LOUIS PLC

REPORT, CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2016

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LOUIS PLC

BOARD OF DIRECTORS ABD PROFESSIONAL ADVISERS

Board of Directors	Costakis Loizou	*(Chairman, Executive Director)*
	Jason Perdios	*(Executive Director)*
	Louis Loizou	*(Executive Director)*
	Christos Mavrellis	
	Olga Eliadou	
	Theodoros Middleton	
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	
	Chrysses Demetriades & Co LLC	
	Roussos & Hadjidimitriou Law Partnership	
	Hill Dickinson LLP	
	Ince & Co International Law Firm	
	Goulielmos & Associates Law Firm	
Bankers	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.	
	USB Bank Plc	
	Alpha Bank S.A.	
	Barclays Bank PLC	
Registered Office	11 Limassol Avenue	
	2112, Nicosia	

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, (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 2016, confirm that to the best of our knowledge:

(a) the annual consolidated and separate financial statements of the Company which are presented on pages 17 to 113:
   (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, and

(b) the consolidated 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 preparation of 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	…………………………
Marios Ioannou	Chief Financial Officer	…………………………
Stavros Rossos	Chief Accountant	…………………………

Nicosia, 28 April 2017

LOUIS PLC

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

The Board of Directors of Louis plc (the "Company") presents to the members its Annual Report and the audited consolidated and separate financial statements and its subsidiaries (the "Group") for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Group during 2016 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 Ltd ('Celestyal') was completed, resulting in the loss of control of Celestyal.

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

The profit attributable to the owners of the Company for the year 2016 amounted to €7,7 m., compared to €111,3 m. loss in 2015. There was an improvement of €119m. which was due to the increase in operating profits by €10,7 m. during 2016, the gain of €13,8 m. from the reduction in participation in Celestyal during 2016 and mainly due to the provisions made during 2015, which amounted to €106,6 m.

The Group's turnover for the year 2016 increased by €14,0 m. (+14,5%) in relation to 2015.

Operating profits before interest, taxes, depreciation and hotel rents (EBITDAR) for the year ended 31 December 2016 were higher by €13,2 m (+45,8%). Specifically, operating profits this year amounted to €41,9 m., compared to €28,7 m. in 2015. This was as a result of the increase in turnover, as well as, in the profitability of Louis Hotels in Cyprus and in Greece.

The result for the year shows profitability, due to the reduction in participation in Celestyal and the realization of a gain amounting to €13,8 m., as a result of the debt restructuring process of Celestyal. The Group's activities in the cruising sector for the period 1/1/2016 – 11/3/2016 is presented as «Discontinued», showing a loss for the period amounting to €4,7 m. compared to €2,9 m. gain in 2015, whereas for the period 12/3/2016 – 31/12/2016 there was a share of loss from investment in a joint venture amounting to €1,8 m..

As analysed above, the result for the year showed significant improvement and profitability.

The Company looks forward to a continued positive growth in both the Cypriot and the Greek tourist markets in 2017, respectively benefiting the Company.

LOUIS PLC

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

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

The performance of the Group is also assessed on the basis of the following financial ratios:

Ratio	Change %	2016	2015
Trade Receivables Days	(12)	51	58
Net Debt to Profit before Taxation, Depreciation, Amortization and Interest	(40)	9,30	15,70
Interest Cover	33	2,16	1,62
Occupancy rate	10	79,0%	71,2%

Trade Receivable Days ((Trade Receivables / Turnover) X 365)
The decrease for the Group is due to the increase in sales from €96,6 m. for 2015 to €110,6 m. in 2016 and the maintaining of trade receivables at the same level, as a consequence of the effort made for timely collection.

Net Debt to Profit before Tax, Depreciation, Amortisation and Interest
The indicator shows decrease compared to last year due to increase in profitability and decrease in the level of debt.

Interest coverage ratio (Profit before Tax, Depreciation, Amortisation and Interest / Interest expense)
The indicator shows increase compared to last year due to a reduction in interest expense, as a result of the decrease in the cost of borrowing and increased profitability.

Occupancy rate (Total occupied rooms / Total available rooms)
The indicator shows increase in relation to last year due to increased numbers.

DIVIDEND

The Board of Directors does not recommend the payment of a dividend for the year 2016.

MAIN RISKS AND UNCERTAINTIES

The main risks faced by the Group and the Company and the actions being taken to monitor and manage them are stated below and analysed further in note 40 of the consolidated and separate financial statements.

Credit risk
Credit risk is the risk of default by counter parties to settle their liabilities, which may result to a reduction in the future cash inflows from financial assets at the reporting date. The Group and the Company apply principles which are considered appropriate and employ relevant procedures to monitor and control credit. Credit risk is monitored on an ongoing basis.

LOUIS PLC

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

MAIN RISKS AND UNCERTAINTIES (continued)

Liquidity risk
Liquidity risk is the risk that arises when the expiry dates of assets and liabilities do not coincide. When expiry dates do not coincide, the return may increase but at the same time the risk for losses may also increase. The Group and the Company have procedures in place to minimize such losses, such as retaining sufficient amounts in cash and other highly liquid assets and securing available credit facilities..

Interest rate risk
Interest rate risk is the risk of fluctuations in the value of financial instruments due to movements in market interest rates. Borrowing in variable interest rates exposes the Group and the Company in interest rate risk that affects cash flows. Borrowing in fixed interest rates exposes the Group and the Company in interest rate risk that affects the fair value. The management of the Group and the Company is monitoring the fluctuations of interest rates on an ongoing basis and takes appropriate actions.

Foreign exchange risk
Foreign exchange risk is the risk of fluctuations in the value of financial instruments due to movements in exchange rates. This risk arises when future commercial transactions and recognized assets and liabilities are denominated in different currencies from the functional currency of the Company and the Group’s subsidiaries. The Group and the Company are exposed to exchange risk from transactions in a number of foreign currencies. The management of the Group and the Company is monitoring the fluctuations in exchange rates on an ongoing basis and takes appropriate actions.

SHARE CAPITAL

There were no changes in the share capital of the Company during the year 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 2016, the Company lost more than 50% of the issued share capital and according to the provisions of Section 169F of the Companies Law Cap. 113, called an Extraordinary General Meeting on 23 February 2017 at which the following were approved:

1. The issued share capital of the Company amounting to €78.292.965,18, divided into 460.546.854 ordinary shares with nominal value of €0,17 each, to be reduced to €9.210.937,08 divided into 460.546.854 ordinary shares with nominal value of €0,02 each, and the reduction to be effected by way of reduction of the nominal value of each share from €0,17 to €0,02 and the cancelation of the amount of €0,15 per share for the purpose of eliminating accumulated losses of the Company in the Retained Earnings reserve amounting to €69.082.028,10.

2. The nominal share capital of the Company to be reduced by €69.082.028,10, taking into account the reduced amount of the issued share capital, and as a result the nominal share capital of the Company to be reduced from €85.000.000 divided into 500.000.000 ordinary shares with nominal value of €0,17 each, to €15.917.971,90 divided into 795.898.600 ordinary shares with nominal value of €0,02 each.

LOUIS PLC

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

SHARE CAPITAL (continued)

3. Simultaneously with the implementation of the above resolutions, the Company's nominal share capital to be increased from €15.917.971,90 to €85.000.000 divided into 4.250.000.000 shares, with nominal value of €0,02 each.

4. The share premium account of the Company which shows credit balance of €94.300.187 to be reduced to €0 for the purpose of writing off accumulated losses of the Company losses and specifically accumulated losses in the Merger reserve amounting to €25.964.445 and accumulated losses in the Retained Earnings reserve amounting to €68.335.742.

5. Simultaneously with the implementation of the above special resolutions, paragraph 5 of the Memorandum to be fully amended by way of its replacement with a new paragraph as follows:

«5. The share capital of the Company is €85.000.000 divided into 4.250.000.000 shares with nominal value of €0,02 each. The shares at the initial or any other increased capital can be divided into different classes and they can be assigned with any rights, privileges, terms or restrictions of preference or specifically regarding dividends, share capital, voting rights or otherwise.»

BRANCHES

During the year, the Group operated autonomous branches in Athens and in the islands of Zakynthos, Corfu, Crete, Mykonos and Rhodes. Moreover, the Group operates in Cyprus, Greece and other countries through subsidiary companies, which are reported in note 36 of the consolidated and separate financial statements of the Company.

FUTURE DEVELOPMENTS

The Group will continue to operate in the 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.

As it regards the cruise sector, Celestyal's aims include further expansion of its activities with its own brand as well as the operation of cruise ships during the whole year, which reduce effects of the seasonality in the sector.

COMPOSITION, ALLOCATION OF RESPONSIBILITIES AND REMUNERATION OF THE BOARD OF DIRECTORS – SHARE CAPITAL PARTICIPATION – RE-ELECTION

The members of the Board of Directors as at 31 December 2016 and at the date of this report are presented on page 1.

Details regarding allocation of responsibilities and the remuneration of the members of Board of Directors are included in Part B (III and IV) of the Management Report regarding Corporate Governance for the year 2016 which is presented after this report. In this respect, note 39 of the consolidated and separate financial statements is also relevant.

The percentages of participation in the share capital of the Company which are held directly and indirectly by the members of the Board of Directors of the Company as at 31 December 2016 and as at 23 April 2017 are presented in notes 37 and 38 of the consolidated and separate financial statements.

LOUIS PLC

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

COMPOSITION, ALLOCATION OF RESPONSIBILITIES AND REMUNERATION OF THE BOARD OF DIRECTORS – SHARE CAPITAL PARTICIPATION – RE-ELECTION (continued)

In accordance with the provisions of the Company's Articles of Association, in the forthcoming Annual General Meeting, Mr. Jason Perdios and Mrs. Olga Eliadou are due for retirement eligible for re-election, offer themselves for re-election. For the filling of the vacancies elections will be held at the Annual General Meeting.

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

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

Except for the transactions with related parties and agreements with officers as disclosed in notes 34 and 39 respectively, there were no other significant transactions in which officers and their related parties had a significant interest.

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

CORPORATE COVERNANCE DECLARATION

On 6 March 2003 the Board of Directors of the Company decided to implement all the provisions of the Corporate Governance Code ('the Code') which was issued by the Cyprus Stock Exchange (CSE) Board, as amended from time to time. The Code is also uploaded on the Company's Website. The Management report on Corporate Governance for the year 2016 is presented after the Consolidated and Separate Management Report. The Report and the consolidated and separate financial statements are available and are uploaded on the websites of both the Cyprus Stock Exchange and the Company.

There are no material deviations from the provisions of the Code beyond the non-compliance to the provision of paragraph A.2.3 of the Code regarding the composition of the Board of Directors. The said paragraph provides that at least 50% of the members must be independent.

LOUIS PLC

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

CORPORATE GOVERNANCE DECLARATION (continued)

On 17 March 2017, the CSE granted to the Company a period of six months, until 17 September 2017, to comply with the provision of Paragraph A.2.3 of the Code regarding the independence of at least 50% of the members of the Board of Directors.

The internal control and risk management systems ensure the orderly operation of the Group and adherence to the internal controls and procedures.

Through the internal control system, which is under the supervision of the Audit Committee and the Risk Management Committee, the Company has implemented effective procedures for the compilation and preparation of the financial statements, as well as for the preparation for reporting of periodic information as required for listed companies. The main characteristics of these procedures, in addition to what has already been stated above, are:

- The Financial Statements of the subsidiary companies are prepared as part of the responsibility of the Financial Controller of each company and under the supervision of the Group Chief Financial Officer.

- The Financial Statements of the Group and the Company are prepared as part of the responsibility of the Company's Financial Controller and under the supervision of the Group Chief Financial Officer.

- The announcements of the Group's results per quarter as well as the explanatory statements are prepared by the Group Chief Financial Officer and are reviewed by the Audit Committee. The relevant announcements are approved by the Board of Directors prior to their publication.

The shareholders who held, directly or indirectly, a significant interest in the Company are stated in notes 37 and 38 of the consolidated and separate financial statements.

The Company's share capital is divided into ordinary shares with equal rights. There were no issued shares with preference controlling or voting rights.

Each Board Member is elected at the general meeting of shareholders or appointed by the Board of Directors. A Member who is appointed by the Board of Directors automatically retires at the first annual general meeting following his appointment, where elections takeplace. In every annual general meeting one third of the longest serving board members retire and if they are available for re-election, the members decide. Any member of the Board of Directors can be removed by a decision at the General Meeting.

The Company's Articles of Association can be amended with a special resolution of the shareholders at a General Meeting.

LOUIS PLC

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

CORPORATE COVERNANCE DECLARATION (continued)

The Board of Directors' authority is general and it is only limited by the power given to the Company's shareholders at a General Meeting either by the Law or by the Company's Articles of Association. A decision for the issuance of new shares other than to existing shareholders on a pro rata basis, is taken at a General Meeting adhering to legal provisions as it regards information requirements. The right to purchase own shares of the Company, unless otherwise permitted by law, is given to the Board of Directors reference the General Meeting for a specific period with the adoption of a Special Resolution at a General Meeting.

The composition, the terms of reference and the method of operation of the governing, management and supervision bodies that are defined by the Code are stated in Management Report on Corporate Governance.

The Management report on Corporate Governance for the year 2016 is presented immediately after this report.

INDEPENDENT AUDITORS

The independent auditors of the Group and the Company, 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, 28 April 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

LOUIS PLC

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the accompanying consolidated financial statements of Louis plc and its subsidiary companies (the “Group”), and the separate financial statements of Louis plc (the “Company”), which are presented on pages 17 to 113 and comprise of the consolidated statement of financial position, and the statement of financial position of the Company as at 31 December 2016, 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 notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the “Companies Law, Cap. 113”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated and separate financial statements"* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code),* and the ethical requirements in Cyprus that are relevant to our audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 42 of the consolidated and separate financial statements, which indicates that the Group showed a net gain of €7.744 thousand and the Company a loss of €30.858 thousand during the year ended 31 December 2016 and, as of that date, the Group's and Company's current liabilities exceeded their current assets by €82.080 thousand and €73.127 thousand, respectively. Additionally, at that date, the Group and the Company showed net liability position of €31.745 thousand and €21.294 thousand, respectively.

These factors or events, along with other matters explained in note 42, indicate the existence of material uncertainty that may give rise to significant doubt as to the ability of the Group and the Company to continue as a going concern. Note 42, also explains the reasons why, despite the above, the preparation of the financial statements on a going concern basis was considered appropriate. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements, as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "*Material uncertainty related to going concern*" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of land and building in the consolidated financial statements
As stated in note 14 of the consolidated and separate financial statements. *Key audit matter:* The Group's most significant asset is land and buildings whose total value amounts to €198.935 thousand in the consolidated financial statements as at 31 December 2016, representing 63% of the Group's total assets. The significance of the balance and the subjectivity involved in the assessment of the fair value, make the valuation of land and buildings as one of the key audit matters.

How the matter was addressed in our audit:

Audit procedures performed mainly include the following:

- Evaluation of the Group's policy regarding the valuation of land and buildings.
- Comparison of the carrying amounts as presented in the consolidated financial statements, with the most recent valuations as per the Group's independent valuers which were made as of 31 December 2015.
- Re-assessment of the appropriateness of the methodology used for the valuation by the independent professional valuers and the reasonableness of the assumptions used on 31 December 2015. The assessment also considered whether the assumptions used for 2015 remain valid for 2016.
- Review of the Group's assessment for any indications for significant differences between the carrying amount and the fair value of the Group's land and buildings.
- Recalculation of depreciation for the year in accordance with annual depreciation rates and assessment of the reasonableness of the useful economic lives as compared to policies followed by similar entities.

Impairment of investment in joint ventures in the consolidated and separate financial statements

As stated in note 33 of the consolidated and separate financial statements.

Key audit matter:

Due to financial difficulties being experienced by the joint venture, there are indications for impairment of its carrying value. The subjectivity in judgment and the uncertainty which are inherent in impairment assessments makes them one of the key audit matters.

How the matter was addressed in our audit:

Audit procedures performed mainly include the following:

- Evaluation of the indications for impairment of the investment in joint venture.
- Assessment of the reasonableness of the assumptions and input data used for the calculation of the fair value.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information contained in the Management Report and Consolidated Management Report and in the Management Report on Corporate Governance but does not include the consolidated and separate financial statements and the auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap. 113.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or, with the knowledge obtained in the audit, it appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. Our report in this regard is presented in section "*Report on other legal requirements"*.

Responsibilities of the Board of Directors for the consolidated and separate financial statements

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

In the preparation of the consolidated and separate financial statements, the Board of Directors is responsible for assessing the ability of the Company and the Group to continue as a going concern, disclosing where necessary the issues related to the continuity of the Company and Group as a going concern and the adoption of the entity's accounting base, unless the Company intends to liquidate or cease operations or there is no realistic alternative.

The Board of Directors is responsible for overseeing the financial reporting process of the Group and the Company.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' responsibilities for the audit of the consolidated and separate financial statements *(continue)*

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related consolidated and separate disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, L42(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 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 Management Report on pages 3 to 10, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap. 113, and the information given is consistent with the consolidated and separate financial statements.
- In the light of the knowledge and understanding of the Group and the Company's environment obtained in the course of our audit, we have not identified material misstatements in the Management Report.
- In our opinion, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, have been prepared in accordance with the requirements of the Companies Law, Cap, 113, and is consistent with the consolidated and separate financial statements.
- In the light of the knowledge and understanding of the Group and the Company's environment obtained in the course of our audit, we have not identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii) and (vi) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113.

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.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Haris A. Kakoullis.

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

28 April 2017

LOUIS PLC

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	2016 €'000	2015 €'000
Continuing operations			
Revenue	4,5	110.559	96.599
Operating expenses		(35.905)	(35.048)
Personnel costs		(30.545)	(29.440)
Selling and administrative expenses		(2.243)	(3.395)
		(68.693)	(67.883)
Operating profit before interest, taxes, depreciation, amortisation and hotel rent expenses		41.866	28.716
Hotel rents		(10.973)	(10.332)
Depreciation	14	(9.131)	(7.316)
Lease amortisation charges	15	(688)	(688)
Other amortisation charges		334	347
Profit from operations	6	21.408	10.727
Impairment charge on assets	8	(2.978)	(3.796)
Write offs and provisions for doubtful debts	9	(2.292)	(44.398)
Provision for recognition of obligation in relation to corporate guarantees	23	-	(62.200)
Loss from provisions		(5.270)	(110.394)
Finance income		515	2.271
Finance expenses		(14.787)	(13.591)
Net finance expenses	7	(14.272)	(11.320)
Share of (loss)/profit from investment in associates	33	(1.526)	218
Profit/(Loss) before taxation		340	(110.769)
Taxation	10	(1.744)	(4.815)
Loss for the year from continuing operations		(1.404)	(115.584)
Discontinued operations			
(Loss)/Profit from discontinued operations	12	(4.680)	2.928
Net gain from investments	32	13.828	-
Profit from discontinued operations		9.148	2.928
Profit/(Loss) for the year		7.744	(112.656)
Profit/(Loss) for the year attributable to:			
Owners of the Company		7.711	(111.348)
Non-controlling interest		33	(1.308)
Profit(loss) for the year		7.744	(112.656)
Profit/(Loss) per share			
Basic and fully diluted (loss) per share (€ cent)			
Continuing operations		(0,31)	(24,81)
Discontinued operations		1,99	0,64
	13	1,68	(24,17)

The notes on pages 28 to 113 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 2016

	Note	2016 €'000	2015 €'000
Profit/(Loss) for the year		7.744	(112.656)
Other comprehensive income			
Items that are or may be reclassified to the consolidated profit or loss			
Profit from cash flow hedges	29	-	3.360
Exchange difference from translation of foreign subsidiary company's financial statements		(69)	23
		(69)	3.383
Items that will never be reclassified to the consolidated profit or loss			
Revaluation of properties		95	88
Deferred tax on revaluation		(10)	(22)
Effect from acquisition of company which was under common control		-	(159)
Adjustments to the obligations for employee benefits	31	140	83
Deferred tax due on adjustments to the obligations for employee benefits	27	(41)	(24)
Increase in deferred tax due to the change in corporation tax rate from 26% to 29%		-	(319)
		184	(353)
Other comprehensive income for the year		115	3.030
Total comprehensive income for the year		7.859	(109.626)
Total comprehensive income attributable to:			
Owners of the Company		7.826	(108.318)
Non-controlling Interest		33	(1.308)
Total comprehensive income for the year		7.859	(109.626)

The notes on pages 29 to 113 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 2016

	Note	2016 €'000	2015 €'000
Assets			
Vessels, property, plant and equipment	14	219.826	222.765
Hotel leases	15	20.195	20.883
Amounts due from related parties	34	6.174	-
Investment in associates	33	20.902	16.049
Non-current assets		267.097	259.697
Inventories	16	2.271	2.386
Trade and other receivables	17	9.255	12.829
Amounts due from related parties	34	567	683
Blocked bank deposits	18	10.916	10.776
Cash and cash equivalents	19	24.905	16.225
Current assets held for sale	20	-	278.648
Current assets		47.914	321.547
Total assets		315.011	581.244
Equity			
Share capital	21	78.293	78.293
Reserves	22	(110.038)	(117.864)
Equity attributable to the owners of the Company		(31.745)	(39.571)
Non-controlling interest		7	(5.433)
Total equity		(31.738)	(45.004)
Liabilities			
Borrowings	23	157.208	156.022
Finance lease obligations	24	24.450	22.805
Other liabilities	25	1.143	1.230
Deferred income	26	3.441	3.675
Deferred taxation	27	30.513	31.558
Non-current liabilities		216.755	215.290
Bank overdrafts	19	25.295	28.028
Borrowings	23	79.941	77.994
Finance lease obligations	24	1.319	2.964
Trade and other payables	28	13.885	14.180
Amounts due to related parties	34	735	801
Deferred income	26	4.556	4.345
Taxation due	30	4.263	3.702
Liabilities held for sale	20	-	278.944
Current liabilities		129.994	410.958
Total liabilities		346.749	626.248
Total equity and liabilities		315.011	581.244

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 28 April 2017.

Costakis Loizou Chairman, Executive director	Christos Mavrellis Director

The notes on pages 29 to 113 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 2016

	Note	Share capital €'000	Share premium €'000	Property revaluation reserve €'000	Employee 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 2016		78.293	94.301	18.109	214	221	364	(231.073)	(39.571)	(5.433)	(45.004)
Total comprehensive income for the year											
Profit for the year								7.711	7.711	33	7.744
Other comprehensive income											
Exchange difference from translation of foreign subsidiary company's financial statements		-	-	-	-	(69)	-	-	(69)	-	(69)
Deferred tax on revaluation		-	-	(10)	-	-	-	-	(10)	-	(10)
Transfer of additional depreciation from revaluation		-	-	(54)	-	-	-	54	-	-	-
Revaluation		-	-	95	-	-	-	-	95	-	95
Adjustments to obligations for employee benefits	31	-	-	-	140	-	-	-	140	-	140
Deferred tax adjustments on liabilities for employee benefits	27	-	-	-	(41)	-	-	-	(41)	-	(41)
Other comprehensive income for the year		-	-	31	99	(69)	-	54	115	-	115
Total comprehensive income for the year		-	-	31	99	(69)	-	7.765	7.826	33	7.859
Transactions with owners recognised directly in equity											
Change in participation in subsidiary											
Deemed disposal of subsidiary	32	-	-	-	-	-	-	-	-	5.407	5.407
Total changes in participation in subsidiary		-	-	-	-	-	-	-	-	5.407	5.407
Total transactions with owners recognised directly in equity		-	-	-	-	-	-	-	-	5.407	5.407
Balance 31 December 2016		78.293	94.301	18.140	313	152	364	(223.308)	(31.745)	7	(31.738)

The notes on pages 29 to 113 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 2016

Equity attributable to the owners of the Company

	Note	Share capital €'000	Share premium €'000	Hedging reserve €'000	Property revaluation reserve €'000	Employee 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 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	29	-	-	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	31	-	-	-	-	83	-	-	-	83	-	83
Deferred tax adjustments on liabilities for employee benefits	27	-	-	-	-	(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 29 to 113 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 2016

	Note	2016 €'000	2015 €'000
Cash flows from operating activities			
Profit/(Loss) for the year		7.744	(112.656)
Adjustments for:			
Depreciation	14	9.131	26.126
Lease amortisation charges	15	688	688
Other amortisation		(334)	(347)
Impairment charge on assets	8	2.978	3.796
Loss from the write off of equipment		64	59
Unrealised exchange loss		132	5.007
(Profit)/Loss from disposal of equipment		(1)	2
Write offs and provisions for bad and doubtful debts	9	2.292	44.398
Provision for recognition of obligation in relation to corporate guarantees	23	-	62.200
Net gain from investments	32	(13.828)	-
Cost of employee benefits scheme	31	98	86
Share of loss/(profit) from equity accounted- investees	33	1.526	(218)
Interest income		(515)	(1.883)
Interest expense		14.618	24.859
Taxation		1.744	4.815
Cash flows from operating activities before working capital changes		26.337	56.932
Decrease/(Increase) in inventories		112	(5.741)
Decrease/(Increase) in trade and other receivables		1.043	(6.083)
(Decrease)/Increase in trade and other payables		(224)	10.638
Increase/(Decrease) in deferred income		324	(1.845)
Decrease in other assets		-	237
Decrease in other liabilities		(3)	(3)
Net movement in amounts due from/(to) related parties		6.396	(2.232)
Benefits paid in relation to employee benefits scheme	31	(45)	(27)
Cash flows from operating activities		33.940	51.876
Taxation paid		(2.270)	(3.121)
Net cash flows from operating activities		31.670	48.755
Cash flows from investing activities			
Payments for acquisition of vessels, property, plant and equipment	14	(9.273)	(25.497)
Proceeds from disposal of vessels, property, plant and equipment		40	231
Dividend received	33	111	78
Interest received		515	1.883
Net cash flow used in investing activities		(8.607)	(23.305)
Cash flow from financing activities			
Proceeds from issue of new borrowings	23	1.500	2.800
Repayments of borrowings and finance lease obligations		(3.323)	(18.458)
Blocked bank deposits		(139)	(1.483)
Interest paid		(9.624)	(12.616)
Net cash flow from discontinued operations transferred to assets held for sale	12	-	5.704
Net cash flow used in financing activities		(11.586)	(24.053)
Net increase in cash and cash equivalents		11.477	1.397
Cash and cash equivalents at the beginning of the year		(11.803)	(12.578)
Effect of exchange rate fluctuations on cash and cash equivalents		(64)	(622)
Cash and cash equivalents at the end of the year		(390)	(11.803)
Cash and cash equivalents consist of:			
Cash in hand and at bank	19	24.905	16.225
Bank overdrafts	19	(25.295)	(28.028)
		(390)	(11.803)

The notes on pages 29 to 113 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

INCOME STATEMENT

For the year ended 31 December 2016

	Note	2016 €'000	2015 €'000
Revenue	4	1.547	28.564
Personnel costs		(1.121)	(1.097)
Depreciation	14	(68)	(67)
Administrative and other expenses		(1.282)	(744)
		(2.471)	(1.908)
(Loss)/profit from operations	6	(924)	26.656
Impairment charge on investments in subsidiary companies	35	-	(35.202)
Impairment charge on investment in joint venture	33	(15.400)	-
Write offs and provisions for doubtful debts	9	(5.596)	(64.812)
		(20.996)	(100.014)
Finance income		2	214
Finance expenses		(8.940)	(8.323)
Net finance expenses	7	(8.938)	(8.109)
Loss before taxation		(30.858)	(81.467)
Taxation	10	-	-
Loss for the year		(30.858)	(81.467)
Basic and fully diluted loss per share (€ cent)	13	(6,70)	(17,69)

The notes on pages 29 to 113 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 2016

	Note	2016 €'000	2015 €'000
Loss for the year		(30.858)	(81.467)
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Profit from cash flow hedges	29	-	857
Other comprehensive income		-	857
Total comprehensive income for the year		(30.858)	(80.610)

The notes on pages 29 to 113 form an integral part of these consolidated and separate financial statements of the Company.

LOUIS PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 €'000	2015 €'000
Assets			
Equipment	14	359	422
Amounts due from joint venture	34	6.174	-
Investment in associate company	33	9.746	9.746
Investment in joint venture	33	4.600	-
Investments in subsidiary companies	35	93.729	113.729
Non-current assets		114.608	123.897
Trade and other receivables	17	34	28
Amounts due from subsidiary companies	34	9.250	24.208
Amounts due from Parent and other related parties	34	245	348
Amounts due from associate company	34	37	267
Amounts due from joint venture	34	183	-
Cash and cash equivalents	19	10	31
Current assets		9.759	24.882
Total assets		124.367	148.779
Equity			
Share capital	21	78.293	78.293
Reserves	22	(99.587)	(68.729)
Total equity		(21.294)	9.564
Liabilities			
Borrowings	23	62.465	64.695
Amounts due to subsidiary companies	34	310	310
Non-current liabilities		62.775	65.005
Bank overdrafts	19	17.957	16.556
Borrowings	23	62.837	55.741
Trade and other payables	28	1.296	930
Amounts due to subsidiary companies	34	22	-
Amounts due to Parent and other related parties	34	105	314
Taxation due	30	669	669
Current liabilities		82.886	74.210
Total liabilities		145.661	139.215
Total equity and liabilities		124.367	148.779

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 28 April 2017.

Costakis Loizou Chairman, Executive Director	Christos Mavrellis Director

The notes on pages 29 to 113 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 2016

	Share capital €'000	Share premium €'000	Difference from conversion of capital to Euro €'000	Merger reserve €'000	Retained earnings €'000	Total equity €'000
Balance 1 January 2016	78.293	94.301	364	(25.965)	(137.429)	9.564
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(30.858)	(30.858)
Total comprehensive income for the year	-	-	-	-	(30.858)	(30.858)
Balance 31 December 2016	78.293	94.301	364	(25.965)	(168.287)	(21.294)

The notes on pages 29 to 113 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 2016

	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	29	-	-	-	857	-	-	857
Other comprehensive income for the year		-	-	-	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 29 to 113 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 2016

	Note	2016 €'000	2015 €'000
Cash flows from operating activities			
Loss for the year		(30.858)	(81.467)
Adjustments for:			
Depreciation	14	68	67
Unrealised exchange loss/(gain)		96	(214)
Loss from change in fair value of derivative financial instruments	29	-	200
Impairment charge on investments in subsidiary companies	35	-	35.202
Impairment charge on investment in joint venture		15.400	-
Write offs and provision for bad and doubtful debts	9	5.596	64.812
Loss on disposal of equipment		-	5
Interest expense		8.843	7.923
Cash flows from operating activities before working capital changes		(855)	26.528
Increase in trade and other receivables		(6)	(690)
Increase in trade and other payables		606	379
Net movement in amounts due from subsidiary companies		2.787	(22.544)
Net movement in amounts due from Parent and other related parties		(106)	(985)
Net movement in amounts due from associates		230	-
Net cash flow from operating activities		2.656	2.688
Cash flows from investing activities			
Payments for acquisition of equipment	14	(5)	(65)
Net cash flow used in investing activities		(5)	(65)
Cash flows from financing activities			
Payments for derivative financial instruments		-	(283)
Interest paid		(4.074)	(4.484)
Net cash flow used in financing activities		(4.074)	(4.767)
Net decrease in cash and cash equivalents		(1.423)	(2.144)
Cash and cash equivalents at the beginning of the year		(16.525)	(14.380)
Effect of exchange rate fluctuations on cash and cash equivalents		1	(1)
Cash and cash equivalents at the end of the year		(17.947)	(16.525)
Cash and cash equivalents consist of:			
Cash in hand and at bank	19	10	31
Bank overdrafts	19	(17.957)	(16.556)
		(17.947)	(16.525)

The notes on pages 29 to 113 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 2016

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"). Its registered office is at 11 Limassol Avenue, 2112, Nicosia.

Principal activities

The principal activities of the Group during 2016 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 Ltd ("Celestyal") was completed, which had as a result the loss of control of Celestyal Cruises from the Group.

2. BASIS OF PREPARATION

The consolidated and separate financial statements for the year ended 31 December 2016 consist of the financial statements of the Company and its subsidiaries (which together are referred to as «the Group»).

(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 regulations and the Transparency Requirements (Traded Securities in Regulated Market) Law.

The consolidated and separate financial statements were approved by the Company's Board of Directors on 28 April 2017.

(b) Basis of measurement

The consolidated and separate financial statements of the Company have been prepared under the historical cost convention, except in the cases of land and buildings and derivative financial instruments, which are measured at fair value.

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 note 42 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) Functional currency and presentation

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

(e) Use of estimates and judgments

The preparation of consolidated and separate financial statements, 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. 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.

Judgments

Information about judgments in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated and separate financial statements is included in the following notes:

- Note 3 «Consolidated financial statements – Joint arrangements» **-** classification of joint arrangements.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 31 – measurement of defined benefit obligation: key actuarial assumptions.
- Notes 8 and 14 – impairment test: key assumptions underlying recoverable amounts and value in use.
- Notes 23 and 41 – recognition and measurement of provisions and contingent liabilities: key assumptions for the possibilities and the size of outflow of assets.

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgments (continued)
Assumptions and estimation uncertainties (continued)

- Note 17 – «Provision for bad debts» - The Group and the Company assess whether there are indications regarding the possibility of non-collection of amounts due from trade and other receivables.
- Note 10 – assessment of any provision for income taxes.
- Notes 33 and 35 «Impairment of investments in subsidiaries and investments in associates» - determination of the recoverability of investments in cases where there are indications for impairment.

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

The Group and the Company have adopted a control framework with respect to the measurement of fair values. This includes a valuation team that reports directly to the Finance Manager and also 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 and the Company 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.

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2016

2. BASIS OF PREPARATION (continued)

(e) Use of estimates and judgments (continued)
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.

Further information on assumptions used for the computation of fair values is included in the following note:
- Note 14 «Property, plant and equipment».

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

Adoption of new and revised IFRS and Interpretations as adopted from the European Union (EU)
From 1 January 2016, the Group and the Company adopted all the changes to IFRS which are relevant to its operations. The adoption did not change significantly the accounting policies of the Group and the Company.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2016. 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.

(i) Standards and Interpretations adopted by the EU

- *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.

- *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

- *IAS 7 (Amendments) "Disclosure Initiative" (effective for annual accounting periods beginning on or after 1 January 2017).*

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2. BASIS OF PREPARATION (continued)

(f) 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)*

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- *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 clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

- *Annual Improvements to IFRSs 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2017 (IFRS 12) and 1 January 2018 (IFRS 1 and IAS 28)).*

  The annual improvements impact three standards. The amendments to IFRS 1 remove the outdated exemptions for first-time adopters of IFRS. The amendments to IFRS 12 clarify that the disclosure requirements for interest in other entities also apply to interests that are classified as held for sale or distribution. The amendments to IAS 28 clarify that the election to measure at fair value through profit or loss an investment in associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

- *IFRS 2 (Amendments) "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods beginning on or after 1 January 2018).*

  The amendments cover three accounting areas: a) measurement of cash-settled share-based payments; b) classification of share-based payments settled net of tax withholdings; and c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurements of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards.

- *IFRS 15 (Clarifications) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).*

  The amendments in Clarifications to IFRS 15 address three of the five topics identified i.e. identifying performance obligations, principal versus agent considerations, and licensing. The clarifications provide some transition relief for modified contracts and completed contracts. Additionally, the IASB concluded that it was not necessary to amend IFRS 15 with respect to the collectability or measuring non-cash consideration.

2. BASIS OF PREPARATION (continued)

(f) 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)*

- *IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).*

  The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

- *IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).*

  IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including IAS 17 «Leases», IFRIC 4 «Determining whether an Arrangement contains a Lease», SIC 15 «Operating Leases—Incentives» and SIC 27 «Evaluating the Substance of Transactions Involving the Legal Form of a Lease».

The board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the consolidated and separate financial statements, except for IFRS 9 which is expected to affect the classification and measurement of financial assets. The extent of the impact has not been estimated.

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 where a change is stated, these are consistent with those applied in the prior year.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

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

In the separate financial statements, investments in subsidiaries are stated at acquisition cost. In cases where the value of an investment is deemed to have been permanently impaired, the impairment charge is transferred to profit or loss for the year.

Non-controlling interest
The non-controlling interests is presented in the consolidated statement of financial position, in equity, separately from equity attributable to equity holders of the parent company. Profits or losses attributable to the minority interest are disclosed in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss for the period.

The 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.

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 interest is 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 assets and liabilities of the subsidiary, as well as any related interest without control and other equity elements are written off. Any gain or loss arising is recognized in the statement of profit and loss. Any interest retained in the former subsidiary is measured at fair value as at the date that 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 transaction costs, and are accounted for using the equity method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Associate companies (continued)
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.

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.

In the financial statements of the Company, the investments in joint venture is stated at acquisition cost. If the value of the investment is deemed to have been permanently impaired, the deficit is transferred to profit or loss, results.

Joint arrangements
Joint arrangements are arrangements in 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Joint ventures

The Groups's share in a joint venture is recorded at cost and then is adjusted accordingly in order to include the Group's share in change in net assets and liabilities of the joint venture.

The Group reports its interests in jointly controlled entities 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, the investments are initially recognized at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the Joint Venture. The Group's share of post-acquisition losses of the joint venture is recognised to the extent of the carrying amount of the investment (prior to recognition of losses). In such cases, in subsequent periods the Group recognises income from the joint ventures only to the extent that its share of the profits is in excess of the losses not yet recognised.

Any distributable dividends received in excess of the Company's investment in a Joint venture and the Group (a) is not liable for the obligations of the joint venture or otherwise committed to provide financial support to the Joint Venture and (b) the distribution is not refundable by agreement or Law, then such excess distribution is recognised as income in profit or loss. In subsequent years, if the Joint Venture reports a profit, the Group resumes applying the equity method in accordance to IAS 28 once the Joint Venture has made sufficient profits to cover the aggregate of any Joint Venture losses not recognised by the Group and any income previously recognised for excess distributions.

Any excess of the cost of acquisition over the Group's share of the fair value of the net identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. Goodwill is included within the carrying amount of the interest in joint venture and is assessed for impairment as part 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.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group' consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

In the Company's financial statements, investments in joint ventures are recognized at cost. In case that the value of the investment is considered permanently decreased, then the impairment charge is transferred to profit and loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Joint ventures (continued)

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.

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.

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.

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 hiring of ballrooms for receptions and is recognised in the accounting period in which the services are rendered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue (continued)

(iii) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. This is usually the case when the Group has sold or delivered the goods to the customer, the customer has accepted the goods and collectibility 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 future 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.

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 the effective interest rate method. Bank charges are recognised as expenses in the results at the date on which are due.

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

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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue (continued)

(v) Dividend income (continued)

Foreign currency transactions (continued)

(iii) Converting results of foreign subsidiaries
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 as at the consolidated statement of financial position. Any foreign exchange differences that arise are recognised in the statement of changes in equity.

Tax
Income tax expense comprises current and deferred tax and is recognised in profit or loss except to the extent that it relates to consolidation or 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, applying 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 earlier periods.

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 is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of the year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 based on its useful economic life, using the number 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 builds. 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 derived from the use of 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 is recognised if the estimate of the discounted future cash flows expected to result from the use of the vessel and its eventual disposal is less than the vessel's carrying amount.

Depreciation is calculated using the straight-line method, by deducting the vessel's 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.

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.

(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 and then to revaluation reserve of properties in equity. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Vessels, property, plant and equipment (continued)

(ii) Property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the cost or the revaluation over the estimated useful life of each part of an item of vessels, property, plant and equipment. The annual depreciation rates for the current and comparative periods are the following:

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. Also, no depreciation is charged on clothing and kitchenware, as they are accounted for based on the replacement method.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held for sale (continued)
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.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the assets' previous carrying amount and their 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.

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-sell.

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 or loss and other comprehensive income are presented as if the operation had been discontinued from the start of the comparative year.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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 is recognised in profit or loss.

Cash flow hedge
When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity.

The amount recognised in other comprehensive income is transferred to profit in the same period as the hedged cash flows affect results.

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. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Non-financial assets (continued)
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

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

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, cash at bank and bank overdrafts.

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

Direct costs relating to the issue of new shares are recognised as a deduction from equity, net of any tax effects.

(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. The 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 consolidated and separate financial statements in the year in which the dividend is approved by the owners of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings per share

The Company presents basic and diluted earnings per share that corresponds to the shareholders. The basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of issued shares outstanding during the year. The diluted earnings per share is calculated by dividing the adjusted profit attributable to the shareholders of the Company and the weighted average number of issued shares outstanding during the year.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income

Deferred income consists of sales of services based on contracts, and relates to services that will be provided in the period after the year end.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. They are amortised on a systematic basis using the straight-line method over the expected useful life of the respective assets. Government grants that relate to expenses are recognised as revenue in the profit or loss when received.

Employee benefits

Defined contribution schemes

A defined contribution scheme is a benefit scheme provided to staff upon termination of their employment, according to which a company pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay additional amounts. Contributions to defined contribution schemes are recognized as an expense in the income statement in the period in which the services were offered by the employees. Prepayments on contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is possible.

Cypriot companies of the hotel segment of the Group and their employees contribute a fixed percentage to a national fund, the “Hotel Industry Employees Provident Fund”, for the purpose of providing retirement benefits for all personnel. In recent years the percentage has been set at 10%.

From 1 May 2013 to 31 December 2015, the employer's contribution to the Fund was set at 3% of the employee's regular salary (basic and indexation allowance) while the affected employee could choose to contribute between 3% and 10%. From 1 March 2016 to 31 December 2018 the employer's contribution to the Fund is set at 5% of the employee's regular salary (basic and indexation allowance) while the affected employee may choose to contribute between 5% and 10%.

Defined benefit schemes

Defined Benefit scheme is a benefit plan provided to staff upon termination of their employment, which is not a defined contribution scheme. The net liability or asset of the Group is calculated by estimating the amount of future benefits earned by employees as consideration for their service in the current and prior periods less any unrecognized past service cost and the fair value of the plan assets. The future benefit is discounted to determine its present value at a discount rate equal to the expected future return on the plan assets. This calculation is carried out at regular intervals by a professional actuary using the projected unit credit method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Defined benefit schemes (continued)

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

Trade and other payables

Trade and other payables are initially recognised at their fair value and subsequently measured at amortised cost.

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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party 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, 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 a recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Revenue represents 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 hiring 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, dividend and management services.

Revenue from operations is analysed as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Revenue from hotel operations	109.635	96.428	-	-
Other income	924	171	1.436	1.493
Dividend receivable	-	-	111	26.670
Interest income	-	-	-	401
	110.559	96.599	1.547	28.564

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For the year ended 31 December 2016

5. OPERATING SEGMENTS

GROUP

Information on reportable operating segments

	Crusing and other operations		Hotel operations		Total	
	2016	2015	2016	2015	2016	2015
	€'000	€'000	€'000	€'000	€'000	€'000
Revenue from operations	16.501	151.667	109.781	96.554	126.282	248.221
Inter-segment reportable revenue	111	78	-	-	111	78
Finance income	3	1.570	512	750	515	2.320
Finance expense	(10.905)	(20.446)	(5.713)	(4.463)	(16.618)	(24.909)
Depreciation, amortisation and impairment charges	(5.317)	(19.410)	(7.396)	(7.064)	(12.713)	(26.474)
Reportable segment (loss)/profit before taxation	(3.776)	(11.461)	20.171	13.874	16.395	(2.413)
Other significant items:						
Share of profit from investment in associate company	278	218	-	-	278	218
Share of profit from investment in joint venture	(1.804)	-	-	-	(1.804)	-
Impairment charge on assets	(2.978)	(3.796)	-	-	(2.978)	(3.796)
Write offs and provisions for bad and doubtful debts	(2.292)	(44.398)	-	-	(2.292)	(44.398)
Provision for recognition of obligation in relation to corporate guarantees	-	-	-	(62.200)	-	(62.200)
Investment in associate company	16.302	16.049	-	-	16.302	16.049
Investment in joint venture	4.600	-	-	-	4.600	-
Additions of vessels, property, plant and equipment	5	19.240	9.268	6.257	9.273	25.497
Reportable segment assets	112.281	392.221	181.828	172.974	294.109	565.195
Reportable segment liabilities	153.856	427.347	192.893	198.901	346.749	626.248

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2016

5. OPERATING SEGMENTS (continued)

GROUP (continued)

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

	2016 €'000	2015 €'000
Revenue		
Total revenue of reportable segments	126.282	248.221
Elimination of inter-segment reportable revenue	(111)	(78)
Elimination of discontinued operations	(15.612)	(151.544)
Revenue as per financial statements	110.559	96.599
(Profit)/Loss before taxation		
Total reportable segment profit	16.395	2.413
Elimination of inter-segment reportable revenue	(111)	(78)
Share of profit from investment in associate company	278	218
Share of loss from investment in joint venture	(1.804)	-
Impairment charge on assets	(2.978)	(3.796)
Write offs and provisions for bad and doubtful debts	(2.292)	(44.398)
Provision for recognition of obligation in relation to corporate guarantees	-	(62.200)
Elimination of discontinued operations	(9.148)	(2.928)
Profit/(Loss) before taxation as per financial statements	340	(110.769)
Assets		
Total reportable segment assets	294.109	565.195
Investment in associate company	16.302	16.049
Investment in joint venture	4.600	-
Assets as per financial statements	315.011	581.244
Liabilities		
Liabilities as per financial statements	346.749	624.248

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5. OPERATING SEGMENTS (continued)

GROUP (continued)

Other significant items

	2016				2015			
	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	515	-	-	515	2.320	(49)	-	2.271
Finance expense	(16.618)	-	1.831	(14.787)	(24.909)	49	11.269	(13.591)
Additions of vessels, property plant and equipment	9.273	-	-	9.273	25.497	-	-	25.497
Depreciation, amortisation and impairment charges	(12.713)	-	3.228	9.485	(26.474)	-	18.817	(7.657)
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)

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

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5. OPERATING SEGNMENTS (continued)

GROUP (continued)

Information per geographical segment

(i) Cruising and other operations

	Revenue 2016 €'000	Revenue 2015 €'000
Cyprus	893	4.206
Greece	618	69.762
Other countries	14.990	77.699
	16.501	151.667

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	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Cyprus	62.947	53.260	80.816	77.775
Greece	46.834	43.294	152.842	154.565
	109.781	96.554	233.658	232.340

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For the year ended 31 December 2016

6. PROFIT/(LOSS) FROM OPERATIONS

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

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Independent auditors' remuneration	334	394	28	28
Auditors' remuneration for other non-audit services	54	119	48	117
Auditors' remuneration for taxation related advisory services	29	75	9	20
Remuneration of the members of the board of directors as:				
- executive directors and Chairman	952	1.278	395	637
- non executive directors	10	13	10	13
Depreciation	9.131	7.316	68	67
Amortisation of leases	688	688	-	-
Amorisation and other impairment charges	(334)	(347)	-	-
Salaries and employee benefits	24.028	23.070	577	310
Employer's contributions to Social Insurance contributions	4.222	3.995	40	40
Employer's contributions to Provident Fund	435	286	53	35
Other employer's contributions	898	798	42	62

During the year the average number of the employees of the Group was 1.774 (2015: 1.985) and of the Company 20 (2015: 21).

7. NET FINANCE EXPENSES

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Interest from Parent and other related parties	284	1.217	-	-
Bank interest income	502	666	-	-
Exchange differences	-	388	2	214
Finance income	786	2.271	2	214
Interest to Parent and other related parties	-	(467)	-	(467)
Interest to subsidiary companies	-	-	-	(23)
Interest on borrowings and finance lease obligations	(10.528)	(10.125)	(7.449)	(5.606)
Bank interest and charges	(4.089)	(2.236)	(1.393)	(1.264)
Creditors' and other interests	(1)	(763)	(1)	(763)
Loss from the change in fair value of derivative financial instruments		-	-	(200)
Exchange differences	(169)	-	(97)	-
Finance expenses	(14.787)	(13.591)	(8.940)	(8.323)
Net finance expenses	(14.001)	(11.320)	(8.938)	(8.109)

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For the year ended 31 December 2016

8. IMPAIRMENT CHARGE ON ASSETS

GROUP

	2016 €'000	2015 €'000
Impairment charge on assets	2.978	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	
		2016 €'000	2015 €'000	2016 €'000	2015 €'000
Provision for bad and doubtful debts and write offs of net balances from related parties	34	-	5	5.596	32.335
Provision for bad and doubtful debts of net balances from Parent	34	14	43.841	-	31.925
Provision for other receivables	17	2.278	552	-	552
		2.292	44.398	5.596	64.812

10. TAXATION

	GROUP		COMPANY	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Corporation tax in Cyprus and Greece	2.740	1.779	-	-
Corporation tax from prior years	(11)	29		
Special defence contribution in Cyprus	101	95	-	-
Deferred taxation	(1.086)	2.912	-	-
Charge for the year	1.744	4.815	-	-

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 December 2016

10. TAXATION (continued)

Reconciliation of taxation based on the taxable income and taxation based on the accounting profits/(losses) of the Group and the Company:

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Accounting profit /(loss) before taxation from continuing operations	340	(110.769)	(30.858)	(81.467)
Tax based on the applicable taxable rates	(80)	(16.793)	(3.857)	(10.183)
Tax effect of expenses not deductible for tax purposes	3.456	22.707	2.784	12.738
Tax effect of allowances and income not subject to tax	(1.276)	(5.069)	(56)	(3.489)
Prior year taxation	(10)	29	-	-
Effect of tax losses carried forward	10	-	-	-
Special defence contribution for the year	101	95	-	-
Deferred taxation	(1.086)	2.912	-	-
Effect on taxable losses	1.129	934	1.129	934
Losses surrendered from Group companies	(500)	-	-	-
Taxation as per consolidated income statement	1.744	4.815	-	-

The Group and the Company are subject to corporation tax on the basis of legislation and rates applicable in Cyprus and Greece. For specific transactions and calculations, the determination of final tax is uncertain. The Group and the Company recognize liabilities for anticipated tax issues based on estimates of whether additional tax will arise. Where the final tax outcome of these issues differs from the amount initially recognized, the differences affect the provision for corporate tax and deferred tax in the period in which the determination is made.

In Cyprus, the corporation tax rate for the year was 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 by the Parliament, the rate of income tax was raised from 26% to 29% with effect from year 2015.

10. TAXATION (continued)

The deferred tax calculation for the year 2015 was made using the rate of 29% for Greek companies and of 12,5% for Cypriot companies.

According to the Merchant Shipping (Fees and Taxing Provisions) Law 2010, L.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 are 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 on vessels 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.

11. DIVIDEND

GROUP AND COMPANY

The Board of Directors does not recommend the payment of a dividend for the year 2016.

12. DISCONTINUED OPERATIONS

GROUP

In December 2015, the Group decided to proceed with debt and other restructurings involving significant reduction in the shareholding percentage, in conjunction with relevant terms in the shareholders' agreement, to an extent that the Group would not maintain control in Celestyal, the crussing segment of the Group. The debt restructuring of the Celestyal group was completed on 11 March 2016.

As a result of the loss of control, a net profit of €13.828 thousand was recognized, which consists of a profit from loss of control of a subsidiary of €27.424 thousand and impairment loss in the joint venture value of €13.596 thousand (see Note 32) in the Group's results. The results of the Celestyal group for the current and prior periods are presented in the consolidated financial statements as discontinued operations.

The results of the Celestyal group for 2016 are presented as discontinued operations up to March 11, the date when of control was lost. From 12 March 2016, the investment in Celestyal is recognized using the equity method (see also note 33).

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12. DISCONTINUED OPERATIONS (continued)

Financial information presented in the consolidated income statement and cash flow:

(a) Results of discontinued operation

	1/1/2016- 11/03/2016 €'000	1/1/2015- 31/12/2015 €'000
Revenue	15.612	151.544
Expenses	(20.547)	(131.690)
(Loss)/profit from operations	(4.935)	19.854
Other income/(expenses)	255	(16.926)
(Loss)/profit from discontinued operations	(4.680)	2.928

(b) Cash flows from discontinued operations

	1/1/2016- 11/03/2016 €'000	1/1/2015- 31/12/2015 €'000
Cash flows from operating activities	10.909	30.968
Cash flows used in investing activities	(10.295)	(19.278)
Cash flows from/(used in) financing activities	7.063	(13.781)
Net cash flow for the period/year	7.677	(2.091)
Net cash flow movement of assets and liabilities classified as held for sale	-	(5.704)

Assets and liabilities of the Celestyal 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 20 of the consolidated and separate financial statements of the Group.

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13. EARNINGS/(LOSS) PER SHARE

	2016 Continued operations €'000	2016 Discontinued Operations €'000	2016 Total €'000	2015 Continued operations €'000	2015 Discontinued operations €'000	2015 Total €'000
GROUP						
Profit/(loss) attributable to the owners (€'000)	(1.437)	9.148	7.711	(114.276)	2.928	(111.348)
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 profit/(loss) per share (€ cent)	(0,31)	1,99	1,68	(24,81)	0,64	(24,17)

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13. EARNINGS PER SHARE (continued)

	2016	2015
COMPANY		
Loss attributable to owners (€'000)	(30.858)	(81.467)
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)	(6,70)	(17,69)

On 31 December 2016, the fully distributed profit (2015 loss) per share is the same as the basic, as there were no warrants on or other titles convertible to shares in issue.

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14. VESSELS, PROPERTY, PLANT AND EQUIPMENT

GROUP	Note	Land and buildings €'000	Furniture and equipment €'000	Clothing and kitchen utensils €'000	Computers €'000	Motor Vehicles €'000	Total €'000
2016							
Cost							
Balance 1 January		278.025	60.284	2.506	160	1.326	342.301
Additions		5.242	3.744	253	3	31	9.273
Disposals and write-offs		(2.517)	(3.787)	(37)	-	(40)	(6.381)
Balance 31 December		280.750	60.241	2.722	163	1.317	345.193
Depreciation and impairment charges							
Balance 1 January		68.521	49.772	-	160	1.083	119.536
Charge for the year		6.826	2.222	-	2	81	9.131
Impairment charge	8	2.978	-	-	-	-	2.978
Disposals and write-offs		(2.510)	(3.734)	-	-	(34)	(6.278)
Balance 31 December		75.815	48.260	-	162	1.130	125.367
Carrying amounts							
Balance 31 December		204.935	11.981	2.722	1	187	219.826

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For the year ended 31 December 2016

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

GROUP	Note	Land, buildings and 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		275.114	366.614	59.781	2.459	1.759	1.407	707.134
Additions		6.710	15.127	3.075	47	336	202	25.497
Transfer to assets classified as held for sale	20	-	(381.741)	(1.520)	-	(1.559)	(209)	(385.029)
Disposals and write-offs		(3)	-	(1.052)	-	(376)	(74)	(1.505)
Balance 31 December		281.821	-	60.284	2.506	160	1.326	346.097
Depreciation and impairment charges								
Balance 1 January		61.190	119.926	49.266	-	1.425	1.173	232.980
Charge for the year		4.888	-	2.323	-	20	85	7.316
Charge for the year – discontinued operations		2.443	16.162	56	-	128	21	18.810
Impairment charge	8	3.796	-	-	-	-	-	(3.796)
Transfer to assets classified as held for sale	20	-	(136.088)	(949)	-	(1.169)	(151)	(138.357)
Disposals and write-offs		-	-	(924)	-	(244)	(45)	(1.213)
Balance 31 December		72.317	-	49.772	-	160	1.083	123.332
Carrying amounts								
Balance 31 December		209.504	-	10.512	2.506	-	243	222.765

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

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

COMPANY	Furniture and fittings €'000	Computers €'000	Motor vehicles €'000	Total €'000
2016				
Cost				
Balance 1 January	660	30	196	886
Additions	2	3	-	5
Balance 31 December	662	33	196	891
Depreciation				
Balance 1 January	241	27	196	464
Charge for the year	66	2	-	68
Balance 31 December	307	29	196	532
Carrying amounts				
Balance 31 December	355	4	-	359
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

LOUIS PLC

NOTES TO THE CONSOLIDATED AND SEPARATE
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For the year ended 31 December 2016

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 amounts, 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 revaluation of the Group's land and buildings was carried out 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 amounts and their net book values based on the historical cost convention as at 31 December 2016 amounted to €200.460 thousand (2015:€197.735 thousand) and €166.947 thousand (2015: €166.516), respectively.

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 was as follows:

	2016	2015
	€'000	€'000
Net book value		
Land	9.150	9.150
Buildings	24.620	24.914
	33.770	34.064

The immovable property and the vessels of the Group are used as collateral to obtain financing from financial institutions as presented in notes 23 and 24 of the consolidated and separate financial statements of the Company.

15. HOTEL LEASES

GROUP

	2016 €'000	2015 €'000
Cost		
Balance 1 January and 31 December	31.609	31.609
Amortasation		
Balance 1 January	10.726	10.038
Charge for the year	688	688
Balance 31 December	11.414	10.726
Carrying amount		
Balance 31 December	20.195	20.883

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

16. INVENTORIES

GROUP

	2016 €'000	2015 €'000
Land	104	104
Fuels	175	188
Spare parts and consumables	689	691
Other inventories	1.303	1.403
	2.271	2.386

Other inventories represent inventories of food, drinks, cigarettes, souvenirs, as well as cleaning materials.

The total value of land is used as collateral to secure loans of the Group and the Parent.

There are no inventories for which a reduction in their value was necessary.

Stock consumption amounting to €15,761 thousand (2015: €14,219 thousand) have been included in operating expenses.

17. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Trade receivables	15.493	15.332	-	-
Provision for bad and doubtful debts	(10.473)	(10.472)	-	-
	5.020	4.860	-	-
Other receivables and prepayments	4.235	7.969	34	28
	9.255	12.829	34	28
Short-term	9.255	12.829	34	28

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

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Not past due nor impaired	213	448	-	-
Past due 1 - 30 days	793	794	-	-
Past due 31 – 120 days	1.439	2.925	-	-
More than 121 days	2.575	693	-	-
	5.020	4.860	-	-

Movement of the provision for bad and doubtful debts :

	GROUP	
	2016	2015
	€'000	€'000
Balance 1 January	10.472	12.943
Provision recognised for bad and doubtful debts	8	50
Debtors written off as non-collectible	(7)	(1.610)
Transferred to current assets held for sale	-	(911)
Balance 31 December	10.473	10.472

- The Group made a specific provision for doubtful trade receivables amounting to €8 thousand (2015: €50 thousand) which was recognised in profit and loss of the Group.
- During 2016, the Group recorded a provision for other receivables, amounting to €2.278 thousand and which recognized in profit and loss of the Group.
- During 2015, the Group and the Company made a provision for other receivables amounting to €552 thousand which recognised in profit and loss of the Group and the Company.

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17. TRADE AND OTHER RECEIVABLES (continued)

The Group and the Company examine at each reporting date whether there is any evidence of the probability that the amounts due will be not recovered from trade and other debtors. Significant financial difficulties of the debtor, the probability that the debtor will enter into bankruptcy proceedings or financial restructuring and failure or inability to fulfill his obligations are considered as evidence that the receivable may have been impaired. If such indications exist, the recoverable amount is calculated and a corresponding provision for doubtful debts is recognised. The amount of the provision is recognized in the income statement.

Credit risk is assessed on a continuous basis and the methodology and assumptions for calculating the provision for doubtful debts are reviewed at regular intervals and adjusted accordingly.

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. 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 charges and/or provisions were sufficient, having also regard to the fact that a large number of customers of the Group are active in various markets outside Cyprus.

The exposure of the Group and the Company to credit risk is presented in note 40 of the consolidated and separate financial statements of the Company.

18. BLOCKED BANK DEPOSITS

GROUP

	2016 €'000	2015 €'000
Blocked bank deposits	10.916	10.776

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

Cash at bank amounting to €572 thousand (2015: €662 thousand), 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 €9.037 thousand (2015: €8.821 thousand) and €1.298 thousand (2015: 1.284 thousand), blocked by Bank of Cyprus Public Company Ltd, and Piraeus Bank of Greece, respectively, securing liabilities of Group companies.

Additionally, cash at bank amounting to €9 thousand (2015: €9 thousand) is blocked by National Bank of Greece A.E., as security for bank guarantees.

19. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Cash in hand and at bank	24.905	16.225	10	31
Bank overdrafts	(23.954)	(26.707)	(17.957)	(16.556)
Credit facilities from a Factoring Organisation	(1.341)	(1.321)	-	-
	(25.295)	(28.028)	(17.957)	(16.556)
	(390)	(11.803)	(17.947)	(16.525)

Cash amounting to €279 thousand (2015: €270 thousand) is held in a joint account with the Holy Archdiocese of Cyprus to finance renovations of hotel units rented by the subsidiary Louis Hotels Public Company Limited.

Bank overdrafts bear an average annual interest rate of 6,21% (2015: 6,30%) for the Group and 6,9% (2015: 7%) for the Company. The credit facilities from the Factoring Organization bear an average annual interest rate of 5,16% (2015: 5,22%).

GROUP

The bank overdrafts of the Group are secured as follows:

- 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 in respect 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 charging (pledging) of financial assets in any way, without the written consent of specific banks.

19. CASH AND CASH EQUIVALENTS (continued)

COMPANY

The bank overdrafts of the Company are secured as follows:

- Mortgages over 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 in respect of insurances 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 charging (pledging) of financial assets without the written consent of specific banks.

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

20. CURRENT ASSETS HELD FOR SALE

GROUP

Assets classified as held for sale

	Note	2016 €'000	2015 €'000
Vessels, property, plant and equipment	14	-	246.672
Intangible assets		-	39
Other investments		-	8
Inventories		-	14.347
Trade and other receivables		-	14.724
Blocked bank deposits		-	229
Cash and cash equivalents		-	2.629
		-	278.648

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20. CURRENT ASSETS HELD FOR SALE (continued)

Liabilities classified as held for sale

	Note	2016 €'000	2015 €'000
Bank overdrafts		-	8.333
Borrowings	23	-	15.846
Finance lease obligations	24	-	212.615
Deferred income		-	11.438
Trade and other payables		-	30.711
		-	278.944

On 31 December 2015, Celestyal 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 International Airline Association 'IATA'.

(iv) Guarantees amounting to €6 thousand for the issue of bank guarantees in favour of the Cyprus Ports 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 amounting 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. The overall amount claimed by SPF as at 31 December 2015 was 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 business. In case where decisions would be issued against the Group, the total amount of compensations is not expected to exceed €264 thousand, out of which an amount of €160 thousand is expected to be covered by the insurers of the Company.

21. SHARE CAPITAL

GROUP AND COMPANY

	2016	2015
	€'000	€'000
Authorised		
500.000.000 ordinary shares of €0,17	85.000	85.000
Issued and fully paid		
460.546.854 ordinary shares of €0,17	78.293	78.293

The Board of Directors, taking into consideration that, based on the financial statements for the year ended 31 December 2016 where the Company lost more than 50% of the issued share capital, and the provisions of Article 169F of the Companies Law Cap. 113, decided to hold an Extraordinary General Meeting on 23 February 2017. During the Extraordinary General Meeting, special resolutions were adopted, as presented in note 43 of the consolidated and separate financial statements.

22. RESERVES

GROUP AND COMPANY

Share premium

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

Hedging reserve

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

Property revaluation reserve

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

Employee benefits reserve

The employee benefits reserve comprises adjustments to the employee benefit obligations arising from the defined benefit plans and consists of:

(i) Actuarial gains and losses,
(ii) Expected return on plan assets,
(iii) Any change due to changes in the upper ceilings of plan assets.

The employee benefits reserve is not distributable.

LOUIS PLC

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22. RESERVES (continued)

GROUP AND 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.

23. BORROWINGS

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Current liabilities				
Bank loans	71.623	73.262	62.837	55.741
Other loans	1.566	1.691	-	-
Other bank obligations	6.752	3.041	-	-
	79.941	77.994	62.837	55.741
Non-current liabilities				
Bank loans	99.510	94.313	62.465	64.695
Other loans	2.500	2.550	-	-
Other bank obligations	55.198	59.159	-	-
	157.208	156.022	62.465	64.695
Total	237.149	234.016	125.302	120.436

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23. BORROWINGS (continued)

Bank and other loans are repayable as follows:

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Within 1 year	79.941	77.994	62.837	55.741
Between 1 and 5 years	41.383	60.518	15.222	25.272
More than 5 years	115.825	95.504	47.243	39.423
Total	237.149	234.016	125.302	120.436

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

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Balance 1 January	234.106	199.030	120.436	116.811
Transfer to finance lease obligations (note 24)	-	(13.487)	-	-
Transfer to liabilities held for sale (note 20)	-	(15.846)	-	-
Granting of new borrowings	1.500	2.800	-	-
Repayment of borrowings	(7.962)	(11.939)	(2.680)	(3.037)
Interest credited	9.498	10.502	7.449	6.386
Exchange difference	97	756	97	276
Provision for recognition of obligation in relation to corporate guarantees	-	62.200	-	-
Balance 31 December	237.149	234.016	125.302	120.436

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

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Euro	234.059	231.207	122.212	117.627
United States Dollars	3.090	2.809	3.090	2.809
	237.149	234.016	125.302	120.436

23. BORROWINGS (continued)

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

	GROUP		COMPANY	
	2016	2015	2016	2015
	%	%	%	%
Euro	3,54	5,16	5,18	5,33
United States Dollars	4,50	4,08	4,50	4,08

Bank loans are secured as follows:

GROUP

- 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 a subsidiary company of the Group,
- 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 rights, titles, interests and monetary demands on long term leases of the Group's subsidiary companies,
- Cross default undertakings between the Group's subsidiary companies,
- Floating charge over the assets of the Group's subsidiary companies,
- Assignment of letter of allocation (pledge) 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.
- Positive pledge according to which subsidiary companies of the Group will proceed with the renewal of long-term finance leases.
- Blocked bank deposits amounting to €10.335 thousand.

23. BORROWINGS (continued)

COMPANY

- 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 undertakings between the Group's subsidiary companies,
- Floating charge over the assets of the Group's subsidiary companies,
- Assignment of letter of allocation (pledge) 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,
- Positive pledge according to which subsidiary companies of the Group will proceed with the renewal of long-term finance leases.
- Pledged bank deposits amounting to €10.335 thousand.

GROUP AND COMPANY

For specific borrowings cash sweep arrangements are in place, based on which the Group and the Celestyal group (note 20), have 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 with regard to the agreed repayment schedules. 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 flows, mainly of Louis Hotels, as mentioned in note 42 of the consolidated and separate financial statements of the Company.

23. BORROWINGS (continued)

GROUP AND COMPANY (continued)

Group bank loans with carrying amount of €129,8 m. (2015: €131,4 m.) included arrears totalling €61 m. (2015: €56,3 m.), out of which €37,8 m. (2015: €37,4 m.) represented principal and €23,2 m. (2015: €18,9 m.) represented interest. Company bank loans with carrying amount of €125,3 m. (2015: €120,4 m.) included arrears totalling €56,5 m. (2015: €52,1 m.), out of which €33,5 m. (2015: €33,3 m.) represented principal and €23 m. (2015: €18,8 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 €73,2 m. plus interest for loans of the Parent and subsidiaries of the Parent, as described in note 41 of the consolidated and separate financial statements.

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

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

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

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

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24. FINANCE LEASE OBLIGATIONS

GROUP

	2016 €'000	2015 €'000
Balance 1 January	25.769	226.865
Repayments	(1.030)	(14.452)
Transfer to borrowings (note 23)	-	13.487
Interest credited	1.030	9.650
Exchange difference	-	2.835
Transfer to liabilities held for sale (note 20)	-	(212.616)
	25.769	25.769

	2016			2015		
	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	2.323	1.004	1.319	3.869	905	2.964
Between 1 and 5 years	9.208	3.475	5.733	21.507	2.320	19.187
More than 5 years	22.015	3.298	18.717	4.101	483	3.618
	33.546	7.777	25.769	29.477	3.708	25.769

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

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

25. OTHER LIABILITIES

GROUP

	Note	2016 €'000	2015 €'000
Non-current other liabilities			
Defined benefit schemes	31	1.143	1.230

26. DEFERRED INCOME

GROUP

	2016	2015
	€'000	€'000
Government grants	3.675	4.021
Customer advances	4.322	3.999
	7.997	8.020
Deferred income is analysed as follows:		
Within 1 year	4.556	4.345
Between 1 and 5 years	934	934
More than 5 years	2.507	2.741
	7.997	8.020

Deferred income refers to government grants, which were obtained for renovations of hotel units in Greece. Government grants were obtained in 2007, 2008 and 2011.

27. DEFERRED TAX

	GROUP	
	2016	2015
	€'000	€'000
Balance 1 January	31.558	28.294
Debit in the property revaluation reserve	-	9
(Credit)/debit in profit or loss	(1.086)	2.912
Effect of deferred tax on employee benefits due to change in corporation tax rate in Greece from 26%to 29%	-	7
Effect of deferred tax in Greece due to change in corporation tax rate from 26% to 29%	-	312
Debit in employees' benefits reserve	41	24
Balance 31 December	30.513	31.558

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27. DEFERRED TAX (continued)

The liability for deferred tax arises as follows:

	2016 €'000	2015 €'000
Revaluation of immovable property	5.102	5.102
Sale and leaseback	(7.263)	(5.939)
Revaluation of assets	31.983	31.488
Write-off of intangible assets	484	487
Cumulative temporary differences between depreciation and capital allowances	1.014	1.117
Other assets	(807)	(697)
	30.513	31.558

The calculation for deferred tax is based on a tax rate of 29% 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 capital gains tax rate of 20%.

28. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2016 €'000	2015 €'000	2016 €'000	2015 €'000
Trade payables	5.865	6.195	365	828
Other payables and accruals	8.020	7.985	931	102
	13.885	14.180	1.296	930

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

29. DERIVATIVE FINANCIAL INSTRUMENTS

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 and €857 thousand respectively. The realised loss from the expiration of derivative financial instruments for the year 2015 amounted to €200 thousand and recognised in the Company's statement of profit and loss.

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29. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

30. TAXATION DUE

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Special defence contribution in Cyprus	361	361	347	347
Corporation tax in Cyprus	676	912	322	322
Corporation tax in Greece	3.226	2.429	-	-
Taxation due within one year	4.263	3.702	669	669

31. EMPLOYEE RETIREMENT BENEFIT SCHEMES

GROUP

Defined benefit schemes

	Note	2016 €'000	2015 €'000
Balance 1 January		1.230	1.254
Current service cost		58	45
Interest cost		24	31
Cut back costs		16	10
Contributions paid by the employer		(45)	(27)
Actuarial profit		(140)	(83)
Balance 31 December	25	1.143	1.230

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. 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 2016 by an independent qualified actuary.

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31. EMPLOYEE RETIREMENT BENEFIT SCHEMES (continued)

GROUP (continued)

Defined benefit schemes (continued)
Benefit costs for defined benefit plans are calculated on the basis of actuarial estimates using assumptions on discount rates, long-term return on investment, salary growth rates, mortality rates and future increases in retirement benefits where necessary. The Group makes these assumptions based on market expectations at the reporting date, using the best estimates for each parameter, covering the period in which the liability will be settled.

	2016	2015
Discount rate	1,30%	2,00%
Percentage increase in salaries	0,75%	0,75%
Average period of time in service	14,36 years	13,62 years
Inflation	1,75%	2,00%

Defined contribution schemes
The permanent employees of the Company 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 was reduced to 0,25%. From 1 April 2015, the contribution rate returned to 6,25%.

The Cypriot companies of the group Louis Hotels and their employees contribute a percentage to the Provident Fund of the 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 amounted to 3% of gross emoluments (basic and c.o.l.a.), while the employee could elect to contribute between 3% and 10%. From 1 March 2016 until 31 December 2018, the employer’s 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%.

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32. DEEMED DISPOSALS OF SUBSIDIARY

Information on the deemed disposal of the subsidiary of the Group is given in note 12 of the consolidated and separate financial statements.

	11/03/2016 €'000
Disposed Assets	
Vessels, property, plant and equipment	252.856
Intangible assets	39
Investments	8
Inventories	15.178
Trade and other receivables	15.666
Cash and cash equivalents	2.854
	286.601
Disposed Liabilities	
Bank overdrafts	653
Borrowings	22.705
Finance lease obligations	212.086
Deferred income	13.288
Trade and other payables	42.743
Balances with related parties	7.957
	299.432
Net disposed liabilities	(12.831)
Investment in joint venture	20.000
Deemed disposal of net liabilities	12.831
Deemed disposal of subsidiary	(5.407)
Gain from loss of control of subsidiary	27.424

As a result of the loss of control, a net investment profit was recognized that consists of:

		2016 €'000
Profit from loss of control of subsidiary		27.424
Impairment charge on investment in joint venture	33	(13.596)
Net gain from investment		13.828

33. INVESTMENT IN ASSOCIATE COMPANY

GROUP

	2016 €'000	2015 €'000
Investment in associate company	16.302	16.049
Investment in joint venture	4.600	-
	20.902	16.049

The movement of the investments in associate companies during the year was as follows:

	2016 €'000	2015 €'000
Balance 1 January	16.049	15.833
Investment in joint venture	20.000	-
Impairment charge on investment in joint venture	(13.596)	-
Share of (loss)/profit attributable to the Group	(1.526)	218
Dividend received	(111)	(78)
Share of movement in reserves attributable to the Group	86	76
Balance 31 December	20.902	16.049

The investments of the Group in associate companies are as follows:

Name	Total issued share capital (number of shares) '000	Shareholding interest 2016 %	Shareholding interest 2015 %
The Cyprus Tourism Development Public Company Ltd («C.T.D.C.»)	3.000	21,73	21,53
Celestyal Cruises Limited	100	51	100

The companies that are recognized under the equity method are registered in Cyprus and their reporting date is 31 December. The main activities of C.T.D.C. Is the management of a privately owned hotel and Celestyal's main activities are in the cruise sector.

33. INVESTMENT IN ASSOCIATE COMPANY (continued)

GROUP (continued)

Investment in associate company

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

	2016 €'000	2015 €'000
Summary statement of financial position		
Non-current assets	92.666	92.771
Current assets	1.069	1.160
Non-current liabilities	(15.099)	(15.413)
Current liabilities	(2.941)	(3.999)
Net assets	75.695	74.519
Summary statement of profit and loss		
Revenue	10.656	10.316
Profit for the year before tax	1.514	1.197
Taxation	(221)	(184)
Profit for the year after tax	1.293	1.013
Total comprehensive income for the year	1.686	1.363

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

The movement of the investment in associate company during the year was as follows:

	2016 €'000	2015 €'000
Balance 1 January	16.049	15.833
Share of profit attributable to the Group	278	218
Dividend received	(111)	(78)
Share of reserves movement attributable to the Group	86	76
Balance 31 December	16.302	16.049

33. INVESTMENT IN ASSOCIATE COMPANY (continued)

GROUP (continued)

Investment in joint venture

Summary of financial information for joint venture
The following is the summarized financial information for the joint venture, which as of 12 March 2016 (see note 12), is accounted for using the equity method in the consolidated financial statements.

	2016	2015
	€'000	€'000
Summary statement of financial position		
Non-current assets	244.354	246.719
Current assets (including cash and cash equivalents – 2016: €2.913, 2015: €2.629)	30.764	31.929
Non-current liabilities (including non-current financial liabilities with the exception of trade and other liabilities and provisions - 2016: €162.913, 2015: €181.625)	(162.913)	(183.824)
Current liabilities (including current financial liabilities with the exception of trade and other liabilities and provisions - 2016: €44.181, 2015: €72.944)	(77.385)	(102.974)
Net assets/(liabilities)	34.820	(8.150)

	For the year ended on	
	31/12/2016	31/12/2015
	€'000	€'000
Summary statement of profit and loss		
Revenue	131.571	151.544
Depreciation and amortisation	(16.048)	(18.817)
Finance expenses	(6.144)	(11.268)
Profit for the year	13.961	16.220
Total comprehensive income for the year	13.761	16.183

The above summarized financial information reflects the amounts presented in the financial statements of the companies that are accounted for using the equity method and not the Group's share.

33. INVESTMENT IN ASSOCIATE COMPANY (continued)

GROUP (continued)

Investment in joint venture (continued)

Summary of financial information for joint venture (continued)

The movement of the investment in joint venture during the year was as follows:

	2016 €'000	2015 €'000
Balance 1 January	-	-
Investment in joint venture	20.000	
Impairment charge on investment in joint venture	(13.596)	-
Share of loss attributable to the Group	(1.804)	-
Balance 31 December	4.600	-

COMPANY

	2016 €'000	2015 €'000
Investment in associate company	9.746	9.746
Investment in joint venture	4.600	-
	14.346	9.746

The movement of the investment in joint venture during the year was as follows:

	2016 €'000	2015 €'000
Balance 1 January	-	-
Investment in joint venture	20.000	-
Impairment charge on investment in joint venture	(15.400)	-
Balance 31 December	4.600	-

Impairment loss of joint venture:
Taking into account, among other things, the operating results of the joint venture for the year ended 2016 and the conditions existing at the reporting date, the Group's management decided to write down the investment value by € 13.596 thousand for the Group and € 15.400 thousand for the Company. The methodology used included the use of historical and projected profitability data and multipliers.

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34. RELATED PARTY TRANSACTIONS

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

(a) Sale of services

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Subsidiary companies				
Financing and interest	-	-	-	282
Use of space rights	-	-	17	236
Management services	-	-	411	1.401
	-	-	428	1.919
Parent and other related parties				
Financing and interest	1.879	1.954	-	401
Use of space rights	109	142	109	142
Management services	25	118	21	14
Tourist services	55	1.460	-	-
	2.068	3.674	130	557
Joint venture				
Financing and interest	66	-	-	-
Use of space rights	203	-	203	-
Management services	957	-	905	-
Tourist services	3	-	-	-
	1.229	-	1.108	-

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34. RELATED PARTY TRANSACTIONS (continued)

(b) Purchase of services

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Subsidiary companies				
Financing and interest	-	-	-	25
Parent and other related parties				
Financing and interest	-	467	-	467
Use of space rights	271	273	-	-
Technological & IT support services	341	732	8	2
Management services	271	657	120	5
Tourist services	139	778	-	-
	1.022	2.907	128	474
Joint venture				
Financing and interest	901	-	18	-
Tourist services	26	-	-	-
	927	-	18	-

(c) Dividend received

	COMPANY	
	2016	2015
	€'000	€'000
Subsidiary companies	-	26.592
Associate company	111	78
	111	26.670

(d) Remuneration of Board of Director members and management

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Remuneration of executive Directors and Chairman	952	1.278	395	637
Remuneration of non-executive Directors	10	13	10	13
Contributions to employee benefit schemes	56	56	26	26
	1.018	1.347	431	676

34. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances

	GROUP		COMPANY	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Receivables				
Subsidiary companies	-	-	9.250	24.208
Parent and other related parties	296	416	245	348
Associate company	37	267	37	267
Joint venture	6.408	-	6.357	-
	6.741	683	15.889	24.823
Payables				
Subsidiary companies	-	-	332	310
Parent and other related parties	115	801	105	314
Joint venture	620	-	-	-
	735	801	437	624
Total	6.006	(118)	15.452	24.199

COMPANY AND GROUP

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 23 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 developing 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 during the assessment period, the Parent is unable at present to pay the amounts due.

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 were made for 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 the Company's profit and loss for the year ended 31 December 2015.

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34. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

For the year ended 31 December 2016, provision for doubtful debts was recognized of net balances from the Parent amounting to €14 thousand in the profit and loss of the Group and provision for doubtful debts of net balances from related parties amounting to €5.596 thousand in the profit and loss of the Company.

GROUP

Year end balances are analysed as follows:

	2016 €'000	2015 €'000
Receivables		
Amounts due from Parent and other related parties		
▪ Trading balances	296	416
The above amounts are receivable as follows:		
Current	296	416
Amounts due from associate company		
▪ Dividends	37	267
The above amounts are receivable as follows:		
Current	37	267
Amounts due from joint venture		
▪ Financial	6.174	-
▪ Trading balances	234	-
	6.408	-
The above amounts are payable as follows:		
Current	234	-
Non-current	6.174	-
	6.408	-

34. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

GROUP (continued)

	2016 €'000	2015 €'000
Payables		
Amounts due to Parent and other related parties		
▪ Trading balances	115	801
The above amounts are payable as follows:		
Current	115	801
Amounts due to joint venture		
▪ Trading balances	620	-
The above amounts are payable as follows:		
Current	620	-

COMPANY

Year end balances are analysed as follows:

	2016 €'000	2015 €'000
Receivables		
Amounts due from subsidiary companies		
▪ Trading balances	9.250	24.208
The above amounts are receivable as follows:		
Current	9.250	24.208
Payables		
Amounts due to subsidiary companies		
▪ Loans payable – Louis Hotels	310	310
▪ Trading balances	22	-
	332	310
The above amounts are payable as follows:		
Current	22	-
Non-current	310	310
	332	310

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34. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

COMPANY (continued)

	2016 €'000	2015 €'000
Receivables		
Amounts due from Parent and other related parties		
▪ Trading balances	245	348
The above amounts are receivable as follows:		
Current	245	348
Payables		
Amounts due to Parent and other related parties		
▪ Trading balances	105	314
The above amounts are payable as follows:		
Current	105	314
Receivables		
Amounts due from associate company		
▪ Dividends	37	267
The above amounts are receivable as follows:		
Current	37	267
Receivables		
Amounts due from joint venture		
▪ Financial	6.174	-
▪ Trading balances	183	-
	6.357	-
The above amounts are receivable as follows:		
Current	183	-
Non-current	6.174	-
	6.357	-

The finance balance due from joint venture amounting to €6,174 thousand relates to the servicing of specific loan liabilities of Group companies by Celestyal. These loan commitments were initially given to subsidiaries, which acted as managers of ship owning companies of the Celestyal Group, for the purpose of financing working capital for shipping activities. Since Celestyal is the shareholder of the ship owning companies, it was agreed to undertake the servicing of these loan obligations.

34. RELATED PARTY TRANSACTIONS (continued)

(e) Year end balances (continued)

GROUP AND COMPANY

The Group and the Company agreed with the Parent that the non-trading balances between them would be offset. As a result the trade receivable and payable balances remained due as above and the net receivable balance amounted to €43.841 thousand for which a provision was made during the year 2015.

35. INVESTMENTS IN SUBSIDIARY COMPANIES

COMPANY

	2015 €'000	2014 €'000
Balance 1 January	113.729	93.729
Additions	-	55.202
Impairment charge on investments in subsidiary companies	-	(35.202)
Loss of control from subsidiary company (note 12)	(20.000)	-
Balance 31 December	93.729	113.729

The Group and the Company periodically evaluate the possibility of recovering investments in subsidiaries/associates whenever there are any indications for impairment. Impairment indicators include factors such as a reduction in earnings, profits or cash flows or adverse changes in the economic or political stability of a particular country, which may indicate that the book value may not be recoverable. If facts and circumstances show that the value of investments in subsidiaries/associates may have been impaired, the identifiable future cash flows associated with those subsidiaries/associates are compared to their carrying amounts to determine whether the devaluation in fair value is essential.

As at 31 December 2015, as a result of the corporate restructuring of Celestyal and capitalization of Celestyal's balances due to the Company with the issuance of shares at a premium, there was an increase in the investment cost amounting to €55.202 thousand.

As at 31 December 2015, impairment loss from investments in subsidiaries, amounting to €35.202 thousand, was recognized in profit and loss of the Company.

36. SUBSIDIARY COMPANIES

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

Company name	Country of incorporation	Principal activity	Shareholding interest 2016 %	Shareholding interest 2015 %
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 and	100	100
		other companies	100	100
Louis Hotels S.A.	Greece	Operation of hotel units	100	100
Trevora Holding Ltd	Cyprus	Holding of shares in subsidiary companies	100	100
Leisureland Hotel Enterprises Ltd	Cyprus	Dormant	100	100
Zante Pefkos Limited	Cyprus	Dormant	100	-
Louis S.A.E.	Egypt	Dormant	100	100

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

The percentage of the Company's share capital principally held, directly or indirectly, by the members of the Board of Directors, their spouses and their dependent children as at 31 December 2016 and 23 April 2017 (5 days prior to the date of the approval of the consolidated and separate financial statements of the Company) was as follows:

	31/12/2016 %	23/04/2017 %
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.

38. SHAREHOLDERS HOLDING MORE THAN 5% OF SHARE CAPITAL

The shareholder holding more than 5% of the share capital of the Company as at 31 December 2016 and as at 23 April 2017 (5 days prior to the date of approval of the consolidated and separate financial statements of the Company) was Mr. Costakis Loizou with a shareholding interest of 65,475%.

39. SIGNIFICANT AGREEMENTS WITH MANAGEMENT

On 31 December 2016, 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 2016 amounts to €17 thousand (2015: €16 thousand) and from Azelco Limited €83 thousand (2015: €5 thousand).

- Charges by the Company, on an arm's length basis, amounting to €312 thousand (2015: €142 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 2016, the amount in connection with such services amounted to €341 thousand (2015: €732 thousand).

40. 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.

40. 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 17 of the consolidated and separate financial statements of the Company.

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40. RISK MANAGEMENT (continued)

Financial risk factors (continued)

(i) Credit risk (continued)

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	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Amounts due from Parent and other related parties	296	416	245	348
Amounts due from joint venture	6.408	-	6.357	-
Amounts due from subsidiary companies	-	-	9.250	24.208
Amounts due from associate company	37	267	37	267
Trade and other receivables	9.255	12.829	34	28
Blocked bank deposits	10.916	10.776	-	-
Cash and cash equivalents	24.905	16.225	10	31
	51.817	40.513	15.933	24.882

(ii) Liquidity risk

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

Bank overdrafts, borrowings and finance lease obligations are presented in notes 19, 23 and 24 respectively.

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40. 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 2016					
Borrowings	175.199	220.595	55.858	34.755	129.982
Other bank obligations	61.950	82.383	8.569	18.065	55.749
Finance lease obligations	25.769	33.546	2.323	9.208	22.015
Bank overdrafts	25.295	25.295	25.295	-	-
Trade and other payables	13.885	13.885	13.885	-	-
Other liabilities	1.143	1.143	1.143	-	-
Amounts due to related parties	735	735	735	-	-
	303.976	377.582	107.808	62.028	207.746
31 Demember 2015					
Borrowings	171.816	218.601	54.437	44.436	119.728
Other bank obligations	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	14.180	14.180	14.180	-	-
Other liabilities	1.230	1.230	1.230	-	-
Amounts due to related parties	801	801	801	-	-
	304.024	376.880	107.516	84.804	184.560

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40. 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 2016					
Borrowings	125.302	165.595	38.898	15.222	111.475
Bank overdrafts	17.957	17.957	17.957	-	-
Trade and other payables	1.296	1.296	1.296	-	-
Amounts due to Parent and other related parties	105	105	105	-	-
Amounts due to subsidiary companies	332	332	22	310	-
	144.992	185.285	58.278	15.532	111.475
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

40. 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 and equity 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	
	2016	2015	2016	2015
	€'000	€'000	€'000	€'000
Fixed rate instruments				
Financial liabilities	(92.171)	(89.255)	(92.171)	(89.255)
Variable rate instruments				
Financial assets	35.821	27.001	10	281
Financial liabilities	(134.093)	(136.358)	(51.088)	(47.737)
	(190.443)	(198.612)	(143.249)	(136.711)

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2016 would have increased the loss for the year by approximately €2.683 thousand (2015: €2.023 thousand) for the Group and by approximately €1.645 thousand (2015: €1.390 thousand) for the Company. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal but opposite impact on profit or loss.

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

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40. 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:

	2016		2015	
GROUP	United States Dollars €'000	Great Britain Pounds €'000	United States Dollars €'000	Great Britain Pounds €'000
Assets				
Trade and other receivables	732	91	816	130
Cash and cash equivalents	62	649	104	685
Liabilities				
Borrowings	(3.090)	-	(2.809)	-
Bank overdrafts				
Trade and other payables	(164)	(42)	(488)	(14)
Net risk exposure	(2.460)	698	(2.377)	801

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40. 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:

	2016		2015	
	United States Dollars	Great Britain Pounds	United States Dollars	Great Britain Pounds
COMPANY	€'000	€'000	€'000	€'000
Assets				
Trade and other receivables	6	-	6	108
Cash and cash equivalents	-	3	-	-
Liabilities				
Borrowings	(3.090)	-	(2.809)	-
Net risk exposure	(3.084)	3	(2.803)	108

Sensitivity analysis
The strengthening of the Euro against the United States Dollar by 1% during 2016 would have decreased the loss by approximately €31 thousand (2015: €27 thousand) for the Group and decreased by €31 thousand (2015: €27 thousand) for the Company, as well as increase by approximately €31 thousand (2015: €27 thousand increase) in equity for the Group and a increase by €31 thousand (2015: €27 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 takes into consideration current conditions and obligations. The Group's and the Company's overall strategy remains unchanged from last year.

40. 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.

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 hotels and 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.

40. RISK MANAGEMENT (continued)

(i) Tourist and shipping industry risk (continued)

- 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.
- 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 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 consequently 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 entered into 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.

40. RISK MANAGEMENT (continued)

Non- financial risk factors (continued)

(vi) Geopolitical risk

Terrorism, migration crises, the influx of refugees to the South East Europe and austerity measures are, among others, factors that affect the economies in the Middle East and threaten to further worsen the relations between nationalities and religions, which may continue to worsen the crises in various parts of the region. Long-term ethnic divisions remains a key variable that contributes 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 oil prices, along with other factors that cause pressure on various countries' economies, make it necessary for companies to be prepared for political violence, instability or other large scale crises that may develop in any part of the world, even in countries that have previously been considered safe or stable.

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 carefully monitoring the geopolitical developments and take, to the extent possible, the necessary steps needed to protect their interests.

41. COMMITMENTS/CONTINGENT LIABILITIES

On 31 December 2016, the Group and the Company had the following commitments or contingent liabilities:

(i) Blocked cash amounting to €25 thousand (2015: €32 thousand) for the issue of bank guarantees in favor of various beneficiaries.

(ii) Blocked cash amounting to €46 thousand (2015: €54 thousand) for the issue of bank guarantees in favor of the Navy Retirement Fund (“NRF”) located in Piraeus.

(iii) Blocked cash amounting to €502 thousand (2015: €586 thousand) for the issue of bank guarantees in favor of the Hellenic Register of Shipping in Piraeus.

(iv) Blocked cash amounting to €10.335 thousand (2015: €10.105 thousand) as guarantees for bank facilities of Group companies.

(v) Guarantees amounting to €1.436 thousand (2015: €1.392 thousand) for the issue of bank guarantees in favor of the NRF.

(vi) Guarantees amounting to €133 thousand (2015: €155 thousand) for the issue of bank guarantees in favor of the Hellenic Register of Shipping in Piraeus.

41. COMMITMENTS/CONTINGENT LIABILITIES (continued)

(vii) There are pending appeals of subsidiary companies of the Group at the Administrative Courts 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. 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.

(viii) In addition, against the above subsidiary companies, the Greek Government and the Municipality of Thira have pursued lawsuits seeking to receive the amount of €10 m. for moral damages to the Greek Government and the amount of €10m. to the Municipality of Thira. The Municipality of Thira, with a second lawsuit seeks 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. The companies appealed against all the above judgments, which were heard on 22 September 2016 and the decision of the Court is pending. In the case where the total amount of claims becomes payable then, based on legal advice obtained, and management's assessment, this 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 securing NRF in case where its requirements had not been met by the previous owner for unpaid insurance contributions. Although NRF was fully satisfied with respect to 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, 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 recognised, inter alia, that NRF has to release the amount of US$457 thousand, the amount which has not yet been forfeited in favor of NRF and to repay the amount of US$906 thousand to New Wave Navigation S.A. which was illegally received. Against that decision, both NRF and New Wave Navigation S.A. lodged appeals at the Supreme Court, which were heard on 26 October 2015. New Wave Navigation S.A. specifically requested a correction of the decision to require repayment, rather than merely stating the right for such.

41. 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 does not present at the Court of Appeal of Piraeus proof of evidence that there is an amount owed to NRF, which could be offset against the amounts requested by New Wave Navigation S.A., there are good chances of success for the claims of New Wave Navigation S.A. against NRF.

(x) GROUP

Companies of Louis plc group have given:

- corporate guarantees amounting to €73,2 m. plus interest for loans of the Parent and its subsidiaries, some of which were given before Louis Hotels became a public company,
- collaterals amounting to €20,4 m. plus interest for loans of the Parent and its main shareholder (€2,6 m.), part of which was given before Louis Hotels became a 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.
- Corporate guarantees and collateral amounting to € 28,7 million plus interest on loans to the joint venture

Further to the above and as described in note 23 of the consolidated and separate financial statements of the Company, on 22 December 2015 the Board of Directors of Louis plc, considering the resulting 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, 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.

41. COMMITMENTS/CONTINGENT LIABILITIES (continued)

(xi) On 31 December 2016, 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 €900 thousand (2015: €2.250 thousand).

(xii) 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 presented 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 has been 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 ones, this time claiming that the insurance contribution calculations were performed according to the law. The amounts involved are similar to the amounts required by NRF with the previous requests and already cancelled payment requests, however, NRF claims that cruise ships did not comply 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 relevant legal opinion, estimates that the probability of a substantial obligation is remote. The total amount of the claim is not currently possible to be estimated with precision, since NRF imposed extra charges for late payments and new payment requests are pending. The timing of the completion of the case cannot currently be estimated.

(xiii) The group of Louis Hotels, leases hotel units under operating leases. Most of the operating leases are for a period of 8 until 28 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:

	2016 €'000	2015 €'000
Within 1 year	11.518	11.957
Between 1 and 5 years	47.511	42.588
More than 5 years	182.007	183.290
	241.036	237.835

42. GOING CONCERN

The Group incurred a loss of €7.744 thousand and the Company a loss of €30.858 thousand for the year ended on 31 December 2016, and as of that date, the current liabilities of the Group and the Company exceeded current assets by €82.080 thousand and €73.127 thousand respectively. Additionally, at that date, the Group and the Company presented negative own funds of € 31.745 thousand and € 21.294 thousand, respectively. Furthermore, as a result of these, the Group's and Company's total equity as at 2016 decreased to € 31.745 thousand (negative) and € 21.294 thousand (negative), respectively.

The main principal activity of the Group is the hotel activity through Louis Hotels, which in 2016 showed a significant operating profit, which is expected to continue in the years 2017 and 2018 based on unaudited results and forecasts for the respective years.

During the year 2015, Celestyal showed operating profit which subsequently fell 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, affecting its ability to serve both its borrowings and its current trading obligations. The Management of Celestyal immediately took measures seeking short-term financing from its principal banker, which was approved on 16 December 2016.

This operation is disclosed as investment in joint venture as at the reporting date, as the completion of the debt restructuring of Celestyal on 11 March 2016 resulted in the loss of control of Celestyal by the Group. This resulted in a reduction in the Group's exposure to risks, liabilities and fluctuations in the business of this operation. With the debt restructuring of Celestyal, Louis plc and Louis Hotels remain guarantors for specific borrowings of Celestyal amounting to €28,7 m.

As discussed in note 23, 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 what remains is the completion of the approval process of the agreement and signing. 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.

42. 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 repayment,
- 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 the 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 signing by the competent bodies of the banks is completed for the most part and is expected to be signed the soonest possible. 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 or/and 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 on 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 need 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 2017 and 2018 on the basis that, among other, the agreement will be implemented, and in case that the terms of guarantees amounting to €28,7 m. will be activated from the Company and Louis Hotels with respect to the borrowings of Celestyal, the Group will be in a position to take over and be in a position to serve specific contingent obligation,
- the assessment of developments in the economic and geopolitical environment,

42. 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.

43. EVENTS AFTER THE REPORTING PERIOD

On 18 January 2017, the CSE, following its previous announcements regarding Louis plc, announced the lifting of the suspension of trading of the Company's titles on Wednesday, 18 January 2017, as the reasons for the suspension were neglected. In particular, the Company has submitted and published:

(a) its Annual Financial Report for the year ended 31/12/2015 and,
(b) its Quarterly Financial Report for the period ended 31/3/2016,
(c) its Six-month Financial Report for the period ended 30/6/2016.

Also, on 23 February 2017, an Extraordinary General Meeting of the shareholders of Louis plc was held.

The General Meeting was informed and examined the planned restructuring of Louis plc's lending with Bank of Cyprus and other Cypriot banks, as well as the restructuring of Celestyal's lending with Bank of Cyprus during the year 2016.

The General Meeting of Louis plc was informed for the interest of the Board of Directors for Mr. Costakis Loizou, Louis Loizou, Theodoros Middleton and Christos Mavrellis in the planned restructuring of the loan for the company Louis plc, due to their relationship with Clin Company Ltd, the parent company of Louis plc.

The General Meeting approved the following ordinary resolutions:

1. Approval of the restructuring of Louis plc's lending with Bank of Cyprus and other Cypriot banks according to the summary of main restructuring terms posted on the Louis Group website at www.louisgroup.com and as authorized by the Board of Directors of the Company, in order to complete the restructuring of the loan, to sign any relevant documents and to take all the necessary measures for the implementation of the above, with any changes or modifications that he will decide.

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43. EVENTS AFTER THE REPORTING PERIOD (continued)

2. Confirmed the restructuring of Celestyal's lending with Bank of Cyprus in accordance with the transaction summary, as it is available on the website: www.louisgroup.com.

   The Board of Directors proceeds with the completion and signature of the restructuring agreement as soon as possible, taking into account the approvals received from the shareholders' at the Extraordinary General Meeting on 23 February 2017.

The General Meeting was informed of the loss of equity due to losses of more than 50% of the issued capital of the Company and approved the following special resolutions:

1. The issued share capital of the Company, amounting to €78.292.965,18 and a divided to 460.546.854 ordinary shares of nominal value €0,17 each, it is reduced to €9.210.937,08 divided to 460.546.854 ordinary shares of a nominal value of €0,02 each, and such reduction is effected by the reduction of the nominal value of each ordinary share from €0,17 each to €0,02 each and the cancellation of the amount of €0,15 per share for the purposes of write-off of losses of the Company amounting to €69.082.028,10.

2. As the nominal share capital of the Company is reduced by € 69.082.028,10, taking into account the amount of the reduction of the issued share capital, and therefore the nominal share capital of the Company is reduced from €85.000.000 divided to 500.000.000 ordinary shares of nominal value of €0,17 each to €15.917.971,90 divided into 795.898.600 ordinary shares of nominal value €0,02 each.

3. Simultaneously with the implementation of the above resolutions, the nominal share capital of the Company is increased from €15.917.971,90 to €85.000.000,00 divided into 4.250.000.000 shares of a nominal value of €0,02 each.

4. Share premium account of the Company that presents a credit balance of €94.300.187 is reduced to €0 in order to write off losses of the Company, specifically the coverage of accumulated losses in the merger reserve, of €25.964.445 and in the income reserve amounting to €68.335.742.

5. As with the implementation of the above special resolutions, paragraph 5 of the Memorandum is amended by replacing it entirely with the new paragraph 5:

   «5. The share capital of the company is €85.000.000 divided into 4.250.000.000 shares of €0,02 each. Shares in the original or in any increased capital may be divided into different classes and any rights, powers, terms or restrictions or expecially in respect of dividends, capital, voting rights or otherwise.»

The General Meeting approved the following ordinary resolution.

6. As the Company's Articles of Association are amended and are hereby amended by adding following Regulation 2 of the following new Regulation 2A:-

43. EVENTS AFTER THE REPORTING PERIOD (continued)

«The provisions of Regulations 12-15 (both inclusive) and 31-37 shall not apply to any shares in the Company which are pledged, mortgaged, charged, assigned or otherwise encumbered for the benefit of any person.»

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements for the year ended on 31 December 2016.

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