LOUIS PLC

REPORT, CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2015

C O N T E N T S

LOUIS PLC

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE 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 to 2014, N.190 (I)/2007 ("Law"), we the members of the Board of Directors and the officials responsible for the consolidated and separate financial statements of Louis plc (the "Company") for the year ended 31 December 2015, confirm that to the best of our knowledge:

(a) the annual consolidated and separate financial statements of the Company which are presented on pages 23 to 112:
   (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 consolidate and separate management report gives a fair view of the developments and the financial performance by the business as well as the financial position of the Company and the Group, along with a description of the principal risks and uncertainties that they are facing.

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

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

Nicosia, 22 December 2016

LOUIS PLC

BOARD OF DIRECTORS, PROFESSIONAL ADVISERS AND BANKERS

Board of Directors	Costakis Loizou	*(Chairman, Executive Director)*
	Jason Perdios	*(Executive Director)*
	Louis Loizou	*(Executive Director)*
	Christos Mavrellis	
	Olga Eliadou	
	Theodoros Middleton (appointed on 15 October 2015)	
	Dinos Papadopoulos (resigned on 17 June 2015)	
	George Foradaris (resigned on 19 December 2015)	
Secretary	Costas Hadjimarkos	
Independent Auditors	KPMG Limited	
Legal Advisers	Ioannides Demetriou LLC	
	L. Papaphilippou & Co LLC	
	L. Pelekanos & Associates Law Firm & Legal Advisers	
	Pampoukis-Maravelis-Nicolaides & Associates Law Firm	
	Tassos Papadopoulos & Co LLC	
	Chrysafinis & Polyviou LLC	
	Chryses Demetriades & Co LLC	
	Tsimpanoulis & Associates Law Firm	
	Roussos & Hadjidimitriou Law Partnership	
	Hill Dickinson LLP	
	Ince & Co International Law Firm	
	Campbell Johnston Clark Ltd	
	Goulielmos & Associates Law Firm	
	Potamitisvekris Law Firm	
Bankers	DVB Bank America N.V.	
	Joh. Berenberg Gossler & Co. KG	
	Societe Generale Bank Cyprus Ltd	
	Piraeus Bank S.A	
	National Bank of Greece S.A	
	Hellenic Bank Public Company Ltd	
	Bank of Cyprus Public Company Ltd	
	Bank of Cyprus Leasing S.A.	
	HSBC Bank plc	
	USB Bank Plc	
	Alpha Bank S.A.	
	Barclays Bank PLC	
Registered Office	11 Limassol Avenue	
	2112, Nicosia	

LOUIS PLC

CONSOLIDATED AND SEPARATE MANAGEMENT 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 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Group during 2015 continued to include the operation of cruises, the charter hire of vessels to third parties and the ownership, operation and management of hotel units, the acquisition and disposal of movable and immovable property, the construction, management and administration of cottages, as well as the provision of financial facilities to subsidiaries or related companies of the Group.

On 11 March 2016, the debt restructuring process of Celestyal Cruises group ('Celestyal Cruises') was completed, which had as a result the loss of control of Celestyal Cruises from the Group. The cruising operation of the Group is presented as discontinued operation as at the reporting date.

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 for the year ended 31 December 2015 increased by €3,7 m. (+4,0%) compared to 2014. This resulted from the turnover increase of Louis Hotels.

Operating profits before interest, taxes, depreciation and hotel rents (EBITDAR) for the year ended 31 December 2015 were reduced by 6,0% compared to those of 2014. In particular, operating profits this year amounted to €28,7 m., compared to €30,6 m. in 2014. It is noted the different presentation of the results of the subsidiary Celestyal Cruises Ltd, which is presented as "discontinued operation" because of its classification in the financial statements as a disposal group held for sale. This was the result of the Group's decision, in December 2015, to proceed with the relevant debt and other restructurings which involved significant percentage reduction in combination with relevant terms in the shareholders' agreement, to an extent where the control in Celestyal Cruises Ltd would not be maintained. The results of the Cruise sector had a positive contribution with a net profit of €2,9 m., compared with a loss of €6,2 m. in 2014.

Regarding Louis Hotels, the operating profits (EBITDAR) amounted to €34,9 m. compared to €34,3 m. during the previous year (+ 2,0%). It is also noted that the operating profits of Louis Hotels for 2015 include for the first time the results of hotel Mykonos Theoxenia.

The results before taxation present a loss due to impairment of assets (€3,8 m.), write-offs and provisions for bad and doubtful debts (€44,4 m.) – note 9, and provision for recognition of obligation in relation to corporate guarantees (€62,2 m.) – note 25.

The net loss attributable to shareholders was €111,3 m. showing a significant increase compared to 2014. This year there was a negative effect from the provision for tax liabilities amounting to €4,8 m., while last year this figure was €2,9 m. credit (i.e. difference minus €7,7 m.), due to last year's reversal of provision that occurred because of the change in corporation tax rates in Greece.

LOUIS PLC

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

DIVIDEND

The Board of Directors does not recommend the payment of a dividend for the year 2015.

MAIN RISKS AND UNCERTAINTIES

The Group and the Company are exposed to risks, the most significant of which are credit risk, liquidity risk, interest rate risk, foreign currency risk, geopolitical risk and shipping and tourist industry risks. The Group and the Company monitors and manages these risks through various mechanisms, as described in notes 42 and 44 of the consolidated and separate financial statements of the Company.

SHARE CAPITAL

There were no changes in the share capital of the Company during the year which was under review.

The Board of Directors, taking into account the fact that according to the audited individual financial statements of the Company for the year ended 31 December 2015, the Company lost more than 50% of the issued share capital and according to the provisions of the Section 169F of the Company Law Cap. 113, they discussed the issue and decided to call an Extraordinary General Meeting according to the Section 169F of the Company Law.

BRANCHES

During the year, the Group operated branches in Piraeus, Athens and in the islands of Zakynthos, Corfu, Crete and Rhodes. Moreover, the Group operates in Cyprus, Greece and other countries through subsidiary companies, which are reported in note 38 of the consolidated and separate financial statements of the Company.

FUTURE DEVELOPMENTS

The Group will continue to operate in the hotel sector, seeking 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.

Regarding the cruise sector, within the aims of Celestyal Cruises group, is the further expansion of its activities with its own brand as well as the operations of cruise ships throughout the whole year, which will lead to the reduction of the effects of seasonality.

BOARD OF DIRECTORS

The members of the Board of Directors at the date of this report are presented on page 2. On 17 June 2015 and 19 December 2015, Messrs Dinos Papadopoulos and George Foradaris resigned, respectively. On 15 October 2015, Mr. Theodoros Middleton was appointed.

In accordance with the provisions of the Company's Articles of Association the Directors that retire are Messrs Christos Mavrellis, Louis Loizou and Theodoros Middleton, which 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.

LOUIS PLC

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

BOARD OF DIRECTORS (continued)

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

RELATED PARTY TRANSACTIONS AND AGREEMENTS WITH THE BOARD OF DIRECTORS AND THEIR RELATED PARTIES

Except for the transactions with related parties and agreements with the Board of Directors disclosed in notes 36 and 41 respectively, there were no other significant transactions in which their related parties and the Board of Directors had a significant interest.

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 2015 and 17 December 2016 (5 days prior to the date of approval of the consolidated and separate financial statements of the Company) was as follows:

	31/12/2015 %	17/12/2016 %
Costakis Loizou, Chairman, Executive Director	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	-	-
Theodoros Midletton	-	-

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 which principally held, directly or indirectly more than 5% of the share capital of the Company as at 31 December 2015 and 17 December 2016 (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%.

LOUIS PLC

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

GOING CONCERN BASIS

The consolidated and separate financial statements of the Company were prepared on a going concern basis.

The Board of Directors has assessed the ability of the Group and the Company to continue as a going concern, taking into account the available information for the twelve months following the date of approval of these consolidated and separate financial statements of the Company. Based on that assessment, the Board of Directors is satisfied that the consolidated and separate financial statements of the Company can be prepared on a going concern basis.

EVENTS AFTER THE REPORTING PERIOD

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

MODIFICATION OF INDICATIVE FINANCIAL RESULTS

The audited consolidated financial results of the Group present the following differences from the announced indicative results:

	2015 €'000
Loss for the year as per the announcement of indicative results	(6.526)
Provision for doubtful debts of net balances from Parent	(43.841)
Write-offs and provisions for doubtful debts	(557)
Provision for recognition of obligation in relation to corporate guarantees	(62.200)
Adjustments to the operating results of discontinued operation	981
Adjustment in interest receivable	(513)
Loss for the year as per the audited consolidated financial results	(112.656)

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 to 2014, N. 190(I)/2007.

LOUIS PLC

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

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, 22 December 2016

KPMG Limited
Chartered Accountants
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P.O. Box 21121, 1502 Nicosia, Cyprus
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

LOUIS PLC

Report on the consolidated financial statements and separate financial statements of Louis plc

We have audited the consolidated financial statements of Louis plc and its subsidiary companies (the “Group”), and the separate financial statements of Louis plc (the “Company”), which are presented on pages 11 to 112, which comprise of the consolidated statement of financial position, and the statement of financial position of the Company as at 31 December 2015, the consolidated income statement and 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, as amended from time to time (the “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.

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F: +357 23 820084

Polis Chrysochou
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F: +357 26 322722

Independent 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 of the Company on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors' 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 those risk assessments, the auditors consider the internal control relevant to the entity's preparation of consolidated and separate financial statements of the Company 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.

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 2015, 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 Companies Law, Cap. 113.

Emphasis of Matter

We draw your attention to note 44 of the consolidated and separate financial statements which indicates that during the year ended 31 December 2015, the Group and the Company incurred a net loss of €112.656 thousand and €81.467 thousand respectively, and as of that date, the Group showed net liability position amounting €39.571 thousand and negative working capital amounting to €89.411 thousand and the Company negative working capital amounting to €49.328 thousand. These conditions, along with other matters as set forth in note 44, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. Also, we draw attention to note 44, which refers to the going concern basis of preparation which was more suitable, irrespectful of the facts mentioned above. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, L.42(I)/2009, as amended from time to time ("Law 42(I)/2009"), we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of these books.
- The consolidated and the separate financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated and separate financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the consolidated and separate management report presented on pages 3 to 7, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated and separate financial statements.
- In our opinion and in accordance with the understanding of the enterprise and its environment that we have obtained in the course of our audit, we have not identified material misstatements in the consolidated and separate management report.

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 consolidated and separate management report.

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 Law 42(I)/2009 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.

Haris A. Kakoullis, CPA
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

22 December 2016

LOUIS PLC

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 €'000	2014 Restated €'000
Revenue	4,5	96.599	92.913
Operating expenses		(35.048)	(31.602)
Personnel costs		(29.440)	(28.489)
Selling and administrative expenses		(3.395)	(2.247)
		(67.883)	(62.338)
Operating profit before interest, taxes, depreciation, amortisation and hotel rent expenses		28.716	30.575
Hotel rents		(10.332)	(9.569)
Depreciation	14	(7.316)	(7.870)
Lease amortisation charges	15	(688)	(688)
Other amortisation charges		347	324
Profit from operations	6	10.727	12.772
Impairment charge on assets	8	(3.796)	-
Write offs and provisions for bad and doubtful debts	9	(44.398)	-
Provision for recognition of obligation in relation to corporate guarantees	25	(62.200)	-
Loss from provisions		(110.394)	-
Finance income		2.271	2.671
Finance expenses		(13.591)	(13.310)
Net finance expenses	7	(11.320)	(10.639)
Share of profit from investment in associate company	35	218	173
(Loss)/profit before tax		(110.769)	2.306
Tax	10	(4.815)	2.856
(Loss)/profit for the year from continued operations		(115.584)	5.162
Discontinued operations			
Profit/(loss) from discontinued operations	12	2.928	(6.187)
Loss for the year		(112.656)	(1.025)
Loss for the year attributable to:			
Owners of the Company		(111.348)	(514)
Non-controlling interest		(1.308)	(511)
Loss for the year		(112.656)	(1.025)
(Loss)/profit per share			
Basic and fully diluted (loss)/basic and fully diluted profit per share (€ cent)			
Continued operations		(24,81)	1,23
Discontinued operations		0,64	(1,34)
	13	(24,17)	(0,11)

The notes on pages 23 to 112 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 €'000	2014 €'000
Loss for the year		(112.656)	(1.025)
Other comprehensive income			
Items that are or may be reclassified to the consolidated profit or loss			
Profit/(loss) from cash flow hedges	31	3.360	(798)
Exchange difference from translation of foreign subsidiary company's financial statements		23	19
		3.383	(779)
Items that will never be reclassified to the consolidated profit or loss			
Revaluation of properties		88	111
Deferred tax on revaluation		(22)	(30)
Effect from acquisition of company which was under common control		(159)	(995)
Adjustments to the obligations for employee benefits	33	83	(233)
Deferred tax due on adjustments to the obligations for employee benefits	29	(24)	62
Increase in deferred tax due to the change in corporation tax rate from 26% to 29%		(319)	-
		(353)	(1.085)
Other comprehensive income for the year		3.030	(1.864)
Total comprehensive income for the year		(109.626)	(2.889)
Total comprehensive income attributable to:			
Owners of the Company		(108.318)	(2.375)
Non-controlling Interest		(1.308)	(514)
Total comprehensive income for the year		(109.626)	(2.889)

The notes on pages 23 to 112 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 €'000	2014 €'000
Assets			
Vessels, property, plant and equipment	14	222.765	474.154
Hotel leases	15	20.883	21.571
Amounts due from related parties	36	-	49.570
Other assets	16	-	402
Investment in associate company	35	16.049	15.833
Non-current assets		259.697	561.530
Inventories	17	2.386	10.991
Trade and other receivables	18	11.437	20.558
Amounts due from related parties	36	416	10.053
Blocked bank deposits	19	10.776	9.521
Cash and cash equivalents	20	16.225	19.954
Current assets held for sale	22	278.648	-
Current assets		319.888	71.077
Total assets		579.585	632.607
Equity			
Share capital	23	78.293	78.293
Reserves	24	(117.864)	(9.521)
Equity attributable to the owners of the Company		(39.571)	68.772
Non-controlling interest		(5.433)	(4.121)
Total equity		(45.004)	64.651
Liabilities			
Borrowings	25	156.022	104.262
Finance lease obligations	26	22.805	192.602
Amounts due to related parties	36	-	8.392
Other liabilities	27	1.230	1.261
Deferred income	28	3.675	8.688
Deferred tax	29	31.558	28.294
Non-current liabilities		215.290	343.499
Bank overdrafts	20	28.028	32.532
Borrowings	25	77.994	94.768
Finance lease obligations	26	2.964	34.263
Trade and other payables	30	12.521	30.462
Derivative financial instruments	31	-	3.181
Amounts due to related parties	36	801	11.768
Deferred income	28	4.345	12.563
Taxation due	32	3.702	4.920
Liabilities held for sale	22	278.944	-
Current liabilities		409.299	224.457
Total liabilities		624.589	567.956
Total equity and liabilities		579.585	632.607

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 22 December 2016.

____
Costakis Loizou
Chairman, Executive director

____
Christos Mavrellis
Director

The notes on pages 23 to 112 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Note	Share capital €'000	Share premium €'000	Hedging reserve €'000	Property revaluation reserve €'000	Employees defined benefits €'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 2015		78.293	94.301	(3.360)	18.422	162	197	364	(119.607)	68.772	(4.121)	64.651
Total comprehensive income for the year												
Loss for the year		-	-	-	-	-	-	-	(111.348)	(111.348)	(1.308)	(112.656)
Other comprehensive income												
Profit from cash flow hedges	31	-	-	3.360	-	-	-	-	-	3.360	-	3.360
Exchange difference from translation of foreign subsidiary company's financial statements		-	-	-	-	-	24	-	(1)	23	-	23
Effect on retained earnings from merger with related company		-	-	-	-	-	-	-	(159)	(159)	-	(159)
Deferred tax on revaluation		-	-	-	(22)	-	-	-	-	(22)	-	(22)
Transfer of additional depreciation from revaluation		-	-	-	(67)	-	-	-	67	-	-	-
Revaluation		-	-	-	88	-	-	-	-	88	-	88
Increase in deferred tax due to the change in corporation tax rate from 26% to 29%		-	-	-	(312)	(7)	-	-	-	(319)	-	(319)
Adjustments to obligations for employee benefits	33	-	-	-	-	83	-	-	-	83	-	83
Deferred tax adjustments on liabilities for employee benefits	29	-	-	-	-	(24)	-	-	-	(24)	-	(24)
Other comprehensive income for the year		-	-	3.360	(313)	52	24	-	(93)	3.030	-	3.030
Total comprehensive income for the year		-	-	3.360	(313)	52	24	-	(111.441)	(108.318)	(1.308)	(109.626)
Transactions with owners recognised directly in equity												
Contributions and distributions with owners of the Company												
Dividend paid		-	-	-	-	-	-	-	-	-	(4)	(4)
Expenses for increasing authorised share capital and issuance of shares		-	-	-	-	-	-	-	(25)	(25)	-	(25)
Total contributions and distributions with owners of the Company		-	-	-	-	-	-	-	(25)	(25)	(4)	(29)
Total transactions with owners recognised directly in equity		-	-	-	-	-	-	-	(25)	(25)	(4)	(29)
Balance 31 December 2015		78.293	94.301	-	18.109	214	221	364	(231.073)	(39.571)	(5.433)	(45.004)

The notes on pages 23 to 112 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

		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 €'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 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		-	-	-	-	-	-	-	(514)	(514)	(511)	(1.025)
Other comprehensive income												
Loss from cash flow hedges	31	-	-	(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	34	-	-	-	-	-	-	-	(992)	(992)	(3)	(995)
Adjustments to obligations for employee benefits	33	-	-	-	-	(233)	-	-	-	(233)	-	(233)
Deferred tax adjustments on liabilities for employee benefits	29	-	-	-	-	62	-	-	-	62	-	62
Other comprehensive income for the year		-	-	(798)	14	(171)	19	-	(925)	(1.861)	(3)	(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	34	-	-	-	-	-	-	-	-	-	(3.673)	(3.673)
Acquisition of a jointly controlled company												
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 23 to 112 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 €'000	2014 €'000
Cash flows from operating activities			
Loss before taxation		(107.841)	(3.881)
Adjustments for:			
Depreciation	14	26.126	25.689
Lease amortisation charges	15	688	688
Other amortisation and impairment charges		(347)	(324)
Impairment charge on assets	8	3.796	-
Loss from the write off of equipment		59	236
Unrealised exchange gain		5.007	4.338
Loss from disposal of equipment		2	7
Write offs and provisions for bad and doubtful debts	9	44.398	-
Provision for recognition of obligation in relation to corporate guarantees	25	62.200	-
Cost of employees' benefits scheme	33	86	122
Share of loss from equity accounted- investees		(218)	2.822
Interest income		(1.883)	(2.313)
Interest expense		24.859	25.329
Cash flows from operating activities before working capital changes		56.932	52.713
Increase in inventories		(5.741)	(2.319)
Increase in trade and other receivables		(6.083)	(1.821)
Decrease in trade and other payables		10.638	3.386
(Decrease)/increase in deferred income		(1.845)	4.802
Decrease in other assets		237	289
Decrease in other liabilities		(3)	(3.264)
Net movement in amounts due from related parties		(2.232)	1.086
Benefits paid in relation to employees' benefits scheme	33	(27)	(54)
Cash flows from operating activities		51.876	54.818
Taxation paid		(3.121)	(1.273)
Net cash flows from operating activities		48.755	53.545
Cash flows from investing activities			
Payments for acquisition of vessels, property, plant and equipment	14	(25.497)	(22.403)
Proceeds from disposal of vessels, property, plant and equipment		231	-
Dividend received	35	78	187
Net cash outflow from acquisition of a company under common control	34	-	(110)
Payment for acquisition of investment in joint venture	34	-	(3.583)
Payments for derivative financial instruments		-	(180)
Interest received		1.883	2.313
Net cash flow used in investing activities		(23.305)	(23.776)
Cash flow from financing activities			
Proceeds from issue of new borrowings	25	2.800	2.390
Repayments of borrowings and finance lease obligations		(18.458)	(6.172)
Blocked bank deposits		(1.483)	(1.343)
Interest paid		(12.616)	(12.173)
Net cash flow from discontinued operation transferred to assets held for sale	12	5.704	-
Net cash flow used in financing activities		(24.053)	(17.298)
Effect of exchange rate fluctuations on cash and cash equivalents		(622)	550
Net increase in cash and cash equivalents		775	13.021
Cash and cash equivalents at the beginning of the year		(12.578)	(25.599)
Cash and cash equivalents at the end of the year		(11.803)	(12.578)
Cash and cash equivalents consist of:			
Cash in hand and at bank	20	16.225	19.954
Bank overdrafts	20	(28.028)	(32.532)
		(11.803)	(12.578)

The notes on pages 23 to 112 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 €'000	2014 €'000
Revenue	4,5	27.071	1.505
Personnel costs		(362)	(662)
Depreciation	14	(67)	(61)
Administrative and other expenses		(186)	(281)
		(615)	(1.004)
Profit from operations	6	26.456	501
Impairment charge on investments in subsidiary companies	37	(35.202)	-
Write offs and provisions for bad and doubtful debts	9	(64.812)	-
		(100.014)	-
Finance income		214	325
Finance expenses		(8.123)	(10.585)
Net finance expenses	7	(7.909)	(10.260)
Loss before taxation		(81.467)	(9.759)
Taxation	10	-	(78)
Loss for the year		(81.467)	(9.837)
Basic and fully diluted loss per share (€ cent)	13	(17,69)	(2,14)

The notes on pages 23 to 112 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	2015 €'000	2014 €'000
Loss for the year		(81.467)	(9.837)
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Profit from cash flow hedges	31	857	1.705
Other comprehensive income		857	1.705
Total comprehensive income for the year		(80.610)	(8.132)

The notes on pages 23 to 112 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 €'000	2014 €'000
Assets			
Equipment	14	422	429
Amounts due from subsidiary companies	36	-	2.740
Amounts due from Parent and other related parties	36	-	40.434
Investment in associate company		9.746	9.743
Investments in subsidiary companies	37	113.729	93.729
Non-current assets		123.897	147.075
Trade and other receivables	18	295	2.481
Amounts due from subsidiary companies	36	24.208	97.443
Amounts due from Parent and other related parties	36	348	367
Cash and cash equivalents	20	31	72
Current assets		24.882	100.363
Total assets		148.779	247.438
Equity			
Share capital	23	78.293	78.293
Reserves	24	(68.729)	11.881
Total equity		9.564	90.174
Liabilities			
Borrowings	25	64.695	63.832
Amounts due to subsidiary companies	36	310	11.269
Amounts due to Parent and other related parties	36	-	7.673
Non-current liabilities		65.005	82.774
Bank overdrafts	20	16.556	14.452
Borrowings	25	55.741	52.979
Trade and other payables	30	930	548
Derivative financial instruments	31	-	3.181
Amounts due to Parent and other related parties	36	314	2.661
Taxation due	32	669	669
Current liabilities		74.210	74.490
Total liabilities		139.215	157.264
Total equity and liabilities		148.779	247.438

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 22 December 2016.

Costakis Loizou	Christos Mavrellis
Chairman, Executive Director	Director

The notes on pages 23 to 112 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	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 2015		78.293	94.301	364	(857)	(25.965)	(55.962)	90.174
Total comprehensive income for the year								
Loss for the year		-	-	-	-	-	(81.467)	(81.467)
Other comprehensive income								
Profit from cash flow hedges	31	-	-	-	857	-	-	857
Other comprehensive income		-	-	-	857	-	-	857
Total comprehensive income for the year		-	-	-	857	-	(81.467)	(80.610)
Balance 31 December 2015		78.293	94.301	364	-	(25.965)	(137.429)	9.564

The notes on pages 23 to 112 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	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	31	-	-	-	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 23 to 112 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 €'000	2014 €'000
Cash flows from operating activities			
Loss before taxation		(81.467)	(9.759)
Adjustments for:			
Depreciation	14	67	61
Unrealised exchange gain		(214)	(323)
Loss from change in fair value of derivative financial instruments	31	200	2.504
Impairment charge on investments in subsidiary companies	37	35.202	-
Write offs and provision for bad and doubtful debts	9	64.812	-
Profit on disposal of equipment		5	-
Interest income		-	(1)
Interest expense		7.923	8.081
Cash flows from operating activities before working capital changes		26.528	563
Increase in trade and other receivables		(690)	(1.460)
Increase/(decrease) in trade and other payables		379	(259)
Net movement in amounts due from/to subsidiary companies		(22.544)	4.847
Net movement in amounts due from/to Parent and other related parties		(985)	(719)
Net cash flow from operating activities		2.688	2.972
Cash flows from investing activities			
Payments for acquisition of equipment	14	(65)	(6)
Payments for the acquisition of associate company		-	(21)
Interest received		-	1
Net cash flow used in investing activities		(65)	(26)
Cash flows from financing activities			
Repayments of borrowings		-	(123)
Payments for derivative financial instruments		(283)	(180)
Interest paid		(4.484)	(5.608)
Net cash flow used in financing activities		(4.767)	(5.911)
Effect of exchange rate fluctuations on cash and cash equivalents		(1)	3
Net decrease in cash and cash equivalents		(2.145)	(2.962)
Cash and cash equivalents at the beginning of the year		(14.380)	(11.418)
Cash and cash equivalents at the end of the year		16.525	(14.380)
Cash and cash equivalents consist of:			
Cash in hand and at bank	20	31	72
Bank overdrafts	20	(16.556)	(14.452)
		(16.525)	(14.380)

The notes on pages 23 to 112 form an integral part of these 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 2015

1. INCORPORATION AND PRINCIPAL ACTIVITIES

General
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").

Principal activities
The principal activities of the Group during 2015 continued to include the operation of cruises, the charter hire of vessels to third parties and the ownership, operation and management of hotel units, the acquisition and disposal of movable and immovable property, the construction, management and administration of cottages, as well as the provision of financial facilities to subsidiaries or related companies of the Group.

On 11 March 2016, the debt restructuring process of Celestyal Cruises group ("Celestyal Cruises") was completed, which had as a result the loss of control of Celestyal Cruises from the Group. The cruising operation of the Group is presented as discontinued operation as at the reporting date.

2. BASIS OF PREPARATION

(a) Statement of compliance
The consolidated and separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113, the Cyprus Stock Exchange Laws and the Transparency Requirements (Traded Securities in Regulated Market) Law of 2007 to 2014, N.190(I)/2007.

(b) 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.

The financial statements for the year ended 31 December 2015 consist of the separate financial statements of the Company, and the consolidated financial statements of the Company and its subsidiaries which together are referred to as the "Group".

2. BASIS OF PREPARATION (continued)

(c) Going concern basis

The consolidated and separate financial statements of the Company were prepared on a going concern basis.

The Board of Directors has assessed the ability of the Group and the Company to continue as a going concern, taking into account the available information for the twelve months following the date of approval of these consolidated and separate financial statements of the Company. Based on that assessment, as stated in the note 44 of the consolidated and separate financial statements of the Company, the Board of Directors is satisfied that the consolidated and separate financial statements can be prepared on a going concern basis.

(d) Basis of presentation and functional currency

The consolidated and separate financial statements are presented in Euro ('€'), which is the main currency used and presents best the substance of the transactions and activities of the Company and its subsidiary companies. 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 IFRSs, requires from Management, the exercise of judgment, to make estimates and assumptions that influence the application of the Group's accounting policies and the reported 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 based on the facts and the results of which determine the basis in which judgment is exercised in relation to the accounting values of assets and liabilities, which are not directly visible from other sources. Actual results may deviate from these estimates.

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

The Group and the Company make estimates and assumptions concerning the future. As a result, the accounting estimates are rarely equal to the actual results. The estimates and assumptions that might cause material adjustment in the carrying amounts assets and liabilities during the next financial year are presented below:

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgments (continued)

Provisions for bad and doubtful debts

The Group and the Company examine in every reporting date if there are indications regarding the recoverability of the amounts receivable from trade and other receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. If such indication exists, the recoverable amount is estimated and a provision for bad and doubtful debts is made. The amount of the provision is recognised in the statement of comprehensive income.

The revision of the credit risk is continuous and the methodology and assumptions used for estimating the provision for bad and doubtful debts are reviewed regularly and adjusted accordingly.

Taxation

The Group and the Company are subject to corporation tax in accordance with the legislation and the tax rates applicable in Cyprus and in Greece. For specific transactions and calculations, the final tax computation is uncertain. The Group and the Company recognise liabilities for foreseeable tax matters based on estimates of whether additional tax will arise. Where the final tax assessment of these matters is different from the amount originally recognised, the differences will affect the provision for corporation tax and deferred tax in the period of assessment.

Impairment of investments in subsidiaries/associates

The Group and the Company evaluates the recoverability of investments in subsidiaries/ associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries/associates may be impaired, the estimated future undiscounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

Retirement benefits

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on plan assets, future salary increases, mortality rates and future pension increases where necessary. The Group sets these assumptions based on market expectations at the reporting date using best-estimates for each parameter covering the period over which obligations are to be settled (see note 33).

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgments (continued)

Vessels, property, plant and equipment
Described in note 14 of consolidated and separate financial statements.

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 categorised 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 categorised 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 recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2015

2. BASIS OF PREPARATION (continued)

(f) Adoption of new and revised IFRS and Interpretations as adopted from the European Union (EU)

During the current year, the Company and the Group adopted all changes to IFRSs which are relevant to their operations and are effective for accounting periods beginning on 1 January 2015.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2015. Those which may be relevant to the Company and the Group are set out below. The Company and the Group do not plan to adopt these Standards before their applicable date. The Company and the Group at this stage assess the impact of changes in the consolidated and separate financial statements of the Company.

(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 February 2015).* These amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, they permit a practical expedient if the amount of the contributions is independent of the number of years of service. The amendments are intended to provide relief in that entities are allowed to deduct contributions from service cost in the period in which the service is rendered.

- *Annual Improvements to IFRSs 2010-2012 (effective for annual periods beginning on or after 1 February 2015).* These amendments impact seven standards. The amendments to IFRS 2 amend the definitions of "vesting condition" and "market condition" and add definitions for "performance condition" and "service condition" that previously formed part of the definition of "vesting condition". The amendments to IFRS 3 clarify that contingent consideration which is classified as an asset or a liability should be measured at fair value at each reporting date. The amendments to IFRS 8, require disclosure of judgments made by management in applying the aggregation criteria to operating segments. They also clarify that an entity is only required to provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. Amendments to IFRS 13 clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial. The amendments to IAS 16 and IAS 38 clarify that when an item of property, plant and equipment or an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. Finally, the amendments to IAS 24 clarify that when an entity is providing key management personnel services to the reporting entity or to the parent of the reporting entity it is considered a related party of the reporting entity.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2015

2. BASIS OF PREPARATION (continued)

(f) Adoption of new and revised IFRS and Interpretations as adopted from the European Union (EU (continued)

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

- *IAS 27 (Amendments) "Equity method in separate financial statements" (effective for annual periods beginning on or after 1 January 2016).* The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- *IAS 1 (Amendments): Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).* The amendments introduce changes in various areas. In relation to materiality the amendments clarify that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. In relation to the statement of financial position and statement of profit or loss and other comprehensive income, the amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and provide additional guidance on subtotals in these statements. They also clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss. In relation to the notes to the financial statements the amendments add additional guidance of ordering the notes so as to clarify that understandability and comparability should be considered when determining the order of the notes in order to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

- *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).* In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. However, in relation to intangible assets, the IASB stated that there are limited circumstances when the presumption can be overcome. This is applicable when the intangible asset is expressed as a measure of revenue and it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated.

2. BASIS OF PREPARATION (continued)

(f) Adoption of new and revised IFRS and Interpretations as adopted from the European Union (EU (continued)

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

- *Annual Improvements to IFRSs 2012–2014, Cycle* (*effective for annual periods beginning on or after 1 January 2016*). The amendments impact four standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from 'held for sale' to 'held for distribution' or vice versa) does not constitute a change to a plan of sale ore distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS7. The amendment also clarifies that the offsetting disclosures of IFRS7 are not specifically required for all interim periods, unless required by IAS34. The amendment to IAS19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS34 will require a cross reference from the interim financial statements to the location of 'information disclosed elsewhere in the interim financial report'.

- *IFRS 11 (Amendments) "Accounting for acquisitions of interests in Joint Operations" (Amendments) (effective for annual periods beginning on or after 1 January 2016).* This amends IFRS 11 such that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles of business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11.

- *IFRS 10, IFRS 12 and IAS 28 (Amendments) "Investment Entities: Applying the Consolidation Exception" (effective for annual periods beginning on or after 1 January 2016).* The amendments will address issues that arose in the context of applying the consolidation exception for investment entities. The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. In addition, it clarifies that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. Furthermore it is clarified that when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. Finally, it confirmed that an investment entity measuring all of its subsidiaries at fair value is required to provide disclosures relating to investment entities as required by IFRS 12.

2. BASIS OF PREPARATION (continued)

(f) Adoption of new and revised IFRS and Interpretations as adopted from the European Union (EU (continued)

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

- *IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).* IFRS 9 replaces the existing guidance in IAS 39. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39

- *IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2018).* IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 "Revenue", IAS 11 "Construction Contracts" and IFRIC 13 "Customer Loyalty Programs".

(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 14 is expected to specify the financial reporting requirements for regulatory deferral account balances that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation. IFRS 14 will permit an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for "regulatory deferral account balances" in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

- *IAS 7 (Amendments) "Disclosure Initiative" (effective for annual accounting periods beginning on or after 1 January 2017).* The amendments are intended to clarify IAS 7 and improve information provided to users for an entity's financing activities. The amendments will require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes.

2. BASIS OF PREPARATION (continued)

(g) Adoption of new and revised IFRS and Interpretations as adopted from the European Union (EU (continued)

(ii) Standards and Interpretations not adopted by the EU *(continued)*

- *IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual accounting periods beginning on or after 1 January 2017.* The amendments will give clarifications in relation to the recognition of a deferred tax asset that is related to a debt instrument measured at fair value. Additionally, it clarifies that the carrying amount of an asset does not limit the estimation of probable future taxable profits and that estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. Finally, it clarifies that an entity assesses a deferred tax asset in combination with other deferred tax assets. Finally, where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

  Finally, it clarifies that an entity assesses a deferred tax asset in combination with other deferred tax assets. Finally, where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

- *IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).* IFRS 16 will supersede IAS 17 and related interpretations. The new standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however will remain largely unchanged and the distinction between operating and finance leases is retained.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all the years presented in these consolidated and separate financial statements of the Company. The accounting policies have been consistently applied by all the Group companies and, except were 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 income statement 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)
Subsidiary companies (continued)
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 38 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 shareholders acting in their capacity as shareholders. 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.

Associate companies
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. Investments in associates are initially recognised at cost, which includes transactions costs, and are accounted for using the equity method.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 'Non-current assets held for sale and discontinued operations'. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. 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 recognising 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Aassociate companies (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases .

The investment of the Group in associated companies is presented in note 35 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 unrealised income and expenses arising from intra group transactions are eliminated in preparing consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Company's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest

The non-controlling interests in the profit and loss and in the equity of the subsidiaries are presented separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of financial position.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 segments 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

(i) Functional currency

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").

(ii) Transactions and balances

Foreign currency transactions are translated into respective functional currencies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

The financial results of foreign subsidiary companies are translated into Euro based on the average exchange rate during the year. In the consolidated statement of financial position, all assets and liabilities are translated into Euro based on the exchange rate prevailing at the consolidated statement of financial position. 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, bank overdrafts, interest payable on finance lease obligations, creditors' interest, losses on financial instruments that are recognised in profit or loss and bank charges. Finance expenses, except bank charges are recognised in the results based on effective interest rate method. Bank charges are recognised as expenses in the results at the date which are due.

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

Tax

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

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax (continued)

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Currently enacted tax rates are used in the determination of deferred tax.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Vessels, property, plant and equipment

(i) Vessels

The carrying value of the Group's vessel represents its original cost at the time it was delivered or purchased less depreciation calculated using an estimated useful life of years from the date the vessel was originally delivered or purchased.

The carrying value of the Group's vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of new buildings. Historically, both charter rates and vessel values tend to be cyclical. The Group records impairment losses only when events occur that cause the Group to believe that future cash flows for the vessels will be less than their carrying value. The carrying amount of a vessel held and used by the Group is reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of the vessel may not be fully recoverable. In such instances, an impairment charge would be recognised if the estimate of the discounted future cash flows expected to result from the use of the vessel and its eventual disposition is less than the vessel's carrying amount.

Depreciation is calculated using the straight-line method, by deducting the vessels estimated residual value. The average expected economic life of the Group's vessels and their estimated residual value is mainly based on the estimated weighted average useful economic life and the residual value of their significant components, such as cabins, engines, superstructure and hull. The Group has estimated that the useful life of its vessels is 30 years less 10% residual value.

The actual life of a vessel may be different. If the economic life assigned to the vessel proves to be too long because of new regulations or other future events, higher depreciation expense and impairment losses could result in future periods related to a reduction in the useful life of the vessel.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Vessels, property, plant and equipment (continued)

(ii) Property, plant and equipment

Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.

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:

Buildings	1%
Building renovations	10%
Furniture and equipment	10% - 33%
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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Vessels, property, plant and equipment (continued)

(ii) Property, plant and equipment (continued)

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. When revalued assets are sold, the amounts included in the fair value reserves 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.

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 recognise its interest in a jointly controlled entity using the ‘proportionate consolidation’ method (refer to “*Associate companies*” in “Basis of consolidation” above).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint operation

The Group’s share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Any goodwill arising on the acquisition of the Group's interest in a jointly operation is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the Group transacts with a joint operation, unrealised profits and losses are eliminated to the extent of the Group’s interest in the joint operation.

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.

Earnings per share

The Group and the Company present the basic earnings per share for their ordinary shares. Basic earnings per share are estimated by dividing profit or loss attributed to the owners of the Company with the weighted average number of shares that were issued during the year.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held for sale (continued)
Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Derivative financial instruments
The Group and the Company hold derivative financial instruments to hedge 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Impairment of assets
The carrying amount of the Group's and Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment in the value of the assets. If such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is determined as the higher of its net selling price in an arm's length transaction and the present value of the estimated future cash flows from the continued use of the asset and its sale at the end of its useful life. When the recoverable amount of an asset is lower than its carrying amount, this decrease is recognised as an expense in the statement of comprehensive income of the year. Where assets are presented at their revalued amounts, the permanent decrease is debited to the revaluation reserve. The amount of impairment that is not covered by the accumulated surpluses in the revaluation reserve for the specific asset is recognised in the statement of comprehensive income of the year.

In case that in future accounting periods the amount of impairment that corresponds to the remaining assets decreases due to events that occurred after the recognition of the impairment, the corresponding amount is reversed through the statement of comprehensive income.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

Other non-financial assets (continued)

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.

Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognised when*:*

- the contractual rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are measured at the lower of cost and net realisable value. The net realizable value is based on the estimated selling price during the normal course of business less any additional expenses expected to occur by the inventories date of sale. 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.

When considered necessary provision is made for defective and obsolete items or slow moving inventory, where this is applicable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Trade and other receivables
Trade and other receivables are presented at their nominal value less provision for bad and doubtful debts, which is estimated based on a review of all outstanding balances at the year end. Bad and doubtful debts are written off when identified. The provision for bad and 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's and the Company's cash management.

Share capital
(i) Ordinary share capital
Ordinary shares that have been issued and paid are classified as equity.

Sundry costs relating to the issue of new shares, except in the case of acquisitions, are recognised as a deduction from the share premium. Share capital issue costs that relate to acquisitions are included in the acquisition cost.

(ii) Share premium
The share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be used for limited purposes which do not include the distribution of dividends and is otherwise subject to the provisions of the Cyprus Companies Law regarding the reduction of share capital.

(iii) Dividend
The distribution of dividend to the owners of the Company is recognised as a liability in the financial statements in the year in which the dividend are approved by the owners of the Company.

Borrowings
Borrowings are initially recognised at their fair value after the deduction of transaction costs. Borrowings are then measured at amortised cost. Any difference between the receipts (after the deduction of transaction costs) and the repayment amount is recognised in the statement of comprehensive income during the period of the borrowing using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

At inception of an arrangement, the Group determines whether an arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset, subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases - The Group as lessor

The leases of the Group are classified as finance leases, if they transfer to the Group substantially all the risks and rewards incidental to ownership of an asset. The Group recognises a finance lease as an asset and liability at the lower of the fair value of the leased asset and the present value of minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

The payments are apportioned between the finance expenses and the decrease of the finance lease obligations based on the effective interest method.

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income (continued)

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.

Employee benefits

The Group and the Company operate a number of Provident Funds for their employees as disclosed in note 33 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other payables
Trade and other payables are initially recognised at their fair value and subsequently measured at amortised cost. Trade and other payables are classified as current liabilities unless the Group and the Company has the right, unconditionally, to postpone the repayment of the liabilities for at least twelve months after the reporting date.

Discontinued operation
A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:
- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations;
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Provisions
A provision is recognised in the statement of financial position, when the Group or the Company has a present legal or constructive obligation as a result of past events, from which it is probable that a future 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 consolidated statement of financial position if, and only if, the Group has the 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.

Events after the reporting date
Assets and liabilities are adjusted for events which occurred in the period between the reporting date and the date the financial statements are approved by the Board of Directors, when these events provide additional information for the estimation of amounts relating to conditions existing at the reporting date or indicate that the going concern principle for the Group or the Company or a part of them is not appropriate.

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

4. REVENUE

Income from the operation of hotels which represents amounts invoiced and services rendered to customers during the year after the deduction of discounts, commissions and returns. 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.

The Company's revenue comprises interest income and dividend.

Revenue from operations are analysed as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Revenue from hotel operations	96.554	92.862	-	-
Other income	45	51	-	-
Dividend receivable	-	-	26.670	807
Interest income	-	-	401	698
	96.599	92.913	27.071	1.505

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2015

5. OPERATING SEGMENTS

GROUP

Information on reportable operating segments

	Crusing and other operations		Hotel operations		Total	
	2015	2014 *Restated	2015	2014	2015	2014 * Restated
	€'000	€'000	€'000	€'000	€'000	€'000
Revenue from operations	151.667	144.519	96.554	92.862	228.367	237.381
Inter-segment reportable revenue	78	808	-	-	78	808
Finance income	1.570	1.063	750	1.931	2.320	2.994
Finance expense	(20.446)	(20.685)	(4.463)	(4.963)	(24.909)	(25.648)
Depreciation, amortisation and impairment charges	(19.410)	(17.925)	(7.064)	(8.128)	(26.474)	(26.053)
Reportable segment (loss)/profit before taxation	(43.943)	(17.434)	(60.242)	13.567	(104.185)	(3.867)
Other significant items:						
Share of profit from associate company	218	173	-	-	218	173
Impairment charge on assets	(3.796)	-	-	-	(3.796)	-
Write offs and provisions for bad and doubtful debts	(44.398)	-	-	-	(44.398)	-
Provision for recognition of obligation in relation to corporate guarantees	-	-	(62.200)	-	(62.200)	-
Investment in associate company	16.049	15.833	-	-	16.049	15.833
Additions of vessels, property, plant and equipment	19.241	19.580	6.257	2.823	25.498	22.403
Reportable segment assets	390.562	437.269	172.974	179.505	563.536	616.774
Reportable segment liabilities	425.688	428.035	198.901	139.921	624.589	567.956

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5. OPERATING SEGMENTS (continued)

GROUP (continued)

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

	Note	2015 €'000	2014 *Restated €'000
Revenue			
Total revenue of reportable segments		248.221	237.382
Elimination of inter-segment reportable revenue		(78)	(808)
Elimination of discontinued operations	12	(151.544)	(143.661)
Revenue as per financial statements		96.599	92.913
Loss before taxation			
Total reportable segment loss		(104.185)	(3.867)
Elimination of inter-segment reportable revenue		(78)	(187)
Share of profit from associate company		218	173
Impairment charge on assets		(3.796)	-
Elimination of discontinued operations	12	(2.928)	6.187
(Loss)/profit before taxation as per financial statements		(110.769)	2.306
Assets			
Total reportable segment assets		563.536	616.774
Investment in associate company		16.049	15.833
Assets as per financial statements		579.585	632.607
Liabilities			
Liabilities as per financial statements		624.589	567.956

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

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5. OPERATING SEGMENTS (continued)

GROUP (continued)

Other significant items

	2015				2014			
	Reportable segments totals €'000	Reconciliation €'000	Elimination of discontinued operations €'000	Consolidated totals €'000	Reportable segments totals €'000	Reconciliation €'000	Elimination of discontinued operations €'000	Consolidated totals €'000
Finance income	2.320	(49)	-	2.271	2.994	(319)	(4)	2.671
Finance expense	(24.909)	49	11.269	(13.591)	(25.648)	319	12.019	(13.310)
Additions of vessels, property plant and equipment	25.498	-	-	25.498	22.403	-	-	22.403
Depreciation, amortisation and impairment charges	(26.475)	-	18.818	(7.657)	(26.053)	-	17.818	(8.235)
Impairment charge on assets	(3.796)	-	-	(3.796)	-	-	-	-
Write offs and provisions for bad and doubtful debts	(44.398)	-	-	(44.398)	-	-	-	-
Provision for recognition of obligation in relation to corporate guarantees	(62.200)	-	-	(62.200)	-	-	-	-

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2015

5. OPERATING SEGNMENTS (continued)

GROUP (continued)

Information per geographical segment

(i) Cruising and other operations

	Revenue 2015 €'000	Revenue 2014 *Restated €'000
Cyprus	4.206	6.088
Greece	69.762	55.927
Other countries	77.699	82.504
	151.667	144.519

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	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Cyprus	53.260	49.673	77.775	84.436
Greece	43.294	43.189	154.565	154.485
	96.554	92.862	232.340	238.921

* As a result of the loss of control of the Celestyal Cruises group (crusing activities-see notes 12 and 22), the Group restated its operating segments for the year ended 31 December 2014.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2015

6. PROFIT FROM OPERATIONS

The profit from operations is reported after debit/(credit) the following:

	GROUP		COMPANY	
	2015	2014 *Restated	2015	2014
	€'000	€'000	€'000	€'000
Independent auditors' remuneration	394	376	28	28
Auditors' remuneration for other non-audit services	93	98	117	87
Auditors' remuneration for taxation related advisory services	75	61	20	-
Remuneration of the members of the board of directors as:				
- executive directors	1.278	726	637	386
- non executive directors	13	14	13	14
Depreciation	7.316	7.870	67	61
Amortisation of leases	688	688	-	-
Amorisation and other impairment charges	(347)	(324)	-	-
Salaries and employee benefits	28.149	27.749	362	262

During the year, the average number of the employees of the Group was 1.985 (2014: 1.671) and of the Company 21 (2014: 21).

7. NET FINANCE EXPENSES

	GROUP		COMPANY	
	2015	2014 Restated	2015	2014
	€'000	€'000	€'000	€'000
Interest from Parent	1.217	976	-	-
Bank interest income	666	1.333	-	1
Exchange differences	388	362	214	324
Finance income	2.271	2.671	214	325
Interest to Parent	(467)	-	(467)	(441)
Interest to subsidiary companies	-	-	(23)	(26)
Interest on borrowings and finance lease obligations	(11.002)	(10.219)	(5.406)	(4.980)
Bank interest and charges	(1.359)	(1.650)	(1.264)	(1.186)
Creditors' and other interests	(763)	(1.441)	(763)	(1.448)
Loss from the change in fair value of derivative financial instruments	-	-	(200)	(2.504)
Finance expenses	(13.591)	(13.310)	(8.123)	(10.585)
Net finance expenses	(11.320)	(10.639)	(7.909)	(10.260)

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2015

8. IMPAIRMENT CHARGE ON ASSETS

GROUP

	2015 €'000	2014 €'000
Impairment charge on assets	3.796	-

The impairment charge on assets amounting to €3.796 thousand resulted from the impairment of the vessel Louis Aura (see note 14).

9. WRITE OFFS AND PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	Note	GROUP		COMPANY	
		2015 €'000	2014 €'000	2015 €'000	2014 €'000
Provision for bad and doubtful debts and write offs of net balances from related parties	36	5	-	32.335	-
Provision for bad and doubtful debts of net balances from Parent	36	43.841	-	31.925	-
Provision for other receivables	18	552	-	552	-
		44.398	-	64.812	-

10. TAXATION

	GROUP		COMPANY	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Corporation tax in Cyprus and Greece	1.779	2.910	-	-
Corporation tax from prior years	29	3		
Special defence contribution in Cyprus	95	120	-	-
Taxation on tax-free reserves in Greece	-	(5.365)	-	-
Deferred taxation	2.912	(602)	-	-
Capital gains tax – prior years	-	78	-	78
(Debit)/(credit) for the year	4.815	(2.856)	-	78

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For the year ended 31 December 2015

10. TAXATION (continued)

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Accounting (loss)/profit before taxation from continuing operations	(110.769)	2.306	(81.467)	(9.759)
Tax based on the applicable taxable rates	(16.793)	1.806	(10.183)	(1.219)
Tax effect of expenses not deductible for tax purposes	22.707	2.065	12.738	1.329
Tax effect of allowances and income not subject to tax	(5.069)	(1.001)	(3.489)	(150)
Prior year taxation	29	81	-	78
Special defence contribution for the year	95	120	-	-
Deferred taxation	2.912	(602)	-	-
Effect on taxable losses	934	40	934	40
Taxation on tax-free reserves in Greece	-	(5.365)	-	-
Taxation as per consolidated income statement	4.815	(2.856)	-	78

In Cyprus, the corporation tax rate for the year was 12,5% (2014:12,5%). 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, dividend received from abroad may be subject to special defence contribution at the rate of 17%.

Cypriot companies are subject to special defence contribution on rental income at the rate of 3% and on interest receivable at the rate of 30%. In such cases the interest is exempted from corporation tax.

In Greece, with the Law 4334/ 16/07/2015, which was passed in the House of Representatives increased the rate of income tax from 26% to 29% with effect from the year 2015. In 2014, the rate of income tax was 26%.

10. TAXATION (continued)

The deferred tax calculation for the year 2015 was made with 29% rate (2014: 26%) for Greek companies and 12,5% (2014: 12,5%) for Cypriot companies.

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.

11. DIVIDEND

GROUP AND COMPANY

The Board of Directors does not recommend the payment of a dividend for the year 2015.

12. DISCONTINUED OPERATIONS

GROUP

In December 2015, the Group decided to proceed with debt and other restructurings involving significant percentage reduction in conjunction with relevant terms in the shareholders' agreement, to an extent not maintaining control in Celestyal Cruises Ltd ('Celestyal Cruises'). On 11 March 2015, the debt restructuring of the Celestyal Cruises group was completed.

As a result of the loss of control, the results of the Celestyal Cruises group for the current and previous period are presented in the consolidated financial statements as discontinued operations.

Financial information presented in the consolidated income statement and cash flow:
(a) Results of discontinued operation

	2015 €'000	2014 €'000
Revenue	151.544	143.661
Expenses	(131.690)	(130.103)
Profit from operations	19.854	13.558
Finance and other expenses	(16.926)	(19.745)
Profit/(loss) from discontinued operations	2.928	(6.187)

(b) Cash flows from discontinued operations

	2015 €'000	2014 €'000
Cash flows from operating activities	30.968	33.666
Cash flows used in investing activities	(19.278)	(23.067)
Cash flows used in financing activities	(13.781)	(10.295)
Net cash flow for the year	(2.091)	304
Net cash flow movement of assets and liabilities classified as held for sale	(5.704)	(3.614)

Assets and liabilities of the Celestyal Cruises Ltd group in the consolidated financial statements as at 31 December 2015, are classified as "Assets and Liabilities held for sale" and are presented in detail in note 22 of the consolidated and separate financial statements of the Company.

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13. (LOSS)/EARNINGS PER SHARE

	2015 Continued operations €'000	2015 Discontinued Operations €'000	2015 Total €'000	2014 Continued operations €'000	2014 Discontinued operations €'000	2014 Total €'000
GROUP						
(Loss)/profit attributable to the owners (€'000)	(114.276)	2.928	(111.348)	5.673	(6.187)	(514)
Weighted average number of shares in issue and fully diluted during the year ('000)	460.547	460.547	460.547	460.547	460.547	460.547
Basic and fully diluted (loss)/profit per share (€ cent)	(24,81)	0,64	(24,17)	1,23	(1,34)	(0,11)

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

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13. (LOSS)/EARNINGS PER SHARE (continued)

	2015	2014
COMPANY		
Loss attributable to owners (€'000)	(81.467)	(9.837)
Weighted average number of shares in issue and fully diluted during the year ('000)	460.547	460.547
Basic and fully diluted loss per share (€ cent)	(17,69)	(2,14)

GROUP AND COMPANY

The loss per share as at 31 December is calculated by adjusting the weighted average number of shares in issue during the year, including the effect of every share transaction as it affects the loss per share as follows:

	Note	2015 '000	2014 '000
Weighted average number of shares in issue and fully diluted	23	460.547	460.547

On 31 December 2015 and 2014, the fully diluted losses per share are the same with the basic share because there were no warrants issued or other securities convertible to shares.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2015

14. VESSELS, PROPERTY, PLANT AND EQUIPMENT

GROUP	Note	Land and buildings €'000	Vessels €'000	Vessels under finance lease €'000	Furniture and equipment €'000	Clothing and kitchen utensils €'000	Computers €'000	Motor Vehicles €'000	Total €'000
2015									
Cost									
Balance 1 January		216.679	58.435	366.614	59.781	2.459	1.759	1.407	707.134
Additions		3.641	3.069	15.127	3.075	47	336	202	25.497
Impairment charge	8	-	(3.796)	-	-	-	-	-	(3.796)
Transfer to assets classified as held for sale	22	-	-	(381.741)	(1.520)	-	(1.559)	(209)	(385.029)
Disposals and write-offs		(3)	-	-	(1.052)	-	(376)	(74)	(1.505)
Balance 31 December		220.317	57.708	-	60.284	2.506	160	1.326	342.301
Depreciation and impairment charges									
Balance 1 January		17.421	43.769	119.926	49.266	-	1.425	1.173	232.980
Charge for the year		4.392	496	-	2.323	-	20	85	7.316
Charge for the year – discontinued operations		-	2.443	16.162	56	-	128	21	18.810
Transfer to assets classified as held for sale	22	-	-	(136.088)	(949)	-	(1.169)	(151)	(138.357)
Disposals and write-offs		-	-	-	(924)	-	(244)	(45)	(1.213)
Balance 31 December		21.813	46.708	-	49.772	-	160	1.083	119.536
Carrying amounts									
Balance 31 December		198.504	11.000	-	10.512	2.506	-	243	222.765

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2015

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

GROUP	Note	Land and buildings €'000	Vessels €'000	Vessels under finance lease €'000	Furniture and fittings €'000	Linen and kitchen €'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	34	1.064	-	-	178	-	-	-	1.242
Transfer from non-current assets held for sale	21	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	34	336	-	-	44	-	-	-	380
Transfer from non-current assets held for sale	21	-	-	-	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

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

COMPANY	Furniture and fittings €'000	Computers €'000	Motor vehicles €'000	Total €'000
2015				
Cost				
Balance 1 January	601	29	196	826
Additions	64	1	-	65
Disposals	(5)	-	-	(5)
Balance 31 December	660	30	196	886
Depreciation				
Balance 1 January	176	26	195	397
Charge for the year	65	1	1	67
Balance 31 December	241	27	196	464
Carrying amounts				
Balance 31 December	419	3	-	422
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

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

GROUP

The Group's land and buildings were revalued on 31 December 2015 by independent professional valuers. There was no significant difference between the revalued amount of the land and buildings of the Group compared to the net book value and as a result no change was made to the net book value.

The previous Group's land and buildings revaluation was made on 31 December 2012 by independent professional valuers. The €122 thousand surplus from the revaluations has been recognised in revaluation reserve, and the related provision for deferred tax has been calculated and recognised in revaluation reserve. At the same time, impairment of €337 thousand has been recognized in profit or loss of 31 December 2012.

The method used for estimating the fair value of the properties is the Comparative Method, which estimates the value of land, in combination with the Capitalization Method using discounted cash flows (DCF) for the total value of the hotel.

The major factors taken into consideration are as follows :

- Specific characteristics of properties and of the surrounding area .
- Supply and demand in the surrounding area.
- The nature of usage in the particular wider area .
- Location of the property .

The cost of land and buildings which are presented in revalued amount and their net book values based on the historical cost convention as at 31 December 2015 amounted to €197.735 thousand (2014:€197.132 thousand) and €166.516 thousand (2014:€167.270 thousand), respectively.

Renovation of buildings is included in land and buildings category. During 2015, additions valued at €1.017 thousand relating to renovations of the hotel unit of Ayios Elias are not subject to amortisation, as the Group is expected to start operating in May 2016.

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

GROUP

The Group leases vessels, property, plant and equipment under various finance lease agreements. On 31 December the net book value of each category of vessels, property, plant and equipment under finance leases is as follows:

	2015 €'000	2014 €'000
Net book value		
Land	9.150	9.150
Buildings	24.914	25.208
Vessels	-	246.688
	34.064	281.046

The immovable property and the vessels of the Group are used as collateral to obtain financing from financial institutions as presented in the notes 25 and 26 of the consolidated and separate financial statements of the Company.

15. HOTEL LEASES

GROUP

	2015 €'000	2014 €'000
Cost		
Balance 1 January and 31 December	31.609	31.609
Amortasation		
Balance 1 January	10.038	9.350
Charge for the year	688	688
Balance 31 December	10.726	10.038
Carrying amount		
Balance 31 December	20.883	21.571

Leases relates to the cost of securing hotel leases in Cyprus as determined on the acquisition date of 3 July 2000 on the basis of valuation by professional valuers.

16. OTHER ASSETS

GROUP

	2015 €'000	2014 €'000
Prepayments	-	391
Other assets	-	11
	-	402

Prepayments represents hotel rentals in Greece, following agreements entered into by companies of the Group.

17. STOCKS

GROUP

	2015 €'000	2014 €'000
Land	104	104
Fuels	188	1.306
Spare parts and consumables	691	3.583
Other inventories	1.403	5.998
	2.386	10.991

Other inventories represent inventories of 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 of the Group and the Parent from financial institutions amounting to €2.159 thousand.

18. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Trade receivables	15.332	17.539	-	-
Provision for bad and doubtful debts	(10.472)	(12.943)	-	-
	4.860	4.596	-	-
Other receivables and prepayments	6.577	15.962	295	2.481
	11.437	20.558	295	2.481
Short-term	11.437	20.558	295	2.481

18. TRADE AND OTHER RECEIVABLES (continued)

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Not past due nor impaired	448	22	-	-
Past due 1 - 30 days	794	518	-	-
Past due 31 – 120 days	2.925	2.863	-	-
More than 120 days	693	1.193	-	-
	4.860	4.596	-	-

Movement of the provision for bad and doubtful debts :

	GROUP	
	2015	2014
	€'000	€'000
Balance 1 January	12.943	12.915
Provision recognised for bad and doubtful debts	50	46
Debtors written off as non-collectible	(1.610)	(18)
Transfered to current assets held for sale	(911)	-
Balance 31 December	10.472	12.943

- The Group made a specific provision for doubtful debts amounting to €50 thousand (2014: €46 thousand) and was recognised in profit and loss of the Group.
- In addition, the Group and the Company made a provision for other receivables amounting to €552 thousand and was recognised in profit and loss of the Group and the Company.

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* 42 (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 42 of the consolidated and separate financial statements of the Company.

19. BLOCKED BANK DEPOSITS

GROUP

	2015	2014
	€'000	€'000
Blocked bank deposits	10.776	9.521

These deposits are not classified as cash and cash equivalents because are blocked by the financial institutions and consist of:

Cash at bank amounting to €662 thousand (2014: €641 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 €nil thousand (2014: €107 thousand) is blocked by Societe Generale Bank - Cyprus Ltd as guarantee for the provision of bank guarantees and other bank facilities.

Cash at bank amounting €9.105 thousand (2014: €7.685 thousand) and €1.000 thousand (2014: €1.000 thousand) is blocked by Bank of Cyprus Public Company Ltd, by Bank of Piraeus of Greece, respectively, as guarantee for the financial obligations of Group companies.

Moreover, cash at bank amounting to €nil thousand (2014: €60 thousand) and €9 thousand (2014: €28 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 €270 thousand (2014: €452 thousand) are held in a joint account with the Holy Archbishopic of Cyprus for financing renovations of hotel units leased by the subsidiary company Louis Hotels Public Company Limited.

20. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Cash in hand and at bank	16.225	19.954	31	72
Bank overdrafts	(26.707)	(31.225)	(16.556)	(14.452)
Credit facilities from a Factoring Organisation	(1.321)	(1.307)	-	-
	(28.028)	(32.532)	(16.556)	(14.452)
	(11.803)	(12.578)	(16.525)	(14.380)

20. CASH AND CASH EQUIVALENTS (continued)

Bank overdrafts bear an average annual interest rate of 6,30% (2014: 6,75%) for the Group and 7% (2014: 8%) for the Company. The credit facilities from the Factoring Organization bear an average annual interest rate of 5,22% (2014: 6,46%).

During the year 2014, bank overdrafts amounting to €6.174 thousand were converted into short-term loans and are presented in note 25 of the consolidated and separate financial statements of the Company.

GROUP

The bank overdrafts of the Group are secured as follows:

- Mortgages over the Group's vessels,
- Mortgages over immovable property owned by the Group's subsidiary companies,
- Mortgages over long-term leases of the Group's subsidiary companies,
- Corporate guarantees of the Parent, the Company and the Group's subsidiary companies,
- Bank guarantee letters,
- Personal guarantee of the Chairman Mr. Costakis Loizou for the amount of €2.520.000,
- 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,
- 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.

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,
- 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.

20. CASH AND CASH EQUIVALENTS (continued)

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 42 of the consolidated and separate financial statements of the Company.

21. NON-CURRENT ASSETS HELD FOR SALE

GROUP

On 31 December 2013, the hotel units of the subsidiary company Louis Hotels, Louis Ayios Elias Village and Louis Nausicaa Beach were 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 probability for completion of the disposal of Louis Ayios Elias Village and Louis Nausicaa Beach within the next twelve months were limited, and the Board of Directors decided that the assets classified as held for sale should be reinstated back to vessels, property, plant and equipment while the respective obligations were re-classified back to deferred taxation. The hotel unit of Louis Nausicaa Beach continued to be in operation.

Non-current assets classified as held for sale

	Note	2015 €'000	2014 €'000
Vessels, property, plant and equipment			
Balance 1 January		-	34.600
Transfers to vessels, property, plant and equipment	14	-	(34.600)
Balance 31 December		-	-

Liabilities classified as held for sale

	Note	2015 €'000	2014 €'000
Deferred tax			
Borrowings – bank loans			4.262
Transfers to deferred taxation	29		(4.262)
Balance 31 December		-	-

LOUIS PLC

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22. CURRENT ASSETS HELD FOR SALE

GROUP

Assets classified as held for sale

	Note	2015 €'000	2014 €'000
Vessels, property, plant and equipment	14	246.554	-
Intangible assets		158	-
Other investments		8	-
Inventories		14.346	-
Trade and other receivables		14.724	-
Blocked bank deposits		229	
Cash and cash equivalents		2.629	-
		278.648	-

Liabilities classified as held for sale

	Note	2015 €'000	2014 €'000
Bank overdrafts		8.333	-
Borrowings	25	15.846	-
Finance lease obligations	26	212.615	-
Deferred income		11.438	-
Trade and other payables		30.712	-
		278.944	-

GROUP

On 31 December 2015, Celestyal Cruises group, had the following commitments or contingent liabilities:

(i) Blocked bank deposits amounting to €214 thousand for the issue of bank guarantees in favor of various beneficiaries.
(ii) Blocked bank deposits amounting to €15 thousand for the issue of bank guarantees in favor of the Cyprus Tourism Organization.
(iii) Guarantees amounting to €253 thousand for the issue of bank guarantee in favor of 'IATA'.

22. CURRENT ASSETS HELD FOR SALE (continued)

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

(v) Commitments for capital expenditure relating to vessel renovations amounted to €1.203 thousand.

(vi) The Seaman's Pension Fund (SPF) of Greece, demanded the payment of the full amount of pension contributions for seamen on vessels under Greek flag, although the law during the relevant period provided that cruise vessels were exempt from such obligation. The matter was taken to the Administrative Court, which ruled in favor of the affected group companies, ordering the revocation of SPF's decisions demanding and imposing the full amounts in favor of the affected group companies. SPF filed an appeal to the Administrative Supreme Court, the hearing of which is yet to be fixed. Based on legal advice, the chances are in favor of the affected group companies obtaining favorable decisions from the Supreme Court. The overall amount claimed by SPF is approximately €2.862 thousand plus interest. The timing of completion of the case cannot currently be estimated.

(vii) Various claims, lawsuits and complaints, arising in the ordinary course of the business. In case where decisions will be issued against the Group, the total amount of compensations is not expected to exceed €264 thousand (2014: €305 thousand), out of which an amount of €160 thousand is expected to be covered by the insurers of the Company.

23. SHARE CAPITAL

GROUP AND COMPANY

	2015 €'000	2014 €'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

	2015		2014	
	Number of ordinary shares '000	Share Capital €'000	Number of ordinary shares '000	Share capital €'000
Issued and fully paid				
1 January	450.547	78.293	450.547	78.293
31 December	450.547	78.293	450.547	78.293

23. SHARE CAPITAL (continued)

GROUP KAI COMPANY

The Company lost more than 50% of the issued share capital and according to the provisions of Article 169F of the Companies Law Cap. 113, discussed the matter and decided to hold an Extraordinary General Meeting in accordance with the provisions of Article 169F of the Company Law.

24. RESERVES

GROUP KAI 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.

24. RESERVES (continued)

GROUP KAI COMPANY (continued)

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.

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 17% 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.

25. BORROWINGS

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Current liabilities				
Bank loans	73.262	93.744	55.741	52.979
Other loans	1.691	1.024	-	-
Other bank obligations	3.041	-	-	-
	77.994	94.768	55.741	52.979
Non-current liabilities				
Bank loans	94.313	104.012	64.695	63.832
Other loans	2.550	250	-	-
Other bank obligations	59.159	-	-	-
	156.022	104.262	64.695	63.832
Total	234.016	199.030	120.436	116.811

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25. BORROWINGS (continued)

Bank and other loans are repayable as follows:

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Within 1 year	77.994	94.768	55.741	52.979
Between 1 and 5 years	60.518	41.485	25.272	17.115
More than 5 years	95.504	62.777	39.423	46.717
Total	234.016	199.030	120.436	116.811

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Balance 1 January	199.030	185.307	116.811	113.956
Transfer to finance lease obligations (note 26)	(13.487)	-	-	-
Transfer to liabilities held for sale (note 22)	(15.846)	-	-	-
Granting of new borrowings	2.800	2.390		-
Repayment of borrowings	(11.939)	(5.390)	(3.037)	(2.989)
Transfer from bank overdrafts (note 20)	-	6.174	-	-
Interest credited	10.502	9.797	6.386	5.569
Exchange difference	756	752	276	275
Provision for recognition of obligation in relation to corporate guarantees	62.200	-	-	-
Balance 31 December	234.016	199.030	120.436	116.811

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Euro	231.207	192.524	117.627	114.438
United States Dollars	2.809	6.506	2.809	2.373
	234.016	199.030	120.436	116.811

25. BORROWINGS (continued)

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

	GROUP		COMPANY	
	2015	2014	2015	2014
	%	%	%	%
Euro	5,16	5,02	5,33	4,84
United States Dollars	4,08	4,73	4,08	6,00

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, 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 vessels,
- 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.
- Blocked bank deposits amounted to €10.104 thousand.

25. BORROWINGS (continued)

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 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,
- 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.
- Pledged bank deposits amounted to €10.104 thousand.

GROUP AND COMPANY

For specific borrowings cash sweep arrangements are in place based on which the Group and the Celestyal Cruises group (note 22), has the obligation to proceed to additional repayments of loans, if surplus cash is available.

At this stage, the Group and the Company have not fulfilled their loan obligations with specific banks to the agreed repayment schedule. In December 2016, after several months of negotiations between the Group, the Parent and the financing institutions, an agreement was reached and the completion of the approval process of this agreement and its signature still remains. The agreement provides among others for the amendment and adjustment of certain borrowings of the Group, the Parent and specific subsidiaries of the Parent, in order to be able to serve their obligations based on the available organic cash flow, mainly of Louis Hotels, as mentioned in note 44 of the consolidated and separate financial statements of the Company.

25. BORROWINGS (continued)

GROUP AND COMPANY (continued)

Specifically, Group bank loans with carrying amount of €131,4 m. (2014: €151,3 m.) have in arrears the total amount of €56,3 m. (2014: €74,4 m.), out of which €37,4 m. (2014: €54,9 m.) represented principal and €18,9 m. (2014: €19,5 m.) represented interest. Company's bank loans with carrying amount of €120,4 m. (2014: €116,8 m.) having in arrears the total amount of €52,1 m. (2014: €47,9 m.), out of which €33,3 m. (2014: €32,1 m.) represented principal and €18,8 m. (2014: €15,8 m.) represented interest.

Celestyal Cruises group bank loans with carrying amount, are presented in note 22 as a discontinued operation, with a carrying amount of €11,1 m. (2014: €22,9 m.) included arrear installments amounted to €11,1 m. (2014: €22,9 m.), out of which €8,0 m. (2014: €19,1 m.) represented capital and €3,1 m. (2014: €3,8 m.) represented interest.

Other bank obligations - Provision for recognition of obligation in relation to corporate guarantees.

Companies of Louis plc group granted corporate guarantees amounting to €68,7 m. plus interest for loans of the Parent and subsidiaries of the Parent, as described in note 43 of the consolidated and separate financial statements.

Following the above, on 22 December 2015, the Board of Directors of Louis plc, considering the restructuring of certain debt obligations of the Group, the Parent and specific subsidiaries of the Parent, decided that Louis Hotels, under the abovementioned guarantees, assumes the servicing of these loan obligations retroactively from 1 January 2015. Therefore, in 2015, Louis Hotels began repayment of accrued interest for the period from 1 January 2015 to 31 December 2015 arising from the aforementioned borrowings.

Based on the above and evaluating the current financial position of the Parent, it is estimated that the said company is unable to repay its debt obligations in the foreseeable future. Therefore, the above contractual obligation of Louis Hotels for outflow of economic resources for settling the obligations of the Parent, it is estimated at €62.200 thousand and was recognised as a provision in the consolidated income statement for the year ended on 31 December 2015.

When calculating the amount of the provision, the Management of the Group has evaluated the possibility of repayment of the funds that will be paid by Louis Hotels, estimating that the Parent is unable to repay the performing amount to Louis Hotels in the foreseeable future.

The exposure of the Group and the Company to liquidity risk, interest rate and foreign currency risks is presented in note 42 of the consolidated and separate financial statements of the Company.

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26. FINANCE LEASE OBLIGATIONS

GROUP

	2015 €'000	2014 €'000
Balance 1 January	226.865	222.185
Repayments	(14.452)	(9.887)
New borrowings	-	9
Transfer to borrowings (note 25)	13.487	
Interest credited	9.650	10.247
Exchange difference	2.835	3.006
Reversal of payments	-	1.305
Transfer to liabilities held for sale (note 22)	(212.616)	-
	25.769	226.865

	2015			2014		
	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	3.869	905	2.964	3.548	1.010	2.538
Between 1 and 5 years	21.507	2.320	19.187	20.342	3.034	17.308
More than 5 years	4.101	483	3.618	9.254	812	8.442
	29.477	3.708	25.769	33.144	4.856	28.288
Vessels						
Within 1 year	-	-	-	32.206	481	31.725
Between 1 and 5 years	-	-	-	48.379	999	47.380
More than 5 years	-	-	-	173.085	53.613	119.472
	-	-	-	253.670	55.093	198.577
Total	29.477	3.708	25.769	286.814	59.949	226.865

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 Celestyal Cruises group,
- Pledge of shares of Celestyal Cruises Ltd held by the Company,
- Corporate guarantee of the Company and subsidiary companies of the Group,
- Assignment of income and receipts of insurances of Group's subsidiaries.
- Pledge of shares of subsidiary companies of the Group.

26. FINANCE LEASE OBLIGATIONS (continued)

GROUP (continued)
The finance lease obligation that were due but not paid at the reporting date amounted to €22.535 thousand (2014: €28.132 thousand) and relate exclusively to discontinued operations as presented on note 22.

The exposure of the Group and the Company to interest rate and liquidity risks is presented in note 42 of the consolidated and separate financial statements of the Company.

27. OTHER LIABILITIES

GROUP

	Note	2015 €'000	2014 €'000
Non-current other liabilities			
Defined benefit schemes	33	1.230	1.254
Long-term creditors		-	7
		1.230	1.261

28. DEFERRED INCOME

GROUP

	2015 €'000	2014 €'000
Government grants	4.021	4.207
Customer advances	3.999	5.720
Advances from charter hire of vessels	-	11.324
	8.020	21.251
Deferred income is analysed as follows:		
Within 1 year	4.345	12.563
Between 1 and 5 years	934	5.759
More than 5 years	2.741	2.929
	8.020	21.251

Advances from charter hire of vessels in 2014, relate to amounts derived from discontinued operations.

29. DEFERRED TAX

		GROUP	
		2015	2014
	Note	€'000	€'000
Balance 1 January		28.294	24.681
Transfer from non-current assets held for sale	21	-	4.262
Debit in the property revaluation reserve		9	15
Debit/(credit) in profit or loss		2.912	(602)
Effect of deferred tax on employee benefits due to change of corporation tax rate in Greece from 26%to 29%		7	-
Effect of deferred tax in Greece due to change of corporation tax rate from 26% to 29%		312	-
(Debit)/credit in employees' benefits reserve		24	(62)
Balance 31 December		31.558	28.294

The liability for deferred tax arises as follows:

	2015	2014
	€'000	€'000
Revaluation of immovable property	5.102	5.102
Sale and leaseback	(5.939)	(5.784)
Revaluation of assets	25.456	22.778
Write-off of intangible assets	487	404
Cummulative temporary differences between depreciation and capital allowances	7.149	6.465
Other assets	(697)	(671)
	31.558	28.294

The calculation for deferred tax is based on a tax rate of 29% (2014: 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.

30. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Trade payables	5.819	16.374	828	104
Other payables and accruals	6.702	14.088	102	444
	12.521	30.462	930	548

30. TRADE AND OTHER PAYABLES (continued)

The exposure of the Group and the Company to liquidity and foreign currency risks is presented in note 42 of the consolidated and separate financial statements of the Company.

31. DERIVATIVE FINANCIAL INSTRUMENTS

		GROUP		COMPANY	
		2015	2014	2015	2014
	Note	€'000	€'000	€'000	€'000
Interest rate swap	(i)	-	857	-	857
Fuel derivatives	(ii)	-	2.324	-	2.324
		-	3.181	-	3.181

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 profit from cash flow hedges for the Group for the year ended 31 December 2015, amounted to €3.360 thousand (2014: €798 thousand-loss). The Company's profit from cash flow hedges transferred to the hedging reserve for the year ended 31 December 2015, amounted to €857 thousand (2014: €1.705 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.

Realised loss from the expiration of derivative financial instruments for the year 2015 amounted to €200 thousand and recognised to the Company's results.

The exposure of the Group and the Company to liquidity risk, interest rate and foreign currency risks is presented in note 42 of the consolidated and separate financial statements of the Company.

32. TAXATION DUE

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Special defence contribution in Cyprus	361	370	347	347
Corporation tax in Cyprus	912	801	322	322
Corporation tax in Greece	2.429	3.749	-	-
Taxation due within one year	3.702	4.920	669	669

33. EMPLOYEE RETIREMENT BENEFIT SCHEMES

GROUP

Defined benefit schemes

	Note	2015 €'000	2014 €'000
Balance 1 January		1.254	953
Current service cost		45	44
Interest cost		31	29
Cut back costs		10	10
Acquisition cost under joint control		-	39
Contributions paid by the employer		(27)	(54)
Actuarial (profit)/loss		(83)	233
Balance 31 December	27	1.230	1.254

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.

33. EMPLOYEE RETIREMENT BENEFIT SCHEMES (continued)

GROUP (continued)

	2015	2014
Discount rate	2,0%	1,5%
Percentage increase in salaries	0,75%	0% , thereafter: 0,75%
Average period of time in service	13,62 έτη	13,62 έτη
Inflation	2,00%	0,50%

Defined contribution schemes

The permanent employees of the Company and its subsidiary companies Celestyal Ship Management Ltd, Celestyal 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%. From 1 March 2016 until 31 December 2018, the employer contribution to the Fund is 5% of gross emoluments (basic and c.o.l.a.), while the employee can elect to contribute between 5% and 10%.

34. MERGERS, DISPOSALS AND ACQUISITIONS

GROUP

Mergers
2015

During 2015 there were no mergers of companies.

2014
On 31 December 2014, the subsidiary company Louis Hotels S.A. proceeded with the acquisition of Louis Hotels Mykonos S.A. 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.

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.

34. MERGERS, DISPOSALS AND ACQUISITIONS (continued)

Acquisitions

2015

On 26 August 2015, the subsidiary company GR Antilles Cruises Ltd increased its share capital from 2.000 ordinary shares to 4.622.000 ordinary shares of €1 each. As a result, the Group acquired an additional 24,69% interest, increasing its ownership to the subsidiary company from 75,3% to 99,99%. It should be noted that GR Antilles Cruises Ltd is a subsidiary of Celestyal Cruises group, which on 31 Δεκεμβρίου 2015 is presented as a discontinued operation.

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 in the company increased from 50,60% to 75,30%.

Details of the transactions are as follows:

	€'000
Cash and cash equivalents	365
Trade and other receivables	964
Trade and other payables	(860)
Deferred income	(491)
Balances with related companies	(7.234)
Net liabilities	(7.256)
Non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities	3.673
Net liability obtained	(3.583)

35. INVESTMENT IN ASSOICIATE COMPANY

GROUP

	2015 €'000	2014 €'000
Balance 1 January	15.833	15.753
Share of profit attributable to the Group	218	173
Dividend received	(78)	(187)
Share of reserves movement attributable to the Group	76	94
Balance 31 December	16.049	15.833

35. INVESTMENT IN ASSOICIATE COMPANY (continued)

Details of the investment in associate company are as follows:

Name	Total issued share capital (number of shares)	Shareholding interest	
	’000	2015	2014
		%	%
The Cyprus Tourism Development Public Company Ltd (“C.T.D.C.”)	3.000	21,53	21,53

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

Summary of financial information of the associate company
The following is the summary of the financial information of the associate, which is accounted for under the equity method in the consolidated financial statements.

	2015	2014
	€’000	€’000
Summary statement of financial position		
Non-current assets	92.771	92.603
Current assets	1.160	1.230
Non-current liabilities	(15.413)	(15.683)
Current liabilities	(3.999)	(4.613)
Net assets	74.519	73.537

	2015	2014
	€’000	€’000
Summary statement of profit and loss		
Revenue	10.316	9.742
Profit for the year before tax	1.200	939
Tax	(187)	(133)
Profit for the year after tax	1.013	806
Total comprehensive income for the year	1.013	806

The above information represent the amounts presented in the financial statements of the associate company and not the Group’s share.

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36. RELATED PARTY TRANSACTIONS

The following transactions took place in the normal course of the Group and the Company's business.

(a) Sale of services

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Subsidiary companies				
Financing and interest	-	-	282	365
Use of space rights	-	-	236	196
Management services	-	-	1.401	376
	-	-	1.919	937
Parent and other related companies				
Financing and interest	1.954	929	401	332
Use of space rights	142	116	142	116
Management services	118	79	14	15
Tourist services	1.460	2.319	-	-
	3.674	3.443	557	463
Joint venture				
Tourist services	-	7.031	-	-

(b) Purchase of services

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Subsidiary companies				
Financing and interest	-	-	25	26
Parent and other related companies				
Financing and interest	467	451	467	440
Use of space rights	273	284	-	-
Technological & IT support services	732	711	2	9
Management services	657	72	5	3
Tourist services	778	825	-	-
	2.907	2.343	474	452

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36. RELATED PARTY TRANSACTIONS (continued)

(c) Dividend received

	COMPANY	
	2015	2014
	€'000	€'000
Subsidiary companies	26.592	620
Associate company	78	187
	26.670	807

(d) Remuneration of Board of Directors members and management

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Remuneration of executive Directors and Chairman	1.278	726	637	386
Remuneration of non-executive Directors	13	14	13	14
Remuneration of chief executive officer	-	421	-	-
Contributions to employee benefit schemes	56	53	26	22
	1.347	1.214	676	422

(e) Year end balances

	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Receivables				
Subsidiary companies	-	-	24.208	100.183
Parent and other related companies	416	59.623	348	40.801
Joint venture	-	-	-	-
	416	59.623	24.556	140.984
Payables				
Subsidiary companies	-	-	310	11.269
Parent and other related companies	801	19.719	314	10.334
Amounts due to non-controlling interest	-	441	-	-
	801	20.160	624	21.603
Total	(385)	39.463	23.932	119.381

36. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

Write-offs and provisions for bad and doubtful debts

Based on recent developments in relation to the ability of the Parent to repay its debt obligations in the foreseeable future, as described in note 25 of the consolidated and separate financial statements, the Group's Management has made an assessment of the possibility of repayment of the net receivable balance of the Parent, amounting to €43.841 thousand, of which, €31.925 thousand concern the Company.

Based on the assessment, and taking into account the current economic situation of the Parent, the configurable restructuring plan of specific borrowings of companies of the Group, the Parent and specific subsidiaries of the Parent, where Louis Hotels will be responsible for the payment of a substantial amount of the specific loan obligations of the Parent and the possibility of non-payment of dividend for a considerable period of time, it is estimated that the Parent is unable at present to pay the due amount.

Therefore, the above net receivable balances for the Group and the Company are considered doubtful and corresponding provisions were recognised in the results of the year ended 31 December 2015.

Provisions for bad and doubtful debts and write-offs of net balances from related parties amounting to €32.335 thousand resulting from certain net receivables in relation to various subsidiaries of the Company, mainly due to the corporate restructuring that took place on 27 November 2015. The net amount was recognised in Company's the income statement for the year ended 31 December 2015.

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36. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

GROUP

Year end balances are analysed as follows:

	2015 €'000	2014 €'000
Receivables		
Amounts due from Parent and other related companies		
▪ Loans receivable		
Louis plc	-	40.434
Louis Hotels	-	5.087
	-	45.521
▪ Trading balances	416	14.102
	416	59.623
The above amounts are receivable as follows:		
Current	416	10.053
Non-current	-	49.570
	416	59.623
Payables		
Amounts due to Parent and other related companies		
▪ Loans payable		
Louis plc	-	7.673
	-	7.673
▪ Trading balances	801	12.046
▪ Amounts due to non-controlling interest	-	441
	801	20.160
The above amounts are payable as follows:		
Current	801	11.768
Non-current	-	8.392
	801	20.160

36. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

COMPANY

Year end balances are analysed as follows:

	2015 €'000	2014 €'000
Receivables		
Amounts due from subsidiary companies		
▪ Loans receivable		
Celestyal Ship Management Ltd	-	2.740
▪ Trading balances	24.208	97.443
	24.208	100.183
The above amounts are receivable as follows:		
Current	24.208	97.443
Non-current	-	2.740
	24.208	100.183
Payables		
Amounts due to subsidiary companies		
▪ Loans payable		
Louis Hotels	310	305
▪ Trading balances	-	10.964
	310	11.269
The above amounts are payable as follows:		
Non-current	310	11.269

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36. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

COMPANY (continued)

	2015 €'000	2014 €'000
Receivables		
Amounts due from Parent and other related companies		
▪ Loans receivable		
Clin Company Ltd	-	40.434
▪ Trading balances	348	367
	348	40.801
The above amounts are receivable as follows:		
Current	348	367
Non-current	-	40.434
	348	40.801
Payables		
Amounts due to Parent and other related companies		
▪ Loans payable		
Clin Company Ltd	-	7.673
▪ Trading balances	314	2.661
	314	10.334
The above amounts are payable as follows:		
Current	314	2.661
Non-current	-	7.673
	314	10.334

GROUP AND COMPANY

The Group and the Company agreed with the Parent that the non-trading balances between them to be offset. As a result the trade receivable and payable balances remained due and the net receivable balance amounted to €43.841 thousand for which a provision was made.

37. INVESTMENTS IN SUBSIDIARY COMPANIES

COMPANY

	2015 €'000	2014 €'000
Balance 1 January	93.729	93.729
Additions	55.202	-
Impairment charge on investments in subsidiary companies	(35.202)	-
Balance 31 December	113.729	93.729

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 2015, no impairment charge has been recognised (2014: €nil thousand).

The additions resulted from the corporate restructuring of Celestyal Cruises and capitalisation of Celestyal Cruises balances due to the Company with the issuance of shares at a premium, specifically amounted to €55.202 thousand.

38. SUBSIDIARY COMPANIES

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

Company name	Country of incorporation	Principal activity	Shareholding interest 2015 %	Shareholding interest 2014 %
Subsidiary companies of Louis plc				
Louis Hotels Public Company Ltd	Cyprus	Operation of hotel units	99,87	99,87
Teal Shipping S.A.	Marshall Islands	Ownership and operation of vessel	100	100
Subsidiary companies of Louis Hotels Public Company Ltd				
Nausicaa Estates Ltd	Cyprus	Operation of hotel unit	100	100
Harmakia Development Ltd	Cyprus	Development of immovable property for tourist purposes	100	100
Clairnet Enterprises Ltd	Cyprus	Investment in shares of public	100	100
		and other companies	100	100
Louis Hotels S.A.	Greece	Operation of hotel units	100	100
Leisureland Hotel Enterprises Ltd	Cyprus	Dormant	100	100
Trevora Holding Ltd	Cyprus	Holding of shares in subsidiary companies	100	100
Louis S.A.E.	Egypt	Dormant	100	100

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38. SUBSIDIARY COMPANIES (continued)

Company name	Country of incorporation	Principal activity	Shareholding interest 2015 %	2014 %
Subsidiary companies of Celestyal Cruises Ltd (discontinued operations-note 22)				
Fulmar Shipmanagement S.A.	Marshall Islands	Bare boat Charterer	100	100
Citron Navigation Corp.	Marshall Islands	Bare boat Charterer	100	100
Crew Navigation Ltd	Marshall Islands	Bare boat Charterer		
Celestyal Ship Management Ltd (ex. Louis Ship Management Ltd)	Cyprus	Treasury services	100	100
Celestyal Cruises Centre Services Ltd (ex. Louis Cruise Centre Ltd)	Cyprus	Ticketing	100	100
Spirit Holding Ltd	Marshall Islands	Bare boat Charterer		
Celestyal Cruises Centre Ltd (ex. Celestyal Cruises S.A.)	Cyprus	Ticketing	100	100
Optimum Shipmanagement Services S.A.	Marshall Islands	Management company	100	100
GR Antilles Cruises Ltd	Cyprus	Charterer	99,99	75,30
Celestyal Cruises Ltd	Cyprus	Holding of investments and provision of services	100	100

39. 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 2015 and 17 December 2016 (5 days prior to the date of the approval of the consolidated and separate financial statements of the Company) was as follows:

	31/12/2015 %	17/12/2016 %
Costakis Loizou, Chairman, Executive Director	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	-	-
Theodoros Middleton	-	-

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.

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40. 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 2015 and 17 December 2016 (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%.

41. SIGNIFICANT AGREEMENTS WITH MANAGEMENT

On 31 December 2015, 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. On 29 July 2015, the Company entered into a management agreement with Azelco Limited and Panayiotis Constantinou Estates Limited which are the owners of a hotel in Protaras area. Mr. Jason Perdios owns 95% of the share capital of the above companies. The revenue from the franchise agreement with King Jason Hotel Apartments Ltd for 2015 amounts to €16 thousand (2014: €14 thousand) and from Azelco Limited to €5 thousand (2014: €nil thousand).

- Charges by the Company, on an arm’s length basis, amounting to €142 thousand (2014: €116 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 2015, the amount in connection with such services amounted to €732 thousand (2014: €711 thousand).

42. RISK MANAGEMENT

Financial risk factors

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

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

This note presents information about the exposure of the Group and the Company to these risks, the objectives of the Group and the Company, the policies and the procedures followed for measuring and managing these risks, and the capital management of the Group and the Company. Additional quantitative financial disclosures are included throughout these financial statements.

42. RISK MANAGEMENT (continued)

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

The Group's 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.

Trade and other receivables
The Group's 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 these consolidated and separate financial statements of the Company was:

	Carrying amount			
	GROUP		COMPANY	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Amounts due from Parent and other related parties	416	59.623	348	40.801
Amounts due from subsidiary companies	-	-	24.208	100.183
Trade and other receivables	11.437	20.558	295	2.481
Blocked bank deposits	10.776	9.521	-	-
Cash and cash equivalents	16.225	19.954	31	72
	38.854	109.656	24.882	143.537

42. RISK MANAGEMENT (continued)

Financial risk factors (continued)

(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 20, 25 and 26 respectively.

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42. RISK MANAGEMENT (continued)

Financial risk factors (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 Demember 2015					
Borrowings	171.816	218.601	54.437	44.436	119.728
Other bank obligations (note 25)	62.200	84.563	4.971	18.861	60.731
Finance lease obligations	25.769	29.477	3.869	21.507	4.101
Bank overdrafts	28.028	28.028	28.028	-	-
Trade and other payables	12.521	12.521	12.521	-	-
Other liabilities	1.230	1.230	1.230	-	-
Amounts due to Parent and other related parties	801	801	801	-	-
	302.365	375.221	105.857	84.804	184.560
31 December 2014					
Borrowings	199.030	251.889	77.249	47.675	126.965
Finance lease obligations	226.865	286.814	35.756	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	-	1.261	-
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	626.299	190.948	126.049	309.302

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42. RISK MANAGEMENT (continued)

Financial risk factors (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 2015					
Borrowings	120.436	161.093	34.447	16.238	110.408
Bank overdrafts	16.556	16.556	16.556	-	-
Trade and other payables	930	930	930	-	-
Amounts due to Parent and other related parties	314	314	314	-	-
Amounts due to subsidiary companies	310	310	-	310	-
	138.546	179.203	52.247	16.548	110.408
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

42. RISK MANAGEMENT (continued)

Financial risk factors (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's 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's 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 minimise 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	
	2015	2014	2015	2014
	€'000	€'000	€'000	€'000
Fixed rate instruments				
Financial assets	-	25.058	-	19.971
Financial liabilities	(89.255)	(108.000)	(89.255)	(95.818)
Variable rate instruments				
Financial assets	27.001	49.031	281	20.533
Financial liabilities	(136.358)	(461.607)	(47.737)	(32.152)
	(198.612)	(495.518)	(136.711)	(87.466)

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2015 would have increased the loss for the year by approximately €2.023 thousand (2014: €3.565 thousand) for the Group and by approximately €1.390 thousand (2014: €1.284 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 20 and 25, respectively.

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42. RISK MANAGEMENT (continued)

Financial risk factors (continued)
(iii) Market risk (continued)
(b) 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's 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:

	2015		2014	
GROUP	United States Dollars €'000	Great Britain Pounds €'000	United States Dollars €'000	Great Britain Pounds €'000
Assets				
Trade and other receivables	816	130	2.561	874
Cash and cash equivalents	104	685	396	2.499
Amounts due from Parent and other related parties	8.480	-	7.719	-
Liabilities				
Borrowings	(2.809)	-	(6.506)	-
Finance lease obligations	-	-	-	(46.915)
Bank overdrafts			(4.419)	-
Trade and other payables	(488)	(14)	(10.649)	-
Deferred income	-	-	(5.693)	-
Net risk exposure	6.103	801	(16.591)	(43.542)

42. RISK MANAGEMENT (continued)

Financial risk factors (continued)
(iii) Market risk (continued)
(b) Currency risk (continued)
The Company's exposure to foreign currency risk was as follows:

	2015		2014	
	United States Dollars	Great Britain Pounds	United States Dollars	Great Britain Pounds
COMPANY	€'000	€'000	€'000	€'000
Assets				
Trade and other receivables	6	108	6	112
Cash and cash equivalents	-	-	4	-
Amounts due from Parent and other related parties	-	-	7.719	-
Liabilities				
Trade and other receivables	-	-	-	-
Borrowings	-	-	(2.373)	-
Net risk exposure	6	108	5.356	112

Sensitivity analysis
The strengthening of the Euro against the United States Dollar by 1% during 2015 would have decreased the loss by approximately €27 thousand (2014: €16 thousand) for the Group and decreased by €27 thousand (2014: €43 thousand) for the Company, as well as a decrease by approximately €27 thousand (2014: €16 thousand increase) in equity for the Group and a decrease by €27 thousand (2013: €49 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.

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 board of directors take into consideration current conditions and obligations. The Group's and the Company's overall strategy remains unchanged from last year.

42. RISK MANAGEMENT (continued)

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's 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 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

The following table presents the carrying amounts of financial assets and liabilities of the Group and the Company measured at fair value through profit or loss, including their level of hierarchy:

	2015 Carrying amount €'000	2015 Fair value €'000	2015 Level	2014 Carrying amount €'000	2014 Fair value €'000	2014 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
	-	-		3.181	3.181	
GROUP						
Hedging derivative financial instruments denominated at fair value through profit and loss	-	-		3.181	3.181	2

42. RISK MANAGEMENT (continued)

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.

Non- financial risk factors

The Group and the Company are exposed to the following non-financial risk factors:

(i) Tourist and shipping industry risk
(ii) Operational risk
(iii) Litigation risk
(iv) Reputational risk
(v) Compliance risk
(vi) Geopolitical risk

(i) Tourist and shipping industry risk

- 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 Group is taking measures to reduce the seasonality effect making efforts to increase the operational period of the vessels beyond the summer season.
- 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.
- Fuel costs are the second highest cost category for the Group. Changes in fuel prices can significantly affect the Group's results in any year. The Management of the Company monitors the movements in fuel prices on a continuous basis and acts accordingly. Additionally, the Group and the Company use hedging instruments for the fuel cost.
- 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.

42. RISK MANAGEMENT (continued)

Non- financial risk factors (continued)

(i) Tourist and shipping industry risk (continued)

- 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.

(ii) Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

(iii) 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.

(iv) 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 minimise this risk.

(v) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Group.

(vi) Geopolitical risk

Terrorism, migration crisis, the influx of refugees to the South East Europe and the austerity measures are among other factors that affect the economies in the Middle East and threaten to further worsen the relationships rifts between nationalities and religions, which may continue to worsen the crisis in various regimes in the region. Long-term ethnic divisions will remain a key variable that leads to increased safety risk. The attacks in Paris and Turkey, described as terrorist and political attacks that occurred without any warning, as well as, the fall in the fuel price along with other factors that are exercise pressure on various countries' economies, make it necessary for companies to be prepared for political violence, instability or other large scale crisis that may develop in any part of the world, even in countries that have previously been considered safe or stable.

42. RISK MANAGEMENT (continued)

Non-financial risk factors (continued)

(vi) Geopolitical risk (continued)

In addition, developments that may affect the future of the Eurozone, the exit of Great Britain from the European Union, and the impact of actions of local separatist movements may initiate developments and create situations that threaten the survival of healthy enterprises. The political scene, as well as, the economic environment in Cyprus and Greece may have a serious impact on the tourism industry. The Group and the Company are seriously consider the geopolitical developments and try as far as possible to take the necessary steps needed to protect their interests.

43. COMMITMENTS/CONTINGENT LIABILITIES

On 31 December 2015, the Group and the Company had the following commitments or contingent liabilities:

(i) Blocked cash amounting to €32 thousand (2014: €203 thousand) for the issue of bank guarantees in favor of various beneficiaries.

(ii) Blocked cash amounting to €54 thousand (2014: €51 thousand) for the issue of bank guarantees in favor of the Navy Retirement Fund (“NRF”) located in Piraeus.

(iii) Blocked cash amounting to €586 thousand (2014: €552 thousand) for the issue of bank guarantees in favor of the Hellenic Register of Shipping in Piraeus.

(iv) Blocked cash amounting to €10.105 thousand (2014: €10.105 thousand) as guarantees for bank facilities of Group companies.

(v) Guarantees amounting to €1.392 thousand (2014: €1.255 thousand) for the issue of bank guarantees in favor of the NRF.

(vi) Guarantees amounting to €155 thousand (2014: €146 thousand) for the issue of bank guarantees in favor of the Hellenic Register of Shipping in Piraeus.

(vii) There are pending appeals at the Administrative Courts of subsidiary companies of the Group against decisions of the Municipality of Thira, the Ministry of Shipping and the relevant administrative bodies, that concern the imposition of fines on alleged pollution incident, antipollution costs that were supposed to be paid by the Greek Government and fees for non-recovery of the wreck. Administrative decisions/requirements require amounts of up to €12,5 m. The total amount of €8,4m. has been covered by the insurers of the vessel. In case where the balance of €4,1 m. becomes payable, then, this will be covered by the insurers of the vessel. So far, no judicial decision on the above mentioned objections – appeals has been issued.

43. COMMITMENTS/CONTINGENT LIABILITIES (continued)

(viii) In addition, against the above mentioned subsidiary companies, the Greek Government and the Municipality of Thira have pursued lawsuits and companies seek to pay the amount of €10 m. for moral damages to the Greek Government and the amount of €10m. to the Municipality of Thira. The Court first accepted the claims and awarded €8 m. in each case. Municipality of Thira with second lawsuit asks from the Court to order the companies to undertake the salvage of the wreck or, otherwise, to pay to the Municipality of Thira costs for removing the wreck which have been calculated by the Municipality of Thira at €80 m. The lawsuit has been partly accepted by the Court, which orders the companies to salvage the wreck and rejects the request for the expenses of wreck removal. The companies appealed against all the above judgments, which were discussed on 22 September 2016 and the decision of the Court is pending. In case where the total amount of claims becomes payable then, based on legal advice obtained, it is expected to covered by the vessel's insurers. According to legal opinion, there are good chances for the revision of judgments by the Court of Appeal.

(ix) The company New Wave Navigation S.A., owner of the cruise vessel Coral, issued in favor of the Navy Retirement Fund (NRF) a letter of bank guarantee amounting to US$ 1,3 m. in order to register the cruise vessel in the Greek Registry. This letter of guarantee submitted upon request of NRF and for the purpose of ensuring NRF in case where its requirements had not been met by the previous owner for unpaid insurance contributions. Although NRF fully satisfied for the debts of the previous owner, it asked for and obtained the forfeiture of the guarantee letter amounting approximately to US$1,3 m. Against the illegal forfeiture of the guarantee, the New Wave Navigation S.A. filed an injunction at the First Instance Court of Piraeus, which partially prohibited the forfeiture of the guarantee for an amount of US$457 thousand and NRF received the amount of US$906 thousand. Then, New Wave Navigation S.A. filed a lawsuit against NRF asking, inter alia, a declaration that New Wave Navigation S.A. has no debt due to NRF with respect to the vessel Coral, to order the return of the amount received by NRF due to the partial forfeiture of bank guarantee and order NRF to compensate for the costs and moral damages suffered by New Wave Navigation S.A. The Court at first instance dismissed the claim due to lack of jurisdiction, however, the Court of Appeal upheld the claims of New Wave Navigation S.A. and recognises, inter alia, that NRF has to release the amount of US$457 thousand, on which the letter of guarantee has not yet forfeited in favor of NRF and to repay the amount of US$906 thousand to New Wave Navigation S.A. which illegally received. Against that decision, both NRF and New Wave Navigation S.A. lodged appeals at the Supreme Court, which were discussed on 26 October 2015 (New Wave Navigation S.A. with the request of the correction of the decision to have a voting and not a declaratory role).

43. COMMITMENTS/CONTINGENT LIABILITIES (continued)

The decision of the Supreme Court (a) accepts the appeal of New Wave Navigation SA, (b) partially accepts the appeal of NRF in relation to the reference to the right of NRF to set-off the claim with other sums, supposedly, due by New Wave Navigation S.A. and (c) refers the case to the Piraeus Court of Appeal for a retrial. Provided that NRF is not present at the Court of Appeal of Piraeus documentation demonstrating that there is an amount owed to NRF, which could be offset against the requirements of New Wave Navigation S.A., in accordance with the relevant legal opinion, there are good chances of success claims of New Wave Navigation S.A. against NRF.

(x) 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 €228 thousand (2014: €305 thousand), of which the amount of which €160 thousand is expected to be reimbursed from the insurers of the Group.

(xi) GROUP

Companies of Louis plc group have given :

- corporate guarantees amounting to €68,7 m. plus interest for loans of the Parent and its subsidiaries, some of which were given before Louis Hotels becomes public company,
- collaterals amounting to €20,4 m. plus interest for loans of the Parent and its main shareholder (€2,7 m.), part of which was given before Louis Hotels becomes public company,
- collaterals amounting to € 36,6 m. plus interest for loans of the Company, the Parent and subsidiaries of the Group,
- floating charges on specific assets of €6,6 m. plus interest on loans of the Company, the Parent and the main shareholder.

Further to the above and as described in note 25 of the consolidated and separate financial statements of the Company on 22 December 2015, the Board of Directors of Louis plc, considering the configurable restructuring plan of specific loan obligations of the Group, of the Parent and specific subsidiaries of the Parent, decided that Louis Hotels, under the above mentioned guarantees, assumes the specific loan obligations retroactively from 1 January 2015. Therefore, in 2015 Louis Hotels began the repayment of accrued interest for the period from 1 January 2015 until 31 December 2015, arising from the aforementioned loan obligations.

COMPANY

The Company has given corporate guarantees amounting to € 19,1 m. plus interest for loans of the Parent and subsidiary companies of the Group.

43. COMMITMENTS/CONTINGENT LIABILITIES (continued)

(xii) On 31 December 2015, the commitments of the Group for capital expenditure relating to hotel renovations for which no provision has been made in the consolidated and separate financial statements of the Company, amounted to €2.250 thousand (2014: €6.851 thousand).

(xiii) The NRF of Greece demanded retrospective payment of all contributions of Greek seafarers employed on cruise ships under Greek flag, although the law during the relevant period, provided that these cruise ships were exempted from this obligation. The matter was discussed at the Administrative Court, which ruled in favor of the Group's subsidiary companies, ordering the cancellation of the NRF decision according to which insurance contributions charged. The NRF appealed against that decision, which was examined by the Administrative Court of Appeal and was dismissed. Then, NRF submitted an appeal to the Council of State (Supreme Court), which will be examined on 15 May 2017.

Meanwhile, following the adoption of the above decision of the Administrative Court of Appeal, NRF cancelled the previous payment requests and issued new, this time claiming that the insurance contribution calculations were done according to the law. The amounts involved are similar to the amounts required by NRF with the previous and already cancelled payment requests, however, NRF supports that cruise ships did not complied with the law in order to qualify for exemption from the insurance contributions. The companies involved sought annulment of the new demands of NRF, which refuses to cancel them and, therefore, the case was reintroduced to the Administrative Court to rule on the matter. The date of discussion of the new appeals of the companies involved has not been set yet. It remains to be seen whether the allegations of non-compliance have some substance, as this will be crucial for the success of the case. The Board of Directors, taking into account the relevant legal opinion, estimates that the probability of a substantial obligation is remote. The total amount required from NRF is approximately €8.970 thousand plus interest, however, the total amount of the claim is not currently possible to be estimated with precision, since NRF charged extra fees for late payments and new payment requests are pending. The timing of the completion of the case cannot currently be estimated.

(xiv) The group of Louis Hotels, leases hotel units under operating leases. Most of the operating leases are for a period of 9 until 29 years with the option of lease renewal after its expiration. The increase in operating leases is due to the renewal of contracts on 31 December 2015. Operating lease rentals are payable as follows:

	2015 €'000	2014 €'000
Within 1 year	11.957	11.238
Between 1 and 5 years	42.588	20.110
More than 5 years	183.290	8.638
	237.835	39.986

44. GOING CONCERN

The Group incurred a loss of €112.656 thousand and the Company a loss of €81.467 thousand for the year ended on 31 December 2015, and as of that date, the current liabilities of the Group and the Company exceeded the total current assets by €89.411 thousand and €49.328 thousand respectively.

The Group's results were at the same level as those of 2014, both at the level of operating profit and at the level of profit from operations. The profit from operations of the Company was significantly improved compared with 2014 due to payment of dividend from subsidiary companies.

The loss of the Group and the Company for the year consists mainly of non-recurring provisions amounting to €106.598 thousand and €100.014 thousand, respectively, as described in notes 9 and 25 of the consolidated and separate financial statements of the Company. As a result, the total equity of the Group and the Company as at the reporting date decreased to €39.571 thousand (negative) and €9.564 thousand (positive), respectively.

The main principal activity of the Group is the hotel activity through Louis Hotels, which in 2015 showed a significant operating profit, which is expected to continue in the years 2016 and 2017 based on unaudited results and forecasts for the respective years.

The cruising operations of the Group, through Celestyal Cruises, in the year 2015 showed an operating profit which has fallen during the year 2016 due to political developments and terrorist attacks in Turkey and Europe, as well as, the unsuccessful coup in Turkey on 15 July 2016. These events have negatively affected cash flows of Celestyal Cruises thereby they have affected its ability to serve both, its borrowings and its current trading obligations. The Management of Celestyal Cruises immediately took measures seeking short-term financing from its principal banker, which was approved adopted on 16 December 2016.

This operation is disclosed as discontinued as at the reporting date, as the completion of the debt restructuring of Celestyal Cruises on 11 March 2016, as reported in note 22 of the consolidated and separate financial statements of the Company, resulted in the loss of control of Celestyal Cruises from the Group. This will result and reduce the Group's exposure to risks, liabilities and fluctuations in the business of this operation. With the debt restructuring of Celestyal Cruises, Louis plc and Louis Hotels remain guarantors for the borrowings of Celestyal Cruises amounting to €23,4 m.

As discussed in note 25, as at the reporting date, the Group and the Company have not fulfilled all their loan obligations with specific banks to the agreed repayment schedule. In December 2016, after several months of negotiations between the Group, the Parent and the financing banks, an agreement was reached and the completion of the approval process of the agreement and signature remains. The agreement provides for the amendment and adjustment of certain borrowings of the Group, the Parent and specific subsidiary companies of the Parent, in order to be able to serve these obligations based on the available organic cash flows, mainly of Louis Hotels.

44. GOING CONCERN (continued)

Among the various provisions of the expected restructuring, the following are included:

- Write offs of part loan obligations,
- Conversion of bank overdrafts to fixed period loans,
- Conversion of part of loan obligations to long-term, which will have stable interest rate and will be repaid in the future through the Group's organic cash flow,
- Modification of key terms of part of the loan obligations, such as reduction of interest rates, revisions of the repayment schedules and ways of re payment,
- Extension of the general schedule of repayment of loans up to 2032,
- Determination of specific financial indicators that need to be fulfilled (loan covenants).

Upon the completion of debt restructuring, the current portion of long term loans will be reduced, and as a result the current position of the Group and the Company will be significantly improved.

The agreement approval process and signature from the competent bodies of the banks is expected to be completed before the end of the first quarter of 2017. Based on the current positive approach of banks during the negotiations, no significant variations are expected in the aforementioned frame that might affect negatively the completion of the agreement and/or to modify the basic terms of the debt restructuring.

Failure to implement the debt restructuring agreement, which is not expected from the current attitude of banks, may create significant uncertainty of the ability of the Group and the Company to continue their operations as going concern. In case the Group and the Company are not able to continue their operations, the appropriate adjustments for reduction in the value of the assets to their realizable value and the provisions for any additional obligations that may arise will have to be made.

The Board of Directors is unable to predict with certainty all the developments that could have an impact on the activities of the Group and therefore any effect, if any, that they might have on the future financial performance, cash flows and financial position of the Group and the Company. However, based on all current information and indications, the Board of Directors believes that the Group and the Company are able to continue operating as a going concern for a period of at least twelve months from the date of approval of these consolidated and separate financial statements of the Company, taking into account:

- the current positive attitude of banks for the completion and implementation of the debt restructuring agreement,
- the projected cash flows for the years 2016 and 2017 on the basis that, among other, the agreement will be implemented, and in case that the terms of guarantees amounting to € 23,4 m. will be activated from the Company and Louis Hotels with respect to the borrowings of Celestyal Cruises, the Group will be in a position to take over and be in a position to serve specific contingent pbligation,
- the assessment of developments in the economic and geopolitical environment,

44. GOING CONCERN (continued)

- the evaluation of the contingent liabilities of Group's subsidiary companies, which are pending and are not expected to have any material effect on the financial position, liquidity, cash flows or operating results of the Group and the Company in the foreseeable future.
- that the Board of Directors will continue to take all necessary measures to maintain the viability of the Group and the Company and to strengthen their work in their current business and economic environment.

45. EVENTS AFTER THE REPORTING PERIOD

On 11 March 2016, Celestyal Cruises debt restructuring completed with the major bankers. The restructuring agreement basic terms are the following:

- Celestyal Cruises corporate restructuring and the capitalization of Celestyal Cruises balances due to the Company with the issuance of shares at a premium, with the amount of €55.202 thousand.
- Capitalisation of borrowings amounted €33.876 thousand with the issuance of new shares at a premium to the main banker, thus bringing the percentage held by Louis Plc to Celestyal Cruises from 100% to 51%.This, together with the shareholders agreement, resulted to the loss of control of Celestyal Cruises for the Group.
- Louis plc and Louis Hotels continue to act as guarantors for the borrowings of Celestyal Cruises with an amount of €23,4 m.
- Amendment of basic borrowing terms, such as the restructuring of the repayment schedule and method and the reduction of interest rate, taking into account the organic cash flows Celestyal Cruises.

On 16 June 2016 and 10 August 2016, the subsidiary company Louis Hotels S.A. completed successfully the agreements for the amendment of borrowings and finance lease obligations with all the banks and leasing companies amounting to €60.754 thousand and is under negotiation with the Bank of Cyprus Public Company Limited. Based on the new agreements on financial leases and certain loans, the year 2016 were settled as a grace period. In addition, a change of the interest rates and repayment schedules was agreed and sometimes lengthening of their maturity dates.

On 10 October 2016, the lease of Louis Colossos Hotel in Rhodes was early terminated. The hotel was returned to the owners who will proceed with a full renovation. Louis Hotels has signed a management contract with the owners of the hotel, the company Colossos S.A., for eight years.

There were no other significant event after the reporting date that affect the consolidated and separate financial statements as at 31 December 2015.

46. MODIFICATION OF INDICATIVE FINANCIAL RESULTS

The audited consolidated financial results of the Group present the following differences from the announced indicative results:

	Note	2015 €'000
Loss for the year as per the announcement of indicative results		(6.526)
Provisions for bad and doubtful debts of net balances from Parent	9	(43.841)
Provisions for bad and doubtful debts	9	(557)
Provision for recognition of obligation in relation to corporate guarantees	25	(62.200)
Adjustments to the operating results to the operating results of discontinued operation		981
Adjustment in interest receivable		(513)
Loss for the year according to the audited consolidated results		(112.656)

LOUIS PLC

REPORT, CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2015