holdings of 65,199% and 0,016%, respectively, of which he is the primary shareholder and the shareholding interest of Ms. Marissa Loizou (daughter) and Mr. Louis Loizou (son) with percentage holdings of 0,154% and 0,106%, respectively.

39. SHAREHOLDERS HOLDING MORE THAN 5% OF SHARE CAPITAL

The shareholder holding more than 5% of the share capital of the Company as at 31 December 2013 and 24 April 2014 (5 days prior to the date of approval of the consolidated and separate financial statements of the Company) was Mr. Costakis Loizou with a shareholding interest of 65,475%.

40. SIGNIFICANT AGREEMENTS WITH MANAGEMENT

On 31 December 2013, the following agreements existed between the Group and the Company and its management:

- Franchise agreement between the subsidiary company of the Group, Louis Hotels and the company King Jason Hotel Apartments Ltd in which Mr. Jason Perdios, Executive Director of the Group indirectly holds 100% of its issued share capital. According to the agreement, Louis Hotels receives from King Jason Hotel Apartments Ltd 0,5% of its total net annual turnover. The revenue from the franchise agreement with King Jason Hotel Apartments Ltd for 2013 amounted to €13 thousand (2012: €7 thousand).

40. SIGNIFICANT AGREEMENTS WITH MANAGEMENT (continued)

- Charges by the Parent, on an arm's length basis, amounting to €nil thousand (2012: €590 thousand) for use of space rights in Louis House, which is owned by the Parent.

- Charges by the Company, on an arm's length basis, amounting to €214 thousand (2012: €107 thousand) for use of space rights in a building that is rented and used as headquarters.

- Agreement for the provision to the Group of technological support services on an arm's length basis by Fourth G.L. Prodata Ltd, the primary shareholder of which is the Parent. For the year 2013, the amount in connection with such services amounted to €590 thousand (2012: €1.050 thousand).

41. RISK MANAGEMENT

The Group and the Company are exposed to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk
(iv) Tourist industry risk
(v) Shipping industry risk
(vi) Litigation risk
(vii) Reputational risk
(viii) Other risks
(ix) Fair value
(x) Capital management.

The Board of Directors has the overall responsibility for the adoption and oversight of the Group and the Company's risk management framework.

The Group and the Company's risk management policies are established to identify and analyse the risks faced by the Group and the Company, to set appropriate risk limits and control mechanisms, and to monitor risks and adherence to these limits. Risk management policies and systems are regularly revised to reflect changes in market conditions and in the activities of the Group and the Company.

(i) Credit risk
Credit risk arises when a failure by counter parties to repay their obligations could reduce the amount of future cash inflows from financial assets. The Group and the Company do not have significant concentrations of credit risk. The Group and the Company have procedures in place to ensure that the sale of products and rendering of services are made to customers with an appropriate credit history and monitor on a continuous basis the ageing profile of receivables. Cash balances are held in financial institutions with high credit quality and the Group and the Company have procedures in place to limit the amount of credit exposure in relation to each financial institution.

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41. RISK MANAGEMENT (continued)

(i) Credit risk (continued)

Trade and other receivables
The Group and the Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The Group and the Company establish on allowance for impairment that represents their estimate of losses incurred in respect of trade and other receivables. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed periodically and adjusted accordingly. The main components of this provision concern specific provision in relation to recognised losses on trade and other receivables as described in note 19 of the consolidated and separate financial statements of the Company.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date of the consolidated and separate financial statements of the Company was:

	Carrying amount			
	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Amounts due from related parties	59.804	58.310	38.892	37.823
Amounts due from subsidiary companies	-	-	105.055	107.360
Trade and other receivables	48.702	46.695	1.021	862
Cash and cash equivalents	18.627	19.685	153	66
	127.133	124.690	145.121	146.111

(ii) Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position may negatively affect the ability of the Group and the Company to meet their obligations when they arise. The Group and the Company have procedures in place with the objective of minimising such losses such as the monitoring of cash flows on a continuous basis, maintaining sufficient cash and other highly liquid assets and by having available an adequate amount of committed credit facilities.

Bank overdrafts, borrowings and finance lease obligations are presented in notes 20, 24 and 25 respectively.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

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41. RISK MANAGEMENT (continued)

(ii) Liquidity risk (continued)

The contractual maturities of financial liabilities, including estimated interest payments are presented below:

GROUP	Carrying amount €'000	Contractual cash flows €'000	Within 1 year €'000	Between 1 and 5 years €'000	More than 5 years €'000
31 December 2013					
Borrowings	185.307	247.045	72.055	44.083	130.907
Finance lease obligations	222.622	292.952	28.144	63.856	200.952
Bank overdrafts	36.048	36.048	36.048	-	-
Trade and other payables	55.899	55.899	55.899	-	-
Other liabilities	4.233	4.233	1.450	2.783	-
Derivative financial instruments	2.562	2.562	2.562	-	-
Amounts due to related parties	19.850	19.850	12.072	7.778	-
	526.521	658.589	208.230	118.500	331.859
31 December 2012					
Borrowings	185.918	246.402	74.603	55.470	116.329
Finance lease obligations	216.800	336.688	26.556	81.901	228.231
Bank overdrafts	30.838	30.838	30.838	-	-
Trade and other payables	60.922	60.922	60.922	-	-
Other liabilities	6.661	6.661	1.895	4.766	-
Derivative financial instruments	3.909	3.909	3.909	-	-
Amounts due to related parties	20.749	20.749	13.113	7.636	-
	525.797	706.169	211.836	149.773	344.560

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41. RISK MANAGEMENT (continued)

(ii) Liquidity risk (continued)

COMPANY	Carrying amount €'000	Contractual cash flows €'000	Within 1 year €'000	Between 1 and 5 years €'000	More than 5 years €'000
31 December 2013					
Borrowings	113.956	167.175	34.163	18.098	114.914
Bank overdrafts	11.571	11.571	11.571	-	-
Trade and other payables	729	729	729	-	-
Derivative financial instruments	2.562	2.562	2.562	-	-
Amounts due to the Parent and other related parties	9.995	9.995	2.762	7.233	-
Amounts due to subsidiary companies	11.268	11.268	2	11.266	-
	150.081	203.300	51.789	36.597	114.914
31 December 2012					
Borrowings	110.464	158.729	44.805	15.816	98.108
Bank overdrafts	8.899	8.899	8.899	-	-
Trade and other payables	1.398	1.398	1.398	-	-
Derivative financial instruments	3.909	3.909	3.909	-	-
Amounts due to the Parent and other related parties	9.514	9.514	2.696	6.818	-
Amounts due to subsidiary companies	11.271	11.271	-	11.271	-
	145.455	193.720	61.707	33.905	98.108

41. RISK MANAGEMENT (continued)

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity prices and fuel prices will affect the Group and the Company's income or the value of its holdings of financial instruments.

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group and the Company to interest rate risk in relation to cash flows and can affect their profitability. Borrowings issued at fixed rates expose the Group and the Company to interest rate risk in relation to fair value. The Group and the Company's management monitors interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date of the consolidated and separate financial statements of the Company, the interest rate profile of interest-bearing financial instruments was:

	GROUP		COMPANY	
	2013	2012	2013	2012
	€'000	€'000	€'000	€'000
Fixed rate instruments				
Financial assets	39.441	38.857	121.651	122.990
Financial liabilities	(108.333)	(107.807)	(107.820)	(105.541)
Variable rate instruments				
Financial assets	38.183	39.138	19.709	19.519
Financial liabilities	(357.238)	(348.667)	(41.533)	(36.778)
	(387.947)	(378.479)	(7.993)	190

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2013 would have increased the loss for the year by approximately €3.594 thousand (2012: €3.258 thousand) for the Group and by approximately €1.223 thousand (2012: €1.410 thousand) for the Company. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on profit or loss.

Interest rates and repayment terms of bank overdrafts and borrowings are disclosed in notes 20 and 24, respectively.

41. RISK MANAGEMENT (continued)

(iii) Market risk (continued)

(b) Risk from changes in fuel prices
Fuel cost is the second highest category of expenses for the Group. Changes in fuel price may significantly affect the Group's results in any particular year. The Group's management monitors the fluctuations in fuel prices on a continuous basis and acts accordingly.

(c) Currency risk
Currency risk is the risk that the value of financial instruments may fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group and the Company's functional currency. The Group and the Company are exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US Dollar and the Great Britain Pound. The Group and the Company's management monitors exchange rate fluctuations on a continuous basis and acts accordingly.

The Group's exposure to foreign currency risk was as follows:

	2013		2012	
	United States Dollars	Great Britain Pounds	United States Dollars	Great Britain Pounds
GROUP	€'000	€'000	€'000	€'000
Assets				
Trade and other receivables	2.122	16.582	5.191	6.808
Cash and cash equivalents	303	1.331	606	872
Amounts due from related parties	6.966	-	7.007	-
Liabilities				
Borrowings	(5.433)	-	(5.321)	-
Finance lease obligations	-	(41.981)	-	(41.056)
Bank overdrafts	(3.777)	-	(3.759)	-
Trade and other payables	(9.322)	(15.972)	(12.971)	(9.013)
Deferred income	(3.200)	-	(3.641)	-
Net risk exposure	(12.341)	(40.040)	(12.888)	(42.389)

41. RISK MANAGEMENT (continued)

(iii) Market risk (continued)

(c) Currency risk (continued)

The Company's exposure to foreign currency risk was as follows:

	2013		2012	
COMPANY	United States Dollars €'000	Great Britain Pounds €'000	United States Dollars €'000	Great Britain Pounds €'000
Assets				
Trade and other receivables	5	126	5	37
Cash and cash equivalents	36	-	-	-
Amounts due from Parent and other related parties	6.966	-	7.007	-
Liabilities				
Borrowings	(1.968)	-	(1.932)	-
Net risk exposure	5.039	126	5.080	37

Sensitivity analysis
The strengthening of the Euro against the Great Britain Pound by 1% during 2013 would have decreased the loss by approximately €252 thousand (2012: €667 thousand) for the Group, as well as an increase in equity by approximately €252 thousand (2012: €667 thousand) for the Group. The weakening of the Euro against the Great Britain Pound by 1%, would have resulted in an equal and opposite impact on loss and equity.

The strengthening of the Euro against the United States Dollar by 1% during 2013 would have decreased the loss by approximately €45 thousand (2012: €14 thousand) for the Group and increased by €43 thousand (2012: €26 thousand) for the Company, as well as an increase by approximately €45 thousand (2012: €14 thousand) in equity for the Group and a decrease by €43 thousand (2012: €26 thousand) for the Company. The weakening of the Euro against the United States Dollar by 1%, would have resulted in an equal and opposite impact on loss and equity.

This analysis assumes that all other variables, in particular interest rates, remain constant.

41. RISK MANAGEMENT (continued)

(iv) Tourist industry risks

- The political situation in Cyprus as well as the economic environment in Cyprus, may significantly impact the tourist industry.
- The operations of the Group are characterised by a high degree of seasonality, due to the fact that the Group mainly operates during the summer months. Specifically, the Group's high season is in the summer, between April and October, and its low season between the months of November and March.
- The competitiveness of Cyprus and Greece in the international tourist market and the increasing competition within the Cypriot and Greek markets may affect the results of the Group and the Company.
- The economic situation in Europe and the United States may affect the tourist industry due to the fact that the highest percentage of tourists comes from Europe and the United States.

The Group reviews the above risks and considers ways to address them.

(v) Shipping industry risks

The operation of cruise vessels entails serious risks, such as collisions in ports, mechanical failure, conflicts, environmental risks, political instability, arrest of the vessels, warfare, labour disputes, unfavourable weather conditions and unfavourable changes in itineraries of airlines transporting passengers to the vessels, which might cause significant loss of revenue.

The Group maintains an insurance cover which is commensurate with the industry level, against such kinds of risks. It is not always certain that this insurance will be obtained at the same price levels or be adequate to cover the whole cost of compensation that may be requested by the ship owning company, or the loss of revenue as a result of immobilisation of a vessel.

The operation of the Group's vessels is affected by environmental protection laws and other regulations that are subject to changes. As a result, it is possible for the Group (not in the immediate future) to suffer substantial costs for amendments to the vessels and changes in their operational procedures/systems. The Group complies with all laws and regulations in force, but there is no certainty as to whether in the future such regulations may have an effect on the activities or the results of the Group.

The operations of the Group are characterised by a high degree of seasonality. The Group takes actions to mitigate the effects of seasonality, by making efforts to increase the vessels' operational period beyond the summer season.

41. RISK MANAGEMENT (continued)

(vi) Litigation risk
Litigation risk is the risk of financial loss, interruption of the operations of the Group and the Company or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the detailed checking of all contractual and legal obligations and the use of sound legal advice on the contracts used by the Group and the Company to execute their operations.

(vii) Reputation risk
The risk of loss of reputation arising from negative publicity relating to the operations of the Group and the Company (whether true or false) may result in a reduction of their clientele, reduction in revenue and legal actions against the Group and the Company. The Group and the Company apply procedures to minimise this risk.

(viii) Other risks
The general economic environment prevailing in Cyprus and internationally, as well as the credit/financial crisis in Greece and the current international developments may affect the Group and the Company's operations to a great extent. Concepts such as inflation, unemployment, and development of the gross domestic product (GDP) are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas, with a possible effect on the results and the fair values of the assets of the Group and the Company.

(ix) Fair value
Fair value represents the amount for which an asset may be exchanged or a liability may be settled in an arm's length transaction. The fair value of the Group and the Company's financial assets and liabilities at the reporting date is presented in the respective notes to the consolidated and separate financial statements of the Company, when this is required.

The fair value of the Group and the Company's financial assets and liabilities is approximately the same as their carrying amount as presented in the statement of financial position.

The financial instruments are carried at fair value based on the three levels hierarchy, according to the inputs used for the calculation of fair value. The different fair value levels are the following:

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

41. RISK MANAGEMENT (continued)

(ix) Fair value (continued)

The financial liabilities of the Group and the Company which are carried at fair value based on the above hierarchy were as follows:

	2013 Level 2 €'000	2012 Level 2 €'000
Financial liabilities		
Derivatives		
Interest rate swap	2.562	3.909

(x) Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt/equity ration. The Group's overall strategy remains unchanged from last year.

42. COMMITMENTS/CONTINGENT LIABILITIES

On 31 December 2013, the Group and the Company had the following commitments or contingent liabilities:

(i) Blocked cash amounting to €179 thousand (2012: €322 thousand) for the issue of bank guarantees in favour of various beneficiaries.

(ii) Blocked cash amounting to €47 thousand (2012: €48 thousand) for the issue of bank guarantees in favour of the Navy Retirement Fund located in Piraeus.

(iii) Blocked cash amounting to €516 thousand (2012: €527 thousand) for the issue of bank guarantees in favour of the Hellenic Register of Shipping in Piraeus.

(iv) Blocked cash amounting to €30 thousand (2012: €41 thousand) for the issue of bank guarantees in favour of the Cyprus Port Authority.

(v) Blocked cash amounting to €7.406 thousand (2012: €5.900 thousand) as guarantees for bank facilities of Group companies.

(vi) Guarantees amounting to €1.113 thousand (2012: €1.160 thousand) for the issue of bank guarantees in favour of the Navy Retirement Fund located in Piraeus.

(vii) Guarantees amounting to €137 thousand (2012: €140 thousand) for the issue of bank guarantees in favour of the Hellenic Register of Shipping in Piraeus.

(viii) Guarantees amounting to €760 thousand (2012: €760 thousand) for the issue of bank guarantee in favour of various beneficiaries.

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42. COMMITMENTS/CONTINGENT LIABILITIES (continued)

(ix) Guarantees amounting to €253 thousand (2012: €nil thousand) for the issue of bank guarantee in favour of 'IATA'.

(x) Guarantees amounting to €36 thousand (2012: €6 thousand) for the issue of bank guarantees in favour of the Cyprus Port Authority, which come into force in case of defaults in the obligations of the Group's subsidiary companies.

(xi) The subsidiary companies of the Group appealed against administrative decisions and claims of various authorities of the Greek Republic and third parties, relating to the shipwreck of the cruise ship M/V Sea Diamond. The decisions/claims relate to a total amount of €9,6 m. The total amount of €8,4 m has been covered by the vessel's insurance company. In case where the remaining amount of €1,2 m becomes payable, this will be covered by the vessel's insurance company.

Moreover, the above subsidiaries are required, following civil decisions of the First Instance of Piraeus, to pay the amount of €6 m in the Greek Republic and the amount of €8 m in the Municipality of Thira, whilst also ordered the removal of the wreck. The companies appealed against these decisions. The hearing of the appeal regarding the action of the Municipality of Thira has been set for 20 November 2014, whilst the hearing of the appeal regarding the action of the Greek Republic has not yet been set. In case where the amount of €14 m becomes payable, then, based on legal advice obtained, it is expected to be covered by the vessel's insurance company.

(xii) The Navy Retirement Fund (NRF) of Greece claimed from the subsidiary company New Wave Navigation S.A., owner of the vessel M/V Coral, the amount of €989.783 for debts owed by the previous owner of the vessel. The company submitted an appeal to the Multi Member Court of First Instance of Piraeus, which decided that the pertinent body for the hearing of the case is the Administrative Court. The company has filed an appeal against the NRF and on the previous decision by the Single Member Court of First Instance of Piraeus. On July 2013, the Court ruled in favor of the New Wave Navigation S.A. Based on the decision reached by the Court, the letter of guarantee for the amount of US$ 457 thousand has to be returned to New Wave Navigation S.A. by NRF and NRF has to pay to New Wave Navigation S.A. the judicial costs for the amount of US$ 906 thousand. The said decision is not enforceable against NRF, as it only recognizes that the above must take place but does not condemn NRF to do so. The Company is in the process of filing a petition to the Court in order for the decision to be corrected.

(xiii) There are various claims, lawsuits and complaints arising in the ordinary course of the business. In case where decisions will be issued against the Company, the total amount of compensations is not expected to exceed €337 thousand (2012: €366 thousand).

42. COMMITMENTS/CONTINGENT LIABILITIES (continued)

(xiv) In addition to the tax liabilities that have already been provided for in the consolidated and separate financial statements of the Company based on existing evidence, there is a possibility that additional tax liabilities may arise following the examination of tax and other related matters of the Group's companies and the Company.

(xv) Various claims, lawsuits and complaints, such as those involving government regulations, arise in the ordinary course of business. Based on management's opinion, all such pending matters, are not expected to have any significant negative effect on the Group and the Company's financial position, liquidity, cash flows or operational results at any time, other than those already recognised in the financial statements.

(xvi) Companies of Louis plc group have given corporate guarantees amolunting to €58,9 m and collateral securities amounting to €21,8 m for loans of the Parent, the largest part of which was given before Louis Hotels became public. In return, Louis Hotels has received corporate guarantees amounting to €26,2 m from the Parent for the amount of €0,70 m, as well as guarantees in the form of pledge of 99,2 m shares of the Company, held by the Parent. Companies of the Group, as guarantors, were informed for notification sent by specific banks, in relation to delays in the repayment of instalments by the Parent. The Board of Directors was informed for the actions taken by the Parent for settlement. In case where the Parent will not preceed with settlement of the specific obligations, these companies of the Group may call to pay, as guarantors.

(xvii) On 31 December 2013, the commitments of the Group for capital expenditure relating to hotel and vessel renovations, for which no provision has been made in the consolidated and separate financial statements of the Company, amounted to €12.006 thousand (2012: €11.290 thousand).

(xviii) The Navy Retirement Fund (NRF) of Greece demanded the payment of contributions to NRF for vessels under Greek flag even though the law during the relevant period, provided that these vessels were retroactively exempt from such obligation. The Legal Council of the state was also in agreement with respect to this exemption. Nevertheless, the NRF continued to require payment of the contributions, and as a result the subsidiary companies of the Group including vessel owning companies with vessels under Greek flag proceeded with objections to the Court, which found in favor of the Group companies. The NRF appealed the decisions and the relevant hearings have been set for the 8 October 2014. The amount of the claim is €10 m, however, the total final amount of the claim and the timeframe of completion of the case cannot be estimated. The Board of Directors, taking into consideration a relevant legal opinion, estimates that the probability of a substantial obligation arising is remote.

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42. COMMITMENTS/CONTINGENT LIABILITIES (continued)

(xix) The group of Louis Hotels leases hotel units under operating lease. Most of the operating leases is for a period of 16 years with the option of lease renewal after its expiration. On 31 December the commitments of the Group for operating lease rentals was as follows:

	2013	2012
	€'000	€'000
Within 1 year	9.983	7.462
Between 1 and 5 years	27.010	30.872
More than 5 years	9.500	10.303
	46.493	48.637

43. ECONOMIC ENVIRONMENT AND GROUP'S OPERATIONS

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, the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the first and second quarterly reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

44. GOING CONCERN BASIS

The Group incurred a loss of €29.536 thousand and the Company incurred a loss of €7.562 thousand for the year ended 31 December 2013 and on that date the Group's current liabilities exceeded its total current assets by €121.524 thousand.

The main reasons for the loss of the Group, as mentioned above, are the following:

- The impact of significant non-recurring losses such as the loss from the impairment of assets and non-recurring deferred tax provision due to an increase in income tax rates in Greece.
- The high cost of financing of the Group's debt liabilities. It should be noted that the restructuring process, as described below, provides for the reduction of the financing cost, which consequently will improve the future profitability of the Group.

44. GOING CONCERN BASIS (continued)

The main reason for which the Group's current liabilities significantly exceeded its total current assets related to the fact that the debt liabilities are in the process of restructuring, a procedure which has proved tedious and time consuming. Main parameter of the restructuring process is for the Group to serve its debt liabilities from its organic cash flows. It is expected that, upon the completion of the restructuring, the negative position of the Group will be curtailed to a large extent.

The progress of the restructuring process is analyzed below:

The Group already proceeded with the development and the implementation of a five year strategic plan in order to improve its profitability and to restructure the debt liabilities of the Group.

The proposed action plan includes, amongst others, the following:

- termination of the operations of Louis Cruises in the Western Mediterranean,
- reduction of the fleet with the disposal of vessels,
- significant reduction in staff costs and other operating expenses,
- sale and leaseback of hotel units in order to reduce the total debt of the Group,
- recruitment of a new Chief Executive Officer (CEO) for Louis Cruises and restructuring and strengthening of the management function.

All major provisions of the above plan have already been adopted and implemented, which has contributed significantly to the substantial improvement in the Group's operating profits in 2013 compared to the previous year. Also, the implementation of the strategic plan allows the Group to proceed with the process of restructuring of debt liabilities on the basis of going concern.

Although at this stage specific loan and finance lease obligations (see notes 24 and 25) were not fully met based on the agreed repayment schedules, the Group is in advanced discussions with its main lenders and has agreed to a high degree the restructuring of its borrowings based on the expected cash flows for the following years.

Specifically, the current developments with the main lenders of the Group are as follows:

(a) An agreement with a specific bank was signed on 14 March 2014 with effective date 31 December 2013. The agreement provides for the extension of the repayment period of the Group's loan with the specific bank until the year 2019 with variable interest rate equal to one year Euribor plus a margin of 2,50%. The respective agreement has already been implemented.

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44. GOING CONCERN BASIS (continued)

(b) The Group is in advanced discussions for the framework of the restructuring of its debt liabilities with a specific bank. The relevant framework provides for the disposal of specific assets, the significant extension of the repayment period of the Group's debt liabilities from this bank, the payment of only interest (no principal) at a low interest rate for 2 years and the repayment of the principal to begin in 2016. The specific bank is willing to support the Group and this is evidenced in writing in a letter dated 15 April 2014.

(c) The Group has a written approval, dated 8 April 2014, from a specific bank in relation to the proposed restructuring plan under which it will pay only interest (no principal) until the end of 2014, a new repayment schedule will be established and the repayment of principal will begin in 2015.

(d) Also, at this stage, the Group has not met the agreed repayment schedule of specific loan and finance lease obligations to a specific bank, as disclosed in notes 24 and 25 of the consolidated and separate financial statements of the Company. The Group agreed the restructuring plan of the respective debt liabilities, which provides for the extension of the repayment period, and significantly reduces the finance cost of these respective liabilities. The repayment schedule will be agreed on the basis of the five year action plan, which the Group's management considers achievable and feasible.

The specific bank is willing to support the Group provided it achieves its objectives based on the proposed action plan. This is evidenced in writing in a letter dated 4 April 2014. Furthermore, it is important to note that the specific bank, during 2013 and also during 2014, provided short-term financing to the Group despite the fact that it has not met the aforementioned agreed repayment schedule. It is worth noting that the bank adopted in the past a reliable and constructive approach towards the Group.

Any potential adverse development in relation to the above discussions, as well as matters relating to guarantees for loan liabilities of the Parent as described in note 42 (xvi), which is not evident from the current position of the banks, may create significant uncertainty as to the Group's and the Company's ability to continue as a going concern.

In the case that the Group and the Company are unable to continue their operations, the appropriate adjustments should be made for the impairment of the assets to their realizable value and provisions made for any additional liabilities that may arise.

The Board of Directors monitors the volatile environment and takes decisions for the normal operation of the Group. Among others, the Group performs treasury management and handles issues relating to the financial institutions with which it has facilities, centrally.

44. GOING CONCERN BASIS (continued)

During 2013, about 96% of the turnover of Louis Cruises derived from overseas operations, while the percentage of Louis Hotels' hotel units in Greece is 46%. Overall, on a consolidated level, 75% of the revenue of the Group results from operations outside Cyprus. In 2013, the turnover of the Group amounted to €205.168 thousand. The impact of the volatile economic environment in Cyprus is not expected to have a significant effect on the Group's turnover, since, as mentioned above, the majority of the Group's revenues from shipping, hotel and other activities is derived either from operations outside Cyprus or from foreign customers.

Also, it is worth noting that the Group has a strong and long lasting business relationship with the TUI group, which is the largest tour operator in Europe. TUI is currently in a very strong financial position. Agreements relating to the chartering of vessels, for TUI cruises were renewed in February 2014 for the period up to November 2017.

Additionally, Louis Hotels group has developed a strong relationship with Biblio Globus, which is one of the leading tour operators of the Russian Federation.

The Company's Board of Directors' assessment regarding the collectibility of trade and other receivables of the Group is disclosed in note 19 of the consolidated and separate financial statements of the Company.

The Board of Directors of the Company is not in a position to predict with certainty all the developments which could have an impact on the economy of Cyprus and Greece, and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Group. However, based on the current information and indications, the Board of Directors of the Company believes that the Group and the Company are able to continue operating as a going concern for at least 12 months from the reporting date, taking into account the progress achieved in implementing the restructuring plan, the projected cash flows for 2014, the assessment of the developments in the economic environment, and the intention of the Board of Directors of the Company to continue to take all necessary measures to maintain the viability of the Group and the Company and enhance their operations in the current business and economic environment.

45. EVENTS AFTER THE REPORTING PERIOD

On 5 March 2014, the Group announced a three-year renewal of the charter hire agreements of the two cruise ships, the M/V Thomson Majesty and the M/V Thomson Spirit, with TUI, until November 2017. It should be noted that the two respective cruise ships were already charter hired to TUI until the end of 2014.

On 5 April 2014, the Greek parliament voted an act which was published in FEK on the 7th of April 2014 as the N°4254 law whose purpose was to exempt the taxation of tax free reserve which was created according to case z of paragraph 3 of article 28 of 2238/1994 law, as a result of the sale of immovable property of a subsidiary of Louis Hotels S.A. to a leasing company, for which a leasing agreement was signed between the two parties. The total of tax free reserves of the subsidiary Louis Hotels S.A. which were subject according to the 4172/2013 law to taxation at the rate of 19% were €28.235 and resulted to tax obligation of €5.365 recognised in the statement of financial position and income statement. The corresponding tax obligation after the voting of law N.4254/07.04.2014 is expected to cease once the Greek Ministry of Finance issues a clarification circular.

LOUIS PLC

REPORT, CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2013