K + G Complex Public Company Limited

Report and financial statements
31 December 2012

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K + G Complex Public Company Limited

Board of Directors and other officers

Board of Directors

George St. Galatariotis, Executive Chairman
Costas St. Galatariotis, Executive Director
Vassos G. Lazarides, Finance Director
Stavros G. St. Galatariotis, Executive Director
Michalis Christoforou, Executive Director
Tasos Anastasiou, Executive Director

Company Secretary

C.C.C. Secretarial Limited
197 Makarios III Avenue
Gala Tower
CY-3030 Limassol
Cyprus

Registered office

197 Makarios III Avenue
Gala Tower
CY-3030 Limassol
Cyprus

K + G Complex Public Company Limited

Declaration of Directors and other responsible officers of the Company for the financial statements

In accordance with Article 9 sections (3)(c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law 2007 ("Law"), we, the members of the Board of Directors and the other responsible officers of the Company for the drafting of the consolidated and separate financial statements of K + G Complex Public Company Limited for the year ended 31 December 2012, confirm that to the best of our knowledge:

(a) the annual consolidated and separate financial statements which are presented on pages 3 to 55:

  (i) were prepared in accordance with the applicable 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 K + G Complex Public Company Limited and the businesses that are included in the consolidated accounts as a total, and

(b) the Board of Directors Report gives a fair review of the developments and the performance of the business as well as the financial position of K + G Complex Public Company Limited and the businesses that are included in the consolidated accounts as a total, together with a description of the main risks and uncertainties they are facing.

Members of the Board of Directors

Name and surname	**Signature**
George St. Galatariotis (Executive Chairman)	
Costas St. Galatariotis (Executive Director)	
Vassos G. Lazarides, (Finance Director)	
Stavros G. St. Galatariotis (Executive Director)	
Michalis Christoforou (Executive Director)	
Tasos Anastasiou (Executive Director)	

Responsible for the preparation of the financial statements

Name and surname	**Position**	**Signature**
Elena Stylianou	Financial Controller	

Limassol
29 April 2013

K + G Complex Public Company Limited

Report of the Board of Directors

1 The Board of Directors of K + G Complex Public Company Limited (the “Company”), its subsidiary company and its associated companies, which as a whole are referred to as the ‘Group’, present to its members its Annual Report together with the audited consolidated and separate financial statements of the Company for the year ended 31 December 2012.

Principal activities

2 The principal activities of the Company and the Group, which are unchanged from last year, are the following:

(a) Development and sale of residential units
(b) Development and sale of land located in the Amathus area of Limassol
(c) Holding of investments

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

3 The loss of the Group for the year ended 31 December 2012 amounted to €3.404.362 (2011: profit €5.125.801). On 31 December 2012 the total assets of the Group were €109.856.309 (2011: €120.125.159) and the net assets were €91.571.339 (2011: €98.671.865). The loss of the Company for the year ended 31 December 2012 amounted to €338.261 (2011: profit €6.855.402). On 31 December 2012 the total assets of the Company were €53.191.806 (2011: €57.020.154) and the net assets were €33.164.451 (2011: €33.952.712).

4 The loss of the Group for the year arises from the share of loss of the associated company The Cyprus Cement Public Company Limited.

5 The financial position, development and performance of the Company and the Group as presented in these financial statements are as expected.

Principal risks and uncertainties

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

Future developments of the Company and the Group

7 The Board of Directors does not expect any significant changes in the operations of the Group and the Company in the foreseeable future.

Report of the Board of Directors (continued)

Results

8 The results of the Group and the Company for the year are set out on pages 10 and 11 respectively. The net loss for the year is carried forward.

9 The Group's final results for the year 2012 amounted to a loss of €3.404.362 whereas the indicative results for the year announced on 25 February 2013 amounted to a loss of €3.289.181. The difference, amounting to €115.181 arose due to the difference in the results of the associated company, The Cyprus Cement Public Company Limited.

Dividends

10 On 19 November 2012 a dividend of €0,0045 per share, amounting to €450.000 was paid in relation to the profits arising from 2010.

Share capital

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

Board of Directors

12 The members of the Board of Directors at 31 December 2012 and at the date of this report are shown on page 1. All of them were members of the Board of Directors throughout the year 2012.

13 In accordance with the Company's Articles of Association Messr Costas St. Galatariotis retires on the next General Meeting and, being eligible, offers himself for re election.

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

Corporate Governance Code

15 The Board of Directors has not adopted the provisions of the Corporate Governance Code. The Company is not obliged to adopt the provisions of the code as its titles are traded at the Alternative Market of the Cyprus Stock Exchange. The main reason for the non adoption of the Corporate Governance Code is that the costs to be incurred by the adoption of the Code would be disproportionately higher than any anticipated benefits that may be derived from its adoption.

16 The Board of Directors, is responsible, for the establishment of sufficient internal control procedures and risks control mechanisms, for the drafting, preparation, content and publication of all periodical information that is required of listed companies. The responsible person for the preparation of the financial statements is the financial controller.

K + G Complex Public Company Limited

Report of the Board of Directors (continued)

Corporate Governance Code (continued)

Shareholders holding more than 5% of the Company's share capital

17 The shareholders who held at least 5% of the issued share capital of the Company with voting rights on 29 April 2013, is as follows:

	% holding
C.C.C. Holdings & Investments Public Company Limited	83,27

18 The Company has not issued any titles with special control rights and there are no restrictions on voting rights.

19 The appointment and replacement of the members of the Board of Directors is done by the Company at its Annual General Meeting in accordance with the provisions of the Company's Articles of Association. The Company's Articles of Association provides that the Board of Directors has the power to appoint, at any time, any person as Director and such person that is appointed by the Board of Directors will hold his office until the next Annual General Meeting of the Company. The Company's Articles of Association can be modified by the passing of a special resolution at an Extraordinary General Meeting of the shareholders.

20 The Board of Directors, subject to approval by the Company's shareholders, to issue or to purchase Company's shares. The issue of any new shares is further subject to the provisions of the Company's Articles of Association, the prevailing law and the principle o fair treatment to all existing shareholders. The Board of Directors consists of 6 members and meetings are convened at regular intervals. The Board of Directors approves the Company's strategy and supervises the adoption and realization of the Company's strategic development.

Directors' interest in the Company's share capital

21 The beneficial interest in the Company's share capital held by each Director, their spouse, children and companies in which they hold directly or indirectly at least 20% of the shares with voting rights in a general meeting, at 31 December 2012 and on 29 April 2013 was as follows:

	Interest at 29 April 2013	**Interest at 31 December 2012**
	%	**%**
George St. Galatariotis (1)	83,27	83,27
Costas St. Galatariotis (1)	-	-
Vassos G. Lazarides		
Stavros G. St. Galatariotis (1)	-	-
Michalis Christoforou	-	-
Tasos Anastasiou	-	-

(1) The total share held by Mr George St. Galatariotis includes his indirect participation resulting from family relationships between himself and Stavros G. St. Galatariotis and Costas St, Galatariotis and their indirect participation in C.C.C. Holdings & Investments Public Company Limited.

K + G Complex Public Company Limited

Report of the Board of Directors (continued)

Contracts with Directors and related parties

22 Other than the transactions and the balances with the Directors and related parties referred to in Note 27 of the financial statements, there were no other significant contracts with the Company, or its subsidiaries at 31 December 2012 in which the Directors or related parties had a material interest. Related persons include the spouse, minor children and companies in which Directors hold directly or indirectly at least 20% of the voting rights in a general meeting.

Events after the balance sheet date

23 The material post balance sheet events, which have a bearing on the understanding of the financial statements are presented in Note 28.

Branches

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

Independent auditors

25 The independent auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution for their appointment and authorizing the Board of Directors to fix their remuneration will be submitted at the Annual General Meeting.

By Order of the Board

C.C.C. Secretarial Limited
Secretary

Limassol, 29 April 2013

Independent auditor's report

To the members of K + G Complex Public Company Limited

Report on the consolidated financial statements and the separate financial statements of K + G Complex Public Company Limited

We have audited the accompanying consolidated financial statements of K + G Complex Public Company Limited (the "Company") and its subsidiaries (together with the Company the "Group"), and the separate financial statements of K + G Complex Public Company Limited, which comprise the consolidated balance sheet and the balance sheet of the Company as at 31 December 2012, and the consolidated statements of comprehensive income, changes in equity and cash flows, and the statements of comprehensive income, changes in equity and cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements and the separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2012, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 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.
- 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 the separate financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated and the separate financial statements.

Pursuant to the requirements of the Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of Article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Law of 2009 on Statutory Audits of Annual and Consolidated Accounts 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.

Yiangos Kaponides
Certified Public Accountant and Registered Auditor

For and on behalf of
PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, Cyprus

29 April 2013

K + G Complex Public Company Limited

Consolidated statement of comprehensive income for the year ended 31 December 2012

	Note	**2012**	2011
		€	€
Sales	6	**1.768.000**	11.350.380
Cost of sales	8	**(607.586)**	(2.200.910)
Gross profit		**1.160.414**	9.149.470
Administrative expenses	8	**(615.324)**	(671.976)
Selling and marketing expenses	8	**(163.401)**	(145.901)
Other income	7	**597.796**	471.466
Operating profit		**979.485**	8.803.059
Finance costs	10	**(1.065.417)**	(1.301.423)
Share of loss of associates	17	**(3.181.066)**	(1.487.747)
(Loss)/profit before tax		**(3.266.998)**	6.013.889
Income tax expense	11	**(137.364)**	(888.088)
(Loss)/profit for the year		**(3.404.362)**	5.125.801
Other comprehensive income			
Share of movement of reserves of associates	17	**(3.246.164)**	100.076
Total comprehensive (loss)/income for the year		**(6.650.526)**	5.225.877
(Loss)/earnings per share (cents per share):			
- Basic and fully diluted	13	**(3,40)**	5,13

The notes on pages 19 to 55 are an integral part of these financial statements.

K + G Complex Public Company Limited

Company's statement of comprehensive income for the year ended 31 December 2012

	Note	**2012** **€**	2011 €
Sales	6	**1.768.000**	11.350.380
Cost of sales	8	**(607.586)**	(1.914.307)
Gross profit		**1.160.414**	9.436.073
Administrative expenses	8	**(601.098)**	(659.500)
Selling and marketing expenses	8	**(163.401)**	(145.901)
Other income	7	**593.683**	536.568
Operating profit		**989.598**	9.167.240
Finance costs	10	**(1.203.102)**	(1.436.000)
(Loss)/profit before tax		**(213.504)**	7.731.240
Income tax expense	11	**(124.757)**	(875.838)
(Loss)/profit for the year		**(338.261)**	6.855.402
Total comprehensive (loss)/income for the year		**(338.261)**	6.855.402

The notes on pages 19 to 55 are an integral part of these financial statements.

K + G Complex Public Company Limited

Consolidated balance sheet
at 31 December 2012

	Note	2012 €	2011 €
Assets			
Non-current assets			
Property, plant and equipment	16	**48.949**	72.462
Investments in associates	17	**91.714.075**	98.141.304
Non-current receivables	19	**1.815.643**	-
		93.578.667	98.213.766
Current assets			
Inventories	20	**7.233.932**	7.798.442
Trade and other receivables	21	**5.404.734**	4.906.553
Tax refundable		**82.737**	82.737
Cash and cash equivalents	22	**3.556.239**	9.123.661
		16.277.642	21.911.393
Total assets		**109.856.309**	120.125.159
Equity and liabilities			
Capital and reserves			
Share capital	23	**17.000.000**	17.000.000
Share premium	23	**1.757.006**	1.757.006
Reserve of changes in equity of associates		**(4.034.508)**	(788.344)
Reserve arising on translation of share capital into Euro		**86.014**	86.014
Retained earnings		**76.762.827**	80.617.189
Total equity		**91.571.339**	98.671.865
Non-current liabilities			
Borrowings	24	**14.656.949**	17.965.211
Deferred income tax liabilities	25	**25.870**	25.913
		14.682.819	17.991.124
Current liabilities			
Trade and other payables	26	**590.950**	2.176.374
Current income tax liabilities		**30.035**	131.242
Borrowings	24	**2.981.166**	1.154.554
		3.602.151	3.462.170
Total liabilities		**18.284.970**	21.453.294
Total equity and liabilities		**109.856.309**	120.125.159

On 29 April 2013 the Board of Directors of K + G Complex Public Company Limited authorised these financial statements for issue.

George St. Galatariotis, Executive Chairman

Vassos G. Lazarides , Finance Director

The notes on pages 19 to 55 are an integral part of these financial statements.

K + G Complex Public Company Limited

Company's balance sheet
at 31 December 2012

	Note	2012 €	2011 €
Assets			
Non current assets			
Property, plant and equipment	16	**48.949**	72.462
Investments in subsidiaries	18	**3.200.000**	3.200.000
Investments in associates	17	**32.953.010**	32.953.010
Non-current receivables	19	**1.815.643**	-
		38.017.602	36.225.472
Current assets			
Inventories	20	**7.078.457**	7.642.967
Trade and other receivables	21	**4.456.771**	3.945.317
Tax refundable		**82.737**	82.737
Cash and cash equivalents	22	**3.556.239**	9.123.661
		15.174.204	20.794.682
Total assets		**53.191.806**	57.020.154
Equity and liabilities			
Capital and reserves			
Share capital	23	**17.000.000**	17.000.000
Share premium	23	**1.757.006**	1.757.006
Reserve arising on translation of share capital into Euro		**86.014**	86.014
Retained earnings		**14.321.431**	15.109.692
Total equity		**33.164.451**	33.952.712
Non current liabilities			
Borrowings	24	**16.771.457**	19.947.265
		16.771.457	19.947.265
Current liabilities			
Trade and other payables	26	**255.630**	1.837.754
Current income tax liabilities		**29.231**	130.000
Borrowings	24	**2.971.037**	1.152.423
		3.255.898	3.120.177
Total liabilities		**20.027.355**	23.067.442
Total equity and liabilities		**53.191.806**	57.020.154

On 29 April 2013 the Board of Directors of K + G Complex Public Company Limited authorised these financial statements for issue.

George St. Galatariotis, Executive Chairman

Vassos G. Lazarides , Finance Director

The notes on pages 19 to 55 are an integral part of these financial statements.

K + G Complex Public Company Limited

Consolidated statement of changes in equity for the year ended 31 December 2012

	Share capital €	Share premium[2] €	Reserve arising on translation of share capital into Euro [2] €	Reserve of changes in equity of associates [2] €	Retained earnings[1] €	Total €
Balance at 1 January 2011	17.000.000	1.757.006	86.014	(888.420)	76.991.388	94.945.988
Comprehensive income						
Profit for the year	-	-	-	-	5.125.801	5.125.801
Other comprehensive income						
Share of other comprehensive income of associates (Note 17)	-	-	-	100.076	-	100.076
Total comprehensive income for the year 2011	-	-	-	100.076	5.125.801	5.225.877
Transactions with owners						
Dividend relating to 2009 profits (Note 12)	-	-	-	-	(1.500.000)	(1.500.000)
Total transactions with owners	-	-	-	-	(1.500.000)	(1.500.000)
Balance at 31 December 2011/ 1 January 2012	17.000.000	1.757.006	86.014	(788.344)	80.617.189	98.671.865
Comprehensive income						
Loss for the year	-	-	-	-	(3.404.362)	(3.404.362)
Other comprehensive income						
Share of other comprehensive income of associates (Note 17)	-	-	-	(3.246.164)	-	(3.246.164)
Total comprehensive income for the year 2012	-	-	-	(3.246.164)	(3.404.362)	(6.650.526)
Transactions with owners						
Dividend relating to 2010 profits (Note 12)	-	-	-	-	(450.000)	(450.000)
Total transactions with owners	-	-	-	-	(450.000)	(450.000)
Balance at 31 December 2012	17.000.000	1.757.006	86.014	(4.034.508)	76.762.827	91.571.339

Consolidated statement of changes in equity for the year ended 31 December 2012 (continued)

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

(2) The share premium reserve, the reserve of charges in equity of associates and the reserve arising on translation of share capital into Euro are not available for distribution in the form of dividends.

The notes on pages 19 to 55 are an integral part of these financial statements.

K + G Complex Public Company Limited

Company's statement of changes in equity for the year ended 31 December 2012

	Share capital €	Share premium[2] €	Reserve arising on translation of share capital into Euro [2] €	Retained earnings[1] €	Total €
Balance at 1 January 2011	17.000.000	1.757.006	86.014	9.754.290	28.597.310
Comprehensive income					
Profit for the year	-	-	-	6.855.402	6.855.402
Total comprehensive income for the year 2011	-	-	-	6.855.402	6.855.402
Transactions with owners					
Dividend relating to 2009 profits (Note 12)	-	-	-	(1.500.000)	(1.500.000)
Total transactions with owners	-	-	-	(1.500.000)	(1.500.000)
Balance at 31 December 2011/ 1 January 2012	17.000.000	1.757.006	86.014	15.109.692	33.952.712
Comprehensive income					
Loss for the year	-	-	-	(338.261)	(338.261)
Total comprehensive income for the year 2012	-	-	-	(338.261)	(338.261)
Transactions with owners					
Dividend relating to 2010 profits (Note 12)	-	-	-	(450.000)	(450.000)
Total transactions with owners	-	-	-	(450.000)	(450.000)
Balance at 31 December 2012	17.000.000	1.757.006	86.014	14.321.431	33.164.451

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

(2) The share premium reserve and the reserve arising on translation of share capital into Euro are not available for distribution in the form of dividends.

The notes on pages 19 to 55 are an integral part of these financial statements.

K + G Complex Public Company Limited

Consolidated statement of cash flows for the year ended 31 December 2012

	Note	2012 €	2011 €
Cash flows from operating activities			
(Loss)/profit before tax		**(3.266.998)**	6.013.889
Adjustments for:			
Depreciation of property, plant and equipment	16	**23.513**	23.513
Interest expense	10	**1.065.417**	1.301.423
Interest income	7	**(596.996)**	(461.866)
Share of loss of associates	17	**3.181.066**	1.487.747
		406.002	8.364.706
Changes in working capital:			
Inventories		**564.510**	2.053.220
Trade and other receivables		**34.426**	(56.529)
Trade and other payables		**(291.919)**	681.657
Cash generated from operations		**713.019**	11.043.054
Tax paid		**(255.557)**	(895.702)
Net cash from operating activities		**457.462**	10.147.352
Cash flows from investing activities			
Loans to related parties	27(vii)	**(3.670.000)**	(3.803.860)
Repayments of loans from related parties		**1.321.174**	-
Interest received		**596.996**	461.866
Net cash used in investing activities		**(1.751.830)**	(3.341.994)
Cash flows from financing activities			
Repayments of long term borrowings		**(1.599.306)**	(4.961.482)
Repayments of credit balances with related parties		**(1.268.150)**	-
Interest paid		**(1.065.417)**	(1.271.277)
Dividends paid	12	**(450.000)**	(1.500.000)
Net cash used in financing activities		**(4.382.873)**	(7.732.759)
Net decrease in cash, cash equivalents and bank overdrafts		**(5.677.241)**	(927.401)
Cash, cash equivalents and bank overdrafts at the beginning of the year		**9.116.676**	10.044.077
Cash, cash equivalents and bank overdrafts at the end of the year	22	**3.439.435**	9.116.676

The notes on pages 19 to 55 are an integral part of these financial statements.

K + G Complex Public Company Limited

Company's statement of cash flows for the year ended 31 December 2012

	Note	**2012** €	2011 €
Cash flows from operating activities			
(Loss)/profit before tax		**(213.504)**	7.731.240
Adjustments for:			
Depreciation of property, plant and equipment	16	**23.513**	23.513
Interest income	7	**(592.883)**	(461.468)
Interest expense	10	**1.203.102**	1.436.000
Dividend income	7	**-**	65.500
		420.228	8.794.785
Changes in working capital:			
Inventories		**564.510**	1.766.617
Trade and other receivables		**21.372**	(53.829)
Trade and other payables		**(288.975)**	685.989
Cash generated from operations		**717.135**	11.193.562
Tax paid		**(242.470)**	(863.874)
Net cash from operating activities		**474.665**	10.329.688
Cash flows from investing activities			
Loans to related parties	27 (vii)	**(3.670.000)**	(3.803.860)
Repayments of loans from related parties		**1.321.531**	-
Interest income		**592.883**	461.468
Net cash used in investing activities		**(1.755.586)**	(3.342.392)
Cash flows from financing activities			
Repayments of long-term bank borrowings		**(1.591.469)**	(5.012.454)
Repayments of credit balances with related parties		**(1.293.149)**	-
Proceeds from borrowings from subsidiary company	27 (vi)	**19.000**	15.000
Interest received		**(1.072.704)**	(1.415.285)
Dividends paid	12	**(450.000)**	(1.500.000)
Net cash used in financing activities		**(4.388.322)**	(7.912.739)
Net decrease in cash, cash equivalents and bank overdrafts		**(5.669.243)**	(925.443)
Cash, cash equivalents and bank overdrafts at the beginning of the year		**9.118.807**	10.044.250
Cash, cash equivalents and bank overdrafts at the end of the year	22	**3.449.564**	9.118.807

The notes on pages 19 to 55 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Country of incorporation

The Company was incorporated in Cyprus in June 1980, as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113, and in May 1981 became a public company. The Company is listed on the Cyprus Stock Exchange. Its registered office is at 197 Makarios III Avenue, Gala Tower, 3030 Limassol, Cyprus.

Principal activities

The principal activities of the Company and the Group, which are unchanged from last year, are the following:

(a) Development and sale of residential units
(b) Development and sale of land located in the Amathus area of Limassol
(c) Holding of investments

Operating environment of Cyprus

The Cyprus economy has been adversely affected over the last few years by the international credit crisis and the instability in the financial markets. During 2012 there was a considerable tightening of financing availability from Cypriot financial institutions, mainly resulting from financial instability in relation to the Greek sovereign debt crisis, including the impairment of Greek Government Bonds, and its impact on the Cyprus economy. In addition, following its credit downgrades, the ability of the Republic of Cyprus to borrow from international markets has been significantly affected. The Cyprus government entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund, in order to obtain financial support.

Cyprus and the Eurogroup (together with the International Monetary Fund) reached an agreement on 25 March 2013 on the key elements necessary for a future macro-economic adjustment programme which includes the provision of financial assistance to the Republic of Cyprus of up to €10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing and to restore the viability of the financial sector, with the view of restoring sustainable economic growth and sound public finances over the coming years. The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below € 100.000 in accordance with EU legislation. More specifically, the measures entailed the split of Laiki bank into a good (depositors with amounts up to €100k) and bad bank (depositors with amounts over €100k); and a conversion of certain percentage of uninsured deposits (amounts over €100.000) on Bank of Cyprus depositors into equity instruments. In addition the corporate tax rate from 1st of January 2013, will increase from 10% to 12,5%.

Further, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatisation. The Eurogroup requested the Cypriot authorities and the European Commission, in liaison with the European Central Bank, and the International Monetary Fund to finalise the Memorandum of Understanding in April 2013 which will then be followed by the formal approval of the Board of Directors of the European Stability Mechanism as well as by the ratification by Eurozone member states through national parliamentary (or equivalent) approvals.

1 General information (continued)

Operating environment of Cyprus (continued)

On 12 April 2013 the Eurogroup welcomed the agreement that has been reached between Cyprus and the Troika institutions regarding the macro-economic adjustment programme for Cyprus and stated that the necessary elements were in place to launch the relevant national procedures required for the formal approval of the European Stability Mechanism financial assistance facility agreement.

On 22 March 2013 the House of Representatives voted legislation relating to capital controls affecting transactions executed through banking institutions operating in Cyprus. The extent and duration of the capital controls is decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and were enforced on 28 March 2013.

The uncertain economic conditions in Cyprus, the unavailability of financing, the imposition of the above mentioned capital controls together with the current instability of the banking system and the anticipated overall economic recession, could affect (1) the ability of the Group and the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions, (2) the ability of the Group's and the Company's trade and other debtors to repay the amounts due to the Group and Company and (3) the ability of the Group and the Company to sell its existing inventories or enter into contracts for the development of new property units / the ability of the company to generate sufficient turnover and to sell its existing inventories.

The deterioration of operating conditions could also have an impact on the cash flow forecasts of the Company's management and their assessment of impairment of financial and non-financial assets.

The Group's and the Company's management has assessed:

(1) whether any impairment provisions are deemed necessary for the Company's financial assets carried at amortised cost by considering the economic situation and outlook at the end of the reporting period. Provisions for trade receivables are determined using the incurred loss model required by the applicable accounting standards. These standards require recognition of impairment losses for receivables that arose from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are.

(2) whether the net realisable value for the Group's and the Company's inventory exceeds cost. Where net realisable value is below cost, the excess should be charged to the profit or loss for the year. The demand for many kinds of real estate properties has been significantly affected and transactions are less frequent, therefore the estimated selling price is highly judgmental.

The Group's and the Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Group and the Company.

In addition, the Group and the Company held bank deposits, at 26 March 2013, in the above two Cypriot banks amounting to €2.000.000 and as such an impairment loss is expected to arise. At the date of this report the management is unable to assess the impact of the economic measures on the Group's and the Company's operations.

1 General information (continued)

Operating environment of Cyprus (continued)

On the basis of the evaluation performed, the management of the Group and Company has concluded that no provisions or impairment charges are necessary as at 31 December 2012.

The management of the Group and the Company believes that it is taking all the necessary measures to maintain the viability of the Group and the Company and the development of its business in the current business and economic environment.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The consolidated financial statements of K + G Complex Public Company Limited and its subsidiaries (the “Group”) and the separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2012 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 “Financial Instruments: Recognition and Measurement” relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's and the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2012. This adoption did not have a material effect on the accounting policies of the Company and the Group.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

- Amendment to IAS 12, “Income Taxes” on deferred tax. IAS 12, ‘Income taxes’, currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, “Investment Property”. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, ‘Income Taxes - recovery of revalued non-depreciable assets’, will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. This amendment is effective for annual periods beginning on or after 1 January 2013.
- IFRS 9, ‘Financial instruments’. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The standard is effective for annual periods beginning on or after 1 January 2015 and has not yet been endorsed by the European Union.
- IFRS 12, “Disclosures of Interests in Other Entities”. IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is effective for annual periods beginning on or after 1 January 2014.
- IFRS 13, “Fair Value Measurement”. IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The standard is effective for annual periods beginning on or after 1 January 2013.

2 Summary of significant accounting policies (continued)

Consolidated financial statements

The consolidated financial statements include the financial statements of K + G Complex Public Company Limited, its subsidiary company and its associates.

(1) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 Summary of significant accounting policies (continued)

Consolidated financial statements (continued)

(1) Subsidiaries (continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profit and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(2) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition net of any accumulated impairment losses.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary, to ensure consistency with the accounting policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in profit or loss.

After application of the equity method, including recognising the associates' losses, the carrying amount of the investment in associate which includes the goodwill arising on acquisition is tested for impairment by comparing its recoverable amount with its carrying amount whenever there is an indication of impairment and recognizes the amount adjacent to 'share of profit/(loss)' of associates in the profit or loss.

2 Summary of significant accounting policies (continued)

Separate financial statements of the Company

(1) Subsidiaries

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

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

(2) Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are measured at cost less impairment. Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors (the chief operating decision-maker). The Board of Directors, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2 Summary of significant accounting policies (continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value added tax and discounts.

The Company and the Group recognise revenues when the amount of revenue can be reliably estimated, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's and Group's activities as described below. The Company and the Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Company and the Group are recognised on the following bases:

(i) Sale of immovable property

Income from the sale of immovable property is recognised upon delivery. This usually happens when the Company and the Group has sold or delivered the goods to the customer, the customer has accepted the goods and the repayment of the corresponding receivable is virtually certain.

(ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a loan or receivable is impaired, the Company and the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

(iii) Dividend income

Dividend income is recognised when the Company's/Group's right to receive payment is established.

Employee benefits

The Company/the Group and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Company/the Group operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the Company/the Group. The Company's/the Group's contributions are expensed as incurred and are included in staff costs. The Company/the Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 Summary of significant accounting policies (continued)

Foreign currency translation

(i) Functional and presentation currency

Items included in the Company’s and Group's financial statements are measured using the currency of the primary economic environment in which the Entity and the Group operate (“the functional currency”). The financial statements are presented in Euro (€), which is the Company’s and Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within “finance costs”. All other foreign exchange gains and losses are presented in profit or loss within “other gains/(losses) – net”.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Motor vehicles	20
Furniture and office equipment	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group/Company and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognized in “other gains/(losses) – net” in profit or loss.

2 Summary of significant accounting policies (continued)

Impairment of non financial assets

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non current assets. The Company's/the Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

Loans and receivables are initially recognised at fair value plus transaction costs. Loans and receivables are derecognised when the rights to receive cash flows from the loans and receivables have expired or have been transferred and the Company/the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Company/the Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An allowance for loan impairment is established when there is objective evidence that the Company/the Group will not be able to collect all amounts due according to the original contractual terms of loans. Significant financial difficulties of the borrower, probability that the borrower will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at effective interest rate. The amount of the provision is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related construction overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2 Summary of significant accounting policies (continued)

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company/the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in profit or loss.

Share capital

Ordinary shares are classified as equity.

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

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

Provisions

Provisions are recognised when the Company/the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Company/the Group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Company/the Group are not provided in advance. Provisions are not recognised for future operating losses.

2 Summary of significant accounting policies (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Company/the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company/the Group and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Company/the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cashflows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

3 Financial risk management

(i) Financial risk factors

The Company's and Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk.

The risk management program of the Company and the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company and the Group. Risk management is carried out by the Board of Directors.

- **Cash flow interest rate risk**

  The Company and the Group have significant interest bearing assets, which mainly represent cash held at bank and receivables from related companies. These balances bear interest at market variable rates.

  The Company's and Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company and the Group to cash flow interest rate risk. The Board of Directors monitors the interest rate fluctuations on a continuous basis and acts accordingly.

  At 31 December 2012, if interest rates on Euro denominated borrowings fluctuated as presented below, with all other variables held constant the post tax profit for the year would have been affected as presented in the table below:

	The Group		The Company	
	Interest rate lower/higher %	**Effect on profit for the year €**	**Interest rate lower/higher %**	**Effect on profit for the year €**
2012				
Euro	0,5	58.338 Higher/lower	0,5	68.860 Higher/lower
2011				
Euro	0,5	84.154 Higher/lower	0,5	94.064 Higher/lower

  The effect on profit for the year after tax charge is a result of higher/lower interest expense on floating rate bank borrowings.

- **Credit risk**

  Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

  Except as disclosed in Note 22, no other credit limit was exceeded during the reporting period, and the Board of Directors does not expect any losses from non performance by these counterparties.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Liquidity risk (continued)**

The table below analyses the Company's and Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months (with the exception of borrowings) equal their carrying balances as the impact of discounting is not significant.

The Group

	Less than 1 year €	1 to 2 years €	2 to 5 years €	Over 5 years €
At 31 December 2012				
Borrowings	3.797.736	3.786.510	10.402.154	2.237.159
Trade and other payables	590.950	-	-	-
	4.388.686	3.786.510	10.402.154	2.237.159
At 31 December 2011				
Borrowings	2.081.673	3.991.079	15.188.859	3.615.746
Trade and other payables	2.176.374	-	-	-
	4.258.047	3.991.079	15.188.859	3.615.746

The Company

	Less than 1 year €	1 to 2 years €	2 to 5 years €	Over 5 years €
At 31 December 2012				
Borrowings	3.737.470	3.786.510	12.823.054	2.237.159
Trade and other payables	255.630	-	-	-
	3.993.100	3.786.510	12.823.054	2.237.159
At 31 December 2011				
Borrowings	2.086.527	3.991.079	17.841.294	3.615.746
Trade and other payables	1.837.754	-	-	-
	3.924.281	3.991.079	17.841.294	3.615.746

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Board of Directors maintains flexibility in funding by maintaining availability under committed credit lines.

The Board of Directors monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility (Note 24) and cash and cash equivalents (Note 22)) on the basis of expected cash flow.

3 Financial risk management (continued)

(ii) Capital risk management

The Company's and the Group's objectives when managing capital are to safeguard the Company's/Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders of the Company/Group and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Company and the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The gearing ratios at 31 December 2012 and 2011 were as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Total borrowings (Note 24)	**17.638.115**	19.119.765	**19.742.494**	21.099.688
Less: cash and cash equivalents (Note 22)	**(3.556.239)**	(9.123.661)	**(3.556.239)**	(9.123.661)
Net debt	**14.081.876**	9.996.104	**16.186.255**	11.976.027
Total equity	**91.571.339**	98.671.865	**33.164.451**	33.952.712
Total capital as defined by management	**105.653.215**	108.667.969	**49.350.706**	45.928.739
Gearing	**13%**	9%	**33%**	26%

The increase in the gearing ratio during 2012 resulted primarily from the decrease in total cash and cash equivalents and the decrease in the equity of the Group and the Company due to loss for the year.

(iii) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company and the Group use a variety of methods and make assumptions that are based on market conditions existing at each balance sheet date. The Company and the Group use mainly estimated discounted cash flow models to determine the fair value for the financial instruments which are not traded in an active market.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group/Company for similar financial instruments.

4 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Company and the Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Impairment of trade receivables**

  The Company and the Group follows the guidance of IAS 39 on determining when trade receivables are impaired. The Group estimates the recoverable amount of trade receivables, when there are indications for impairment. This determination requires significant judgement. In making this judgement, the Group evaluates, the future cash flows from trade receivables. The Board of Directors believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

- **Impairment of investments in subsidiary and associated companies**

  The Company and the Group follows the guidance of IAS 36 "Impairment of assets" in determining whether a non current asset is impaired. The Company and the Group review the carrying value for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

  On 31 December 2012, the Company and the Group assessed whether the investments in subsidiary and associated companies have been impaired, in accordance with the accounting policies disclosed in Note 2. The recoverable amounts of the assets or the cash generating units have been determined based on their fair value. The fair value calculations are based on the fair value of the subsidiary and associated companies' net assets. The recoverable amounts have been compared with the carrying values of the investments as at 31 December 2012. Following the impairment test, the Company and the Group did not recognise any impairment charge for the investments in subsidiary and associated companies.

(ii) Critical judgments in applying the Group's/Company's accounting policies

There were no significant critical judgments in applying the Group's and the Company's accounting policies.

5 Segment information

The revenue of Company and the Group, relates to income from the sale of immovable property in Cyprus.

As per management approach in relation to IFRS 8, operating segments are presented in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources and assessing performance of the operating segment. All operating segments used by the Group, meet the definition of a reportable segment as per IFRS 8.

The basic operating segments of the Group for which segment information is presented are as follows:

(1) Development and sale of land

(2) Holding of investments

The Management of the Group assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring event. Interest income and expenditure are not allocated to segments. Other information presented, is accounted as per the financial statements. All the assets of the Group are situated in Cyprus. The Group does not have any major clients.

The segment information provided to the Management of the Group for the reportable segments is as follows:

For the year ended 31 December 2012

	Development and sale of land €	Holding of investments €	Total €
Segment revenue	1.768.000	-	1.768.000
Adjusted EBITDA	406.002	-	406.002
Depreciation and impairment	23.513	-	23.513
Income tax expense	137.364	-	137.364
Share of loss from associates	-	(3.181.066)	(3.181.066)
Total segment assets	18.142.234	91.714.075	109.856.309
Total assets includes: Investments in associates	-	91.714.075	91.714.075
Additions of non-current receivables	1.815.643	-	1.815.643
Total segment liabilities	18.284.970	-	18.284.970

5 Segment information (continued)

For the year ended 31 December 2011

	Development and sale of land €	Holding of investments €	Total €
Segment revenue	11.350.380	-	11.350.380
Adjusted EBITDA	8.364.706	-	8.364.706
Depreciation and impairment	23.513	-	23.513
Income tax expense	888.088	-	888.088
Share of loss from associates	-	(1.487.747)	(1.487.747)
Total segment assets	21.983.855	98.141.304	120.125.159
Total assets includes: Investments in associates	-	98.141.304	98.141.304
Total segment liabilities	21.453.294	-	21.453.294

Reconciliation of segment results

A reconciliation of adjusted EBITDA to (loss)/profit before tax and discontinued operations is provided as follows:

	2012 €	2011 €
Adjusted EBITDA	**406.002**	8.364.706
Depreciation and impairment	**(23.513)**	(23.513)
Interest income	**596.996**	461.866
Operating profit	**979.485**	8.803.059
Finance costs	**(1.065.417)**	(1.301.423)
Share of loss of associate	**(3.181.066)**	(1.487.747)
(Loss)/profit before tax	**(3.266.998)**	6.013.889

6 Revenue

	The Group		The Company	
	2012 €	2011 €	**2012 €**	2011 €
Sales of plots	**1.768.000**	11.350.380	**1.768.000**	11.350.380

7 Other income

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Interest income:				
Bank balances	**248.842**	356.475	**248.842**	356.475
Debtors	**2.109**	2.006	**1.751**	1.608
Loans to related companies (Note 27(ii))	**331.017**	103.385	**331.017**	103.385
Receivables from related companies (Note 27(ii))	**11.273**	-	**11.273**	-
Other receivables	**3.755**	-	**-**	-
Total interest income	**596.996**	461.866	**592.883**	461.468
Other income	**800**	9.600	**800**	9.600
Dividend income (Note 27 (iii))	**-**	-	**-**	65.500
	597.796	471.466	**593.683**	536.568

8 Expenses by nature

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Cost of goods sold	**607.586**	2.200.910	**607.586**	1.914.307
Depreciation of property, plant and equipment (Note 16)	**23.513**	23.513	**23.513**	23.513
Tax and licences	**(16.156)**	18.756	**(16.156)**	17.800
Legal and professional fees	**1.573**	55.659	**1.351**	55.498
Management fees (Note 27 (i))	**515.130**	446.488	**507.600**	440.738
Selling and distribution expenses	**163.401**	145.901	**163.401**	145.901
Repairs and maintenance	**-**	3.266	**-**	-
Directors' fees	**2.400**	2.400	**2.400**	2.400
Staff and related costs (Note 9)	**51.391**	51.472	**51.391**	51.472
Auditor's remuneration – audit services	**21.200**	20.500	**17.700**	17.000
Auditor's remuneration – prior year overprovision	**-**	(1.500)	**-**	-
Auditor's remuneration – tax services	**-**	3.350	**-**	1.900
Other expenses	**16.273**	48.072	**13.299**	49.179
Total cost of goods sold, marketing costs and administrative expenses	**1.386.311**	3.018.787	**1.372.085**	2.719.708

9 Staff costs

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Wages and salaries	**42.715**	42.715	**42.715**	42.715
Employer's and other contributions	**4.404**	4.485	**4.404**	4.485
Provident fund contributions	**4.272**	4.272	**4.272**	4.272
	51.391	51.472	**51.391**	51.472

The Company/the Group have a defined contribution scheme, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or early termination of service.

10 Finance costs

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Interest expense:				
Bank borrowings and overdrafts	**1.026.127**	1.283.043	**1.025.358**	1.282.270
Payable to holding company (Note 27 (ii))	**38.790**	16.880	**38.790**	16.880
Payable to subsidiary company (Note 27 (ii))	**-**	-	**138.454**	135.350
Overdue taxation	**500**	1.500	**500**	1.500
	1.065.417	1.301.423	**1.203.102**	1.436.000

11 Income tax expense

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Current tax charge:				
Corporation tax	**86.194**	853.175	**73.389**	840.838
Defence contribution	**36.234**	40.657	**36.234**	40.657
Tax from previous years:				
Corporation tax	**14.979**	-	**15.134**	-
	137.407	893.832	**124.757**	881.495
Deferred tax (Note 25):				
Formation and reversal of temporary differences	**(43)**	(5.744)	**-**	(5.657)
Income tax expense	**137.364**	888.088	**124.757**	875.838

The tax on the Group's and the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
(Loss)/profit before tax	**(3.266.998)**	6.013.889	**(213.504)**	7.731.240
Tax calculated at the applicable corporation tax rate of 10%	**(326.700)**	601.389	**(21.350)**	773.124
Tax effect of expenses not deductible for tax purposes	**446.759**	303.987	**128.583**	120.002
Tax effect of allowances and income not subject to tax	**(25.908)**	(43.229)	**(25.844)**	(43.229)
Tax effect of Group relief	**(8.000)**	(14.716)	**(8.000)**	(14.716)
Special contribution for defence	**36.234**	40.657	**36.234**	40.657
Tax from previous years	**14.979**	-	**15.134**	-
Income tax charge	**137.364**	888.088	**124.757**	875.838

The Company is subject to corporation tax on taxable profits at the rate of 10%.

11 Income tax expense (continued)

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and only subject to special defence contribution at the rate of 10%; increased to 15% as from 31 August 2011.

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% from 1 January 2012 to 31 December 2013. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

The tax charge relating to components of other comprehensive income is as follows:

Tax effects of components of other comprehensive income

The Group

	Year ended 31 December					
	2012			2011		
	Before tax €	**Tax (charge)/ credit €**	**After tax €**	Before tax €	Tax (charge)/ credit €	After tax €
Associated companies:						
Share of other comprehensive income	**33.981**	**-**	**33.981**	100.076	-	100.076
Other comprehensive income	**33.981**	**-**	**33.981**	100.076	-	100.076

12 Dividends per share

On 19 November 2012 a dividend of €0,0045 per share, amounting to €450.000 was paid in relation to the profits for the year 2010.

On 28 December 2011 a dividend of €0,015 per share, amounting to €1.500.000 was paid in relation to the profits for the year 2009.

13 Earnings per share

	2012	2011
(Loss)/profit attributable to the equity holders of the Company (€)	**(3.404.362)**	5.125.801
Weighted average number of ordinary shares in issue	**100 000 000**	100.000.000
(Loss)/earnings per share - Basic and diluted (cent per share)	**(3,40)**	5,13

14 Financial instruments by category

The Group

	Loans and receivables €
31 December 2012	
Assets	
Trade and other receivables	7.220.377
Cash and cash equivalents	3.556.239
Total	10.776.616

	Other financial liabilities €
Liabilities	
Borrowings	17.638.115
Trade and other payables	590.950
Total	18.229.065

	Loans and receivables €
31 December 2011	
Assets	
Trade and other receivables	4.906.553
Cash and cash equivalents	9.123.661
Total	14.030.214

	Other financial liabilities €
Liabilities	
Borrowings	19.119.765
Trade and other payables	2.176.374
Total	21.296.139

14 Financial instruments by category (continued)

The Company

	Loans and receivables €
31 December 2012	
Assets	
Trade and other receivables	6.272.414
Cash and cash equivalents	3.556.239
Total	9.828.653

	Other financial liabilities €
Liabilities	
Borrowings	19.742.494
Trade and other payables	255.630
Total	19.998.124

	Loans and receivables €
31 December 2011	
Assets	
Trade and other receivables	3.945.317
Cash and cash equivalents	9.123.661
Total	13.068.978

	Other financial liabilities €
Liabilities	
Borrowings	21.099.688
Trade and other payables	1.837.754
Total	22.937.442

15 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Other receivables				
Group 1	**6.196.042**	3.805.782	**6.196.042**	3.805.782
Group 2	**92.691**	165.004	**54.423**	115.105
	6.288.733	3.970.786	**6.250.465**	3.920.887

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Cash at bank and short term bank deposits (Moody's)				
Ba2	**-**	7.223.661	**-**	7.223.661
Caa1	**2.400.000**	-	**2.400.000**	-
Caa2	**1.156.239**	1.900.000	**1.156.239**	1.900.000
	3.556.239	9.123.661	**3.556.239**	9.123.661

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

Group 2 – Other receivables with no defaults in the past.

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

16 Property, plant and equipment

The Group

	Furniture and office equipment €	Motor vehicles €	Total €
At 1 January 2011			
Cost	94.680	70.000	164.680
Accumulated depreciation	(26.705)	(42.000)	(68.705)
Net book amount	67.975	28.000	95.975
Year ended 31 December 2011			
Opening net book amount	67.975	28.000	95.975
Depreciation charge (Note 8)	(9.513)	(14.000)	(23.513)
Closing net book amount	58.462	14.000	72.462
At 31 December 2011			
Cost	94.680	70.000	164.680
Accumulated depreciation	(36.218)	(56.000)	(92.218)
Net book amount	58.462	14.000	72.462
Year ended 31 December 2012			
Opening net book amount	58.462	14.000	**72.462**
Depreciation charge (Note 8)	(9.513)	(14.000)	**(23.513)**
Closing net book amount	48.949	-	**48.949**
At 31 December 2012			
Cost	94.680	70.000	**164.680**
Accumulated depreciation	(45.731)	(70.000)	**(115.731)**
Net book amount	48.949	-	**48.949**

16 Property, plant and equipment (continued)

The Company

	Furniture and office equipment €	Motor vehicles €	Total €
At 1 January 2011			
Cost	94.680	70.000	164.680
Accumulated depreciation	(26.705)	(42.000)	(68.705)
Net book amount	67.975	28.000	95.975
Year ended 31 December 2011			
Opening net book amount	67.975	28.000	95.975
Depreciation charge (Note 8)	(9.513)	(14.000)	(23.513)
Closing net book amount	58.462	14.000	72.462
At 31 December 2011			
Cost	94.680	70.000	164.680
Accumulated depreciation	(36.218)	(56.000)	(92.218)
Net book amount	58.462	14.000	72.462
Year ended 31 December 2012			
Opening net book amount	58.462	14.000	**72.462**
Depreciation charge (Note 8)	(9.513)	(14.000)	**(23.513)**
Closing net book amount	48.949	-	**48.949**
At 31 December 2012			
Cost	94.680	70.000	**164.680**
Accumulated depreciation	(45.731)	(70.000)	**(115.731)**
Net book amount	48.949	-	**48.949**

17 Investments in associates

	The Group		The Company	
	2012 €	2011 €	**2012 €**	2011 €
At beginning of year	**98.141.304**	99.528.975	**32.953.010**	32.953.010
Share of loss after tax	**(3.181.066)**	(1.487.747)	**-**	-
Share of changes in equity	**(3.246.164)**	100.076	**-**	-
At end of year	**91.714.074**	98.141.304	**32.953.010**	32.953.010

17 Investments in associates (continued)

Revenues, results, assets and liabilities of associates are as follows:

Name	Country of incorporation	Assets €	Liabilities €	Revenues €	(Loss)/ profit €	% Interest held
2012						
C.C.C. Secretarial Limited	Cyprus	349.951	328.687	1.799.237	(3.735)	20,00
The Cyprus Cement Public Company Ltd(1)	Cyprus	452.266.520	151.219.878	21.499.178	(12.223.349)	32,07
2011						
C.C.C. Secretarial Limited	Cyprus	232.570	207.055	1.659.576	3.334	20,00
The Cyprus Cement Public Company Ltd(1)	Cyprus	477.753.960	147.909.249	21.872.262	(5.783.426)	32,07

(1) The Cyprus Cement Public Company Limited is listed in the Cyprus Stock Exchange.

The Company also holds 33,33% (2010: 33,33%) of the share capital of C.C.C. Amathusia Services Limited, which is a dormant, non-listed company with issued share capital of €5.

18 Investments in subsidiaries

	2012 €	2011 €
At the beginning and at the end of year	**3.200.000**	3.200.000

The wholly owned subsidiary undertaking, which is unlisted, is as follows:

Name	Issued share capital	Country of incorporation	Principal activities
Galatex Tourist Enterprises Limited	1 750 000	Cyprus	Property development

19 Non-current receivables

	The Group		The Company	
	2012 €	2011 €	**2012 €**	2011 €
Receivable from associate companies (Note 27 (vii))	**1.815.643**	-	**1.815.643**	-

The fair value of receivables from subsidiary companies approximates their carrying amount.

Balances with associated companies are repayable within 2 to 5 years from balance sheet date, bear average effective interest rate of 7% and is unsecured

None of the non-current receivables is either past due or impaired.

20 Inventories

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Land and development costs	**6.892.219**	7.456.729	**6.892.219**	7.456.729
Completed shops and villas	**341.713**	341.713	**186.238**	186.238
	7.233.932	7.798.442	**7.078.457**	7.642.967

The cost of inventories recognised as expense and included in the cost of sales amounted to €564.510 (2011: €1.774.175).

Inventories are stated at cost. There were no inventories for which impairment charge should be recognized on the net realizable value.

21 Trade and other receivables

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Trade receivables	**931.644**	935.767	**21.949**	24.430
Loans to related parties (Note 27(viii))	**4.336.686**	3.803.860	**4.336.686**	3.803.860
Receivables from related parties (Note 27(v))	**43.713**	1.922	**43.713**	1.922
Other receivables	**92.691**	165.004	**54.423**	115.105
	5.404.734	4.906.553	**4.456.771**	3.945.317

The fair value of trade and other receivables which are due within one year approximates their carrying amount at the balance sheet date.

Trade receivables that are less than six months past due are not considered impaired. As of 31 December 2012, the Company had trade receivables of €21.949 (2011: €24.430) which were past due but not impaired. The respective trade receivables of the Group amounted to €931.644 (2011: €935.767). For part of these receivables there are pending litigations against them. The credit risk in relation to the amounts due from customers is limited since the title deeds of properties sold have not been transferred yet to customers, but they will be transferred only with the full settlement of the balance. Therefore, the Group has the right to obtain back the properties the value of which exceeds the amounts due. The ageing analysis of these trade receivables is as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Over 6 months	**931.644**	**935.767**	**21.949**	24.430

21 Trade and other receivables (continued)

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

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Euro	**5.404.734**	4.906.553	**4.456.771**	3.945.312

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above.

22 Cash and cash equivalents

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Cash at bank and in hand	**6.239**	23.661	**6.239**	23.661
Short term bank deposits	**3.550.000**	9.100.000	**3.550.000**	9.100.000
	3.556.239	9.123.661	**3.556.239**	9.123.661

The effective interest rate on short term bank deposits was 4,7% (2011: 4,2%) and these deposits have an average maturity of 3 months.

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

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Cash and cash equivalents	**3.556.239**	9.123.661	**3.556.239**	9.123.661
Bank overdrafts (Note 24)	**(116.804)**	(6.985)	**(106.675)**	(4.854)
	3.439.435	9.116.676	**3.449.564**	9.118.807

All cash and cash equivalents are denominated in Euro.

23 Share capital and share premium

	Number of shares	Share capital €	Share premium €	**Total €**
At 1 January and 31 December 2011	100 000 000	17.000.000	1.757.006	**18.757.006**
At 1 January and 31 December 2012	100 000 000	17.000.000	1.757.006	**18.757.006**

The total authorized number of ordinary shares is 500 000 000 shares (2011: 500 000 000 shares) with a par value of €0,17 per share (2011: €0,17 per share). All issued shares are fully paid and carry equal voting rights.

24 Borrowings

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Current				
Bank overdrafts (Note 22)	**116.804**	6.985	**106.675**	4.854
Bank borrowings	**2.864.362**	1.147.569	**2.864.362**	1.147.569
	2.981.166	1.154.554	**2.971.037**	1.152.423
Non-current				
Bank borrowings	**14.656.949**	17.965.211	**14.656.949**	17.965.211
Borrowings from subsidiary company (Note 27 (vi))	**-**	-	**2.114.508**	1.982.054
	14.656.949	17.965.211	**16.771.457**	19.947.265
Total borrowings	**17.638.115**	19.119.765	**19.742.494**	21.099.688
Maturity of non-current borrowings				
Between 1 and 2 years	**3.124.392**	3.124.392	**3.124.392**	3.124.392
Between 2 and 5 years	**9.373.176**	11.349.999	**11.487.684**	13.332.053
Over 5 years	**2.159.381**	3.490.820	**2.159.381**	3.490.820
	14.656.949	17.965.211	**16.771.457**	19.947.265

The bank loans are repayable by monthly installments until July 2018. The bank loans and overdrafts are secured as follows:

(i) By guarantees from the holding company C.C.C. Holdings & Investments Public Company Limited (Note 27 (viii)).

(ii) With a negative pledge on the Company's assets.

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

	2012	2011
	%	%
Borrowings from subsidiary	**7,00**	7,00
Bank borrowings	**5,11**	6,00
Bank overdrafts	**7,00**	6,45

The Company's and Group's bank borrowings and bank overdrafts are arranged at floating rates. For borrowings at floating rates the interest rate reprises on a monthly basis exposing the Company and the Group to cash flow interest rate risk.

24 Borrowings (continued)

The exposure of the Company's and Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
6 months or less	**17.638.115**	19.119.765	**19.742.494**	21.099.688

The weighted average effective annual interest is 7% (2011: 7%). The loans are not secured and are repayable on demand.

The carrying amounts of short term bank overdrafts and bank loans approximate their fair value.

The carrying amounts of the Company's and the Group's borrowings are denominated in the following currencies:

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Euro	**17.638.115**	19.119.765	**19.742.494**	21.099.688

The Company and the Group have the following undrawn borrowing facilities:

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Floating rate:				
- Expiring within one year	**3.541.448**	2.573.917	**3.529.577**	2.558.048

The facilities expiring within one year are annual facilities subject to review at various dates during 2013.

25 Deferred tax liabilities

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

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Deferred income tax liabilities:				
- Deferred tax liabilities to be settled after more than twelve months	**25.870**	25.913	**-**	-

25 Deferred tax liabilities (continued)

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

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
At beginning of year	**25.913**	31.657	**-**	5.657
Credited to:				
Profit or loss (Note 11)	**(43)**	(5.744)	**-**	(5.657)
At end of year	**25.870**	25.913	**-**	-

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

The Group

Deferred tax liabilities

	Difference in the recognition of gross profits, commissions payable and property tax €	**Total €**
At 1 January 2011	31.657	**31.657**
Credited to:		
Profit or loss (Note 11)	(5.744)	**(5.744)**
At 31 December 2011/1 January 2012	25.913	**25.913**
Credited to:		
Profit or loss (Note 11)	(43)	**(43)**
At 31 December 2012	25.870	**25.870**

26 Trade and other payables

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Trade payables	**328.692**	326.384	**2.309**	-
Payables to related parties (Note 27 (v))	**223.507**	1.520.029	**221.815**	1.514.964
Other payables and accrued expenses	**38.751**	67.117	**31.506**	59.946
Dividends payable	**-**	262.844	**-**	262.844
	590.950	2.176.374	**255.630**	1.837.754

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

27 Related party transactions

The Company is controlled by C.C.C. Holdings & Investments Public Company Limited, which is registered in Cyprus and holds 83,27% of the share capital of the Company. The remaining issued share capital is widely held. The ultimate holding company of the Group is George S. Galatariotis & Sons Limited.

The related companies are companies under common control and companies controlled by the Directors of the Company.

The following transactions were carried out with related parties:

(i) Purchase of services from associated companies

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Management services	**515.130**	446.488	**507.600**	440.738
Selling expenses	**157.500**	135.413	**157.500**	135.413
	672.630	581.901	**665.100**	576.151

The services are charged from C.C.C. Secretarial Limited and are based on the time spent by its employees on the affairs of the Company and office space allocated to the Company.

(ii) Interest on balances with related companies

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Interest paid (Note 10):				
Holding company	**38.790**	16.880	**38.790**	16.880
Subsidiary company	**-**	-	**138.454**	135.350
	38.790	16.880	**177.244**	152.230
Interest received (Note 7):				
Ultimate Holding company and associated companies	**342.290**	103.385	**342.290**	103.385

(iii) Dividends receivable from related companies

During 2011, the Company received from its subsidiary, Galatex Tourist Enterprises Limited, dividends amounting to €65.500 (Note 7).

27 Related party transactions (continued)

(iv) Key management personnel and Directors compensation

The total remuneration of the key management personnel and Directors was as follows:

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Fees	**2.400**	2.400	**2.400**	2.400
Emoluments in their executive capacity (Note 9)	**51.391**	51.472	**51.391**	51.472
	53.791	53.872	**53.791**	53.872

The Group and the Company

	Fees	Wages and employer's contributions	Employer's provident fund contributions	Total
	€	€	€	€
Year ended 31 December 2012				
Executive Directors				
George St. Galatariotis	400	47.200	4.191	51.791
Michalis Christoforou	400	-	-	400
Tasos Anastasiou	400	-	-	400
Costas St. Galatariotis	400	-	-	400
Vassos G. Lazarides	400	-	-	400
Stavros G. St. Galatariotis	400	-	-	400
Total	2.400	47.200	4.191	53.791
Year ended 31 December 2011				
Executive Directors				
George St. Galatariotis	400	47.200	4.272	51.872
Michalis Christoforou	400	-	-	400
Tasos Anastasiou	400	-	-	400
Costas St. Galatariotis	400	-	-	400
Vassos G. Lazarides	400	-	-	400
Stavros G. St. Galatariotis	400	-	-	400
Total	2.400	47.200	4.272	53.872

27 Related party transactions (continued)

(v) Year end balances

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Receivables from related parties (Note 21):				
Associated companies	**41.774**	-	**41.774**	-
Related companies	**1.939**	1.922	**1.939**	1.922
	43.713	1.922	**43.713**	1.922
Payable to related parties (Note 26):				
Associated companies	**198.746**	39.946	**197.054**	34.881
Holding company	**24.761**	1.480.083	**24.761**	1.480.083
	223.507	1.520.029	**221.815**	1.514.964

Balances with related parties bear average annual interest at the rate of 7% (2011: 7%), are not secured and are payable/receivable on demand.

(vi) Loans from related parties

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Borrowings from subsidiary company:				
At beginning of year	**-**	-	**1.982.054**	1.961.204
Amounts advanced during the year	**-**	-	**19.000**	15.000
Amounts repaid during the year	**-**	-	**(25.000)**	(64.000)
Interest charged (Note 10)	**-**	-	**138.454**	135.350
Dividend	**-**	-	**-**	(65.500)
At end of year (Note 24)	**-**	-	**2.114.508**	1.982.054

The loans from the holding and the subsidiary company bear average annual interest rate of 7% (2011: 7%), are not secured and are repayable on demand.

27 Related party transactions (continued)

(vii) Loans to related parties

	The Group		The Company	
	2012	2011	**2012**	2011
	€	€	**€**	€
Loans to ultimate parent company and associated companies:				
At beginning of year	**3.803.860**	3.700.475	**3.803.860**	3.700.475
Amounts advanced during the year	**3.670.000**	-	**3.670.000**	-
Amounts repaid during the year	**(1.652.548)**	-	**(1.652.548)**	-
Interest charged (Note 7)	**331.017**	103.385	**331.017**	103.385
At end of year (Note 19 and 21)	**6.152.329**	3.803.860	**6.152.329**	3.803.860

Loans to related parties bear average annual interest at the rate of 6,25%.

The loan to the ultimate parent company is secured by corporate guarantee from Galatariotis Enterprises Limited, amounting to €4.260.000, and is repayable on demand. The loan to associated companies are unsecured and are repayable on demand.

(viii) Loan guarantees from related companies

The holding company C.C.C. Holdings & Investments Public Company Limited, has guaranteed a loan provided to the Company which as at 31 December 2012 amounted to €17.521.311 (2011: €19.112.780).

28 Events after the balance sheet date

Subsequent to the balance sheet date the operating environment of Cyprus has been affected as described in Note 1.

Independent auditor's report on pages 7 to 9.