DOLPHINCI FOURTEEN LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

DOLPHINCI FOURTEEN LIMITED

Report and consolidated financial statements

For the year ended 31 December 2017

C O N T E N T S

DOLPHINCI FOURTEEN LIMITED

Officers and professional advisors

Board of Directors	NAP Directors Ltd Dolphin Capital Partners Ltd
Secretary	NAP Secretarial Ltd
Independent auditors	KPMG Limited 14 Esperidon Street 1087 Nicosia Cyprus
Legal advisors	N. Papageorgiou LLC
Banker	Bank of Cyprus Public Company Ltd
Registered office	10 G. Kranidioti Street Nice Day House, 6th Floor 1065 Nicosia Cyprus

DOLPHINCI FOURTEEN LIMITED

MANAGEMENT REPORT

The Board of Directors of DolphinCI Fourteen Limited (the "Company") presents to the members its Annual Report together with the audited consolidated financial statements of the Company and its subsidiary companies (together referred to as the "Group") for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the Group is the development of a large-scale leisure-integrated residential resort in Peloponnese, Greece.

FINANCIAL RESULTS

The Group's financial results for the year ended 31 December 2017 are set out on page 7 of the consolidated financial statements. The loss for the year attributable to the owners of the Company amounted to €12.056 thousand (2016: €11.405 thousand loss). The Board of Directors proposes that the loss is transferred to reserves.

DIVIDENDS

The Board of Directors of the Company decided to cancel the declaration of dividend of 2016 for the amount of €2.696.000.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group and steps taken to manage these risks, are described in note 23 of the consolidated financial statements. In addition, the Company is subject to the risk of not being able to continue as a going concern without the financial support of its parent company. The parent company has indicated its intention to continue providing such financial support to the Company in the foreseeable future (see note 24).

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Group in the foreseeable future.

SHARE CAPITAL

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

BRANCHES

During the year ended 31 December 2017, the Group did not operate any branches.

BOARD OF DIRECTORS

The members of the Group's Board of Directors as at 31 December 2017 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2017.

In accordance with the Company's Articles of Association, all directors presently members of the Board continue in office.

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

DOLPHINCI FOURTEEN LIMITED

MANAGEMENT REPORT (continued)

EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period date, which have a bearing of understanding on the consolidated financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Dolphin Capital Partners Ltd
Director

Nicosia, 11 April 2018

KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
T: +357 22 209000, F: +357 22 678200

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

DOLPHINCI FOURTEEN LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of DolphinCI Fourteen Limited (the "Company") and its subsidiaries (together with the Company, the "Group"), which are presented on pages 7 to 35 and comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

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

KPMG

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

KPMG

Auditors' responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal requirements

Pursuant to the additional requirements of the Auditors' Law of 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), we report the following:

- In our opinion, the management report on pages 2 and 3, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the enterprise and the Group's environment obtained in the course of our audit, we have not identified material misstatements in the management report.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Haris A. Kakoullis, CPA

Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

14 Esperidon Street
1087 Nicosia
Cyprus

11 April 2018

DOLPHINCI FOURTEEN LIMITED

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2017

	Note	31 December 2017 €'000	31 December 2016 €'000
CONTINUING OPERATIONS			
Revenue	6	18.593	17.970
Valuation loss on investment property	12	(703)	(1.286)
Total operating profits		**17.890**	**16.684**
Operating expenses	7	(14.397)	(16.118)
Professional fees	8	(492)	(605)
Depreciation charge	13	(2.183)	(2.149)
Administrative and other expenses	9	(3.830)	(726)
Total operating and other expenses		**(20.902)**	**(19.598)**
Results from operating activities		**(3.012)**	**(2.914)**
Finance income		1	6
Finance costs		(7.941)	(8.787)
Net finance costs	10	**(7.940)**	**(8.781)**
Impairment (loss)/reversal on property, plant and equipment	13	(1.388)	238
Impairment loss on trading properties	14	(22)	-
Total non-operating (losses)/profits		**(1.410)**	**238**
Loss before taxation		**(12.362)**	**(11.457)**
Taxation	11	245	20
Loss for the year		**(12.117)**	**(11.437)**
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment, net of tax		3.222	4.099
Other comprehensive income for the year, net of tax		**3.222**	**4.099**
Total comprehensive income for the year		**(8.895)**	**(7.338)**
Loss attributable to:			
Owners of the Company		(12.056)	(11.405)
Non-controlling interest		(61)	(32)
Loss for the year		**(12.117)**	**(11.437)**
Total comprehensive income attributable to:			
Owners of the Company		(8.834)	(7.306)
Non-controlling interests		(61)	(32)
Total comprehensive income for the year		**(8.895)**	**(7.338)**

The notes on pages 11 to 35 are an integral part of these consolidated financial statements.

DOLPHINCI FOURTEEN LIMITED

Consolidated statement of financial position

As at 31 December 2017

	Note	31 December 2017 €'000	31 December 2016 €'000
ASSETS			
Investment property	12	8.016	8.937
Property, plant and equipment	13	75.917	74.775
Deferred tax assets	20	994	996
Non-current assets		**84.927**	**84.708**
Trading properties	14	19.871	18.598
Receivables and other assets	15	3.188	4.677
Cash and cash equivalents	16	595	3.206
Current assets		**23.654**	**26.481**
Total assets		**108.581**	**111.189**
EQUITY			
Share capital	17	5	5
Share premium		2.450	2.450
Retained deficit		(67.039)	(57.679)
Other reserves		7.321	4.099
Equity attributable to owners of the Company		**(57.263)**	**(51.125)**
Non-controlling interests		1.231	1.292
Total equity		**(56.032)**	**(49.833)**
LIABILITIES			
Loans and borrowings	18	121.873	117.938
Deferred revenue	19	6.985	7.230
Trade and other payables	21	5.158	5.614
Deferred tax liabilities	20	8.859	7.790
Non-current liabilities		**142.875**	**138.572**
Loans and borrowings	18	5.003	10.557
Deferred revenue	19	10.212	7.112
Trade and other payables	21	6.523	4.781
Current liabilities		**21.738**	**22.450**
Total liabilities		**164.613**	**161.022**
Total equity and liabilities		**108.581**	**111.189**

On 11 April 2018, the Board of Directors of DolphinCI Fourteen Limited authorised these consolidated financial statements for issue.

DOLPHIN CAPITAL PARTNERS LTD

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Director

NAP DIRECTORS LTD

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Director

The notes on pages 11 to 35 are an integral part of these consolidated financial statements.

DOLPHINCI FOURTEEN LIMITED

Consolidated statement of changes in equity

For the year ended 31 December 2017

	Share capital €'000	Share premium €'000	Revaluation reserve €'000	Retained deficit €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balance at 1 January 2016	**5**	**2.450**	**-**	**(43.578)**	**(41.123)**	**1.178**	**(39.945)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Loss for the year	-	-	-	(11.405)	(11.405)	(32)	(11.437)
Other comprehensive income for the year							
Revaluation of property, plant and equipment, net of tax	-	-	4.099	-	4.099	-	4.099
Total other comprehensive income for the year	-	-	4.099	-	4.099	-	4.099
Total comprehensive income for the year	**-**	**-**	**4.099**	**(11.405)**	**(7.306)**	**(32)**	**(7.338)**
TRANSACTIONS WITH OWNERS OF THE COMPANY							
Contributions and distributions							
Dividends	-	-	-	(2.696)	(2.696)	-	(2.696)
Total contributions and distributions	**-**	**-**	**-**	**(2.696)**	**(2.696)**	**-**	**(2.696)**
Changes in ownership interest							
Disposal of interests without a change in control	-	-	-	-	-	146	146
Total changes in ownership interests	**-**	**-**	**-**	**-**	**-**	**146**	**146**
Total transactions with owners of the Company	**-**	**-**	**-**	**(2.696)**	**(2.696)**	**146**	**(2.550)**
Balance at 31 December 2016	**5**	**2.450**	**4.099**	**(57.679)**	**(51.125)**	**1.292**	**(49.833)**
Balance at 1 January 2017	**5**	**2.450**	**4.099**	**(57.679)**	**(51.125)**	**1.292**	**(49.833)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Loss for the year	-	-	-	(12.056)	(12.056)	(61)	(12.117)
Other comprehensive income for the year							
Revaluation of property, plant and equipment, net of tax	-	-	3.222	-	3.222	-	3.222
Total other comprehensive income for the year	-	-	3.222	-	3.222	-	3.222
Total comprehensive income for the year	**-**	**-**	**3.222**	**(12.056)**	**(8.834)**	**(61)**	**(8.895)**
TRANSACTIONS WITH OWNERS OF THE COMPANY							
Contributions and distributions							
Cancellation of dividends	-	-	-	2.696	2.696	-	2.696
Total contributions and distributions	**-**	**-**	**-**	**2.696**	**2.696**	**-**	**2.696**
Total transactions with owners of the Company	**-**	**-**	**-**	**2.696**	**2.696**	**-**	**2.696**
Balance at 31 December 2017	**5**	**2.450**	**7.321**	**(67.039)**	**(57.263)**	**1.231**	**(56.032)**

The notes on pages 11 to 35 are an integral part of these consolidated financial statements.

DOLPHINCI FOURTEEN LIMITED

Consolidated statement of cash flows

For the year ended 31 December 2017

	31 December 2017 €'000	31 December 2016 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(12.117)	(11.437)
Adjustments for:		
Valuation loss on investment property	703	1.286
Impairment loss/(reversal) on property, plant and equipment	1.388	(238)
Impairment loss on trading properties	22	-
Land concession costs	-	99
Depreciation charge	2.183	2.149
Taxation	(245)	(20)
Interest income	(1)	(6)
Interest expense	7.368	8.294
	(699)	**127**
Changes in:		
Receivables and other assets	1.489	8.880
Payables and other liabilities	6.864	(3.699)
Cash from operating activities	**7.654**	**5.308**
Tax paid	(27)	(7)
Net cash from operating activities	**7.627**	**5.301**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from disposal of subsidiaries	-	146
Net acquisitions of property, plant and equipment	(175)	(289)
Net (additions)/disposals in trading properties	(1.077)	2.209
Interest received	1	6
Net cash (used in)/from investing activities	**(1.251)**	**2.072**
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in loans and borrowings	(2.185)	(2.867)
Interest paid	(6.802)	(6.932)
Net cash used in financing activities	**(8.987)**	**(9.799)**
Net decrease in cash and cash equivalents	**(2.611)**	**(2.426)**
Cash and cash equivalents at the beginning of the year	3.206	5.632
Cash and cash equivalents at the end of the year	**595**	**3.206**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of the following:

Cash in hand and at bank (see note 16)	595	3.206
Cash and cash equivalents at the end of the year	**595**	**3.206**

The notes on pages 11 to 35 are an integral part of these consolidated financial statements.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

1. REPORTING ENTITY

DolphinCI Fourteen Limited (the "Company") was incorporated in Cyprus on 22 June 2006 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 10 G. Kranidioti Street, Nice Day House, 6th Floor, 1065 Nicosia, Cyprus.

The consolidated financial statements of the Company as at and for the year ended 31 December 2017 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

The principal activity of the Group is the development of a large-scale leisure-integrated residential resort in Peloponnese, Greece.

2. BASIS OF PREPARATION

a. Statement of compliance

The consolidated financial statements 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.

b. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, with the exception of investment property and property, plant and equipment which are stated at their fair values.

c. Adoption of new and revised standards and interpretations

As from 1 January 2017, the Group adopted all changes to IFRS which are relevant to its operations. This adoption did not have a material effect on the consolidated financial statements of the Company.

The following standards, amendments to standards and interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2017. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. The Group continues to assess the potential impact on its consolidated financial statements resulting from the application of the following standards.

(i) Standards and interpretations adopted by the EU

- *IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018).*

  In July 2014, the IAS issued the final version of IFRS 9, which replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss (ECL) model for calculating impairment on financial assets, and new general hedge accounting requirements. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

  Based on assessments undertaken to date, the adoption of IFRS 9 is not expected to have a material impact on the Group's financial statements.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

2. BASIS OF PREPARATION (CONTINUED)

c. Adoption of new and revised standards and interpretations (continued)

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

- *IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018). (continued)*

  Classification – Financial assets

  IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

  Based on its assessment, the Group expects that the new classification requirements will not have a material impact on its accounting for trade and other receivables.

  Impairment - Financial assets and contract assets

  IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking ECL model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

  Under IFRS 9, loss allowances will be measured on either of the following bases:

  – 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

  – lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

  Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component. There is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to corroborate a more lagging default criterion.

  The Group believes that the application of the new impairment requirements will not have a material impact on its financial statements.

- *IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 January 2018).*

  IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. It provides a principles-based approach for revenue recognition, and introduces the concept of recognizing revenue for performance obligations as they are satisfied. The recognition of such revenue is in accordance with five steps to: 1) identifying the contract with the customer; 2) identifying each of the performance obligations included in the contract; 3) determining the transaction price; 4) allocating the transaction price to the performance obligations in the contract; and 5) recognising revenue as each performance obligation is satisfied.

  Based on assessments undertaken to date, the adoption of IFRS 15 is not expected to have a material impact on the Group's financial statements.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

2. BASIS OF PREPARATION (CONTINUED)

c. Adoption of new and revised standards and interpretations (continued)

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

- *IFRS 15 (Clarifications) 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2018).*
  Clarifications to IFRS 15 provide additional application guidance but do not change the underlying principles of the standard. The clarifications relate principally to identifying performance obligations (step 2), accounting for licenses of intellectual property (step 5) and agent vs principal considerations. The clarifications also introduce additional practical expedients on transition in relation to modified and completed contracts.
  The application of the clarifications is not expected to have a material impact on the financial statements of the Group.

- *IAS 40 (Amendments) 'Transfers of Investment Property' (effective for annual periods beginning on or after 1 January 2018).*
  The amendments clarify the requirements on transfers to, or from, investment property. A transfer is made when, and only when, there is an actual change in use i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use. A change in management intention alone does not support a transfer. In addition, the amendments clarify that the revised examples of evidence of a change in use in the amended version of IAS 40 are not exhaustive.
  The amendments are not expected to have an impact on the Group's financial statements.

(ii) Standards and interpretations not adopted by the EU

- *IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019)*
  IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. The key test is whether it is probable that the tax authority will accept the chosen tax treatment, on the assumption that tax authorities will have full knowledge of all relevant information in assessing a proposed tax treatment. The uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty being either the most likely amount or the expected value. The interpretation also requires companies to reassess the judgements and estimates applied if facts and circumstances change. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements in relation to judgements made, assumptions and estimates used, and the potential impact of uncertainties that are not reflected.
  The Group is currently evaluating the expected impact of adopting the interpretation on its financial statements. As such, the expected impact of the interpretation is not yet known or reasonably estimable.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

2. BASIS OF PREPARATION (CONTINUED)

c. Adoption of new and revised standards and interpretations (continued)

(ii) Standards and interpretations not adopted by the EU (continued)

- *Annual Improvements to IFRSs 2015-2017 Cycle (effective for annual periods beginning on or after 1 January 2019)*
  In December 2017, the IASB published Annual Improvements to IFRSs 2015–2017 Cycle, containing the following amendments to IFRSs:
  - IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements'. The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest in that business at fair value. The amendments to IFRS 11 clarify that when an entity maintains (or obtains) joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
  - IAS 12 'Income Taxes': the amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.
  - IAS 23 'Borrowing Costs': the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

  The Group is currently evaluating the expected impact of adopting the amendments on its financial statements. As such, the expected impact of the amendments is not yet known or reasonably estimable.

- *Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020)*
  In March 2018 the IASB issued a comprehensive set of concepts for financial reporting, the revised 'Conceptual Framework for Financial Reporting' (Conceptual Framework), replacing the previous version issued in 2010. The main changes to the framework's principles have implications for how and when assets and liabilities are recognised and derecognized in the financial statements, while some of the concepts in the revised Framework are entirely new (such as the 'practical ability' approach to liabilities). To assist companies with the transition, the IASB issued a separate accompanying document 'Amendments to References to the Conceptual Framework in IFRS Standards'. This document updates some references to previous versions of the Conceptual Framework in IFRS Standards, their accompanying documents and IFRS Practice Statements.
  The Group is currently evaluating the expected impact of adopting the amendment on its financial statements. As such, the expected impact of the amendment is not yet known or reasonably estimable.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

2. BASIS OF PREPARATION (continued)

d. Use of estimates and judgements

The preparation of consolidated financial statements in accordance with IFRS requires from management the exercise of judgement, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described below:

Work in progress

Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of financial position date.

Revenue recognition

The Group applies the provisions of IAS18 for accounting for revenue from sale of developed property, under which income and cost of sales are recognised upon delivery and when substantially all risks have been transferred to the buyer.

Provision for bad and doubtful debts

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through the consolidated statement of comprehensive income. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

Income taxes

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

2. BASIS OF PREPARATION (continued)

d. Use of estimates and judgements (continued)

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

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

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Significant unobservable inputs and valuation adjustments are regularly reviewed and changes in fair value measurements from period to period are analysed.

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

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

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

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

When applicable, further information about the assumptions made in measuring fair values is included in the notes specific to that asset or liability.

e. Functional and presentation currency

The consolidated financial statements are presented in euro (€), which is the functional currency of the Group, rounded to the nearest thousand.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

3. DETERMINATION OF FAIR VALUES

Properties

The fair value of investment property and land and buildings classified as property, plant and equipment is determined at the end of each reporting period. An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued, values the Group's properties at the end of each year and where necessary, semi-annually and quarterly.

The Directors have appointed American Appraisal, an internationally recognised firm of surveyors, to conduct valuations of the Group's acquired properties to determine their fair value. These valuations are prepared in accordance with generally accepted appraisal standards, as set out by the Royal Institute of Chartered Surveyors ("RICS"). Furthermore, the valuations are conducted on an "as is condition" and on an open market comparative basis.

The valuation analysis of properties is based on all the pertinent market factors that relate both to the real estate market and, more specifically, to the subject properties. The valuation analysis of a property typically uses two approaches: the direct sales comparison approach and the income approach. The direct sales comparison approach is based on the premise that persons in the marketplace buy by comparison. It involves acquiring market sales/offerings data on properties similar to the subject property. The prices of the comparables are then adjusted for any dissimilar characteristics as compared to the subject's characteristics. Once the sales prices are adjusted, they can be reconciled to estimate the fair value for the subject property. Based on the income approach, an estimate is made of prospective economic benefits of ownership. These amounts are discounted and/or capitalised at appropriate rates of return in order to provide an indication of value.

Each of the above-mentioned valuation techniques results in a separate valuation indication for the subject property. Then a reconciliation process is performed to weigh the merits and limiting conditions of each approach. Once this is accomplished, a value conclusion is reached by placing primary weight on the technique, or techniques, that are considered to be the most reliable, given all factors.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in process, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Subsidiaries

Subsidiaries are those entities, including special purpose entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

4.2 Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of the business, use in the production or supply of goods or services or for administration purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

4.4 Property, plant and equipment

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

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the fair value reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are recognised in profit or loss.

The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and appropriate proportion of production overheads.

Depreciation charge is recognised in profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment, unless it constitutes part of the cost of another asset in which case is included in this asset's carrying amount. Freehold land is not depreciated.

The annual rates of depreciation are as follows:

Buildings	3%
Machinery and equipment	10% - 33,33%
Motor vehicles and other	10% - 20%

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as incurred.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Trading properties

Trading properties (inventory) are shown at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of trading properties is determined on the basis of specific identification of their individual costs and represents the fair value paid at the date that the land was acquired by the Group.

4.6 Work in progress

Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity.

4.7 Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy 4.16).

4.8 Cash and cash equivalents

Cash and cash equivalents comprise cash deposited with banks. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.9 Share capital

Share capital represents the issued amount of shares outstanding at their par value.

4.10 Loans and borrowings

Interest-bearing loans are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the loans on an effective interest basis.

4.11 Trade and other payables

Trade and other payables are stated at their cost.

4.12 Revenue recognition

Revenues earned by the Company are recognised on the following bases:

Rendering of services

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Sale of goods

Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Prepayments from clients

Payments received in advance on development contracts for which no revenue has been recognised yet, are recorded as prepayments from clients as at the statement of financial position date and carried under creditors. Payments received in advance on development contracts for which revenue has been recognised, are recorded as prepayments from clients to the extent that they exceed revenue that was recognised in profit or loss as at the statement of financial position date.

4.14 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4.15 Expenses

Professional fees, administration and other expenses are accounted for on an accrual basis and charged to profit or loss.

4.16 Impairment

The carrying amounts of the Group's assets, other than investment property (see accounting policy 4.3), are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. The recoverable amount is the greater of the net selling price and value in use of an asset. In assessing value in use of an asset, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

4.17 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to the tax liabilities will impact tax expense in the period that such a determination is made.

4.18 Finance income and costs

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and bank charges.

4.19 Comparatives

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

5. SUBSIDIARIES

As at 31 December 2017, the Group's most significant subsidiaries were the following:

Name	Country of incorporation	Shareholding interest
Single Purpose Vehicle One Limited ("SPV 1")	Cyprus	100%
Single Purpose Vehicle Six Limited ("SPV 6")	Cyprus	100%
DolphinCI Thirty Nine Limited ("DCI 39")	Cyprus	100%
Single Purpose Vehicle Two Limited ("SPV 2")	Cyprus	64%
Eidikou Skopou Dekatessera S.A. ("ES 14")	Greece	100%
Eidikou Skopou Dekaokto S.A. ("ES 18")	Greece	100%
Eidikou Skopou Eikosi Ena S.A. ("ES 21")	Greece	64%
Dolphin Capital Properties Five S.A. ("DCP 5")	Greece	100%

The above shareholding interest percentages are rounded to the nearest integer.

As at 31 December 2017, all or part of the shares held by the Company in some of its subsidiaries are pledged as a security for loans (see note 18).

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

6. REVENUE

	From 1 January 2017 to 31 December 2017 €'000	From 1 January 2016 to 31 December 2016 €'000
Hotel revenue	16.991	12.810
Beach club revenue	1.046	912
Sale of trading properties	-	3.207
Other profits	556	1.041
Total	**18.593**	**17.970**

7. OPERATING EXPENSES

	From 1 January 2017 to 31 December 2017 €'000	From 1 January 2016 to 31 December 2016 €'000
Cost of sales relates to:		
Hotel operations	6.398	3.981
Property sales	-	4.466
Commissions to agents and others	-	385
Personnel expenses (see below)	5.923	5.157
Land concession costs	-	99
Branding management fees	1.522	1.585
Other operating expenses	554	445
Total	**14.397**	**16.118**

Personnel Expenses

	From 1 January 2017 to 31 December 2017 €'000	From 1 January 2016 to 31 December 2016 €'000
Wages and salaries	4.660	4.006
Compulsory social security contributions	1.114	983
Other personnel costs	149	168
Total	**5.923**	**5.157**

Personnel expenses in relation to operating expenses are expensed as incurred in profit or loss.

The average number of employees by the Group during the year was 188 (2016: 187 employees).

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

8. PROFESSIONAL FEES

	From 1 January 2017 to 31 December 2017 €'000	From 1 January 2016 to 31 December 2016 €'000
Legal fees	44	41
Auditors' remuneration	89	114
Accounting expenses	74	91
Consultancy fees	153	120
Other professional fees	132	239
Total	**492**	**605**

9. ADMINISTRATIVE AND OTHER EXPENSES

	From 1 January 2017 to 31 December 2017 €'000	From 1 January 2016 to 31 December 2016 €'000
Travelling	7	19
Insurance	89	75
Repairs and maintenance	228	43
Advertising and promotional expenses	169	37
Immovable property and other taxes	179	181
Other expenses	3.158	371
Total	**3.830**	**726**

10. NET FINANCE COSTS

	From 1 January 2017 to 31 December 2017 €'000	From 1 January 2016 to 31 December 2016 €'000
Interest income	1	6
Finance income	**1**	**6**
Interest expense	(7.368)	(8.294)
Bank charges	(573)	(493)
Finance costs	**(7.941)**	**(8.787)**
Net finance costs	**(7.940)**	**(8.781)**

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

11. TAXATION

	From 1 January 2017 to 31 December 2017 €'000	From 1 January 2016 to 31 December 2016 €'000
RECOGNISED IN PROFIT OR LOSS		
Income tax	-	(4)
Net deferred tax (see note 20)	(245)	(16)
Taxation recognised in profit or loss	**(245)**	**(20)**
RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Revaluation of property, plant and equipment (see note 20)	1.316	1.674
Taxation recognised in other comprehensive income	**1.316**	**1.674**

Reconciliation of taxation based on taxable loss and taxation based on Group's accounting loss:

	From 1 January 2017 to 31 December 2017 €'000	From 1 January 2016 to 31 December 2016 €'000
Loss before taxation	(12.362)	(11.457)
Taxation using domestic rates	(2.089)	(2.834)
Effect of valuation loss on properties	(325)	(16)
Non-deductible expenses	1.500	765
Tax-exempt income	-	(442)
Current year losses for which no deferred tax is recognised	594	2.543
Effect of losses surrendered to group companies	(4)	(30)
Other	79	(6)
Total	**(245)**	**(20)**

The profits of the Cypriot companies of the Group are subject to a corporation tax rate of 12,50% on their total taxable profits. Tax losses of Cypriot companies are carried forward to reduce future profits for a period of five years. In addition, the Cypriot companies of the Group are subject to a 3% special contribution on rental income. Under certain conditions, interest income may be subject to special contribution at the rate of 30%. In such cases, this interest is exempt from corporation tax.

In Greece, the corporation tax rate applicable to profits is 29%. Tax losses of Greek companies are carried forward to reduce future profits for a period of five years.

12. INVESTMENT PROPERTY

	31 December 2017 €'000	31 December 2016 €'000
At beginning of year	8.937	10.496
Transfers to trading properties (see note 14)	(218)	(273)
	8.719	**10.223**
Fair value adjustment	(703)	(1.286)
At end of year	**8.016**	**8.937**

As at 31 December 2017 and 31 December 2016, part of the Group's immovable property is held as security for bank loans (see note 18).

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

12. INVESTMENT PROPERTY (continued)

Fair value hierarchy

The fair value of investment property amounting to €8.016 thousand (2016: €8.937 thousand) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows a reconciliation from opening to closing balances of Level 3 fair value.

	31 December 2017 €'000	31 December 2016 €'000
At beginning of year	8.937	10.496
Transfer to trading properties	(218)	(273)
Gains recognised in profit or loss		
Unrealised fair value adjustment in "Valuation gain on investment property"	(703)	(1.286)
At end of year	**8.016**	**8.937**

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Property location	**Valuation technique (see note 3)**	**Significant unobservable inputs**		**Inter-relationship between key unobservable inputs and fair value measurement**
Aman at Porto Heli, Peloponnesus, Greece	Market approach	Premiums/(discounts) on the following:		The estimated fair value would increase/(decrease) if:
		1. Location:	2017: from -20% to 0%	1. Premiums were higher/(lower);
			(2016: 0%)	2. Discounts were lower/(higher);
		2. Site size:	2017: from -30% to 0%	3. Weights on comparables with
			(2016: from -30% to 0%)	premiums were higher/(lower);
		3. Asking vs transaction:	2017: from -30% to -5%	4. Weights on comparables with
			(2016: from -20% to -15%)	discounts were lower/(higher).
		4. Frontage sea view:	2017: from -10% to +10%	
			(2016: from -10% to 0%)	
		5. Maturity/development potential:	2017: from -30% to +50%	
			(2016: from -10% to +30%)	
		6. Strategic investment approval:	2017: 15% when applicable (2016: 15% when applicable)	
		7. Weight allocation:	2017: from +10% to +20%	
			(2016: from +10% to +30%)	

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13. PROPERTY, PLANT AND EQUIPMENT

2017	Land & buildings €'000	Machinery & equipment €'000	Other €'000	Total €'000
Cost or revalued amount				
At beginning of year	79.564	4.215	233	84.012
Direct net acquisitions of property, plant and equipment	59	48	61	168
Revaluation adjustment	4.538	-	-	4.538
At end of year	**84.161**	**4.263**	**294**	**88.718**
Depreciation and impairment losses				
At beginning of year	7.052	2.112	73	9.237
Depreciation charge for the year	1.737	403	43	2.183
Disposals of property, plant and equipment	-	(2)	(5)	(7)
Impairment loss	1.388	-	-	1.388
At end of year	**10.177**	**2.513**	**111**	**12.801**
Carrying amounts	**73.984**	**1.750**	**183**	**75.917**
2016				
Cost or revalued amount				
At beginning of year	74.069	4.170	311	78.550
Direct net acquisitions/(disposals) of property, plant and equipment	73	174	(78)	169
Land concession costs	(99)	-	-	(99)
Transfer to trading properties (Note 14)	(252)	(129)	-	(381)
Revaluation adjustment	5.773	-	-	5.773
At end of year	**79.564**	**4.215**	**233**	**84.012**
Depreciation and impairment losses				
At beginning of year	5.710	1.709	130	7.549
Depreciation charge for the year	1.580	519	50	2.149
Disposals of property, plant and equipment	-	(13)	(107)	(120)
Impairment loss	634	-	-	634
Reversal of impairment	(872)	-	-	(872)
Transfer to trading properties (Note 14)	-	(103)	-	(103)
At end of year	**7.052**	**2.112**	**73**	**9.237**
Carrying amounts	**72.512**	**2.103**	**160**	**74.775**

The carrying amount at year end of land and buildings, had the cost model been used, would had been €64 million (2016: €67 million).

As at 31 December 2017 and 31 December 2016, part of the Group's immovable property is held as security for bank loans (see note 18).

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value hierarchy

The fair value of land and buildings, amounting to €73.984 thousand (2016: €72.512 thousand) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows a reconciliation from opening to closing balances of Level 3 fair value.

	31 December 2017 €'000	31 December 2016 €'000
At beginning of year	72.512	68.359
Direct acquisitions/(disposals)	59	(26)
Transfer to trading properties	-	(252)
Profits/(Losses) recognised in profit or loss		
Depreciation in "Depreciation charge"	(1.737)	(1.580)
Reversal of (impairment loss) in "Reversal of (impairment loss) of property, plant and equipment"	(1.388)	238
Profits recognised in comprehensive income		
Revaluation adjustment in "Revaluation on property, plant and equipment"	4.538	5.773
At end of year	73.984	72.512

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of land and buildings, as well as the significant unobservable inputs used.

Property location	Valuation technique (see note 3)	Significant unobservable inputs		Inter-relationship between key unobservable inputs and fair value measurement
Aman at Porto Heli, Peloponnesus, Greece – Amanzoe Hotel	Income approach	Room occupancy rate:	2017: from 44% to 46% (weighted average 45%) (2016: from 21% to 32%) (weighted average: 26%)	The estimated fair value would increase/(decrease) if: 1. Occupancy rate was higher/(lower); 2. Average daily rate per occupied room was higher/(lower); 3. Gross operating margin was higher/(lower); 4. Risk-adjusted discount rate was lower/(higher); 5. Terminal capitalisation rate was lower/(higher).
		Average daily rate per occupied room:	2017: from €1.390 to €1.611 (weighted average €1.506) (2016: from €1.290 to €1.742) (weighted average €1.471)	
		Gross operating margin rate:	2017: from 46% to 52% (weighted average 51%) (2016: from 23% to 45%) (weighted average 36%)	
		Risk-adjusted discount rate:	2017: 11% (2016: 11%)	
		Terminal capitalisation rate:	2017: 8% (2016: 8%)	

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation techniques and significant unobservable inputs (continued)

Property location	Valuation technique (see note 3)	Significant unobservable inputs		Inter-relationship between key unobservable inputs and fair value measurement
Aman at Porto Heli, Peloponnesus, Greece - Beachclub	Combined approach (Market and Income)	Market approach (for land and components) Premiums/(discounts) on the following:		The estimated fair value would increase/(decrease) if:
		1. Location:	2017: from -20% to 0%	1. Premiums were higher/(lower);
			(2016: 0%)	2. Discounts were lower/(higher);
		2. Site size:	2017: from -20% to -10%	3. Weights on comparables with
			(2016: from -20% to +10%)	premiums were higher/(lower);
		3. Asking vs transaction:	2017: from -30% to -20%	4. Weights on comparables with
			(2016: from -20% to 0%)	discounts were lower/(higher);
		4. Frontage sea view:	2017: from 0% to +30%	5. Occupancy rate was
			(2016: from 0% to +10%)	higher/(lower);
		5. Maturity/development potential:	2017: from -50% to -20%	6. Average daily rate per occupied
			2016: from -50% to 0%	room was higher/(lower);
		6. Strategic investment approval :	2017: 15%	7. Gross operating margin was
			(2016: 15%)	higher/(lower);
		7. Weight allocation:	2017: from +10% to +30%	8. Risk-adjusted discount rate was
			(2016: from +10% to +40%)	lower/(higher);
		Income approach		9. Terminal capitalisation rate was
		(for building components)		lower/(higher).
		Room occupancy rate:	2017: from 33% to 37%	
			(weighted average: 36%)	
			(2016: from 18% to 33%)	
			(weighted average: 30%)	
		Average daily rate per occupied room:	2017: from €1.517 to €1.839	
			(weighted average €1.707)	
			(2016: from €1.305 to €1.700)	
			(weighted average €1.538)	
		Gross operating margin rate:	2017: from 32% to 42%	
			(weighted average 41%)	
			(2016: from 9% to 38%)	
			(weighted average 33%)	
		Risk-adjusted discount rate:	2017: 11%	
			(2016: 11%)	
		Terminal capitalization rate:	2017: 8%	
			(2016: 8%)	

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

14. TRADING PROPERTIES

	31 December 2017 €'000	31 December 2016 €'000
At beginning of year	18.598	20.256
Net direct additions/(disposals)	1.077	(2.209)
Transfers from property, plant and equipment (see note 13)	-	278
Transfers from investment property (see note 12)	218	273
Impairment loss	(22)	-
At end of year	**19.871**	**18.598**

15. RECEIVABLES AND OTHER ASSETS

	31 December 2017 €'000	31 December 2016 €'000
Trade receivables	1.075	850
Receivables from related parties (see note 22)	154	2.520
Prepayments and other assets	1.498	1.284
VAT receivables	461	23
At end of year (see note 23)	**3.188**	**4.677**

16. CASH AND CASH EQUIVALENTS

	31 December 2017 €'000	31 December 2016 €'000
Bank balances (see note 23)	580	3.186
Cash in hand	15	20
Total	**595**	**3.206**

Funds in bank accounts of Group companies are pledged as a security for loans (see note 18) and restricted for land purchases at Amanzoe.

17. CAPITAL AND RESERVES

Capital

Authorised

	31 December 2017		31 December 2016	
	Number of shares	€'000	Number of shares	€'000
Ordinary shares of €1 each	10.000	10	10.000	10

Issued and fully paid

	31 December 2017		31 December 2016	
	Number of shares	Share capital €'000	Number of shares	Share capital €'000
Ordinary shares of €1 each	5.245	5	5.245	5

Part of the Company's shares in issue (4.495 shares) is pledged as a security against the Company's loans and borrowings (see note 18).

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

18. LOANS AND BORROWINGS

	Total		Within one year		Within two to five years		More than five years	
	2017	2016	2017	2016	2017	2016	2017	2016
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans in euro	126.876	128.495	5.003	10.557	108.802	105.563	13.071	12.375
Total	**126.876**	**128.495**	**5.003**	**10.557**	**108.802**	**105.563**	**13.071**	**12.375**

Terms and Conditions

The terms and conditions of outstanding loans were as follows:

Description	Currency	Interest rates	Maturity dates	31 December 2017 €'000	31 December 2016 €'000
Secured loan	Euro	Euribor (6m) +6,50%	2026	29.601	33.932
Secured loan	Euro	11%	2020	43.946	42.370
Unsecured loan	Euro	Euribor (12m) +2,20%	2020	53.329	52.193
Total				**126.876**	**128.495**

Securities

As at 31 December 2017, the Group's loans and borrowings were secured as follows:

- Lien up to €59 million on immovable properties of the Greek subsidiaries of The Porto Heli project with a carrying amount of €151.6 million (2016: €155.9 million).
- Pledge of 4.495 shares of the Company and all shares of six Cypriot and Greek subsidiaries of the Amanzoe project for a Company loan received from Colony Luxembourg S.a.r.l. acting on behalf of managed funds.
- Fixed and floating charges over the rights, titles and interests of the Company and three Cypriot subsidiaries of the Amanzoe project, charge over their bank accounts and assignment of their intra-group receivables for the loan from Colony Luxembourg S.a.r.l.

19. DEFERRED REVENUE

	31 December 2017 €'000	31 December 2016 €'000
Government grant	6.985	7.230
Advances from clients	10.212	7.112
Total	**17.197**	**14.342**

20. DEFERRED TAX ASSET AND LIABILITIES

	31 December 2017		31 December 2016	
	Deferred tax assets €'000	Deferred tax liabilities €'000	Deferred tax assets €'000	Deferred tax liabilities €'000
Balance at the beginning of the year	996	(7.790)	997	(6.133)
Recognised in profit or loss (see note 11)	(2)	247	(1)	17
Recognised in other comprehensive income (see note 11)	-	(1.316)	-	(1.674)
Balance at the end of the year	**994**	**(8.859)**	**996**	**(7.790)**

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

20. DEFERRED TAX ASSET AND LIABILITIES (continued)

Deferred tax assets and liabilities are attributable to the following:

	31 December 2017		31 December 2016	
	Deferred tax assets €'000	Deferred tax liabilities €'000	Deferred tax assets €'000	Deferred tax liabilities €'000
Revaluation of investment property	-	(14)	-	(283)
Revaluation of trading properties	-	(2.166)	-	(1.905)
Revaluation of property, plant and equipment	-	(5.972)	-	(4.974)
Other temporary differences	-	(707)	-	(628)
Tax losses	994	-	996	-
Total	**994**	**(8.859)**	**996**	**(7.790)**

21. TRADE AND OTHER PAYABLES

	31 December 2017 €'000	31 December 2016 €'000
Payables to parent	5.158	5.601
Payables to related companies (see note 22)	86	82
Other payables and accrued expenses	6.437	4.699
Total	**11.681**	**10.382**

22. RELATED PARTY TRANSACTIONS

The Company is controlled by Dolphin Capital Investors Limited ("DCI BVI"), registered in the British Virgin Islands and listed in the AIM Market of the London Stock Exchange.

The transactions and balances with related parties are as follows:

Consolidated statement of financial position:

(i) Receivables from related parties

Name	31 December 2017 €'000	31 December 2016 €'000
Receivable from DCI BVI group companies (see note 15)	154	2.520
	154	**2.520**

During the year, the related company DCI Holdings Five Limited was struck off and, as a result, the Company wrote off the receivable amount of €2.517 thousand to profit or loss.

(ii) Payables to parent

Name	Nature of transactions	31 December 2017 €'000	31 December 2016 €'000
Dolphin Capital Investors Limited	Finance	58.487	57.794
		58.487	**57.794**

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

22. RELATED PARTY TRANSACTIONS (continued)

Consolidated statement of financial position: (continued)

(iii) Payables to related parties

Name	31 December 2017 €'000	31 December 2016 €'000
Payables to DCI BVI group companies (see note 21)	86	82
	86	**82**

Consolidated statement of profit or loss and other comprehensive income:

(i) Interest on payables to shareholder

Name	31 December 2017 €'000	31 December 2016 €'000
Dolphin Capital Investors Limited	931	995
	931	**995**

23. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to credit risk, liquidity risk and market risk from its use of financial instruments. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of financial position date. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	Carrying amount	
	31 December 2017	31 December 2016
	€'000	€'000
Receivables and other assets (see note 15)	3.188	4.677
Cash and cash equivalents (see note 16)	595	3.186
Total	**3.783**	**7.863**

Trade and other receivables

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables at the end of the reporting year by geographic region was in Europe.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

23. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(i) Credit risk (continued)

Cash and cash equivalents

Exposure to credit risk

The table below shows an analysis of the Group's bank deposits by the credit rating of the bank in which they are held:

	No. of Banks	31 December 2017 €'000	31 December 2016 €'000
Bank group based on credit ratings by Moody's			
Rating Caa to C	2	595	3.186
Total bank balances		**595**	**3.186**

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following table presents the contractual maturities of financial liabilities. The table has been prepared on the basis of contractual undiscounted cash flows of financial liabilities, and on the basis of the earliest date on which the Group might be forced to pay.

	Carrying amounts €'000	Contractual cash flows €'000	Within one year €'000	One to two year €'000	Three to five years €'000	Over five years €'000
31 DECEMBER 2017						
Loans and borrowings	126.876	(167.037)	(10.802)	(9.063)	(130.790)	(16.382)
Payables to related companies	5.244	(5.244)	(86)	-	(5.158)	-
Trade and other payables	2.501	(2.501)	(2.501)	-	-	-
	134.621	**(174.782)**	**(13.389)**	**(9.063)**	**(135.948)**	**(16.382)**
31 DECEMBER 2016						
Loans and borrowings	128.495	(172.903)	(14.789)	(8.994)	(134.742)	(14.378)
Other non-current liabilities	13	(13)	-	(13)	-	-
Payables to related companies	5.683	(5.683)	(82)	-	(5.601)	-
Trade and other payables	1.482	(1.482)	(1.482)	-	-	-
	135.673	**(180.081)**	**(16.353)**	**(9.007)**	**(140.343)**	**(14.378)**

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

23. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(iii) Market risk

Market risk is the risk that changes in market prices such as interest rates will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are independent of changes in market interest rates as the Group has no interest-bearing assets. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Sensitivity analysis
An increase of 100 basis points in interest rates at 31 December would have decreased equity and profit or loss by €829 thousand (2016: €861 thousand). This analysis assumes that all other variables remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on equity and profit or loss.

Capital management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

(iv) Country risk developments

The general economic environment prevailing in the south-east Europe area and internationally may affect the Group's operations. Factors such as inflation, unemployment, public health crises, international trade and development of the gross domestic product directly impact the economy of each country and variation in these and the economic environment in general affect the Group's performance to a certain extent.

The global fundamentals of the hospitality sector remained strong during 2016 and 2017, with both international tourism and wealth continuing to grow, even though economic activity in Greece continued to face significant challenges.

While throughout 2016 Greek economic growth was essentially flat, Greece's successful return to the capital markets sent a clear sign that the country is finally recovering following its recent bailout program. Greece returned to the bond markets for the first time since 2014, pricing €3 billion of new five-year bonds at a yield of 4.625%. Gross Domestic Product of Greece grew 1.4% in 2017 compared to 2016. In addition, macroeconomic indicators have been quite encouraging about the country's economic perspectives and following the upgrade in the country's credit rating by S&P in January 2018, Fitch and Moody's also proceeded with corresponding upgrades in February 2018 and made very favourable assessments of the Greek economy's progress.

The tourism sector is expected to have a significant impact on the recovery of the country's economy and on curbing the external trade deficit. Official data released by the Greek Tourism Confederation confirmed that 2016 was an all-time record year for Greek tourism as the number of tourism arrivals in Greece increased 9% compared to 2015. According to the latest data issued by the Bank of Greece, more than 27 million tourists (excluding cruise passengers) arrived in Greece in 2017, recording a rise of c.10%, while travel receipts during the same period totalled €14.6 billion, up 10.5% compared to 2016.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2017

24. GOING CONCERN BASIS

The Company incurred a loss of €12.117 thousand for the year ended 31 December 2017, and as of that date, the Company's net deficit amounted to €56.032 thousand. It is important to clarify though that of the Group's €164.613 thousand of liabilities, €58.487 thousand relate to amounts payable to the Company's parent. The Company is dependent upon the continuous financial support of its parent company, without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business. The parent company has indicated its intention to continue providing such financial assistance to the Company, for at least a period of one year from the date of approval of the consolidated financial statements, to enable it to continue as a going concern and meet its obligations as they fall due.

25. CONTINGENT LIABILITIES

Companies of the Group are involved in pending litigations. Such litigations principally relate to day-to-day operations as a developer of second-home residences and largely derive from certain clients and suppliers. Based on the Group's legal advisers, Management believes that there is sufficient defence against any claim and they do not expect that the Group will suffer any material loss. All provisions in relation to this matter which are considered necessary have been recorded in these consolidated financial statements.

The Company received a lawsuit to settle an amount of €3,97 million to a lending institution which related to claims assigned by one of the relevant Group Company's partners. The Company's position is that there are no existing obligations towards this lending institution, thus no provision has been recorded in these consolidated financial statements.

In addition to the tax liabilities that have already been provided for in the consolidated financial statements based on existing evidence, there is a possibility that additional tax liabilities may arise after the examination of the tax and other matters of the companies of the Group in the relevant tax jurisdictions.

The Group, under its normal course of business, guaranteed the development of properties in line with agreed specifications and time limits in favor of other parties.

26. COMMITMENTS

In addition to the commitments mentioned in previous notes, the Group as of 31 December 2017 had a total of €2.462 thousand contractual capital commitments on property, plant and equipment (31 December 2016: €1.097 thousand).

27. SUBSEQUENT EVENTS

There were no material events after the reporting period, which affect the consolidated financial statements as at 31 December 2017.

DOLPHINCI FOURTEEN LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

DOLPHINCI FOURTEEN LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

C O N T E N T S

DOLPHINCI FOURTEEN LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	NAP Directors Ltd Dolphin Capital Partners Ltd
Secretary	NAP Secretarial Ltd
Independent auditors	KPMG Limited 14 Esperidon Street 1087 Nicosia Cyprus
Legal advisors	N. Papageorgiou LLC
Banker	Bank of Cyprus Public Company Ltd
Registered office	10 G. Kranidioti street Nice Day House, 6th floor P.C. 1065 Nicosia Cyprus

DOLPHINCI FOURTEEN LIMITED

MANAGEMENT REPORT

The Board of Directors of DolphinCI Fourteen Limited (the "Company") presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The Company's principal activity during the year was the acquisition and holding of investments in other entities, the extension of loans to related companies and the provision of advisory services.

FINANCIAL RESULTS

The Company's financial results for the year ended 31 December 2017 are set out on page 7 of the financial statements. The loss for the year attributable to the equity holders of the Company amounted to €10.228.960 (2016: €1.467.888 loss) The Board of Directors proposes that the loss is transferred to retained earnings.

DIVIDENDS

The Board of Directors of the Company decided to cancel the declaration of dividend of 2016 for the amount of €2.696.000.

MAIN RISKS AND UNCERTAINTIES

The Company is not subject to significant risks and uncertainties, apart from credit risk, market price risk, interest rate risk and liquidity risk (see note 16).

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

SHARE CAPITAL

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

BRANCHES

During the year ended 31 December 2017, the Company did not operate any branches.

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2017 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2017.

In accordance with the Company's Articles of Association, all directors presently members of the Board continue in office.

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

DOLPHINCI FOURTEEN LIMITED

MANAGEMENT REPORT (continued)

EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period date, which affect the financial statements as at 31 December 2017.

INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

DOLPHIN CAPITAL PARTNERS LTD

Dolphin Capital Partners Ltd
Director

Nicosia, 11 April 2018

KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
T: +357 22 209000, F: +357 22 678200

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

DOLPHINCI FOURTEEN LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of DolphinCI Fourteen Limited (the "Company") which are presented on pages 7 to 22 and comprise the statement of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

Basis for opinion

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

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

Report on other legal requirements

Pursuant to the additional requirements of the Auditors' Law of 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the enterprise and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors' Law of 2017, L.53(I)/2017, as amended from time to time, 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.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2017.

Haris A. Kakoullis, CPA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

14 Esperidon Street
1087 Nicosia
Cyprus

11 April 2018

DOLPHINCI FOURTEEN LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 €	2016 €
Revenue	4	2.307.640	2.713.662
Gain on disposal of investment in subsidiaries	9	-	2.452.804
Total operating profits		2.307.640	5.166.466
Operating expenses	5	(307.787)	(902.079)
Administrative expenses	6	(127.872)	(80.819)
Impairment of investments in subsidiaries	9	(4.000.000)	-
Amounts with related parties written off	15	(2.493.005)	-
Interest expense	15	(931.378)	(994.534)
Operating (loss)/profit		(5.552.402)	3.189.034
Finance income		409	706
Finance expenses		(4.676.844)	(4.663.606)
Net finance expenses	7	(4.676.435)	(4.662.900)
Loss before taxation		(10.228.837)	(1.473.866)
Taxation	8	(123)	5.978
Loss for the year		(10.228.960)	(1.467.888)
Other comprehensive income		-	-
Total comprehensive income for the year		(10.228.960)	(1.467.888)

The notes on pages 11 to 22 are an integral part of these financial statements.

DOLPHINCI FOURTEEN LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 €	2016 €
ASSETS			
Investment in subsidiaries	9	23.354.046	27.354.046
Loans to subsidiaries	15	93.138.717	88.180.357
Total non-current assets		116.492.763	115.534.403
Receivables from subsidiaries	15	4.428.329	4.150.579
Receivables from related companies	15	150.000	2.493.005
Other receivables		5.290	140.623
Refundable tax	14	22.974	24.743
Cash and cash equivalents	10	2.189	1.345.529
Total current assets		4.608.782	8.154.479
Total assets		121.101.545	123.688.882
EQUITY			
Share capital	11	5.245	5.245
Reserves		8.350.986	15.883.946
Total equity		8.356.231	15.889.191
LIABILITIES			
Loans and borrowings	12	97.275.034	94.562.786
Payable to parent		2.801.965	5.497.615
Total non-current liabilities		100.076.999	100.060.401
Payables to subsidiaries	15	2.258.000	13.000
Payable to related company	15	500.000	500.000
Deferred income	13	9.044.280	6.368.738
Accruals and other liabilities		866.035	857.552
Total current liabilities		12.668.315	7.739.290
Total liabilities		112.745.314	107.799.691
Total equity and liabilities		121.101.545	123.688.882

On 11 April 2018, the Board of Directors of DolphinCI Fourteen Limited authorised these financial statements for issue.

DOLPHIN CAPITAL PARTNERS LTD

....
Director

NAP DIRECTORS LTD

....
Director

The notes on pages 11 to 22 are an integral part of these financial statements.

DOLPHINCI FOURTEEN LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital €	Share premium €	Retained earnings/ (deficit) €	Total €
Balance at 1 January 2016	5.245	2.449.755	17.598.079	20.053.079
Loss for the year	-	-	(1.467.888)	(1.467.888)
Total comprehensive income for the year	-	-	(1.467.888)	(1.467.888)
Dividends	-	-	(2.696.000)	(2.696.000)
Total transactions with owners	-	-	(2.696.000)	(2.696.000)
Balance at 31 December 2016	5.245	2.449.755	13.434.191	15.889.191
Balance at 1 January 2017	5.245	2.449.755	13.434.191	15.889.191
Loss for the year	-	-	(10.228.960)	(10.228.960)
Total comprehensive income for the year	-	-	(10.228.960)	(10.228.960)
Cancellation of dividends	-	-	2.696.000	2.696.000
Total transactions with owners	-	-	2.696.000	2.696.000
Balance at 31 December 2017	5.245	2.449.755	5.901.231	8.356.231

Share premium is the amount of capital received from shareholders in excess of par value and is not distributable.

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the ultimate shareholders at the end of the period of two years from the end of the year of assessment to which the profits refer are both Cyprus tax resident and Cyprus domiciled. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the shareholders.

DOLPHINCI FOURTEEN LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017	2016
	€	€
Cash flows from operating activities		
Loss for the year	(10.228.960)	(1.467.888)
Adjustments for:		
Exchange profit	50	(706)
Gain on disposal of investments in subsidiaries	-	(2.452.804)
Impairment of investments in subsidiaries	4.000.000	-
Amounts with related parties written off	2.493.005	(2.000)
Interest income	(1.920.569)	(1.947.282)
Interest expense	5.605.875	5.655.243
Taxation	123	(5.978)
Cash flows used in operations before working capital changes	(50.476)	(221.415)
Decrease in other receivables	135.333	2.666.554
Increase in receivables from subsidiaries	(277.750)	(100)
Increase in receivables from related companies	(150.000)	(689.380)
Increase in accruals and other liabilities	8.483	298.490
Increase in payables to subsidiaries	2.245.000	9.000
Increase in payable to related company	-	153.927
(Decrease)/increase in payable to parent	(2.695.650)	257
Increase/(decrease) in deferred income	2.675.542	(1.954.943)
Cash flows from operations	1.890.482	262.390
Taxation refunded	1.645	-
Net cash flows from operating activities	1.892.127	262.390
Cash flows from investing activities		
Payments for acquisition of investments in subsidiaries	-	(9.000)
Loans granted	(4.779.200)	(2.129.700)
Loans repayments received	1.741.000	3.084.785
Proceeds from sale of investments in subsidiary undertakings	-	2.455.000
Interest received	409	-
Net cash flows (used in)/from investing activities	(3.037.791)	3.401.085
Cash flows from financing activities		
Repayment of borrowings	-	(3.100.000)
Proceeds from borrowings	205.000	250.001
Interest paid	(3.098.626)	(4.660.709)
Dividends paid	2.696.000	-
Net cash flows used in financing activities	(197.626)	(7.510.708)
Net decrease in cash and cash equivalents	(1.343.290)	(3.847.233)
Effect of exchange rate fluctuations on cash and cash equivalents	(50)	706
Cash and cash equivalents at the beginning of the year	1.345.529	5.192.056
Cash and cash equivalents at the end of the year	2.189	1.345.529

Cash and cash equivalents are defined by:

Cash at bank (Note 10)	2.189	1.345.529

The notes on pages 11 to 22 are an integral part of these financial statements.

DOLPHINCI FOURTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. INCORPORATION AND PRINCIPAL ACTIVITY

DolphinCI Fourteen Limited (the "Company") was incorporated in Cyprus on 22 June 2006 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 10 G. Kranidioti street, Nice Day House, 6th floor, P.C. 1065 Nicosia, Cyprus. The Company's principal activity, during the year, was the acquisition and holding of investments in other entities, the extension of loans to related companies and the provision of advisory services.

2. BASIS OF PREPARATION

(a) Statement of compliance
The financial statements 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.

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group").

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2017 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

(b) Basis of measurement
The financial statements have been prepared under the historical cost convention.

(c) Adoption of new and revised Standards and Interpretations
During the current year, the Company adopted all changes to 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 financial statements of the Company.

At the date of approval of these financial statements, Standards, Revised Standards and Interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the EU and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

(d) Use of estimates and judgements
The preparation of financial statements in accordance with IFRS requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

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

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

- Provision for bad and doubtful debts
  The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through the profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- Income taxes
  Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- Impairment of investments in subsidiaries
  The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Impairment indicators are factors such as the reduction in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of the assets is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the recognisable future cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

(e) Functional and presentation currency
The financial statements are presented in Euro (€), which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently for all the years presented in these financial statements and in stating the financial position of the Company.

Subsidiary companies
Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Finance income
Finance income includes interest income which is recognised based on an accrual basis.

DOLPHINCI FOURTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Finance expenses
Interest expense and other borrowing costs are recognised to profit or loss using the effective interest method.

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

Deferred income
Deferred income represents income receipts which relate to future periods.

Loans granted
Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Borrowings
Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any differences 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.

Share capital
Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is transferred to the share premium account.

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

DOLPHINCI FOURTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

4. REVENUE

	2017	2016
	€	€
Interest income (Note 15 (iii))	1.920.160	1.947.282
Amounts written off (Note 15 (v))	-	2.000
Cancellation of agreement (Note 13)	237.480	75.000
Services rendered	150.000	689.380
	2.307.640	2.713.662

5. OPERATING EXPENSES

	2017	2016
	€	€
Royalty fees	85.000	568.577
Other expenses	222.787	333.502
	307.787	902.079

6. ADMINISTRATIVE EXPENSES

	2017	2016
	€	€
Auditors' remuneration - current year	38.258	41.758
Auditors' remuneration - prior years	-	5.208
Accounting fees	666	355
Legal fees	10.000	11.900
Other professional fees	65.682	600
Irrecoverable VAT	9.427	8.333
Promotional expenses	3.489	12.409
Other expenses	350	256
	127.872	80.819

DOLPHINCI FOURTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

7. NET FINANCE EXPENSES

	2017	2016
	€	€
Exchange profit	-	706
Interest on taxes	409	-
Finance income	409	706
Loan interest expense (Note 12)	(4.674.497)	(4.660.709)
Bank charges	(2.297)	(2.897)
Exchange losses	(50)	-
Finance expenses	(4.676.844)	(4.663.606)
Net finance expenses	(4.676.435)	(4.662.900)

8. TAXATION

	2017	2016
	€	€
Corporation tax - prior year	-	(5.978)
Defence tax	123	-
Charge/(credit) for the year	123	(5.978)

Reconciliation of taxation based on taxable income and taxation based on accounting losses:

	2017	2016
	€	€
Accounting loss before taxation	(10.228.837)	(1.473.866)
Taxation calculated at the applicable tax rates	(1.278.605)	(184.233)
Tax effect of expenses not deductible for tax purposes	1.324.170	515.778
Tax effect of allowances and income not subject to taxation	(277)	(322.293)
Tax effect of notional income on receivables from related parties	8.240	11.904
Tax effect of group tax relief	(53.528)	(27.134)
Defence tax	123	-
Taxation as per statement of profit or loss and other comprehensive income - charge/(credit)	123	(5.978)

The corporation tax rate is 12,5%.

Under certain conditions, interest income may be subject to defence contribution at the rate of 30%. In such cases, this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Tax losses may be carried forward for five years until their final write off.

DOLPHINCI FOURTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

9. INVESTMENTS IN SUBSIDIARIES

	2017	2016
	€	€
Balance at 1 January	27.354.046	27.347.242
Additions	-	9.000
Disposals	-	(2.196)
Impairment charge	(4.000.000)	-
Balance at 31 December	23.354.046	27.354.046

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Holding %
DolphinCI Thirty Nine Limited	Cyprus	Holding of investments	100
Single Purpose Vehicle One Limited	Cyprus	Holding of investments	100
Single Purpose Vehicle Two Limited	Cyprus	Holding of investments	64
Single Purpose Vehicle Six Limited	Cyprus	Holding of investments	100
DolphinCI Sixteen Limited	Cyprus	Dormant	100
AZ Aphrodite Villa Limited	Cyprus	Dormant	100
XX 18 SPV Limited	Cyprus	Dormant	100
Amaltheia Capital Limited	Cyprus	Dormant	100
Single Purpose Vehicle Twenty Five Limited	Cyprus	Dormant	100
Polydeuces Capital Limited	Cyprus	Dormant	100

During 2016, the Company disposed of (i) 3,92% of its interest in Single Purpose Vehicle Two Limited, reducing its shareholding interest to 64,40% and (ii) 100% of its interest in AZ Villa 12 Limited. The gain on disposal amounted to €2.452.804 and the proceeds on disposal amounted to €2.455.000.

As at 31 December 2017, all or part of the shares held by the Company in some of its subsidiaries are pledged as a security for loans (Note 12).

10. CASH AND CASH EQUIVALENTS

	2017	2016
	€	€
Cash at bank	2.189	1.345.529
	2.189	1.345.529

Funds in bank accounts of Group companies are pledged as a security for loans (Note 12), as well restricted for land purchase in Amanzoe.

DOLPHINCI FOURTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

11. SHARE CAPITAL

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
Authorised				
Ordinary shares of €1 each	10.000	10.000	10.000	10.000
Issued and fully paid				
Ordinary shares of €1 each	5.245	5.245	5.245	5.245

12. LOANS AND BORROWINGS

	2017 €	2016 €
Colony Luxembourg S.a.r.l.	43.945.951	42.370.081
Loans from parent (Note 15(vii))	53.329.083	52.192.705
	97.275.034	94.562.786

During 2014, Colony Luxembourg S.a.r.l. ("Colony") provided a loan facility of €40.400.000 to the Company, which bears an annual rate of interest of 11% and is repayable in August 2020.

As at December 2017, the securities over the loan received from Colony were as follows:
- Pledge of 4.495 shares of the Company and all shares of six Cypriot and Greek subsidiaries of the Amanzoe project.
- Fixed and floating charges over the rights, titles and interests of the Company and three Cypriot subsidiaries of the Amanzoe project, charge over their bank accounts and assignment of their intra-group receivables.

During the year, interest expense on the loan from Colony amounted to €4.674.497 (2016: €4.660.709).

13. DEFERRED INCOME

	2017 €	2016 €
Advances from third parties	9.044.280	6.368.738
	9.044.280	6.368.738

The above advances relate to signed agreements with third parties for the sale of subsidiaries holding villas.

During 2017, an agreement between the Company and a third pary was cancelled, resulting to reservation fee of €237.480 (2016: €75.000) being recognised in profit or loss.

DOLPHINCI FOURTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

14. TAX REFUNDABLE

	2017 €	2016 €
Corporation tax	22.974	24.743
	22.974	24.743

15. RELATED PARTY TRANSACTIONS

The Company is controlled by Dolphin Capital Investors Limited, registered in the British Virgin Islands and listed in the AIM Market of the London Stock Exchange.

The transactions and balances with related parties are as follows:

(i) Receivables from subsidiaries

Name	Nature of transactions	2017 €	2016 €
DolphinCI Thirty Nine Limited	Finance	1.564.865	1.564.865
Single Purpose Vehicle One Limited	Finance	2.547.558	2.547.558
Single Purpose Vehicle Two Limited	Finance	500	500
Single Purpose Vehicle Six Limited	Finance	36.556	36.556
DolphinCI Sixteen Limited	Finance	1.850	1.100
Single Purpose Vehicle Twenty Five Limited	Finance	277.000	-
		4.428.329	4.150.579

15. RELATED PARTY TRANSACTIONS (continued)

(ii) Receivables from related companies

Name	Nature of transactions	2017 €	2016 €
DCI Holdings Five Limited	Trade	-	2.493.005
DCI Holdings One Limited	Trade	150.000	-
		150.000	2.493.005

During the year, the related company DCI Holdings Five Limited was struck off and, as a result, the Company wrote off the receivable amount of €2.493.005 to profit or loss.

(iii) Loans to subsidiaries

	2017 €	2016 €
Single Purpose Vehicle One Limited	70.664.632	65.474.802
Single Purpose Vehicle Six Limited	21.877.549	22.121.281
DolphinCI Thirty Nine Limited	596.536	584.274
	93.138.717	88.180.357

The loans granted to the subsidiary companies, Single Purpose Vehicle One Limited and Single Purpose Vehicle Six Limited, bear an annual rate of interest of twelve (12) month EURIBOR plus 2,45% and 2,35%, respectively. Both loans are repayable in December 2020.

The loan granted to the subsidiary company, DolphinCI Thirty Nine Limited, bears an annual rate of interest of twelve (12) month EURIBOR plus 2,35%, and is repayable in December 2020.

During the year, interest income on the above loans amounted to €1.920.160 (2016: €1.947.282).

(iv) Payable to parent

Name	Nature of transactions	2017 €	2016 €
Dolphin Capital Investors Limited	Finance	2.801.965	5.497.615
		2.801.965	5.497.615

15. RELATED PARTY TRANSACTIONS (continued)

(v) Payables to subsidiaries

Name	Nature of transactions	2017 €	2016 €
AZ Aphrodite Villa Limited	Finance	2.000	2.000
XX 18 SPV Limited	Finance	2.000	2.000
Amaltheia Capital Limited	Finance	2.252.000	2.000
Single Purpose Vehicle Twenty Five Limited	Finance	-	5.000
Polydeuces Capital Limited	Finance	2.000	2.000
		2.258.000	13.000

During 2016, AZ Villa 12 Ltd was disposed and the payable amount of €2.000 was written off to profit or loss.

(vi) Payable to related company

Name	Nature of transactions	2017 €	2016 €
Eidikou Skopou 14 S.A.	Trade	500.000	500.000
		500.000	500.000

(vii) Loan from parent (Note 12)

	2017 €	2016 €
Dolphin Capital Investors Limited	53.329.083	52.192.705
	53.329.083	52.192.705

Dolphin Capital Investors Limited provided a loan to the Company, which bears an annual rate of interest of twelve (12) month EURIBOR plus 2,20% and is repayable in December 2020.

During the year, interest expense on the above loan amounted to €931.378 (2016: €994.534).

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market price risk
- Interest rate risk

DOLPHINCI FOURTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial risk factors (continued)

The risk management policy applied by the Company for the risks described is set out below:

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk, except from its cash balances and the amounts and loans with related companies. As at 31 December 2017, cash balances are held with financial institutions with a Moody's credit rating of Caa1.

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

31 December 2017	Carrying amounts	Contractual cash flows	Within one year	One to two years	Three to five years
	€	€	€	€	€
Other loans	43.945.951	(73.355.241)	(6.222.791)	(4.660.709)	(62.471.741)
Loan from parent	53.329.083	(56.171.360)	-	-	(56.171.360)
Payable to parent	2.801.965	(2.801.965)	-	-	(2.801.965)
Payable to subsidiaries	2.258.000	(2.258.000)	(2.258.000)	-	-
Payable to related company	500.000	(500.000)	(500.000)	-	-
Other liabilities	236.415	(236.415)	(236.415)	-	-
	103.071.414	(135.322.981)	(9.217.206)	(4.660.709)	(121.445.066)

31 December 2016	Carrying amounts	Contractual cash flows	Within one year	One to two years	Three to five years
	€	€	€	€	€
Other loans	42.370.081	(76.302.227)	(4.660.709)	(4.660.709)	(66.980.809)
Loan from parent	52.192.705	(55.945.509)	-	-	(55.945.509)
Payable to parent	5.497.615	(5.497.615)	-	-	(5.497.615)
Payable to subsidiaries	13.000	(13.000)	(13.000)	-	-
Payable to related company	500.000	(500.000)	(500.000)	-	-
Other liabilties	337.278	(337.278)	(337.278)	-	-
	100.910.679	(138.595.629)	(5.510.987)	(4.660.709)	(128.423.933)

DOLPHINCI FOURTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(iii) Market price risk

Market price risk is the risk that the value of the shares of the subsidiaries will fluctuate as a result of changes in market prices. Since the purpose of the subsidiaries is the direct or indirect investments in land and other properties, the risk of decline in the value of shares is connected with the risks of this industry sector. The Company's management monitors any developments in property values on a continuous basis and acts accordingly.

(iv) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk in regards to the loans granted to related parties and loans received from related parties. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December would have increased equity and profit or loss by €65.332 (2016: €93.664). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

17. GOING CONCERN BASIS

The Company incurred a loss of €10.228.960 for the year ended 31 December 2017, and as of that date, the Company's current liabilities exceeded its current assets by €8.059.533. The Company is dependent upon the continuous financial support of its parent company, without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business. The parent company has indicated its intention to continue providing such financial assistance to the Company, for at least a period of one year from the date of approval of the financial statements, to enable it to continue as a going concern and meet its obligations as they fall due.

18. CONTINGENT LIABILITIES

The Company had no contingent liabilities as at 31 December 2017.

19. COMMITMENTS

The Company had no capital or other commitments as at 31 December 2017.

20. EVENTS AFTER THE REPORTING PERIOD

There were no other material events after the reporting period, which affect the financial statements as at 31 December 2017.