LOUIS PLC

REPORT, CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

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 2014, 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 99:
  (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, 30 April 2015

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
Secretary	Costas Hadjimarkos
Independent Auditors	KPMG Limited
Legal Advisers	Ioannides Demetriou LLC L. Papaphilippou & Co LLC L. Pelekanos & Associates Law Firm 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 Linklaters LLP Potamitis Vekris Law Firm Haas Societe d'avocats
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 2014.

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

The turnover of the Group has increased by 10,6% during 2014, compared to 2013. The operating profit (EBITDAR) increased to €61,9 m in 2014 compared to €50,8 m in 2013 (+22,0%).

In 2014, the profit from operations after depreciation, rents and amortization but before net interest was €26,3 m showing a significant increase by €8,5 m (+47,7%), compared to €17,8 m generated in 2013.

The Group generated a net profit from operations of €3,3 m for the year ended 31 December 2014, showing a significant improvement compared to the loss of €5,8 m generated in 2013. The loss before taxation for 2014 was €3,9 m which shows a significant decrease of €15,1 m from previous results.

The net loss attributable to the owners showed a decrease from €29,8 m in 2013 to €513 k in 2014. A significant decrease in taxation between 2014 and 2013 has been noted, due to provisions made in the previous year for deferred taxation in Greece because of the increase in tax rates from 20% to 26%. Moreover, the provision for taxation on tax-free reserves made in the previous year was reversed after an issuance of a clarifying circular from the Ministry of Finance of Greece (€5,4 m).

The results of the Group for 2015 will essentially depend on the continuance of the financial stability in Cyprus and Greece, as well as on the final provisions made for the planned restructuring of borrowings.

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend for the year 2014.

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 40 and 42 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 36 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 of its operations under its own brand, as well as the operation of cruise ships throughout the whole year, 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, as well as 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 2014 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 Costakis Loizou and Dinos Papadopoulos. Mr. Costakis Loizou and Mr. Dinos Papadopoulos 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.

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 34 and 39 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 2014 and 25 April 2015 (5 days prior to the date of approval of the consolidated and separate financial statements of the Company) was as follows:

	31/12/2014 %	25/4/2015 %
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 2014 and 25 April 2015 (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 42 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 43 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, 30 April 2015

7

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 99, which comprise the consolidated statement of financial position and the statement of financial position of the Company as at 31 December 2014, 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.

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 2014, 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 42 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 2014, 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 the extent that we have examined those books.
- 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 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

30 April 2015

LOUIS PLC

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 €'000	2013 €'000
Revenue	4,5	226.856	205.168
Operating expenses		(94.607)	(92.758)
Personnel costs		(62.082)	(56.815)
Selling and administrative expenses		(8.215)	(4.802)
		(164.904)	(154.375)
Operating profit before interest, taxes, depreciation, amortization and hotel rent expenses		61.952	50.793
Hotel rents		(9.569)	(8.641)
Depreciation	14	(25.689)	(23.862)
Lease amortisation charges	15	(688)	(688)
Other amortisation and impairment charges		324	256
Profit from operations	6	26.330	17.858
Finance income		2.313	1.455
Finance expenses		(25.329)	(25.080)
Net finance expenses	7	(23.016)	(23.625)
Profit/(loss) from operations after net finance expenses		3.314	(5.767)
Net exchange (loss)/gain	8	(5.117)	1.066
Share of loss from equity-accounted investees	33	(2.822)	(583)
Loss on disposal of vessels, property, plant and equipment	14	(6)	(10.265)
Profit from repayment of liability	25	750	-
Loss from impairment of assets	9	-	(316)
Loss from write off of financial assets	10	-	(2.177)
Loss from disposal of subsidiary company	32	-	(40)
Impairment charges and provision for doubtful debts	18	-	(929)
Loss before taxation		(3.881)	(19.011)
Taxation	11	2.856	(10.841)
Loss for the year		(1.025)	(29.852)
Loss for the year attributable to:			
Owners of the Company		(513)	(29.845)
Non-controlling interest		(512)	(7)
Loss for the year		(1.025)	(29.852)
Basic and fully diluted loss per share (€ cent)	13	(0,11)	(6,48)

The notes on pages 21 to 99 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 2014

	Note	2014 €'000	2013 €'000
Loss for the year		(1.025)	(29.852)
Other comprehensive income			
Items that are or may be reclassified to the consolidated profit or loss			
(Loss)/profit from cash flow hedges	29	(798)	1.347
Exchange difference from translation of foreign subsidiary company's financial statements		19	(2)
		(779)	1.345
Items that will never be reclassified to the consolidated profit or loss			
Revaluation of properties		111	-
Deferred tax on revaluation		(30)	(114)
Effect from acquisition of company which was under common control	32	(995)	-
Adjustments to the obligations for employee benefits	31	(233)	451
Deferred tax due on adjustments to the obligations for employee benefits	27	62	(117)
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)
		(1.085)	(720)
Other comprehensive income for the year		(1.864)	625
Total comprehensive income for the year		(2.889)	(29.227)
Total comprehensive income attributable to:			
Owners of the Company		(2.375)	(29.219)
Non-controlling interest		(514)	(8)
Total comprehensive income for the year		(2.889)	(29.227)

The notes on pages 21 to 99 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 2014

	Note	2014 €'000	2013 €'000
Assets			
Vessels, property, plant and equipment	14	474.154	443.046
Hotel leases	15	21.571	22.259
Amounts due from related parties	34	49.570	47.803
Other assets	16	402	692
Equity accounted- investees	33	15.833	15.164
Non-current assets		561.530	528.964
Inventories	17	10.991	8.656
Trade and other receivables	18	20.558	17.849
Amounts due from related parties	34	10.053	12.001
Blocked bank deposits	19	9.521	8.178
Cash and cash equivalents	19	19.954	10.449
Non-current assets held for sale	20	-	34.600
Current assets		71.077	91.733
Total assets		632.607	620.697
Equity			
Share capital	21	78.293	78.293
Reserves	22	(9.521)	(7.145)
Equity attributable to the owners of the Company		68.772	71.148
Non-controlling interest		(4.121)	65
Total equity		64.651	71.213
Liabilities			
Borrowings	23	104.262	98.751
Finance lease obligations	24	192.602	196.152
Amounts due to related parties	34	8.392	7.778
Other liabilities	25	1.261	2.783
Deferred income	26	8.688	6.082
Deferred tax	27	28.294	24.681
Non-current liabilities		343.499	336.227
Bank overdrafts	19	32.532	36.048
Borrowings	23	94.337	86.556
Finance lease obligations	24	34.694	26.470
Trade and other payables	28	30.462	25.046
Derivative financial instruments	29	3.181	2.562
Amounts due to related parties	34	11.768	12.072
Other liabilities	25	-	1.450
Deferred income	26	12.563	10.344
Taxation due	30	4.920	8.447
Liabilities held for sale	20	-	4.262
Current liabilities		224.457	213.257
Total liabilities		567.956	549.484
Total equity and liabilities		632.607	620.697

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 30 April 2015.

Costakis Loizou
Chairman

Christos Mavrellis
Director

The notes on pages 21 to 99 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 2014

	Note	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
		Equity attributable to the owners of the Company										
Balance 1 January 2014		78.293	94.301	(2.562)	18.408	333	178	364	(118.167)	71.148	65	71.213
Total comprehensive income for the year												
Loss for the year		-	-	-	-	-	-	-	(513)	(513)	(512)	(1.025)
Other comprehensive income												
Loss from cash flow hedges	29	-	-	(798)	-	-	-	-	-	(798)	-	(798)
Exchange difference from translation of foreign subsidiary company's financial statements		-	-	-	-	-	19	-	-	19	-	19
Deferred tax on revaluation		-	-	-	(30)	-	-	-	-	(30)	-	(30)
Transfer of additional depreciation from revaluation		-	-	-	(67)	-	-	-	67	-	-	-
Revaluation		-	-	-	111	-	-	-	-	111	-	111
Effect from acquisition of company which was under common control	32	-	-	-	-	-	-	-	(993)	(993)	(2)	(995)
Adjustments to obligations for employee benefits	31	-	-	-	-	(233)	-	-	-	(233)	-	(233)
Deferred tax adjustments on liabilities for employee benefits	27	-	-	-	-	62	-	-	-	62	-	62
Other comprehensive income for the year		-	-	(798)	14	(171)	19	-	(926)	(1.862)	(2)	(1.864)
Total comprehensive income for the year		-	-	(798)	14	(171)	19	-	(1.439)	(2.375)	(514)	(2.889)
Transactions with owners recognised directly in equity												
Contributions and distributions with owners of the Company												
Dividend paid		-	-	-	-	-	-	-	(1)	(1)	1	-
Total Contributions and Distributions with owners of the Company		-	-	-	-	-	-	-	(1)	(1)	1	-
Changes in shares held in subsidiaries												
Acquisition of a jointly controlled company	32	-	-	-	-	-	-	-	-	-	(3.673)	(3.673)
Total changes in shares held in subsidiaries		-	-	-	-	-	-	-	-	-	(3.673)	(3.673)
Total transactions with owners recognised directly in equity		-	-	-	-	-	-	-	(1)	(1)	(3.672)	(3.673)
Balance 31 December 2014		78.293	94.301	(3.360)	18.422	162	197	364	(119.607)	68.772	(4.121)	64.651

The notes on pages 21 to 99 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 2014

Equity attributable to the owners of the Company

	Note	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		-	-	-	-	-	-	-	(29.845)	(29.845)	(7)	(29.852)
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 in deferred tax due to the change in corporation tax rate from 10% to 12,5%		-	-	-	(313)	-	-	-	-	(313)	(1)	(314)
Increase in 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)	-	(29.707)	(29.219)	(8)	(29.227)
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	(118.167)	71.148	65	71.213

The notes on pages 21 to 99 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 2014

	Note	2014 €'000	2013 €'000
Cash flows from operating activities			
Loss before taxation		(3.881)	(19.011)
Adjustments for:			
Depreciation	14	25.689	23.862
Lease amortisation charges	15	688	688
Other amortisation and impairment charges		(324)	(256)
Impairment charge on assets	9	-	316
Loss from the write off of equipment		236	-
Unrealised exchange gain/(loss)	8	4.339	(935)
Loss on disposal of vessels, property, plant and equipment		6	10.265
Loss from the write off of assets	10	-	2.177
Loss from the disposal of subsidiary company	32	-	40
Cost of employees' benefits scheme	31	122	91
Impairment charges and provision for doubtful debts	19	-	929
Share of loss from equity accounted- investees	33	2.822	583
Interest income	7	(2.313)	(1.455)
Interest expense	7	25.329	25.080
Cash flows from operating activities before working capital changes		52.713	42.374
Increase in inventories		(2.319)	(561)
Increase in trade and other receivables		(1.821)	(3.902)
Increase/(decrease) in trade and other payables		3.386	(4.745)
Increase in deferred income		4.802	1.638
Decrease in other assets		289	1.267
Decrease in other liabilities		(3.264)	(2.032)
Decrease/(increase) in amounts due from related parties		1.086	(2.808)
Benefits paid in relation to employees' benefits scheme	31	(54)	(36)
Cash generated from operating activities		54.818	31.195
Taxation paid		(1.273)	(1.031)
Net cash flows from operating activities		53.545	30.164
Cash flows from investing activities			
Proceeds from disposal of subsidiary company	32	-	1.128
Payments for acquisition of vessels, property, plant and equipment	14	(22.403)	(24.326)
Payments for additions to non-current assets held for sale	20	-	(72)
Proceeds from disposal of vessels, property, plant and equipment		-	1.464
Proceeds from disposal of non-current assets held for sale	20	-	1.484
Dividend received	33	187	323
Net cash outflow from acquisition of a company under common control	32	(110)	-
Payment for acquisition of investment in joint venture	32	(3.583)	-
Payments for derivative financial instruments		(180)	-
Interest received		2.313	1.455
Net cash flow used in investing activities		(23.776)	(18.544)
Cash flow from financing activities			
Proceeds from issue of new borrowings	23	2.390	481
Repayments of borrowings and finance lease obligations		(6.172)	(6.287)
Blocked bank deposits		(1.343)	(1.340)
Interest paid		(12.173)	(12.396)
Net cash flow used in financing activities		(17.298)	(19.542)
Effect of exchange rate fluctuations on cash and cash equivalents		550	314
Net increase/(decrease) in cash and cash equivalents		13.021	(7.608)
Cash and cash equivalents at the beginning of the year		(25.599)	(17.991)
Cash and cash equivalents at the end of the year		(12.578)	(25.599)
Cash and cash equivalents consist of:			
Cash in hand and at bank	19	19.954	10.449
Bank overdrafts	19	(32.532)	(36.048)
		(12.578)	(25.599)

The notes on pages 21 to 99 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 €'000	2013 €'000
Revenue	4	1.505	2.403
Personnel costs		(662)	(662)
Depreciation	14	(61)	(61)
Administrative and other expenses		(281)	(867)
		(1.004)	(1.590)
Profit from operations	6	501	813
Finance income		1	3
Finance expenses		(8.081)	(7.684)
Net finance expenses	7	(8.080)	(7.681)
Loss from operations after net finance expenses		(7.579)	(6.868)
Net exchange profit/(loss)	8	324	(117)
Impairment charge on investments in subsidiary companies	35	-	(2)
Loss from change in fair value of derivative financial instruments	29	(2.504)	-
Loss before taxation		(9.759)	(6.987)
Taxation	11	(78)	(575)
Loss for the year		(9.837)	(7.562)
Basic and fully diluted loss per share (€ cent)	13	(2,14)	(1,64)

The notes on pages 21 to 99 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 2014

	Note	2014 €'000	2013 €'000
Loss for the year		(9.837)	(7.562)
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Profit from cash flow hedges	29	1.705	1.347
Items that will never be reclassified to profit or loss			
Merger of subsidiary companies	35	-	(25.965)
Other comprehensive income		1.705	(24.618)
Total comprehensive income for the year		(8.132)	(32.180)

The notes on pages 21 to 99 form an integral part of the consolidated and separate financial statements of the Company.

LOUIS PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	2014 €'000	2013 €'000
Assets			
Equipment	14	429	484
Amounts due from subsidiary companies	34	2.740	2.740
Amounts due from Parent and other related parties	34	40.434	38.590
Investment in associate company		9.743	9.722
Investments in subsidiary companies	35	93.729	93.729
Deferred tax	27	-	-
Non-current assets		147.075	145.265
Trade and other receivables	18	2.481	1.021
Amounts due from subsidiary companies	34	97.443	102.315
Amounts due from Parent and other related parties	34	367	302
Cash and cash equivalents	19	72	153
Current assets		100.363	103.791
Total assets		247.438	249.056
Equity			
Share capital	21	78.293	78.293
Reserves	22	11.881	20.013
Total equity		90.174	98.306
Liabilities			
Borrowings	23	63.832	63.669
Amounts due to subsidiary companies	34	11.269	11.266
Amounts due to Parent and other related parties	34	7.673	7.233
Non-current liabilities		82.774	82.168
Bank overdrafts	19	14.452	11.571
Borrowings	23	52.979	50.287
Trade and other payables	28	548	729
Derivative financial instruments	29	3.181	2.562
Amounts due to subsidiary companies	34	-	2
Amounts due to Parent and other related parties	34	2.661	2.762
Taxation due	30	669	669
Current liabilities		74.490	68.582
Total liabilities		157.264	150.750
Total equity and liabilities		247.438	249.056

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 30 April 2015.

Costakis Loizou Chairman	Christos Mavrellis Director

The notes on pages 21 to 99 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 2014

	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 2014		78.293	94.301	364	(2.562)	(25.965)	(46.125)	98.306
Total comprehensive income for the year								
Loss for the year		-	-	-	-	-	(9.837)	(9.837)
Other comprehensive income								
Profit from cash flow hedges	29	-	-	-	1.705	-	-	1.705
Other comprehensive income		-	-	-	1.705	-	-	1.705
Total comprehensive income for the year		-	-	-	1.705	-	(9.837)	(8.132)
Balance 31 December 2014		78.293	94.301	364	(857)	(25.965)	(55.962)	90.174

The notes on pages 21 to 99 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 2014

	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 99 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 2014

	Note	2014 €'000	2013 €'000
Cash flows from operating activities			
Loss before taxation		(9.759)	(6.987)
Adjustments for:			
Depreciation	14	61	61
Unrealised exchange (profit)/loss	8	(323)	124
Loss from change in fair value of derivative financial instruments	29	2.504	-
Impairment charge on investments in subsidiary companies	35	-	2
Profit on disposal of equipment		-	(12)
Interest income	7	(1)	(3)
Interest expense	7	8.081	7.684
Cash flows from operating activities before working capital changes		563	869
Increase in trade and other receivables		(1.460)	(159)
Decrease in trade and other payables		(259)	(638)
(Increase)/decrease in amounts due from subsidiary companies		(719)	2.276
Decrease/(increase) in amounts due from Parent and other related parties		4.847	(399)
Net cash flow from operating activities		2.972	1.949
Cash flows from investing activities			
Interest received		1	3
Payments for acquisition of equipment	14	(6)	(41)
Proceeds from the disposal of equipment		-	17
Payments for the acquisition of subsidiary	35	-	(3)
Payments for the acquisition of associated companies		(21)	-
Net cash flow used in investing activities		(26)	(24)
Cash flows from financing activities			
Repayments of borrowings		(123)	(500)
Interest paid		(5.608)	(4.019)
Payments for derivative financial instruments		(180)	-
Net cash flow used in financing activities		(5.911)	(4.519)
Effect of exchange rate fluctuations on cash and cash equivalents		3	9
Net decrease in cash and cash equivalents		(2.962)	(2.585)
Cash and cash equivalents at the beginning of the year		(11.418)	(8.833)
Cash and cash equivalents at the end of the year		(14.380)	(11.418)
Cash and cash equivalents consist of:			
Cash in hand and at bank	19	72	153
Bank overdrafts	19	(14.452)	(11.571)
		(14.380)	(11.418)

The notes on pages 21 to 99 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 2014

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 associated companies and joint venture.

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 42 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 2014 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 to 2014, 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, financial assets at fair value through profit or loss and derivative financial instruments.

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 Company. All financial information has been rounded to the nearest thousand.

(e) Use of estimates and judgments

The preparation of consolidated and separate financial statements of the Company, in accordance with the International Financial Reporting Standards (IFRSs), management is required to exercise judgment, formulate estimates and assumptions of the Group which affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses.

The estimates and underlying assumptions are based on historical experience and a variety of other factors as well, which are considered to be reasonable under the circumstances. Actual results may deviate from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in 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 both current and future periods.

Judgments

Information about judgments in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated and separate financial statements is included in the following notes:
- Note 3 "Joint arrangements" - classification of the joint arrangement.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:
- Note 41 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 11 - "Income taxes" - to determine any provision for income taxes.
- Note 40 - "Provision for bad and doubtful debts" - the Group reviews its trade and other receivables for evidence of their recoverability.
- Note 14 - "Vessel, property, plant and equipment" - developing estimates of future cash flows.
- Notes 33 and 35 - "Impairment of investments in subsidiaries/associates" - determine the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present.

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgments (continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in notes 29 and 40.

2. BASIS OF PREPARATION (continued)

(f) Change in accounting policy

The Group and the Company have adopted the following amendments to a standard and new interpretation with a date of initial application of 1 January 2014 . The nature and effects of the changes are explained below.

(i) Subsidiaries

As a result of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion for its investees at 1 January 2014. As a consequence, the Group has not changed its control conclusion in respect of its investment.

(ii) Joint arrangements

As a result of IFRS 11, the Group has changed its accounting policy for its interest in joint arrangements. Under IFRS 11, the Group has classified its interests in joint arrangements as either joint operations, (if the Group has the rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

(iii) Disclosure of interests in other entities

As a result of IFRS 12, the Group has expanded its disclosures about its interests in subsidiaries and equity-accounted investees.

(g) 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 2014. 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 January 2014. Those which may be relevant to the operations of the Group and the Company are set out below. The Group and the Company do not plan to adopt these Standards early.

2. BASIS OF PREPARATION (continued)

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

(i) Standards and Interpretations adopted by the EU

- IAS 19 (Amendments) "Defined Benefit Plans: Employee Contributions" (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).

(ii) Standards and Interpretations not adopted by the EU

- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).
- IFRS 10, IFRS 11 and IAS 28 (Amendments): Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).
- IFRS 11, (Amendments) 'Accounting for acquisitions of interests in Joint Operations' (effective for annual periods beginning on or after 1 January 2016).
- IAS 1 (Amendments): Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).
- IFRS 10 and IAS 28 (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016).
- IAS 27 (Amendments) "Equity method in separate financial statements" (effective for annual periods beginning on or after 1 January 2016).
- IAS 16 and IAS 41 (Amendments): "Bearer plants" (effective for annual periods beginning on or after 1 January 2016).
- IAS 16 and IAS 38 (Amendments) "Clarification of acceptable methods of depreciation and amortisation" (effective for annual periods beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2012–2014 Cycle (issued at 25 September 2014) (effective for annual periods beginning on or after 1 January 2016)
- IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2017).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).

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.

3. SIGNIFICANT ACCOUNTING POLICIES

Except for the changes explained in note 2(f), 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

Subsidiaries are entities controlled by the Group. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commences until the date control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring them in line with the accounting policies of the Group.

In the separate financial statements, investments in subsidiaries are stated at acquisition cost. If the value of an investment is deemed to have permanently reduced the deficit is transferred to the results.

The most significant subsidiary companies of the Group are presented in note 36 of the consolidated and separate financial statements of the Company.

Changes in the Group's ownership interests in existing subsidiaries
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. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity as transactions with owners acting in their capacity as owners. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

When the Group loses control of a subsidiary, the resulting profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The resulting profit or loss is recognised in profit or loss.

Any interest retained in the former subsidiary is measured at fair value when control is lost.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation (continued)

Investments in associates

Associates are those entities in which the Group has significant influence but no control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. The consolidated financial statements Investments in associates are initially recognised at cost, which includes transactions costs, and are accounted for using the equity method. The consolidated financial statements include the share of recognised income and expenses and movement in equity of associates attributable to the Group by the equity method from the date that significant influence can be exercised and until the date significant influence ceases to be exercised. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. The investment of the Group in associated companies is presented in note 33 of the consolidated and separate financial statements of the Company.

In the financial statements of the Company, investment in associate company is stated at acquisition cost. If the value of an investment is deemed to have permanently reduced the deficit is transferred to the results.

Transactions eliminated on consolidation

Intra group balances, and any unrealized income and expenses arising from intra group transactions are eliminated in preparing consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized 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 proportionate share of the non-controlling interest in net identifiable assets of the acquired company. The Group applies the latter approach.

Changes in ownership interests of the Group in subsidiaries that do not result in loss of control are accounted for as equity transactions.

3. SIGNIFICANT ACCOUNTING POLICIES

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

Items included in the financial statements of each entity of the Group are measured using the currency of the primary economic environment in which each company operates ("functional currency").

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Vessels, property, plant and equipment (continued)

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint arrangements

Joint arrangements are arrangements of which the Group has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Jointly controlled entities – the Group shall recognize its interest in a jointly controlled entity using the proportionate consolidation method (refer to “Associate companies” in “Basis of consolidation” above). The Group’s investment in jointly controlled entities is presented in note 33 of the consolidated and separate financial statements of the Company.

Acquisition for entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

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.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments

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

Financial assets and liabilities are recognised once the Group and the Company becomes party to the contractual provisions of the instrument.

Derivative financial instruments are initially recognised at fair value at the contract date and any costs incurred and directly attributable to the transaction are recognised in profit or loss when incurred. After initial recognition, derivatives are measured at fair value and any changes in fair value recognised in profit or loss.

Cash flow hedge

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, and also on whether actual results of hedging fluctuate between 80-125%. 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash flow hedge (continued)

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.

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

Non-financial assets with indefinite useful life are not depreciated but reviewed annually for impairment. Assets (other than biological assets, investment property, inventories and deferred tax assets) that are depreciated are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is tested for impairment annually.

For the purposes of testing for impairment, assets are grouped into the smallest group of assets that generate cash flows from continuing use that are largely independent of the cash inflows from other assets or cash-generating units. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash generating units expected to benefit from the synergies of the combination.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 is taken as 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 31 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 the Group pays fixed contributions which are the actual costs incurred in the financial year and are recognised as an expense in profit or loss. 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

The net liability of the Group with respect to the defined benefit plan is calculated separately by counting the amount of future benefits that employees have earned in the current period and prior periods, discounting that amount, less the fair value of the assets.

Remeasurement of the net liability for defined benefit, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the assets ceiling (if any, excluding) are recognised immediately in other comprehensive income. The Group determines the net interest expense / (income) on net defined benefit liability/(asset) of the period by applying the discount rate used to measure the defined benefit liability/(asset), taking account of any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit scheme are recognised in the results.

When the benefits of the scheme change or when a scheme is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit scheme when the settlement occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

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.

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 realize the asset and settle the liability simultaneously.

Comparative figures

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

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

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, as well as the use of restaurants and cafeterias.

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

5. OPERATING SEGMENTS

GROUP

Information on reportable operating segments

	Crusing and other operations		Hotel operations		Total	
	2014	2013	2014	2013	2014	2013
	€'000	€'000	€'000	€'000	€'000	€'000
Revenue from operations	134.802	120.368	92.862	86.557	227.664	206.925
Inter-segment reportable revenue	808	1.757	-	-	808	1.757
Finance income	701	762	1.931	1.121	2.632	1.883
Finance expense	(20.685)	(20.058)	(4.963)	(5.450)	(25.648)	(25.508)
Depreciation, amortisation and impairment charges	(17.925)	(18.416)	(8.128)	(5.878)	(26.053)	(24.294)
Reportable segment (loss)/profit before taxation	(13.818)	(22.978)	13.567	6.554	(251)	(16.424)
Other significant items:						
Share of loss from equity accounted-investees	(2.822)	(583)	-	-	(2.822)	(583)
Impairment charge on assets	-	(316)	-	-	-	(316)
Loss from write off of financial assets	-	-	-	(2.177)	-	(2.177)
Equity accounted-investees	15.833	15.164	-	-	15.833	15.164
Additions of vessels, property, plant and equipment	19.580	9.322	2.823	15.004	22.403	24.326
Reportable segment assets	437.269	431.117	179.505	174.416	616.774	605.533
Reportable segment liabilities	428.035	399.929	139.921	149.555	567.956	549.484

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

5. OPERATING SEGMENTS (continued)

GROUP (continued)

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

	2014 €'000	2013 €'000
Revenue		
Total revenue of reportable segments	227.664	206.925
Elimination of inter-segment reportable revenue	(808)	(1.757)
Revenue as per financial statements	226.856	205.168
Loss before taxation		
Total reportable segment loss	(251)	(16.424)
Elimination of inter-segment reportable revenue	(808)	(1.757)
Share of loss from equity accounted-investees	(2.822)	(583)
Impairment charge on assets	-	(316)
Elimination of other revenue	-	69
Loss before taxation as per financial statements	(3.881)	(19.011)
Assets		
Total reportable segment assets	616.774	605.533
Equity accounted-investees	15.833	15.164
Assets as per financial statements	632.607	620.697
Liabilities		
Liabilities as per financial statements	567.956	549.484

Other significant items

	2014			2013		
	Reportable segments totals €'000	Reconciliation €'000	Consolidated totals €'000	Reportable segments totals €'000	Reconciliation €'000	Consolidated totals €'000
Finance income	2.632	(319)	2.313	1.883	(428)	1.455
Finance expense	(25.648)	319	(25.329)	(25.508)	428	(25.080)
Additions of vessels, property, plant and equipment	22.403	-	22.403	24.326	-	24.326
Depreciation, amortisation and impairment charges	(26.053)	-	(26.053)	(24.294)	-	(24.294)
Impairement charge on assets	-	-	-	(316)	-	(316)
Loss from write off of assets	-	-	-	(2.177)	-	(2.177)

LOUIS PLC
NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

5. OPERATING SEGMENTS (continued)

GROUP (continued)

Information per geographical segment

(i) Crusing and other operations

	Revenue	
	2014	2013
	€'000	€'000
Cyprus	5.839	4.905
Greece	51.475	41.022
Other countries	77.488	74.441
	134.802	120.368

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 occasionally 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. Therefore, the geographical analysis of profit from operations and operating capital is not recommended.

(ii) Hotel operations

	Revenue		Non-current assets	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Cyprus	49.673	46.964	84.436	50.339
Greece	43.189	39.593	154.485	154.215
	92.862	86.557	238.921	204.554

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

6. PROFIT FROM OPERATIONS

The profit from operations is reported after the following charges:

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Independent auditors' remuneration	527	520	28	28
Auditors' remuneration for other non-audit services	98	75	87	69
Auditors' remuneration for taxation related advisory services	79	119	-	-
Remuneration of the members of the board of directors as:				
- executive directors	726	726	386	386
- non executive directors	14	14	14	14
- chief executive officer	421	315	-	-
Depreciation	25.689	23.862	61	61
Amortisation of leases	(688)	(688)	-	-
Amorisation and other impairment charges	324	256	-	-
Salaries and employee benefits	60.921	55.760	262	262

During the year, the average number of the employees of the Group was 4.036 (2013: 3.857), and of the Company 21 (2013: 25).

7. NET FINANCE EXPENSES

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Interest from Parent	976	873	-	-
Bank interest income	1.337	582	1	3
Finance income	2.313	1.455	1	3
Interest to Parent	-	(415)	(441)	(513)
Interest to subsidiary companies	-	-	(26)	(26)
Interest on loan and finance lease obligations	(20.832)	(20.329)	(4.980)	(4.749)
Bank interest and charges	(2.932)	(2.727)	(1.186)	(934)
Creditors' and other interests	(1.565)	(1.609)	(1.448)	(1.462)
Finance expenses	(25.329)	(25.080)	(8.081)	(7.684)
Net finance expenses	(23.016)	(23.625)	(8.080)	(7.681)

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

8. NET EXCHANGE (LOSS)/GAIN

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Realised exchange (loss)/gain	(778)	131	1	7
Unrealised exchange (loss)/gain	(4.339)	935	323	(124)
	(5.117)	1.066	324	(117)

The Group's unrealised exchange loss of €4.339 thousand (2013: €935 thousand-gain) and the Company's unrealised exchange gain of €323 thousand (2013: €124 thousand-loss), respectively, resulted from the translation of foreign currency financial assets and liabilities presented in foreign currency as at the statement of financial position date.

9. IMPAIRMENT CHARGE ON ASSETS

GROUP

The impairment charge on assets resulted as follows:

	Note	2014 €'000	2013 €'000
Impairment charge on vessels, property, plant and equipment	(i)	-	(316)

Note (i)
The impairment charge on vessels, property, plant and equipment for the year 2013 amounting to €316 thousand, resulted from the impairment on vessels (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 written off in relation to buildings and other plants, as well as, a write off of a debit balance with the landlord.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

11. TAXATION

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Corporation tax in Cyprus and Greece	(2.913)	(642)	-	-
Special defence contribution in Cyprus	(120)	(117)	-	-
Taxation on tax-free reserves in Greece	5.365	(5.365)	-	-
Deferred taxation	602	(4.717)	-	(575)
Capital gains tax – prior years	(78)	-	(78)	-
Credit/(debit) for the year	2.856	(10.841)	(78)	(575)

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Accounting loss before taxation	(3.881)	(19.011)	(9.759)	(6.987)
Tax from profitable companies	(3.026)	(610)	-	-
Tax effect of expenses not deductible for tax purposes	(735)	(829)	-	-
Tax effect of allowances and income not subject to tax	851	649	-	-
Tax effect of current year loss	-	39	-	-
Prior year taxation	(81)	1	(78)	-
Special defence contribution for the year	(120)	(117)	-	-
Deferred taxation	602	(4.717)	-	(575)
Additional taxation	-	-	-	-
Other taxes	-	(15)	-	-
Taxable loss from prior years	-	123	-	-
Taxation on tax-free reserves in Greece	5.365	(5.365)	-	-
Taxation as per consolidated income statement	2.856	(10.841)	(78)	(575)

11. TAXATION (continued)

In Cyprus, the corporation tax rate for the year was 12,5% (2013: 12,5%). 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 was 26% (2013: 26%).

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 based on the provisions of the Law. Also, no defence contribution is charged on dividends paid directly or indirectly from the profits generated from ship owning companies and companies offering ship management services.

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.

Furthermore, taxation on tax-free reserves in Greece during 2013 amounted to €5.365 thousand and related to the independent taxation of tax-free reserves, at the tax rate of 19%, resulting from the disposal of properties of the subsidiary company Louis Hotels SA. to a leasing company, for which leases had been contracted between the two parties. The total of tax-free reserves subject to taxation at the rate of 19% was €28.235 thousand. On 5 April 2014, the Greek parliament voted an act which was published in FEK on the 7th of April 2014 as the No4254 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 what is mentioned above. The corresponding tax obligation after the voting of law N.4254/07.04.2014 ceased to exist after a clarification circular issued by the Greek Ministry of Finance.

12. DIVIDENDS

GROUP AND COMPANY

The Board of Directors does not recommend the payment of a dividend for the year 2014.

13. LOSS PER SHARE

	2014	2013
GROUP		
Loss attributable to owners (€'000)	(513)	(29.845)
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)	(0,11)	(6,48)
COMPANY		
Loss attributable to owners (€'000)	(9.837)	(7.562)
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)	(2,14)	(1,64)

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	2014 '000	2013 '000
Weighted average number of shares issued and fully diluted during the year	21	460.547	460.547

On 31 December 2014 and 2013, basic and fully diluted losses per share are the same, since there were no warrants or other convertible instruments in issue.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

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
2014									
Cost									
Balance 1 January		180.275	56.478	349.195	53.887	2.819	1.565	1.387	645.606
Additions		2.087	1.957	17.419	691	50	194	5	22.403
Transfer from acquisition of company under common control	32	1.064	-	-	178	-	-	-	1.242
Transfer from non-current assets held for sale	20	33.294	-	-	5.736	528	-	33	39.591
Disposals and write offs		(41)	-	-	(711)	(112)	-	(18)	(882)
Readjustment of balances		-	-	-	-	(826)	-	-	(826)
Balance 31 December		216.679	58.435	366.614	59.781	2.459	1.759	1.407	707.134
Depreciation and impairment charges									
Balance 1 January		11.834	41.527	104.484	42.322	-	1.330	1.063	202.560
Charge for the year		5.255	2.242	15.442	2.560	-	95	95	25.689
Transfer from acquisition of company under common control	32	336	-	-	44	-	-	-	380
Transfer from non-current assets held for sale	20	-	-	-	4.958	-	-	33	4.991
Disposals and write offs		(4)	-	-	(618)	-	-	(18)	(640)
Balance 31 December		17.421	43.769	119.926	49.266	-	1.425	1.173	232.980
Carrying amounts									
Balance 31 December		199.258	14.666	246.688	10.515	2.459	334	234	474.154

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

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
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	32	(1.538)	-	-	-	-	-	-	(1.538)
Disposals and write offs		(1.588)	(15.000)	-	(1.310)	-	-	(569)	(18.467)
Impairment charge	9	-	(316)	-	-	-	-	-	(316)
Balance 31 December		180.275	56.478	349.195	53.887	2.819	1.565	1.387	645.606
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	14.951	244.711	11.565	2.819	235	324	443.046

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

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

COMPANY	Furniture and fittings €'000	Computers €'000	Motor vehicles €'000	Total €'000
2014				
Cost				
Balance 1 January	600	25	195	820
Additions	1	4	1	6
Balance 31 December	601	29	196	826
Depreciation				
Balance 1 January	116	25	195	336
Charge for the year	60	1	-	61
Balance 31 December	176	26	195	397
Carrying amounts				
Balance 31 December	425	3	1	429
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

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 €10.265 thousand was recognised 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 professional valuers. The revaluation surplus, amounting to €122 thousand, was transferred to the property revaluation reserve and the calculation and inclusion of the relevant estimated provision for deferred tax. At the same time, an impairment charge amounting to €337 thousand has been recognised in profit or loss on 31 December 2012.

The method used to estimate the fair value of properties is the Comparative Method, on which the valuation of land is based, 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 2014 amount to €197.132 thousand (2013: €178.067 thousand) and €170.305 thousand (2013: €157.666 thousand), respectively.

The category of land and buildings includes building renovations as well.

The Group leases 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:

	2014	2013
	€'000	€'000
Carrying amounts		
Land	9.150	9.150
Buildings	25.208	25.501
Vessels	246.688	244.711
	281.046	279.362

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

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

15. HOTEL LEASES

GROUP

	2014 €'000	2013 €'000
Cost		
Balance 1 January and 31 December	31.609	31.609
Amortasation		
Balance 1 January	9.350	8.662
Charge for the year	688	688
Balance 31 December	10.038	9.350
Carrying amounts		
31 December	21.571	22.259

16. OTHER ASSETS

GROUP

	2014 €'000	2013 €'000
Prepayments	391	681
Other assets	11	11
	402	692

Prepayments represent hotel rentals in Greece.

17. INVENTORIES

GROUP

	2014 €'000	2013 €'000
Land	104	104
Fuels	1.306	1.812
Other inventories	9.581	6.740
	10.991	8.656

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

The total value of land is used as collateral to obtain financing facilities from financial institutions amounting to €2.159 thousand.

18. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Trade receivables	17.539	17.274	-	-
Provision for doubtful debts	(12.943)	(12.915)	-	-
	4.596	4.359	-	-
Other receivables and prepayments	15.962	13.490	2.481	1.021
	20.558	17.849	2.481	1.021
Short-term	20.558	17.849	2.481	1.021

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Up to 30 days	541	1.436	-	-
31 – 120 days	2.863	1.635	-	-
More than 120 days	1.192	1.288	-	-
	4.596	4.359	-	-

Movement of the provision for doubtful debts:

		GROUP	
		2014	2013
	Note	€'000	€'000
Balance 1 January		12.915	11.988
Provision recognised for doubtful debts	(i)	46	929
Receivables collected		(18)	(2)
Balance 31 December		12.943	12.915

Note (i)

- The Company made a specific provision for doubtful debts amounting to €46 thousand (2013: €929 thousand) and was recognised in profit or loss of the Group.

18. TRADE AND OTHER RECEIVABLES (continued)

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 40(i) "Credit risk": "*Trade and other receivables*"). 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 40 of the consolidated and separate financial statements of the Company.

19. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Blocked bank deposits	9.521	8.178	-	-
Cash in hand and at bank	19.954	10.449	72	153
	29.475	18.627	72	153
Bank overdrafts	(31.225)	(34.740)	(14.452)	(11.571)
Credit facilities from a Factoring Organisation	(1.307)	(1.308)	-	-
	(32.532)	(36.048)	(14.452)	(11.571)
	(3.057)	(17.421)	(14.380)	(11.418)

Bank overdrafts bear an average annual interest rate of 6,57% (2013: 7,36%) for the Group and 7,25 % (2013: 8,25%) for the Company. The credit facilities from a Factoring Organization bear an average annual interest rate of 6,46% (2013: 6,71%).

During the year, bank overdrafts amounting to €6.174 thousand were converted into short-term loans and are presented in note 23 of the consolidated and separate financial statements of the Company.

GROUP

Bank deposits are blocked as follows:

Cash at bank amounting to €641 thousand (2013: €592 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 favor of various other beneficiaries.

Cash at bank amounting to €107 thousand (2013: €107 thousand) is blocked by Societe Generale Bank - Cyprus Ltd as guarantee for the provision of bank guarantees and other bank facilities.

19. CASH AND CASH EQUIVALENTS (continued)

GROUP (continued)

Cash at bank amounting to €7.685 thousand (2013: €7.406) and €1.000 thousand (2013: €nil) is blocked by Bank of Cyprus Public Company Ltd, and by Bank of Piraeus of Greece, respectively, as guarantee for the financial obligations of Group companies.

Moreover, cash at bank amounting to €60 thousand (2013: €54 thousand) and €28 thousand (2013: €19 thousand) is blocked by Bank of Cyprus Public Company Ltd and National Bank of Greece S.A., respectively, as guarantees for the provision of bank guarantees.

Additionally, cash at bank amounting to €452 thousand (2013: €193 thousand) held in a joint account with the Holy Archbishopric of Cyprus for financing renovations of hotels.

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 income and receipts of insurances of the Group's 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 charge financial assets in any way, without the written consent of specific banks.

19. 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 income and receipts of the 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 charge (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 40 of the consolidated and separate financial statements of the Company.

20. NON-CURRENT ASSETS HELD FOR SALE

GROUP

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 thousand (US$ 2,1 m.). The selling price represents the value of the vessel in the consolidated financial statements of the Group and therefore no gain or loss arose as a result of the disposal.

On 31 December 2013, the hotel units of the subsidiary company 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. At the beginning of 2014, taking into account the conditions of the Cypriot economy and despite of the continuing efforts of the Company to dispose off these hotel units, the chances for completion of the disposal of Louis Ayios Elias Village and Louis Nausicaa Beach within the next twelve months has been restricted, and the Board of Directors decided that non-current assets held for sale are to be re-classified under vessels, property, plant and equipment while the liabilities of vessels, property, plant and equipment are to be re-classified under deferred taxation. The hotel unit of Louis Nausicaa Beach continues its operation.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

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

GROUP (continued)

Non-current assets held for sale

	Note	2014 €'000	2013 €'000
Vessels, property, plant and equipment			
Balance 1 January		34.600	36.084
Transfers to vessels, property, plant and equipment	14	(34.600)	-
Additions		-	72
Write offs		-	(72)
Disposals		-	(1.484)
Balance 31 December		-	34.600

Liabilities held for sale

	2014 €'000	2013 €'000
Deferred taxation		
Balance 1 January	4.262	3.944
Transfers to deferred taxation	(4.262)	-
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
Balance 31 December	-	4.262

21. SHARE CAPITAL

GROUP AND COPMANY

	2014 €'000	2013 €'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

22. 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 those 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 and fuel derivative contracts. The hedging reserve is not distributable.

Property revaluation reserve
The property revaluation reserve consists of 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 plans and consists of:
(i) Actuarial gains and losses,
(ii) Expected return on plan assets,
(iii) Any change in the effect of the ceiling of asset.

The employee benefits reserve is not distributable.

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

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

Merger reserve
The merger reserve arose from the merging of jointly-controlled companies (under common control) which were recognised using the method of book value accounting. In applying the method of book value accounting, an adjustment in equity was required which reflects the difference between the cost of acquisition and the equity of the acquired companies. The adjustment in equity was recognised through merger reserve. The merger reserve is not distributable.

22. RESERVES (continued)

GROUP AND COMPANY (continued)

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.

23. BORROWINGS

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Current liabilities				
Bank loans	93.313	85.517	52.979	50.287
Other loans	1.024	1.039	-	-
	94.337	86.556	52.979	50.287
Non-current liabilities				
Bank loans	104.012	97.526	63.832	63.669
Other loans	250	1.225	-	-
	104.262	98.751	63.832	63.669
Total	198.599	185.307	116.811	113.956

Bank and other loans are repayable as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Within 1 year	94.337	86.556	52.979	50.287
Between 1 and 5 years	41.485	38.834	17.115	17.864
More than 5 years	62.777	59.917	46.717	45.805
Total	198.599	185.307	116.811	113.956

23. BORROWINGS (continued)

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Balance 1 January	185.307	185.268	113.956	110.464
Loan restructuring costs capitalised	(492)	-	-	-
Amortization of restructuring costs	61	-	-	-
Granting of new borrowings	2.390	481	-	-
Repayment of borrowings	(5.390)	(9.620)	(2.989)	(1.729)
Transfer from bank overdrafts (note 19)	6.174	-	-	-
Interest credited	9.797	9.376	5.569	5.306
Exchange difference	752	(198)	275	(85)
Balance 31 December	198.599	185.307	116.811	113.956

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Euro	192.093	179.874	114.438	111.988
United States Dollars	6.506	5.433	2.373	1.968
	198.599	185.307	116.811	113.956

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	%	%	%	%
Euro	5,02	5,14	4,84	4,82
United States Dollars	4,73	8,04	6,00	7,10

23. BORROWINGS (continued)

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 income and receipts 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 revenue from the disposal of the vessel M/V Aegean Pearl,
- General assignment of revenue from charter hire agreements of cruise ships,
- Cross default between the Group's 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 according to which 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 according to which 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 of income and receipts 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 subsidiary companies,
- Floating charge over the assets of the Group's subsidiary companies,

23. BORROWINGS (continued)

COMPANY (continued)

- Letter of allocation according to which a subsidiary company of the Group will proceed with the renewal of a lease agreement,
- Negative pledge according to which subsidiary companies of the Group will not proceed with the sale, assignment, mortgage or pledge of assets in any way without the written consent of specific banks,
- Possitive pledge according to which 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.

On 31 December 2013, an amount of €2.993 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. This amount was fully utilized during 2014.

At this stage, the Group has not fulfilled all of its loan obligations with specific banks to the agreed repayment schedule. The Group is currently under the final stages of negotiation with those banks for making a set of agreements to regulate or/and amend those obligations in such way that the Group will be able to meet them based on its organic cash flow, as mentioned in note 42 of the consolidated and separate financial statements of the Company.

Specifically, Group bank loans with carrying amount of €151,3 m (2013: €166,9 m) have in arrears the total amount of €74,4 m (2013: €67,2 m), out of which €54,9 m (2013: €50,8 m) represented principal and €19,5 m (2013: €16,4 m) represented interest. Company's bank loans with carrying amount of €116,8 m (2013: €114,0 m) having in arrears the total amount of €47,9 m (2013: €45,9 m), out of which €32,1 m (2013: €31,1 m) represented principal and €15,8 m (2013: €14,8 m) represented interest.

The exposure of the Group and the Company to liquidity risk, , interest rate and foreign currency risks is presented in note 40 of the consolidated and separate financial statements of the Company.

24. FINANCE LEASE OBLIGATIONS

GROUP

	2014			2013		
	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	3.548	1.010	2.538	1.173	1.108	65
Between 1 and 5 years	20.342	3.034	17.308	15.328	3.676	11.652
More than 5 years	9.254	812	8.442	18.076	1.466	16.610
	33.144	4.856	28.288	34.577	6.250	28.327
Vessels						
Within 1 year	32.637	481	32.156	26.971	566	26.405
Between 1 and 5 years	48.379	999	47.380	48.528	1.859	46.669
More than 5 years	173.085	53.613	119.472	182.876	61.655	121.221
	254.101	55.093	199.008	258.375	64.080	194.295
Total	287.245	59.949	227.296	292.952	70.330	222.622

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

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 revenues and insurance proceeds of subsidiary companies of the Group.

An amount of €47 thousand (2013: €1.305 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 loan obligations with specific banks to the agreed repayment schedule. The Group is currently under the final stages of negotiation with those banks for making a set of agreements to regulate or/and amend those obligations in such way that the Group will be able to meet them based on its organic cash flow, as mentioned in note 42 of the consolidated and separate financial statements of the Company.

Specifically, the finance lease obligations that were due but not paid at the reporting date amounted to €28.132 thousand (2013: €14.738 thousand).

24. FINANCE LEASE OBLIGATIONS (continued)

The exposure of the Group and the Company to interest rate and liquidity risks is presented in note 40 of the consolidated and separate financial statements of the Company.

25. OTHER LIABILITIES

GROUP

	Note	2014 €'000	2013 €'000
Current other liabilities			
Short-term creditors	(i)	-	1.450
Non-current other liabilities			
Defined benefit schemes	31	1.254	953
Long-term creditors	(i)	7	1.830
		1.261	2.783
		1.261	4.233

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 would 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 were included in long-term creditors under non-current other liabilities and the balance of €1,5 m was included in short-term creditors under other current liabilities.

In 2014, the Group had signed a new agreement on 11 August 2014, according to which the Group only paid for the amount of $3,5 m (about €2,6 m), instead of $4,5 m, as the full and final settlement of the amount due to Genting Hong Kong Ltd. As a result, a gain amounting to €750 thousand arose from the settlement of this obligation, which was recognised in profit or loss for the year.

26. DEFERRED INCOME

GROUP

	2014 €'000	2013 €'000
Government grants	4.207	4.530
Customer advances	5.720	6.106
Advances from charter hire of vessels	11.324	5.790
	21.251	16.426
Deferred income is analysed as follows:		
Within 1 year	12.563	10.344
Between 1 and 5 years	5.759	3.161
More than 5 years	2.929	2.921
	21.251	16.426

27. DEFERRED TAX

		GROUP		COMPANY	
	Note	2014 €'000	2013 €'000	2014 €'000	2013 €'000
Balance 1 January		24.681	19.388	-	(575)
Transfer from non-current assets held for sale	20	4.262	-	-	-
Credit in the property revaluation reserve		15	(68)	-	-
Credit/(debit) in profit or loss		(602)	293	-	575
Effect of deferred tax in Cyprus due to change of the corporation tax rate from 10% σε 12,5%		-	(50)	-	-
Effect of deferred tax in Greece due to change of the corporation tax rate from 20% σε 26%		-	5.118	-	-
Disposal of subsidiary company	32	-	(117)	-	-
(Debit)/ credit in employees' benefits reserve		(62)	117	-	-
Balance 31 December		28.294	24.681	-	-

27. DEFERRED TAX (continued)

The liability for deferred tax arises as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Revaluation of immovable property	5.102	-	-	-
Sale and leaseback	(5.784)	(5.791)	-	-
Revaluation of assets	22.778	23.111	-	-
Write-off of intangible assets	404	402	-	-
Cummulative temporary differences between depreciation and capital allowances	6.465	7.664	-	-
Other assets	(671)	(705)	-	-
	28.294	24.681	-	-

The calculation for deferred tax is based on a tax rate of 26% for companies in Greece and a tax rate of 12,5% 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.

28. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Trade payables	16.374	10.562	104	177
Other payables and accruals	14.088	14.484	444	552
	30.462	25.046	548	729

The exposure of the Group and the Company to foreign currency and liquidity and foreign currency risks is presented in note 40 of the consolidated and separate financial statements of the Company.

29. DERIVATIVE FINANCIAL INSTRUMENTS

		GROUP		COMPANY	
		2014	2013	2014	2013
	Note	€'000	€'000	€'000	€'000
Interest rate swap	(i)	857	2.562	857	2.562
Fuel derivatives	(ii)	2.324	-	2.324	-
		3.181	2.562	3.181	2.562

Notes:

(i) For the Group and the Company, this concerns swap contract to hedge fluctuations in interest rates associated with a recognised loan of the Group.

(ii) For the Group, this relates to fuel derivative contracts for hedging fluctuations in fuel prices associated to fuel consumption cost by subsidiary ship-owning companies of the Group. For the Company, these contracts have been classified as derivative financial instruments at fair value through profit or loss.

The Group and the Company follow a policy of hedging fluctuations in interest rates through interest rate swaps and derivative financial instruments regarding the risk of fluctuations in fuel prices, as stated in significant accounting policies. The loss from cash flow hedges for the year ended 31 December 2014, amounted to €798 thousand (2013: €1.347 thousand-profit). The Company's gain from cash flow hedges transferred to the hedging reserve for the year ended 31 December 2014, amounted to €1.705 thousand (2013: €1.347 thousand).

The loss from change in fair value of derivative financial instruments for the year 2014 recognised in profit or loss of the Company amounted to €2.504 thousand.

The exposure of the Group and the Company to liquidity risk, interest rate and foreign currency risks is presented in note 40 of the consolidated and separate financial statements of the Company.

30. TAXATION DUE

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Special defence contribution in Cyprus	370	364	347	347
Corporation tax in Cyprus	801	747	322	322
Corporation tax in Greece	3.749	1.971	-	-
Taxation on tax-free reserve in Greece	-	5.365	-	-
	4.920	8.447	669	669

31. EMPLOYEE RETIREMENT BENEFIT SCHEMES

GROUP

Defined benefit schemes

	Note	2014 €'000	2013 €'000
Balance 1 January		953	1.349
Current service cost		44	45
Interest cost		29	36
Cut back costs		10	10
Acquisition cost under joint control		39	-
Contributions paid by the employer		(54)	(36)
Actuarial loss/(profit)		233	(451)
Balance 31 December	25	1.254	953

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 Labor Legislation. The provision is based on estimates made during 2013 by an independent qualified actuary. For the year 2014, the provision was based on estimates made by the Board of Directors of Louis Hotels S.A.

	2014	2013
Discount rate	1,5%	3,2%
Percentage increase in salaries	0%, hereafter:0,75%	0%, hereafter: 0,75%
Average period of time in service	13,62 years	13,62 years
Inflation	0,50%	1,75%

31. EMPLOYEE RETIREMENT BENEFIT SCHEMES (continued)

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 31 March 2015, the contribution rate is reduced to 0,25%. The decrease in the percentage contribution involves only the employees of the Company. From 1 April 2015, 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.

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 that covers all the employees. In 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 c.o.l.a.), while the employee can elect to contribute between 3% and 10%.

32. MERGERS, DISPOSALS AND ACQUISITIONS OF SUBSIDIARY COMPANIES

GROUP

Mergers
2014
On 31 December 2014, the subsidiary company Louis Hotels S.A proceeded with the acquisition of Louis Hotels Mykonos S.A. from CLIN Company Ltd, a subsidiary company of Clin Company Ltd. On the same day, Louis Hotels S.A absorbed the company Louis Hotels Mykonos S.A. based on the decision of the Commercial and Industrial Chambers of Athens. Louis Hotels Mykonos S.A managed the hotel ‘Theoxenia’ whose management was undertaken by Louis Hotels S.A.

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

GROUP (continued)

Mergers (continued)
2014

The acquisition was recognised in the consolidated financial statements using the book value method and is analysed below:

	Note	€'000
Issue of shares from Louis Hotels S.A.		27
Assets		
Property, plant and equipment	14	862
Other long term receivables		9
Inventories		16
Trade and other receivables		285
Cash		414
Loans		(299)
Trade and other payables		(1.758)
Bank overdrafts		(524)
		(995)
Effect of cash and cash equivalents		
Cash transferred		414
Bank overdrafts transferred		(524)
Cash and cash equivalents transferred		(110)

The fair value of Louis Hotels Mykonos S.A. was estimated based on the methodology of actual equity and the discounted cash flows to €27 thousand.

Louis Hotels Mykonos S.A. made a profit of €39 thousand for the year ended 31 December 2014. Given the acquisition date, this amount was not recognised in the consolidated financial statements for the year ended 31 December 2014.

2013
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.

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

Disposals

2014

During the year 2014, there were no disposals of companies.

2013

On 3 October 2013, Louis Hotels disposed the 100% of the share capital held in King Jason S.A. (note 36). The net assets disposed off amounted to €1.168 thousand.

	Note	€'000
Land and buildings	14	1.538
Inventories		17
Cash		1
Deferred tax	27	(117)
Trade payables		(271)
		1.168
Share of net assets disposed (100%)		(1.168)
Sales consideration		1.128
Loss from disposal		(40)
Analysis of cash and cash equivalents		
Sales consideration		1.128
Cash of the subsidiary company		(1)
		1.127

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

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

Acquisitions

2014

On 14 September 2014, the Group acquired control in GR Antilles Cruises Ltd, a jointly controlled entity, acquiring additional shareholding of 24,70%. As a result, the percentage holding to the company increased from 50,60% to 75,30%.

Details of the transactions are as follows:

	€'000
Consideration transferred	
Settlement of pre-existing relationship	(3.583)
Net identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	365
Trade and other receivables	964
Trade and other payables	(860)
Deferred income	(491)
Balances with related	(7.234)
	(7.256)
Goodwill	
Consideration transferred	(3.583)
Non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities	(3.673)
Fair value of net identifiable assets	7.256
Goodwill- zero	-

2013

During the year 2013, there were no acquisitions of companies.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

33. EQUITY ACCOUNTED-INVESTEES

		GROUP	
		2014	2013
	Note	€'000	€'000
Investment in associate company	(i)	15.833	15.753
Investment in joint venture	(ii)	-	(589)
		15.833	15.164
Share of loss from equity accounted-investees			
Share of profit from associate company	(i)	173	6
Share of loss from joint venture	(ii)	(2.995)	(589)
		(2.822)	(583)

(i) Investment in associate company

	GROUP	
	2014	2013
	€'000	€'000
Balance 1 January	15.753	16.160
Share of profit attributable to the Group	173	6
Dividend received	(187)	(323)
Share of reserves movement attributable to the Group	94	(90)
Balance 31 December	15.833	15.753

Details of the investment in associate company are as follows:

Name	Shareholding interest	
	2014	2013
	%	%
The Cyprus Tourism Development Public Company Ltd ("C.T.D.C.")	21,68	21,53

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

33. EQUITY ACCOUNTED-INVESTEES (continued)

(i) Investment in associate company (continued)

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

	GROUP 2014 €'000	GROUP 2013 €'000
Assets		
Non-current assets	92.603	92.416
Current assets	1.230	1.719
	93.833	94.135
Liabilities		
Non-current liabilities	15.683	15.970
Current liabilities	4.613	5.023
	20.296	20.993
Net assets	73.537	73.142
Income	9.742	10.176
Expenses	(8.914)	(10.147)
Profit for the year	828	29

(ii) Investment in Joint venture

	GROUP 2014 €'000	GROUP 2013 €'000
Balance 1 January	(589)	-
Share of profit attributable to the Group	-	(589)
Acquisition of share in joint venture (note 32)	589	-
Balance 31 December	-	(589)

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

Name	Shareholding 2014 %	Shareholding 2013 %
GR Antilles Ltd (note 32)	75,30	50,60

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

33. EQUITY ACCOUNTED-INVESTEES (continued)

(ii) Investment in Joint venture (continued)

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

	GROUP	
	2014	2013
	€'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)

34. 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	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Subsidiary companies				
Financing and interest	-	-	365	381
Use of space rights	-	-	196	126
Management services	-	-	376	452
	-	-	937	959
Parent and other related companies				
Financing and interest	332	321	332	321
Use of space rights	116	214	116	214
Management services	72	111	15	23
Tourist services	2.279	2.305	-	-
	2.799	2.951	463	558
Joint venture				
Tourist services	8.953	1.070	-	-

34. RELATED PARTY TRANSACTIONS (continued)

(b) Purchase of services

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Subsidiary companies				
Financing and interest	-	-	26	26
Parent and other related companies				
Financing and interest	440	554	440	512
Use of space rights	11	8	-	-
Technological & IT support services	725	590	9	1
Management services	215	218	3	7
Tourist services	684	681	-	-
	2.075	2.051	452	520

(c) Dividend received

	COMPANY	
	2014	2013
	€'000	€'000
Subsidiary companies	620	1.364
Associate company	187	323
	807	1.687

(d) Remuneration of Board of Directors members and management

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Remuneration of executive Directors and Chairman	726	726	386	386
Remuneration of non-executive Directors	14	14	14	14
Remuneration of chief executive officer	421	315	-	-
Contributions to employees benefit schemes	53	49	22	19
	1.214	1.104	422	419

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

34. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances

	GROUP		COMPANY	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Receivables				
Subsidiary companies	-	-	100.183	105.055
Parent and other related companies	59.623	58.997	40.801	38.892
Joint venture	-	807	-	-
	59.623	59.804	140.984	143.947
Payables				
Subsidiary companies	-	-	11.269	11.268
Parent and other related companies	19.719	19.850	10.334	9.995
Amounts due to non-controlling interest	441	-	-	-
	20.160	19.850	21.603	21.263
Total	39.463	39.954	119.381	122.684

GROUP

Year end balances are analysed as follows:

	Note	2014 €'000	2013 €'000
Receivables			
Amounts due from Parent and other related companies			
▪ Loans receivable			
Louis plc	(i)	40.433	38.590
Louis Hotels	(ii)	5.087	4.852
		45.520	43.442
▪ Trading balances	(v)	14.103	15.555
Amounts due from Joint venture		-	807
		59.623	59.804
The above amounts are receivable as follows:			
Current		10.053	12.001
Non-current		49.570	47.803
		59.623	59.804

34. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

	Note	2014 €'000	2013 €'000
Payables			
Amounts due to Parent and other related companies			
▪ Loans payable			
Louis plc	(iii)	7.673	7.233
		7.673	7.233
▪ Trading balances	(iv), (v)	12.046	12.617
▪ Amounts due to non-controlling interest		441	-
		20.160	19.850
The above amounts are payable as follows:			
Current		11.768	12.072
Non-current		8.392	7.778
		20.160	19.850

Notes

(i) (a) Loan in US$ amounting to €12.743 thousand (2013: €12.590 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 €7.719 thousand (2013: €6.966 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 €19.599 thousand (2013: €18.683 thousand), which bears fixed interest rate equal to 5,65% and is repayable in more than one year.
(d) Loan amounting to €372 thousand (2013: €351 thousand), which bears fixed interest rate equal to 6% and is repayable in more than one year.

(ii) (a) Loan amounting to €1.961 thousand (2013: €1.881 thousand) which bears fixed interest rate equal to 4,27% and is repayable in more than one year.
(b) Loan amounting to €1.380 thousand (2013: €1.324 thousand) which bears fixed interest rate equal to 4,08% and is repayable in more than one year.
(c) Two loans amounting to €1.746 thousand (2013: €1.647 thousand) which bears fixed interest rate equal to 6% and are repayable in more than one year.

(iii) Loan amounting to €7.673 thousand (2013: €7.233 thousand), which bears fixed interest rate equal to 6% and is repayable in more than one year.

(iv) Includes trading balance amounting to €551 thousand (2013: €818 thousand), which bears no interest and is repayable in one year.

34. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

(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% (2013: 6%).

COMPANY

Year end balances are analysed as follows:

	Note	2014 €'000	2013 €'000
Receivables			
Amounts due from subsidiary companies			
▪ Loans receivable			
Louis Ship Management Ltd	(i)	2.740	2.740
▪ Trading balances	(iii)	97.443	102.315
		100.183	105.055
The above amounts are receivable as follows:			
Current		97.443	102.315
Non-current		2.740	2.740
		100.183	105.055
Payables			
Amounts due to subsidiary companies			
▪ Loans payable			
Louis Hotels	(ii)	305	301
▪ Trading balances	(iii)	10.964	10.967
		11.269	11.268
The above amounts are payable as follows:			
Current		-	2
Non-current		11.269	11.266
		11.269	11.268

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

34. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

COMPANY (continued)

Notes

(i) Loan amounting to €2.740 thousand (2013: €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 €305 thousand (2013: €301 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 subsidiary companies in the normal course of their business, which bear fixed interest rate equal to 6% (2013: 6%).

	Note	2014 €'000	2013 €'000
Receivables			
Amounts due from Parent and other related companies			
▪ Loans receivable			
CLIN Company Ltd	(i)	40.434	38.590
▪ Trading balances	(iii)	367	302
		40.801	38.892
The above amounts are receivable as follows:			
Current		367	302
Non-current		40.434	38.590
		40.801	38.892
Payables			
Amounts due to Parent and other related companies			
▪ Loans payable			
CLIN Company Ltd	(ii)	7.673	7.233
▪ Trading balances	(iii)	2.661	2.762
		10.334	9.995
The above amounts are payable as follows:			
Current		2.661	2.762
Non-current		7.673	7.233
		10.334	9.995

34. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

COMPANY (continued)

Notes

(i) (a) Loan in US$ amounting to €12.743 thousand (2013: €12.590 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 €7.719 thousand (2013: €6.966 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 €19.599 thousand (2013: €18.683 thousand), which bears fixed interest rate equal to 5,67% and is repayable in more than one year.

(d) Loan amounting to €372 thousand (2013: €351 thousand), which bears fixed interest rate equal to 6% and is repayable in more than one year.

(ii) Loan amounting to €7.673 thousand (2013: €7.233 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% (2013: 6%).

35. INVESTMENTS IN SUBSIDIARY COMPANIES

COMPANY

	Note	2014 €'000	2013 €'000
Balance 1 January		93.729	119.693
Additions		-	3
Merger of subsidiary companies	(i)	-	(25.965)
Impairment charge on investments in subsidiary companies	(ii)	-	(2)
Balance 31 December		93.729	93.729

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

35. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

Notes

(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 recognised 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 "Acquisition of entities" and note 22 "Merger reserve") was recognised.

(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 recognised 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. For the year 2014, no impairment charge has been recognised (2013: €3 thousand).

36. SUBSIDIARY COMPANIES

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

Company name	Note	Country of incorporation	Shareholding interest 2014 %	2013 %
Subsidiary companies of Louis plc				
Louis Hotels Public Company Ltd		Cyprus	99,87	99,87
Fulmar Shipmanagement 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	100
Celestyal Cruises S.A.		Marshall Islands	100	-
Optimum Shipmanagement Services S.A.		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.	32	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

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

37. 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 2014 and 25 April 2015 (5 days prior to the date of the approval of the consolidated and separate financial statements of the Company) was as follows:

	31/12/2014 %	25/4/2015 %
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 and Alasia Cyprus Cruises Ltd, with percentage holdings of 65,199% and 0,016%, respectively, of which he is the primary shareholder, as well as the shareholding interest of Ms. Marissa Loizou (daughter) and Mr. Louis Loizou (son) with percentage holdings of 0,154% and 0,106%, respectively.

38. 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 2014 and 25 April 2015 (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%.

39. SIGNIFICANT AGREEMENTS WITH MANAGEMENT

On 31 December 2014, 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 2014 amounts to €14 thousand (2013: €13 thousand).

39. SIGNIFICANT AGREEMENTS WITH MANAGEMENT (continued)

- Charges by the Company, on an arm's length basis, amounting to €116 thousand (2013: €214 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 2014, the amount in connection with such services amounted to €725 thousand (2013: €590 thousand).

40. RISK MANAGEMENT

The Group and the Company are exposed to the following risks:

(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 exposure to credit risk in relation to each financial institution.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

40. 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 an allowance for doubtful receivables 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 receivables as described in note 18 of the consolidated and separate financial statements of the Company.

Exposure to credit risk
The carrying amount of financial assets represents the maximum exposure to credit risk. 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	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Amounts due from Parent and other related parties	59.623	59.804	40.801	38.892
Amounts due from subsidiary companies	-	-	100.183	105.055
Trade and other receivables	20.558	17.849	2.481	1.021
Blocked bank deposits	9.521	8.178	-	-
Cash and cash equivalents	19.954	10.449	72	153
	109.656	96.280	143.537	145.121

(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 minimizing 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 19, 23 and 24 respectively.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

40. 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 2014					
Borrowings	198.599	252.320	77.680	47.675	126.965
Finance lease obligations	227.296	287.243	36.185	68.721	182.337
Bank overdrafts	32.532	32.532	32.532	-	-
Trade and other payables	30.462	30.462	30.462	-	-
Other liabilities	1.261	1.261	1.254	7	-
Derivative financial instruments	3.181	3.181	3.181	-	-
Amounts due to Parent and other related parties	20.160	20.160	11.768	8.392	-
	513.491	627.159	193.062	124.795	309.302
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	25.046	25.046	25.046	-	-
Other liabilities	4.233	4.233	1.450	2.783	-
Derivative financial instruments	2.562	2.562	2.562	-	-
Amounts due to Parent and other related parties	19.850	19.850	12.072	7.778	-
	495.668	627.736	177.377	118.500	331.859

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

40. 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 2014					
Borrowings	116.811	160.860	34.368	17.115	109.377
Bank overdrafts	14.452	14.452	14.452	-	-
Trade and other payables	548	548	548	-	-
Derivative financial instruments	3.181	3.181	3.181	-	-
Amounts due to Parent and other related parties	10.334	10.334	2.661	7.673	-
Amounts due to subsidiary companies	11.269	11.269	-	11.269	-
	156.595	200.644	55.210	36.057	109.377
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 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

40. 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 also 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. The Group and the Company use interest rate swaps as hedging instruments to minimize this risk.

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	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Fixed rate instruments				
Financial assets	25.058	39.441	19.971	121.651
Financial liabilities	(108.000)	(106.407)	(95.818)	(107.820)
Variable rate instruments				
Financial assets	49.031	38.183	20.533	19.709
Financial liabilities	(461.607)	(446.536)	(32.152)	(41.533)
	(495.518)	(475.319)	(87.466)	(7.993)

Sensitivity analysis
An increase of 100 basis points in interest rates at 31 December 2014 would have increased the loss for the year by approximately €3.565 thousand (2013: €3.594 thousand) for the Group and by approximately €1.284 thousand (2013: €1.223 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 but opposite impact on profit or loss.

Interest rates and repayment terms of bank overdrafts and borrowings are disclosed in notes 19 and 23, respectively.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2014

40. 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. Additionally, the Group and the Company use hedging instruments for fuel prices.

(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:

	2014		2013	
GROUP	United States Dollars €'000	Great Britain Pounds €'000	United States Dollars €'000	Great Britain Pounds €'000
Assets				
Trade and other receivables	2.561	874	2.122	16.582
Cash and cash equivalents	396	2.499	303	1.331
Amounts due from Parent and other related parties	7.719	-	6.966	-
Liabilities				
Borrowings	(6.506)	-	(5.433)	-
Finance lease obligations	-	(46.915)	-	(41.981)
Bank overdrafts	(4.419)	-	(3.777)	-
Trade and other payables	(10.649)	-	(9.322)	(15.972)
Deferred income	(5.693)	-	(3.200)	-
Net risk exposure	(16.591)	(43.542)	(12.341)	(40.040)

40. RISK MANAGEMENT (continued)

(iii) Market risk (continued)

(c) Currency risk (continued)

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

	2014		2013	
COMPANY	United States Dollars €'000	Great Britain Pounds €'000	United States Dollars €'000	Great Britain Pounds €'000
Assets				
Trade and other receivables	1.655	-	5	126
Cash and cash equivalents	4	-	36	-
Amounts due from Parent and other related parties	7.719	-	6.966	-
Liabilities				
Trade and other payables	(2.324)	-	-	-
Borrowings	(2.373)	-	(1.968)	-
Net risk exposure	4.681	-	5.039	126

Sensitivity analysis
The strengthening of the Euro against the Great Britain Pound by 1% during 2014 would have decreased the loss by approximately €408 thousand (2013: €252 thousand) for the Group, as well as an increase in equity by approximately €408 thousand (2013: €252 thousand) for the Group. The weakening of the Euro against the Great Britain Pound by 1%, would have resulted in an equal but opposite impact on loss and equity.

The strengthening of the Euro against the United States Dollar by 1% during 2014 would have decreased the loss by approximately €16 thousand (2013: €45 thousand) for the Group and increased by €49 thousand (2013: €43 thousand) for the Company, as well as a decrease by approximately €16 thousand (2013: €11 thousand increase) in equity for the Group and a decrease by €49 thousand (2013: €43 thousand) for the Company. The weakening of the Euro against the United States Dollar by 1%, would have resulted in an equal but opposite impact on loss and equity.

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

40. 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.

40. 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 adverse 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 have procedures in place to 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 consolidated and separate 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 following table presents the carrying amounts and fair values of assets and liabilities measured at fair value through profit or loss, including their level of hierarchy:

	2014			2013		
	Carrying amount €'000	Fair value €'000	Level	Carrying amount €'000	Fair value €'000	Level
COMPANY						
Derivative financial instruments						
(a) Measured at fair value through profit or loss	2.324	2.324	2	-	-	-
(b) Interest rate swap	857	857	2	857	857	2
	3.181	3.181		857	857	
GROUP						
Hedging derivative financial instruments denominated at fair value through profit or loss	3.181	3.181	2	857	857	2

Valuation methods

The Group and the Company use over-the-counter derivative financial instruments, the valuation of which is done at fair value based on the appreciation at market prices (mark-to-market). As a result, the derivative financial instruments are classified at level 2.

Capital management

The Group and 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 ratio. The Group and the Company's overall strategy remains unchanged from last year.

41. COMMITMENTS/CONTINGENT LIABILITIES

On 31 December 2014, the Group and the Company had the following commitments or contingent liabilities:

(i) Blocked cash amounting to €203 thousand (2013: €179 thousand) for the issue of bank guarantees in favor of various beneficiaries.

(ii) Blocked cash amounting to €51 thousand (2013: €47 thousand) for the issue of bank guarantees in favor of the Navy Retirement Fund ("NRF") located in Piraeus.

(iii) Blocked cash amounting to €552 thousand (2013: €516 thousand) for the issue of bank guarantees in favor of the Hellenic Register of Shipping in Piraeus.

(iv) Blocked cash amounting to €30 thousand (2013: €30 thousand) for the issue of bank guarantees in favor of the Cyprus Tourism Organization.

(v) Blocked cash amounting to €8.686 thousand (2013: €7.406 thousand) as guarantees for bank facilities of Group companies.

(vi) Guarantees amounting to €1.255 thousand (2012: €1.113 thousand) for the issue of bank guarantees in favor of the Navy Retirement Fund.

(vii) Guarantees amounting to €146 thousand (2013: €137 thousand) for the issue of bank guarantees in favor of the Hellenic Register of Shipping in Piraeus.

(viii) Guarantees amounting €nil thousand (2013: €760 thousand) for the issue of bank guarantee in favor of various beneficiaries.

(ix) Guarantees amounting to €253 thousand (2013: €253 thousand) for the issue of bank guarantee in favor of 'IATA'.

(x) Guarantees amounting to €36 thousand (2013: €36 thousand) for the issue of bank guarantees in favor 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.

41. COMMITMENTS/CONTINGENT LIABILITIES (continued)

(xii) Moreover, the above subsidiaries are required, following civil decisions of the First Instance of Piraeus, to pay the amount of €10 m in the Greek Republic and the amount of €10 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 7 May 2015, whilst the hearing of the appeal regarding the action of the Greek Republic has been set for 17 September 2015. In case where the amount of €20 m becomes payable, then, based on legal advice obtained, it is expected to be covered by the vessel's insurance company.

(xiii) 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. This decision is declaratory and accepts the rights of the company but does not require from NRF the return of the guarantee and the payment amount. The Company has already filed a petition to the Court in order for the decision to be corrected, which will be discussed on 26 October 2015.

(xiv) 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 €305 thousand (2013: €337 thousand).

(xv) 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 subsidiary companies and the Company.

(xvi) Various claims, lawsuits and complaints, such as those related to government regulations, arise in the ordinary course of business. Based on management's opinion, all such pending matters, other than those already recognised in the financial statements, 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.

41. COMMITMENTS/CONTINGENT LIABILITIES (continued)

(xvii) Companies of Louis plc group have given corporate guarantees amounting to €69,3 m plus interests and collateral securities amounting to €20,8 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 €28,9 m from the Parent for the amount of €0,7 m, as well as guarantees in the form of pledge of 104,52 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 installments 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 proceed with settlement of the specific obligations, these companies of the Group may be required to pay, as guarantors.

(xviii) On 31 December 2014, 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 €6.815 thousand (2013: €6.041 thousand).

(xix) 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 were discussed in October 2014 and January 2015. 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.

(xx) The group of Louis Hotels leases hotel units under operating lease. Most of the operating leases are 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 were as follows:

	2014 €'000	2013 €'000
Within 1 year	11.238	9.983
Between 1 and 5 years	20.110	27.010
More than 5 years	8.638	9.500
	39.986	46.493

42. GOING CONCERN BASIS

The Group and the Company incurred losses amounting to €1.025 and €9.837 respectively, for the year ended on 31 December 2014 and as at this date, the current liabilities of the Group exceeded its total current assets by €153.380 thousand.

The results of the Group were significantly improved compared to 2013, both in terms of operating profit and of loss for the period as well. The improvement in the results of the Group, reflects, amongst others, the successful realization of the strategic plan of the Group, as analyzed in annual reports of previous years.

The loss for the year, despite of the improved operating results, largely reflects the high financing costs of the Group's borrowings. It should be noted that the restructuring process, as described below, provides for the reduction of the financing costs, which consequently will improve the future profitability of the Group.

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 was proved to be tedious and time consuming. Main parameter of the restructuring process is for the Group to meet 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.

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.

(b) An agreement with a specific bank was signed on 1 July 2014, according to which bank overdrafts were converted to fixed term loans, which will be renewed on an annual basis with a variable interest equal to one year Euribor plus a margin of 2,50%.

(c) During the year 2014, based on an agreement with a specific bank, the amendment of an existing repayment schedule was signed. According to this schedule, a grace period was reached regarding the bank loans of the Group, from 1 January 2012 until 31 December 2014 due to the increase in lump sum payment/”Balloon payment”, the increase in margin of payments from 4,50% to 5.25% and the extension of the repayment period until the year 2020.

42. GOING CONCERN BASIS (continued)

(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 23 and 24 of the consolidated and separate financial statements of the Company. The Group is in advanced discussions for the framework of the restructuring of agreements with specific banks, that will adjust or/and amend those obligations in such way that the Group will be in a position to meet them based on its organic cash flows.

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 41, 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 uncertainties regarding the economic circumstances in Cyprus and in Greece, as well as the sluggish economic growth in most countries of Eurozone and other economic partners such as Russia and Ukraine, can influence:

- the ability of trade and other debtors of the Group to repay the amount due to the Group,
- the cash flow provisions of the Group and the estimate for impairment charge on financial and non-financial assets.

The Company's Board of Directors' assessment regarding the collectability of trade and other receivables of the Group is disclosed in note 18 of the consolidated and separate financial statements of the Company.

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.

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 regarding the negotiations between the Group and the banks for the implementation of specific restructuring plans, the projected cash flows for 2015, 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.

43. EVENTS AFTER THE REPORTING PERIOD

There were no significant event after the reporting date that affect the consolidated and separate financial statements on 31 December 2014.

LOUIS PLC

REPORT, CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2014