

Leptos Calypso Hotels Public Limited

Unaudited condensed interim consolidated financial statements for the six month ended 30 June 2017

Contents

	Page
Interim management report	1 - 2
Declaration of the members of the Board of Directors and other responsible officials of the Company for the condensed interim consolidated financial statements	3
Condensed interim consolidated statement of comprehensive income	4
Condensed interim consolidated balance sheet	5
Condensed interim consolidated changes in equity	6
Condensed interim consolidated statement of cash flows	7
Notes to the condensed interim consolidated financial statements	8 – 22

Leptos Calypso Hotels Public Limited

Interim management report for the period ended 30 June 2017

1 On 30 August 2017, the Board of Directors examined and approved the results of the Group Leptos Calypso Hotels Public Limited for the six month period ended 30 June 2017.

2 The condensed interim consolidated financial statements, which have been prepared in accordance with the provisions of IAS 34 "Interim Financial Reporting", have not been audited by the external auditors of the Company.

Analysis of the results of the Group for the six month period ended 30 June 2017

3 During the first six month period of 2017, the revenue of the Group from operations amounted to €11,09m compared to €8,94m of the corresponding period of 2016. The increase was mainly due to the increased occupancy of the Group's hotels units.

4 The profit of the Group from operations for the first six month period of 2017 amounted to €456k compared to loss of €1m for last year's corresponding period. The Group incurred a loss before tax amounting to €1,97m compared to profit of €5,97m for last year's corresponding period. During the first six month period of 2016, the profit before tax of the Group includes profit of €7,31m relating to the transfer of the subsidiary company Karina Properties Limited and the associate company Harbour Shore Estates Limited together with loans amounting to €30m to a company under common control and profit amounting to €1,42m resulting from the rescheduling of the specific loans. During the first six month period of 2017, the loss before tax includes an impairment charge for operating lease prepayments amounting to €1,22m. After the tax charge of €53k compared to €70k for last year's corresponding period, the Group incurred a loss after tax amounting to €2,02m compared to profit of €5.90m for the corresponding period of 2016.

5 The results of the Group for the first six month period of 2017 are not representative for the entire year, due to the seasonality of the operations of the Group's hotel units. The bulk of the operations of the hotels are contacted during the main touristic period which falls within the second six month period of the financial year of the Group.

Principal risk and uncertainties

6 The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and fair value risk. There have been no changes in risk management department or in any risk management policies since the year end. Further details are set out in Note 5.

7 As determined by the IAS 24 "Related Party Disclosures" parties are considered related if one party has the ability to control the other party or exercise significant influence over the financial or operational decisions of the other party. Further details are set out in Note 16.

8 It must be noted that the condensed interim consolidated financial statements do not include all the financial information and disclosures as required in the annual financial statements regarding the "risk management" and "related party transactions" and therefore these should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

Leptos Calypso Hotels Public Limited

Principal risk and uncertainties (continued)

9 The principal risks and uncertainties faced by the Group are disclosed in Notes 2, 3 and 4 of the condensed interim consolidated financial statements.

Contracts with Directors and connected persons

10 Other than the agreements disclosed in Note 16 of the condensed interim consolidated financial statements, on 30 June 2017 there were no other significant contracts with the Group in which Directors or persons connected to them had material interest.

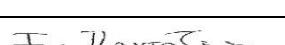
Leptos Calypso Hotels Public Limited

Declaration of members of the Board of Directors and responsible officials of the Company

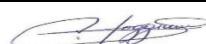
In accordance with Article 10 sections (3) (c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Markets) Law of 2007 until 2016 ("Law"), we the members of the Board of Directors and the Financial Controller of Leptos Calypso Hotels Public Limited, for the six month period ended 30 June 2017 confirm that, based on our knowledge:

- (a) the unaudited condensed interim consolidated financial statements which are presented on pages 4 to 22:
 - (i) have been prepared in accordance to IAS 34 "Interim Financial Reporting" as adopted by the European Union and in accordance with the provisions of Article 10, 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 the Company and the businesses that are included in the condensed interim consolidated financial statements as a total, and
- (b) the interim management report of the Board of Directors provide fair review of the information required by the Article 10, section (6) of the Law.

Members of the Board of Directors

Name and surname	Capacity	Signature
Michael G. Leptos	Chairman and Managing Director	
Pantelis M. Leptos	Substitute Chairman and Non-Executive Director	
Ioannis Pantazis	Executive Director	
Andreas Ataliotis	Non-Executive Director	
Andreas Demetriades	Non-Executive Director	
Andreas Iacovides	Non-Executive Director	
George M. Leptos	Non-Executive Director	
Paris Gavriel	Non-Executive Director	

Financial Controller

Name and surname	Capacity	Signature
Longginos Christodoulou	Financial Controller	

Paphos
30 August 2017

Leptos Calypso Hotels Public Limited

Condensed interim consolidated statement of comprehensive income

Note	Six month ended at	
	30 June 2017	30 June 2016
	€	€
Revenue		
Cost of sales	8	11.092.847 (9.577.681)
Gross profit		1.515.166
Other income		483.375
Selling and marketing costs		(312.152)
Administrative expenses		(1.230.438)
Operating profit/(loss)		455.951
Finance costs – net	9	(1.204.725)
Gain from transfer of assets held for sale	12	-
Impairment of operating lease prepayments		(1.222.536)
(Loss)/profit before tax		(1.971.310)
Income tax expense	13	(53.492)
(Loss)/profit for the six month period		(2.024.802)
Attributable to:		
Equity holders of the Company		(1.953.821)
Non-controlling interest		(70.981)
		(2.024.802)
(Loss)/profit per share attributable to equity holders of the Company during the six month period		
- Basic and fully diluted (loss)/profit per share	14	(1,51)
		4,70

The notes on pages 8 to 22 are an integral part of these condensed interim consolidated financial statements.

Leptos Calypso Hotels Public Limited

Condensed interim consolidated balance sheet as at 31 June 2017

Note	30 June 2017	31 December 2016
	€	€
Assets		
Non-current assets		
Property, plant and equipment	10	120.911.124
Investment property		14.997.409
Available-for-sale financial assets		18.077.102
Deferred tax asset		42.706
Operating lease prepayments		750.000
		154.778.341
		156.322.816
Current assets		
Inventories		1.000.465
Trade and other receivables		4.479.207
Cash and bank balances		1.072.191
		6.551.863
		7.432.974
Total assets		161.330.204
		163.755.790
Equity and liabilities		
Capital and reserves attributable to the shareholders of the Company		
Share capital	11	43.856.392
Share premium	11	2.870.968
Other reserves		49.089.503
Accumulated losses		(30.384.687)
		65.432.176
		627.234
Non-controlling interest		66.059.410
		68.084.212
Total equity		
Non-current liabilities		
Borrowings	12	49.248.710
Deferred tax liabilities		19.876.200
Trade and other payables		494.220
		69.619.130
		73.648.645
Current liabilities		
Trade and other payables		15.090.535
Borrowings	12	10.561.129
		25.561.664
		22.022.933
Total liabilities		95.270.794
Total equity and liabilities		161.330.204
		163.755.790

The notes on pages 8 to 22 are an integral part of these condensed interim consolidated financial statements.

Leptos Calypso Hotels Public Limited

Condensed interim consolidated statement of changes in equity for the six month ended 30 June 2017

Attributable to equity holders of the Company						
	Share capital €	Share premium €	Other reserves €	Accumulated losses €	Non-controlling interest €	Total €
Balance at 1 January 2016	43.856.392	2.870.968	69.260.259	(54.023.743)	2.261.068	64.224.944
Comprehensive gain/(loss)						
Profit/(loss) for the six month period	-	-	-	6.065.052	(162.015)	5.903.037
Other comprehensive gain/(loss)						
Land and buildings:						
Depreciation transfer, net of tax	-	-	(161.942)	161.942	-	-
Total other comprehensive gains/(loss)	-	-	(161.942)	161.942	-	-
Transactions with owners						
Gain recycled to profit or loss due to transfer to related parties	-	-	(16.741.509)	16.741.509	-	-
Total transactions with owners	-	-	(16.741.509)	16.741.509	-	-
Total comprehensive gain/(loss) for the six month period	-	-	(16.903.451)	22.968.503	(162.015)	5.903.037
Balance at 30 June 2016	<u>43.856.392</u>	<u>2.870.968</u>	<u>52.356.808</u>	<u>(31.055.240)</u>	<u>2.099.053</u>	<u>70.127.981</u>
Balance at 1 January 2017	43.856.392	2.870.968	49.251.445	(28.592.808)	698.215	68.084.212
Comprehensive loss						
Loss for the six month period	-	-	-	(1.953.821)	(70.981)	(2.024.802)
Other comprehensive gain/(loss)						
Land and buildings:						
Depreciation transfer, net of tax	-	-	(161.942)	161.942	-	-
Total other comprehensive gain/(loss)	-	-	(161.942)	161.942	-	-
Total comprehensive loss for the six months period	-	-	(161.942)	(1.791.879)	(70.981)	(2.024.802)
Balance at 30 June 2017	<u>43.856.392</u>	<u>2.870.968</u>	<u>49.089.503</u>	<u>(30.384.687)</u>	<u>627.234</u>	<u>66.059.410</u>

The notes on pages 8 to 22 are an integral part of these condensed interim consolidated financial statements.

Leptos Calypso Hotels Public Limited

Condensed interim consolidated statement of cash flows

Note	Six month ended at	
	30 June 2017	30 June 2016
	€	€
Cash flows from operating activities		
(Loss)/profit before income tax	(1.971.310)	5.973.037
Adjustments for:		
Depreciation of property, plant and equipment	10 1.151.010	1.071.834
Amortisation of operating lease prepayments	455.634	455.634
Notional interest on receivables from joint venture	(474.532)	(451.000)
Gain from transfer of assets held for sale	11, 13 -	(7.307.874)
Gain from derecognition of bank loans	9 -	(1.417.582)
Impairment of operating lease prepayments	1.222.536	
Interest expense	9 1.204.725	1.751.841
	1.588.063	75.890
Changes in working capital:		
Inventories	(320.149)	(225.250)
Trade and other receivables	(1.359.915)	(909.581)
Trade and other payables	3.457.787	2.516.956
Net cash inflows from operating activities	3.365.786	1.458.013
Cash flows from investing activities		
Purchases of property, plant and equipment	10 (810.173)	(940.484)
Net cash used in investing activities	(810.173)	(940.484)
Cash flows from financing activities		
Repayment of bank borrowings	(3.851.080)	(886.036)
Interest paid	(50.242)	(92.204)
Net cash used in financing activities	(3.901.322)	(978.240)
Net decrease in cash and cash equivalents and bank overdrafts	(1.345.709)	(460.711)
Cash and cash equivalents and bank overdrafts at the beginning of the period	906.896	(681.623)
Cash and cash equivalents and bank overdrafts at the end of the period	(438.813)	(1.142.334)

The notes on pages 8 to 22 are an integral part of these condensed interim consolidated financial statements.

Leptos Calypso Hotels Public Limited

Notes to the condensed interim consolidated financial statements

1 Condensed interim consolidated financial statements

The condensed interim consolidated financial statements have not been audited by the external auditors of the Company.

On 30 August 2017, the Board of Directors examined and approved the results of the Group Leptos Calypso Hotels Public Limited for the six month period ended 30 June 2017.

2 General information

Country of incorporation

The Company was incorporated in Cyprus on 29 December 1982, as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. On 29 March 1996 the Company's shares were listed on the Cyprus Stock Exchange.

The Company's registered office is at 111 Apostolou Pavlou Avenue, CY-8046 Paphos, Cyprus.

Principal activities

The principal activities of the Group, which are unchanged from last year, are the ownership and management of hotels and tourist resorts in Cyprus and Greece.

(a) Operating environment of the Company

Following a long and relatively deep economic recession, the Cyprus economy began to record positive growth in 2015 which accelerated during 2016. The restrictive measures and capital controls which were in place since March 2013 were lifted in April 2015 and on the back of the strength of the economy's performance and the strong implementation of required measures and reforms, Cyprus exited its economic adjustment programme in March 2016. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have proceeded with a number of upgrades of the credit ratings for the Cypriot sovereign, and although the rating continues to be "non-investment grade", the Cyprus government has regained access to the capital markets.

The outlook for the Cyprus economy over the medium term remains positive, however, there are downside risks to the growth projections emanating from the high levels of non performing exposures, uncertainties in the property markets, as well as potential deterioration in the external environment for Cyprus, including continuation of the recession in Russia in conditions of protracted declines in oil prices; weaker than expected growth in the euro area as a result of worsening global economic conditions; slower growth in the UK with a weakening of the pound as a result of uncertainty regarding the result of the Brexit referendum; and political uncertainty in Europe in view of Brexit and the refugee crisis.

Leptos Calypso Hotels Public Limited

2 General information (continued)

(a) Operating environment of the Company (continued)

This operating environment, could have affected (1) the ability of the Group 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 trade and other debtors to repay the amounts due to the Group, (3) the ability of the Group to generate sufficient turnover, to sell its existing inventories and/or offer its services to customers, (4) the cash flow forecasts of the Group's management in relation to the impairment assessment for financial and non-financial assets and (5) the ability of the Group to continue as a going concern.

The Group's Management has assessed:

- (a) Whether any impairment allowances are deemed necessary for the Group's financial assets carried at amortized cost by considering the economic situation and outlook at the end of the reporting period. Impairment of trade receivables is determined using the "incurred loss" model required by International Accounting Standard 39 "Financial Instruments: Recognition and Measurement". This standard requires recognition of impairment losses for receivables that arose from past events and prohibits recognition of impairment losses that could arise from future events, no matter how likely those future events are.
- (b) Whether the net realizable value for the Group's inventory exceeds cost. Where net realizable value is below cost, the excess should be charged to the profit or loss for the period.
- (c) Whether the recoverable amount of the Group's hotel units is not less than the carrying amount as presented in the consolidated financial statements. When the recoverable amount is less than the carrying amount then any decrease in the value that sets off prior increases of the same property is charged to other reserves in equity. All other decreases are charged in profit and loss.
- (d) Whether the fair value of the Group's investment property has been differentiated. The demand for various types of properties has been affected considerably and transactions are less frequent, consequently the estimated selling price of properties is particularly subjective.
- (e) The ability of the Group to continue as a going concern.

The Group'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.

On the basis of the evaluation performed, the Group's management has concluded that no other provisions or impairment charges are necessary other than those already accounted for.

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

Leptos Calypso Hotels Public Limited

3 Basis of preparation

The condensed interim consolidated financial statements of the Group for the six month period ended 30 June 2017 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union (EU). The condensed consolidated interim financial statements must be read in conjunction with the consolidated financial statements for the year ended 31 December 2016 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This set of financial statements represents an English translation of the original which have been prepared in Greek. In the event of any inconsistency between the Greek text and the English translation, the Greek text shall prevail.

Going concern

The condensed interim consolidated financial statements of the Group have been prepared on a going concern basis, which contemplates the realisation of assets and the fulfilment of the obligations under the normal course of business. Hence, the condensed interim consolidated financial statements do not include adjustments regarding the recovery of assets that are recorded and of the amount and the classification of the obligations or any other regulation which can be necessary.

During the period ended 30 June 2017 the Group incurred loss after tax of €2.024.802 (2016: profit of €5.903.037) and as at 30 June 2017 it had net current liabilities of €19.099.801 (2016: €14.589.959). The current bank borrowings (Note 12) include an amount of €3,4m (2016: €2,4m) which relates to overdue loan installments as well as €1,8m which is payable in the next months for which the Group is under negotiations for their restructuring.

For the assessment of the Group's ability to continue as a going concern the management prepared financial budgets using future cash flows which cover the next financial year, based on historical experience, expectations for future events and a series of estimations and assumptions. The ability to achieve satisfactory cash flows from the hotel operations and the securing of adequate financing from the banks are crucial factors in ensuring the Group's ability to continue operating on a going concern basis.

On 22 December 2015, a Restructuring Implementation Agreement ("RIA") was signed between a financial institution and the Group for the restructuring of all loans due. On 29 March 2016 the restructuring agreement became effective following the fulfilment of specific conditions (precedent conditions), which were included in the RIA regarding the reorganisation of Leptos Group, achieving the following:

- (a) Group's assets of €30m and obligations of €30m from existing debts that were due by the Company and its subsidiaries to the specific financial institution to be transferred to P.P. Irrigations & Systems Limited (common control company), and
- (b) amendment of repayment terms, including extending the repayment period and decrease of the interest rates (Note 12).

In relation to overdue loan installments at the end of the period amounting to €3,4m (Note 12) Management is under negotiations with the related bank for the total restructuring of the Group's bank loans amounting to €22m with similar terms as described in (b) above.

Leptos Calypso Hotels Public Limited

3 Basis of preparation (continued)

Going concern (continued)

The Group is taking steps to improve the efficiency and profitability of its hotel units and has already entered into significant agreements with travel agents that will improve the hotels' occupancies and enhance liquidity. In addition, Management is considering ways for immediate utilization of the Group's idle land and has accelerated the procedures and intensified its efforts for the disposal of land to potential investors.

Based on the above, the Group's Board of Directors considers that there are no other factors that indicate the existence of significant uncertainty with regards to the Group's ability to continue as a going concern and that the condensed interim consolidated financial statements are appropriately prepared on a going concern basis.

4 Accounting policies

All accounting policies that have been used in preparing these condensed interim consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2016.

Taxation

Taxation for interim periods is calculated using the tax rate applicable to the expected income for the whole financial year.

Adoption of new and revised IFRS

During the current period the Group 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 2017. This adoption did not have a material effect on the accounting policies of the Group.

5 Financial risk management and financial instruments

5.1 Financial risk factors

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

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2016. There have been no changes in risk management department or in any risk management policies since the year end.

5.2 Liquidity risk

Compared to the year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

Leptos Calypso Hotels Public Limited

5 Financial risk management and financial instruments (continued)

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2017.

	Level 3	Total
	€	€
30 June 2017		
Assets		
Available-for-sale financial assets:		
- Equity securities	346.847	346.847
- Receivables from joint venture classified as available-for-sale financial asset	17.730.255	17.730.255
Total assets measured at fair value	18.077.102	18.077.102

The following table presents the Group's assets and liabilities measured at fair value at 31 December 2016:

	Level 3	Total
	€	€
31 December 2016		
Assets		
Available-for-sale financial assets:		
- Equity securities	346.847	346.847
- Receivables from joint venture classified as available-for-sale financial asset	17.255.723	17.255.723
Total assets measured at fair value	17.602.570	17.602.570

There were no transfers between Levels 1 and 3 during the period.

There were no changes in the valuation techniques used during the period.

Leptos Calypso Hotels Public Limited

5 Financial risk management and financial instruments (continued)

5.4 Fair value estimation based on unobservable market data (Level 3)

The following table presents the changes in Level 3 investments for the period ended 30 June 2017:

	Receivables from joint ventures €	Equity securities €	Total €
At 1 January 2017	17.255.723	346.847	17.602.570
Notional interest	474.532	-	474.532
At 30 June 2017	<u>17.730.255</u>	<u>346.847</u>	<u>18.077.102</u>

There were no changes in the valuation techniques used during the period.

The fair value of Level 3 investments which relate to equity securities is determined based on the sales comparable method with regards to the properties held by the investments. The higher the selling price, the higher the fair value.

The fair value of Level 3 investments which relate to joint venture classified as financial asset available for sale is determined based on technical analysis of discounted cash flows based on the share of profit from the investment with effective interest rate 5,5%.

The carrying amount less provision for trade receivables and payables approximates their fair value. The fair value of financial liabilities is calculated based on the discounted future cash flows using the existing market interest rate which is available to the Group for similar financial instruments.

5.5 Fair value of financial assets and liabilities carried at amortised cost using the effective interest rate method

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Current and non-current borrowings

5.6 Offsetting financial assets and liabilities

The Group does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

Leptos Calypso Hotels Public Limited

6 Critical accounting estimates and judgements

The preparation of the condensed interim consolidated financial statements requires the Group's management to make estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenues and expenses reported in the financial statements. Actual results may differ due to these estimates.

In preparing these interim condensed consolidated financial statements, the significant estimates made by management of the Group for the implementation of the Group's accounting policies and significant estimates and assumptions were applied as in the consolidated financial statements for the year ended 31 December 2016, with the exception of changes in estimates that are required in determining the provision for income taxes.

7 Nature of operations

Due to the fact that the operations of the Group concentrate on the sector of tourism industry it is expected that during the second six month period of the year the results will be improved as the occupancy of the hotels and the incoming number of tourists will be higher than the first six month period. This is mainly due to the increased occupancy of the Group's hotels during the summer touristic peak period.

8 Segmental reporting

The Group prepared segmental information according to IAS 8 "Operating Segments". The segmental information for 2016 which is presented as comparative information for 2017, has been adjusted in order to follow the requirements of IAS 8.

Description of the main segments and their operations

According to Management's approach regarding IFRS 8, the operating segments are presented on the basis of internal information that is being provided to the Board of Directors (the highest level where operating decisions are taken), which is responsible for the distribution of resources in the reported segments and the evaluation of their performance. All operating segments used by the Group meet the definition of reporting segment in accordance with IFRS 8.

At 30 June 2017, the Board of Directors identified the following three main operating segments, considering both the principal activities of the Group and the country in which they operate:

- **Hotel operations – Cyprus:** The hotel operations in Cyprus comprise of the Company's hotel units, Coral Beach Hotel & Resort and Sentido Thalassa Coral Bay, both located in Paphos and the activities of the subsidiary, Vesta Tourist Management Limited, which is renting and managing tourist resorts in Paphos.
- **Hotel operations – Greece:** The hotel operations in Greece comprise of the hotel of the subsidiary, Karkavatsos & Co Touristikes Epichirisis S.A, "Panorama Hotel" located in Chania, Crete.
- **Ownership of land:** This operating segment comprises of investment property and fixed assets held for sale.

Leptos Calypso Hotels Public Limited

8 Segmental reporting (continued)

Description of the main segments and their operations (continued)

The main segments of the Group for which a segmental analysis is provided are the hotel operations and the ownership of land. All the operating segments of the Group are based in Cyprus, except from the operations of the hotel of the subsidiary, Karkavatsos & Co Touristikes Epichirisis S.A which are in Greece.

The Management of the Group, assesses the performance of the operating segments based on profit/(loss) before interest, tax, depreciation, amortisation and impairment (EBITDA).

This measurement excludes the effects of non-recurring expenditure from the operating segments, such as provisions for restructuring costs, legal expenses and impairment when the impairment is the result of an isolated, non-recurring event. Interest income and expenditure are not included in the result for each operating segment. Other information provided, except as noted below, are accounted for in accordance with the consolidated financial statements.

Results per segment

	Hotel operations - Cyprus €	Hotel operations – Greece €	Total hotel operations €	Investment properties and fixed asset held for sale €	Total €
Six month ended 30 June 2017					
Revenue per segment	<u>10.170.698</u>	<u>922.149</u>	<u>11.092.847</u>	<u>-</u>	<u>11.092.847</u>
Profit before interest, tax, depreciation and amortisation and impairment	1.403.604	184.459	1.588.063	-	1.588.063
Depreciation of property, plant and equipment (Note 10)	(924.634)	(226.376)	(1.151.010)	-	(1.151.010)
Impairment of operating lease prepayments	(1.222.536)	-	(1.222.536)	-	(1.222.536)
Amortisation of operating lease prepayments	(455.634)	-	(455.634)	-	(455.634)
Interest income	-	-	-	474.532	474.532
Finance cost (Note 9)	(1.091.173)	(113.552)	(1.204.725)	-	(1.204.725)
(Loss)/profit before income tax	<u>(2.290.373)</u>	<u>(155.469)</u>	<u>(2.445.842)</u>	<u>474.532</u>	<u>(1.971.310)</u>
Tax	(67.000)	13.508	(53.492)	-	(53.492)
(Loss)/profit for the period	<u>(2.357.373)</u>	<u>(141.961)</u>	<u>(2.499.334)</u>	<u>474.532</u>	<u>(2.024.802)</u>

Leptos Calypso Hotels Public Limited

8 Segment reporting (continued)

Results per segment (continued)

	Hotel operations - Cyprus €	Hotel operations – Greece €	Total hotel operations €	Investment properties and fixed asset held for sale €	Total €
Six month ended 30 June 2016					
Revenue per segment	<u>8.052.033</u>	<u>885.302</u>	<u>8.937.335</u>	<u>-</u>	<u>8.937.335</u>
Profit before interest, tax, depreciation and amortisation and impairment	1.543.281	(49.809)	8.801.346	-	9.252.346
Depreciation of property, plant and equipment (Note 10)	(960.060)	(111.774)	(1.071.834)	-	(1.071.834)
Amortisation of operating lease prepayments	(455.634)	-	(455.634)	-	(455.634)
Interest income	-	-	-	451.000	451.000
Finance cost (Note 9)	(1.589.395)	(162.336)	(1.751.841)	-	(1.751.841)
Gain from the transfer of assets held for sale	7.307.874	-	7.307.874	-	7.307.874
(Loss)/profit before income tax	<u>5.846.066</u>	<u>(324.029)</u>	<u>5.522.037</u>	<u>451.000</u>	<u>5.973.037</u>
Tax	-	(70.000)	(70.000)	-	(70.000)
(Loss)/profit for the period	<u>5.846.066</u>	<u>(394.029)</u>	<u>5.452.037</u>	<u>451.000</u>	<u>5.903.037</u>

Revenue from hotel operations in Cyprus consists of revenue amounting to €8.189.394 (2016: €6.509.706) generated from the Company's hotels and revenue amounting to €1.981.304 (2016: €1.542.377) generated from Vesta Tourist Management Limited. In addition, profit before interest, tax, depreciation, amortization and impairment consists of €1.378.706 (2016: €1.811.684) generated from the Company's hotels and €24.898 (2016: loss of €268.403) generated from Vesta Tourist Management Limited.

Assets per segment

	Hotel operations - Cyprus €	Hotel operations – Greece €	Total hotel operations €	Investment properties €	Total €
30 June 2017	<u>107.758.187</u>	<u>20.497.506</u>	<u>128.255.693</u>	<u>14.997.409</u>	<u>143.253.102</u>
31 December 2016	<u>111.437.743</u>	<u>19.718.068</u>	<u>131.155.811</u>	<u>14.997.409</u>	<u>146.153.220</u>

Leptos Calypso Hotels Public Limited

8 Segment reporting (continued)

Assets per segment differ from the total assets as per the consolidated balance sheet as follows:

	30 June 2017 €	31 December 2016 €
Total assets from reportable operating segments	143.253.102	146.153.220
Available-for-sale financial assets	18.077.102	17.602.570
Total assets as per consolidated balance sheet	161.330.204	163.755.790

Liabilities per segment

	Hotel operations - Cyprus €	Hotel operations – Greece €	Total hotel operations €	Investment properties €	Total €
30 June 2017	66.481.744	8.912.850	75.394.594	-	75.394.594
31 December 2016	<u>67.738.543</u>	<u>8.110.310</u>	<u>75.848.863</u>	<u>-</u>	<u>75.848.863</u>

Liabilities per segment differ from total liabilities as per the consolidated balance sheet as follows:

	30 June 2017 €	31 December 2016 €
Total liabilities from reportable operating segments	75.394.594	75.848.863
Deferred income tax liabilities	19.876.200	19.822.717
Total liabilities as per consolidated balance sheet	95.270.794	95.671.580

9 Finance costs – net

	Six month ended 30 June	
	2017 €	2016 €
Interest expense:		
Bank borrowings and overdrafts	1.169.035	1.717.841
Payable to the parent entity (Note 16 (d))	35.690	34.000
	<u>1.204.725</u>	<u>1.751.841</u>
Gain on derecognition of bank loans from the balance sheet	-	(1.417.582)
	<u>1.204.725</u>	<u>334.259</u>

Leptos Calypso Hotels Public Limited

10 Property, plant and equipment

	Property, plant and equipment €
Six month ended at 30 June 2016	
Net book value at 1 January 2016	122.691.973
Additions	940.484
Depreciation	(1.071.834)
Net book value at 30 June 2016	122.560.623
Six month ended at 30 June 2017	
Net book value at 1 January 2017	121.251.961
Additions	810.173
Depreciation	(1.151.010)
Net book value at 30 June 2017	120.911.124

11 Share capital and share premium

	Number of shares			
	Fully paid ordinary and preference shares	Share capital €	Share premium €	Total €
At 1 January 2016/31 December 2016	128 989 389	43.856.392	2.870.968	46.727.360
At 1 January 2017/30 June 2017	128 989 389	43.856.392	2.870.968	46.727.360

The authorised share capital is 1 000 000 000 shares (2016: 1 000 000 000 shares) with par value of €0,34 per share from which 128 989 389 were issued – 101 683 294 ordinary and 27 306 095 preference.

The preference shares have the same rights with the ordinary shares, but in the case of a dissolution of the Company they have priority against the ordinary shares in the distribution.

Leptos Calypso Hotels Public Limited

12 Borrowings

	30 June 2017 €	31 December 2016 €
Current		
Bank overdrafts	1.511.004	2.726.470
Bank borrowings	9.050.125	6.922.269
	10.561.129	9.648.739
Non-current		
Bank borrowings	46.248.710	49.857.696
Borrowings from third parties	3.000.000	3.000.000
	49.248.710	52.857.696
Total borrowings	59.809.839	62.506.435

The movement of bank borrowings can be analysed as follows:

	€
Six month ended at 30 June 2017	
At 1 January 2017	62.506.435
Loan repayment	(3.851.080)
Capitalised interest	1.154.484
	59.809.839

Current bank borrowings include an amount of €3,4m (2016: €2,4m) which relates to overdue loan installments as well as €1,8m which is payable in the next months for which the Group is under negotiations for their restructuring. The negotiations with the related bank relate to the total restructuring of the Group's bank loans amounting to €22m with similar terms as described in Note 3(b).

On 22 December 2015, the Leptos Group (meaning Armonia Estates Limited, Leptos Calypso Hotels Limited, Pandora Investments Public Limited and their subsidiaries) entered into a Restructuring Implementation Agreement ("RIA") with its major financial institution ("Bank") in relation to the restructuring of the loans due to the Bank by Leptos Group. The provisions of the agreement came into force on 29 March 2016 following the fulfillment of specific conditions set as conditions precedent in RIA.

The provisions of the restructuring agreement are as follows:

- The transfer of €5 million of the existing bank loans of Karkavatos & Co. Touristikos Epichirisis S.A. (Karkavatsos) to the Company, which is owned 50% by the Company and 50% by Armonia Estates Limited (Armonia), and approved as a return the creation of an inter-company payable balance of an equal amount by Karkavatsos to the Company, and
- Karkavatsos guaranteed, by mortgage on its land and buildings, bank borrowings due by Armonia to the bank amounting to €2,4m including any interest or other charges and in return Armonia to provide a guarantee to the Company amounting to €1,2m .

Leptos Calypso Hotels Public Limited

12 Borrowings (continued)

- The Company:
 - (i) Transferred the 100% of the issued share capital of Karina Properties Limited,
 - (ii) Transferred the total shares held in Harbour Shores Estates Limited, (33,33% of its issued share capital),
 - (iii) Transferred €30 million from its bank borrowings, to P.P. Irrigations & Systems Limited, a common control company, and
 - (iv) In consideration the Company received one (1) fully paid ordinary share of nominal value of €1 which was issued by P.P. Irrigations & Systems Limited and allotted to the Company.

Through this transaction:

- (a) the Group's loans due to the Bank were reduced approximately to €34 million, which are repayable until 30 June 2030 with 28 semi-annual installments beginning on 31 December 2016 with a commitment under certain pre-conditions to accelerate the repayment in order to reduce borrowings to €29 million until 30 June 2018, and to €21 million until 30 June 2021.
- (b) the relevant interest rates and loan instalments of the Group were reduced significantly.

From the aforementioned transfer of loans a gain on derecognition of bank loans occurred amounting to €1.417.582 which was recognized under "finance costs" in the income statement for the year ended 2016 (Note 9).

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

	30 June 2017	31 December 2016
	€	€
Euro – functional and presentation currency	59.809.839	62.506.435

13 Taxation

Tax is calculated using the tax rate that is expected to be applied for the full financial year.

Leptos Calypso Hotels Public Limited

14 (Loss)/profit per share

	Six month ended at 30 June	
	2017 €	2016 €
(Loss)/profit attributable to the shareholders of the Company	(1.953.821)	6.065.052
Weighted average number of shares in issue during the period	128 989 389	128 989 389
Basic and fully diluted (loss)/profit per share (cents)	(1,51)	4,70

15 Commitments

Operating lease commitments - where the Group is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2017 €	30 June 2016 €
Not later than 1 year	179.597	285.639
Between 1 and 5 years	122.744	295.768
	302.241	581.317

Commitments of €186.161 (2016: €210.020) relate to an operating lease agreement entered into by the Group for the use of land until December 2019. The Group proceeded to the construction of "Sentido Thalassa Coral Bay" hotel on this land which was completed in 2005. The Group will operate the hotel for the whole period of the lease, at the termination of which, the land and the hotel will be transferred to the lessor without any compensation in return.

In addition, the Group rents tourist apartments under non-cancellable operating leases amounting to €186.080 (2016: €371.297) until May 2019. The rental expenses for the period were charged in the profit and loss.

Leptos Calypso Hotels Public Limited

16 Related party transactions

The Group is controlled by the Chairman and Managing Director, Mr Michael G. Leptos, who owns 58,50% of the Company's shares and is also the ultimate controlling party of the Group.

The following transactions which were carried out with related parties relate to transactions with the parent entity Armonia Estates Limited and companies under common control:

(a) Sales of services

	Six month ended at 30 June	
	2017 €	2016 €
Accommodation and other hotel services	610.459	605.633

(b) Purchases of services

	Six month ended at 30 June	
	2017 €	2016 €
Management services	191.058	162.029

(c) Financing facilities

	Six month ended at 30 June	
	2017 €	2016 €
Financing facilities from related party - amounts received	1.171	338.417

(d) Interest payable

	Six month ended at 30 June	
	2017 €	2016 €
Balance with parent entity (Note 9)	35.690	34.000

17 Events after the balance sheet date

There were no material events which occurred after the end of the financial period which have a bearing on the understanding of the unaudited condensed interim consolidated financial statements.