Grand Harbour Marina p.l.c.

Annual Report

2017

Company Registration Number: C 26891

Grand Harbour Marina p.l.c.

Grand Harbour Marina p.l.c.

Chairman's Statement

Year Ended 31 December 2017

Overview

Summary of Group Results (ASSUMING PROPORTIONAL CONSOLIDATION OF INVESTMENTS IN JOINT VENTURES)

	2017			2016		
	Grand Harbour Marina	**45% Share of IC Cesme**	**Combined**	Grand Harbour Marina	45% Share of IC Cesme	Combined
	€m	**€m**	**€m**	€m	€m	€m
Revenues	**4.13**	**2.17**	**6.30**	4.23	2.43	6.66
EBITDA	**1.52**	**0.35**	**1.87**	1.55	0.97	2.52
Profit/ (loss) before tax	**0.36**	**(0.13)**	**0.23**	0.46	0.46	0.92
Profit after tax	**0.00**	**0.05**	**0.05**	0.09	0.29	0.38

All figures above are shown before applying IFRS11 which would exclude the results of the Group's joint ventures from the detailed lines of the Statement of Profit or Loss and Other Comprehensive Income.

Grand Harbour Marina p.l.c. Consolidated

The Consolidated Financial Statements for the year ended 31 December 2017 include the 45% beneficial interest of Grand Harbour Marina p.l.c. ("**GHM**" or the "**Company**", as the case may be) in IC Cesme and the results of a wholly owned subsidiary, the latter being immaterial.

Total revenue at GHM decreased from €4.23 million to €4.13 million, while the Group's share of revenues at IC Cesme Marina amounted to €2.17 million in 2017 compared to €2.43 million in 2016.

As reported in the Statements of Profit or Loss and Other Comprehensive Income, on a statutory basis, Group profit before tax for the year ended 31 December 2017, which includes our 45% share of the profits net of tax of IC Cesme, was €0.41 million (2016: €0.75 million).

Grand Harbour Marina

	Annual Results				
€m	*2017*	*2016*	*2015*	*2014*	*2013*
Berth Sales	-	-	-	-	3.1
Marina operating revenues	4.1	4.2	3.7	3.4	3.1
Total revenues	4.1	4.2	3.7	3.4	3.1
Cost of Sales	(0.9)	(1.0)	(0.8)	(0.8)	(0.7)
Operating Expenses	(1.9)	(1.7)	(1.6)	(1.6)	(1.5)
EBITDA	1.3	1.5	1.3	1.0	0.9
PBT	0.4	0.5	0.2	-	(0.1)
Capital expenditure	0.2	0.1	-	0.1	-

The area around the marina continues to improve. The restored UNESCO World Heritage Site at Fort St Angelo attracts many visitors and was used by the Government to host a number of high level EU Summit meetings. The area of the Three Cities has seen renewed interest since work was completed on Fort St Angelo and the redevelopment of nearby Dock 1 area, with the high quality boutique hotel Cugò Gran opening in late 2017. Relocation of the GHM Capitainerie to be opposite the superyacht berth area at ground floor level has been a popular move for clients, crew and staff with the improved accessibility and a more welcoming environment.

Grand Harbour Marina hosted the maxi yacht participants in the 38th Rolex Middle Sea Race. The marina also, together with Yachting Malta co-hosted the 2017 Baille de Suffren classic yacht race.

When compared to previous years, the Company, during 2017, registered the highest number of superyacht visitor arrivals, including 45 superyachts over 50 metres in length.

Trading

Sales revenues decreased slightly with no recurrence of the €0.1 million fee received by GHM in 2016 in relation to the resale of a 75m berth. Although berthing revenues were the same as in 2016, within that, the revenues from annual contracts increased by 8% as management successfully converted seasonal and visitor revenues to annuals. Revenues from utilities were also in line with the prior year. Operating expenses in 2017 included €0.2 million from the amortisation of bond costs with €0.1 million of this relating to the early refinancing of the bond as referred to below. 2017 EBITDA of €1.3 million was therefore a little below the prior year. After finance charges of €0.6 million, primarily relating to the Bond interest cost and depreciation of €0.3 million, GHM achieved a €0.4 million profit before tax (2016: €0.5 million). GHM paid no dividend (2016: €0.48 million) during the year. Although there continue to be berth sale enquiries from time to time, none of these has yet been converted into a completed sale.

In August, GHM completed the refinancing of its 7% Bond with a new 10 year, €15 million bond with a 4.5% interest rate, with existing bondholders and GHM shareholders invited to participate. The bond issue was successful and GHM received €5.6 million net which included €1.9 million from the release of the sinking fund established previously in relation to the 7% Bond.

Valuation

CBRE valued 100% of GHM at €23.4 million as at 31 December 2017 (2016: €23.2 million). This valuation compares with the market capitalisation of GHM on the Malta Stock Exchange on 23 April 2018 of €15 million.

Grand Harbour Marina (continued)

Corporate Social Responsibility

The Company has continued to support the Cottonera community, and supported events organised by the Local Council of Vittoriosa, namely 'Birgu by Candlelight' and Christmas activities for children and elderly people.

In addition, the Company has also financially helped the project "Il-Klabb Malti tal-Avventuri" (also known as Malta Adventure Club), in the publication of a number of e-books aimed to empower disabled children, as well as to promote the inclusion of disabled children in society, with stories portraying children with different disabilities solving simple mysteries. In addition, the structure of the e-books are also adequate for children with hearing and seeing disabilities. The book was successfully launched on 14th January 2018.

Our collaboration with the Malta Maritime Museum has also continued, whilst donations have been given to the Malta Community Chest Fund and Puttinu Cares.

In carrying on its business, the Company is fully aware of its obligation to preserving the environment and has in place a number of policies aimed at respecting the environment and reducing waste.

IC Cesme Marina

	Annual Results (for 100% of the Marina)				
€m	*2017*	*2016*	*2015*	*2014*	*2013*
Seaside revenues	2.7	3.1	3.1	2.8	2.4
Landside revenues	2.1	2.3	2.2	2.0	2.0
Total revenues	4.8	5.4	5.3	4.8	4.4
Cost of Sales	(0.3)	(0.4)	(0.3)	(0.4)	(0.4)
Operating expenses	(3.7)	(2.9)	(2.9)	(2.2)	(2.5)
EBITDA	0.8	2.1	2.1	2.2	1.5
PBT	(0.3)	1.0	0.8	0.8	0.1
Capital expenditure	0.1	0.1	0.1	0.1	0.1

The reputation and profile of the marina increased during 2017 with the receipt of a Green Apple Award for Environmental Best Practice which was awarded at a presentation ceremony at the Houses of Parliament in London in November.

In August, Cesme supported the Arkas Aegean Link Regatta which attracted a record 45 boats to the 2017 race. Cesme Marina continues to host the Izmir Autumn and Winter Trophy races with this year's Autumn Trophy attracting 30 participants. In addition, Cesme hosted a number of other events including the World's first Grand Master's chess contest on the sea and a backgammon tournament as well as a range of activities for captains and crew.

Given the Turkish political environment and the lack of international yacht traffic to the Turkish coast generally, Cesme management has been focused on both retaining existing Turkish clients as well as attracting new ones. Although there continues to be a high turnover of customers at Cesme with nearly 100 boats leaving mainly due to changing location or sale of the boat, the marina attracted 124 new boats during the year with over 25% being returning customers. With a net increase in the berthing area let, Cesme improved its' berthing occupancy by square metre whilst maintaining 100% occupancy by berth.

Grand Harbour Marina p.l.c.

Chairman's Statement (continued)

Year Ended 31 December 2017

IC Cesme Marina (continued)

At the end of 2017, there were 362 (2016: 357) boats on annual contracts with a further 44 (2016: 37) boats contracted on a seasonal basis. Marketing efforts continue to promote Cesme as a safe and secure location to keep a yacht. The retail properties remained fully occupied during the year with management actively managing the tenants to ensure maximum revenues are generated from the retail offering.

Trading

Cesme Marina, Turkey, our 45% joint venture with IC Holdings, generated performance below the 2016 level with the adverse impact of the political uncertainty, concerns over terrorism and also the impact of a 23% reduction in the average value of Turkish Lira against the Euro which changed from 3.34 in 2016 to 4.12 in 2017. The currency impact was most significant for local boat owners whose berthing contracts are priced in euros in common with most Turkish marinas but whose earnings are usually in Turkish Lira.

Revenues in 2017 reduced by €0.6 million from 2016 with all of the reduction caused by the weak Turkish currency - in local currency, revenues increased by about 11% with landside and seaside at similar levels. Operating expenses, excluding depreciation, increased to €3.7 million with reduced operator fees and the benefit of the weak Turkish currency applied to some local costs unable to offset a €1 million adverse exchange impact. After net finance charges and depreciation of €0.3 million and €0.8 million respectively, Cesme made a loss before tax of €0.3 million (2016: €1.0 million profit). Profit after tax of €0.1 million (2016: €0.6 million) reflected a tax credit of €0.4 million (2016: €0.4 million charge) in the year.

The Group's 45% share of Cesme's after tax profits was €0.05 million (2016: €0.29 million) and this is included within its total share of profits of equity accounted investees, net of tax.

Valuation

CBRE valued 100% of Cesme Marina at €17.6 million as at 31 December 2017 which is a small decrease on their €18.3 million valuation as at 31 December 2016, reflecting primarily the one year reduction in the remaining life of the Build-Operate-Transfer contract.

Group Outlook

The Group results of 2017 have been hampered by two elements. First, the weakening of the Turkish Lira against the Euro absorbed the surplus that was registered at the Cesme Marina. Second, the non-utilisation of the bond proceeds during the last quarter of the year has meant that the Company was not allowed to claim the interest paid on these proceeds as a tax deductible expense. On the other hand the strengthening of the Company that was registered in the last years has been maintained.

The international political and economic environment still provides a great deal of uncertainty. However the Board is confident that with the backing of its major shareholder, Camper & Nicholsons Marina Investments Ltd, and of our joint venture partners in Turkey, Ibrahim Cecen Investment Holding AS, the Group will continue to exploit the development opportunities presented by the market and strengthen its operating base.

Lawrence Zammit
Chairman

Grand Harbour Marina p.l.c.

Directors' Report

Year Ended 31 December 2017

The directors have prepared this director's report for Grand Harbour Marina p.l.c. (the "**Company**") in accordance with Article 177 of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "**Act**") including the further provisions as set out in the Sixth Schedule to the Act.

Board of Directors

Lawrence Zammit (Chairman)
Franco Azzopardi
David Martin Bralsford
Roger St John Hulton Lewis
Sir Christopher Lewinton
Clive Peter Whiley
Victor Lap-Lik Chu*
Elizabeth Ka-Yee Kan*

* Mr Victor Lap-Lik Chu and Ms Elizabeth Ka-Yee Kan were appointed on the 20 November 2017.

Principal Activities

The principal activities of the Company and its joint venture are the acquisition, development, operation and management of marinas. The Company is geared towards providing a high quality service to yachts, with a particular emphasis on superyachts, which by their very nature, demand high level marina related services. Currently the Company owns the Grand Harbour Marina in Malta and the 45% interest in IC Cesme in Turkey. The marinas are operated and managed in association with the internationally well-known company Camper & Nicholsons Marinas Limited, a company largely involved in the management and operation of marinas worldwide.

The principal activity of the Company and its joint venture entity is therefore to seek prospective customers to berth their vessels within the facilities at the Grand Harbour Marina in Vittoriosa, Malta, and at IC Cesme and to service its existing customers by providing the high quality service required by both yacht owners and their crews.

Review of Business Development and Financial Position

The Chairman's Statement reviews the development of the business of the Company and its joint venture for the year under review. The results of its operations are set out in the Statements of Profit or Loss and Other Comprehensive Income.

The financial position at 31 December 2017, as disclosed in the Statements of Financial Position as at this date reflects a healthy state of affairs.

Future Developments

The directors continue to place emphasis on improving operating efficiency at both Grand Harbour Marina and IC Cesme to strengthen the sustainability of the Company.

Furthermore the directors have confidence that the investment in IC Cesme will continue reaping benefits, thereby generating increasing value for the shareholders.

Principal Risks and Uncertainties

A financial risk management overview is given in note 24 to the financial statements and presents information about the Company's and Group's exposure to risk, the objectives, policies and processes for measuring and managing risk and the Company's management of capital. Apart from the risks explained under that note which also form an integral part of this report the Company is exposed to other principal business and operational risks as explained below.

The financial performance of the Company partly depends on the timing, number and extent of berth sales. Whereas the Company's business model has been shifting towards a financial performance based on the maximisation of marina occupancy and closer management of costs, there inevitably remains an exposure, to a certain extent, to the risks associated with the trends and future outlook of the berth sale industry as a whole. In addition, there may be matters, outside the control of the Company which may have a negative impact on the development of the marina, namely, the development of the surrounding areas.

Going Concern

The Directors have reviewed the Company's budget for the next financial year and other long term plans. On the basis of this review, after making enquiries, and in the light of the current financial position and, the existing banking facilities and other funding arrangements, the directors confirm, in accordance with Listing Rule 5.62, that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Dividends and Reserves

There was no dividend payment during 2017 (2016: €0.48 million).

The movements on reserves and the amounts carried forward to next year are as set out in the Statement of Changes in Equity.

Auditors

KPMG have expressed their willingness to continue in office. A resolution proposing the reappointment of KPMG as auditors of the Company will be submitted at the forthcoming Annual General Meeting.

Subsequent events

The Company announces that with effect from today, Clive Whiley has taken a temporary leave of absence from his post of Chief Executive Officer of the Company, as his appointment as the interim Executive Chairman of Mothercare plc will not enable him to devote sufficient time to his duties as Chief Executive Officer of the Company.

Mr Whiley's input to the Company remains highly valued and he will continue to serve as a non-executive director of the Company. The Company will also continue to benefit from the services agreement with Camper & Nicholsons Marinas Limited.

During Mr Whiley's absence, the Chairman of the Company Lawrence Zammit will temporarily fulfil the role of Chief Executive Officer of the Company.

Disclosure in terms of the Listing Rules

Pursuant to Listing Rule 5.64

Share capital structure

The Company's authorised and issued share capital is two million and four hundred thousand (€2,400,000) divided into twenty million (20,000,000) ordinary shares. All of the issued shares of the Company form part of one class of ordinary shares in the Company, which shares are listed on the Malta Stock Exchange. All shares in the Company have the same rights and entitlements and rank pari passu between themselves.

The following are highlights of the rights attaching to the shares:

Dividends:	The shares carry the right to participate in any distribution of dividend declared by the Company;
Voting rights:	Each share shall be entitled to one vote at meetings of shareholders;
Pre-emption rights:	Subject to the limitations contained in the Memorandum and Articles of Association, shareholders in the Company shall be entitled, in accordance with the provisions of the Company's Memorandum and Articles of Association, to be offered any new shares to be issued by the Company a right to subscribe for such shares in proportion to their then current shareholding, before such shares are offered to the public or to any person not being a shareholder;
Capital distributions:	The shares carry the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise;
Transferability:	The shares are freely transferable in accordance with the rules and regulations of the Malta Stock Exchange, applicable from time to time;
Other:	The shares are not redeemable and not convertible into any other form of security;
Mandatory takeover bids:	Chapter 11 of the Listing Rules, implementing the relevant Squeeze-Out and Sell-Out Rules provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The shareholders of the Company may be protected by the said Listing Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Listing Rules may be viewed on the official website of the Listing Authority - www.mfsa.com.mt;

Disclosures in terms of the Listing Rules (continued)

Pursuant to Listing Rule 5.64 (continued)

Holdings in excess of 5% of the share capital

On the basis of the information available to the Company as at the 31 December 2017, Camper & Nicholsons Marina Investments Limited holds 15,834,418 shares in the Company, equivalent to 79.17% of its total issued share capital. In addition, the Company is informed that HSBC Bank Malta p.l.c. (as custodian/trustee) holds in aggregate 1,767,160 shares in the Company (representing 8.84% of the total issued share capital). No persons hold any indirect shareholding in excess of 5% of its total issued share capital.

Appointment/Replacement of Directors

In terms of the Memorandum and Articles of Association of the Company, the directors of the Company shall be appointed by the shareholders in the annual general meeting as follows:

(a) Any shareholder/s who in the aggregate hold not less than 200,000 shares having voting rights in the Company shall be entitled to nominate a fit and proper person for appointment as a director of the Company. The directors themselves or a committee thereof may make recommendations and nominations to the shareholders for the appointment of directors at the next following annual general meeting.

(b) Shareholders are granted a period of at least fourteen (14) days to nominate candidates for appointment as Directors. Such notice may be given by the publication of an advertisement in at least two (2) daily newspapers. All such nominations, including the candidate's acceptance to be nominated as director, shall on pain of disqualification be made on the form to be prescribed by the directors from time to time and shall reach the Office not later than fourteen (14) days after the publication of the said notice (the "**Submission Date**"); provided that the Submission Date shall not be less than fourteen (14) days prior to the date of the meeting appointed for such election. Nominations to be made by the directors or any sub-committee of the directors appointed for that purpose shall also be made by not later than the date established for the closure of nominations to shareholders.

(c) In the event that there are either less nominations than there are vacancies on the Board or if there are as many nominations made as there are vacancies on the Board, then each person so nominated shall be automatically appointed a director.

(d) In the event that there are more nominations made, then an election shall take place. After the date established as the closing date for nominations to be received by the Company for persons to be appointed directors, the directors shall draw the names of each candidate by lot and place each name in a list in the order in which they were drawn. The list shall be signed by the Chairman and the Company Secretary for verification purposes.

Disclosures in terms of the Listing Rules (continued)

Pursuant to Listing Rule 5.64 (continued)

Appointment/Replacement of Directors (continued)

(e) On the notice calling the annual general meeting at which an election of directors is to take place there shall be proposed one resolution for the appointment of each candidate in the order in which the names were drawn, so that there shall be as many resolutions as there are candidates. The directors shall further ensure that any Member may vote for each candidate by proxy.

(f) At the general meeting at which the election of directors is to take place the Chairman shall propose the name of each candidate as a separate resolution and the shareholders shall take a separate vote for each candidate (either by a show of hands or through a poll). Each shareholder shall be entitled, in the event of a poll, to use all or part only of his votes on a particular candidate.

(g) Upon a resolution being carried, the candidate proposed by virtue of that resolution shall be considered elected and appointed a director. No further voting shall take place once enough resolutions have been passed to ensure that all vacancies on the Board have been filled, even if there are still candidates with respect to whom a resolution has not yet been called.

(h) Shareholders may vote in favour or against the resolution for the appointment of a director in any election, and a resolution shall be considered carried if it receives the assent of more than 50% of the shareholders present and voting at the meeting.

(i) Unless a shareholder demands that a vote be taken in respect of all or any one or more of the nominees, in the event that there are as many nominations as there are vacancies or less, no voting will take place and the nominees will be deemed appointed directors.

(j) Subject to the above, any vacancy among the directors may be filled by the co-option of another person to fill such vacancy. Such co-option shall be made by the Board and shall be valid until the conclusion of the next annual general meeting.

Procedures for amendment to the Memorandum and Articles of Association

In terms of the Companies Act, Cap 386 of the Laws of Malta, the Company may by extraordinary resolution at a general meeting alter or add to its Memorandum or Articles of Association. An extraordinary resolution is one where:

(a) it has been taken at a general meeting of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principle purpose thereof has been duly given;

Disclosures in terms of the Listing Rules (continued)

Pursuant to Listing Rule 5.64 (continued)

Procedures for amendment to the Memorandum and Articles of Association (continued)

(b) it has been passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting and at least fifty one per cent (51%) in nominal value of all the shares issued by the Company and entitled to vote at the meeting.

If one of the aforesaid majorities is obtained but not both, another meeting shall be duly convened within 30 days to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than 75% in nominal value of the shares issued by the Company represented and entitled to vote at the meeting. However, if more than half in nominal value of all the shares issued by the Company having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice.

Board members' powers

The directors are vested with the management of the Company, and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the Company in general meeting.

In particular, the directors are authorised to issue shares in the Company with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the directors may from time to time determine, as long as such issue of Equity Securities falls within the authorised share capital of the Company. Unless the shareholders otherwise approve in a general meeting, the Company shall not in issuing and allotting new shares:

(a) allot any of them on any terms to any person unless an offer has first been made to each existing shareholder to allot to him at least on the same terms, a proportion of the new shares which is as nearly as practicable equal to the proportion in nominal value held by him of the aggregate shares in issue in the Company immediately prior to the new issue of shares; and

Disclosures in terms of the Listing Rules (continued)

Pursuant to Listing Rule 5.64 (continued)

Board members' powers (continued)

(b) allot any of them to any person upon the expiration of any offer made to existing shareholders in terms of a) above. Any such shares not subscribed for by the existing shareholders may be offered for subscription to the general public under the same or other conditions which however cannot be more favourable to the public than offer made under (a).

Furthermore, the Company may, subject to such restrictions, limitations and conditions contained in the Companies Act, acquire its own shares.

Save as otherwise disclosed herein, the provisions of Listing Rules 5.64.2, 5.64.4 to 5.64.7, 5.64.10 and 5.64.11 are not applicable to the Company.

Approved by the Board of Directors on 23 April 2018 and signed on its behalf by:

Lawrence Zammit
Chairman

Franco Azzopardi
Director

Registered Office

Vittoriosa Wharf
Vittoriosa
Malta

Grand Harbour Marina p.l.c.

Statement by the Directors on the Financial Statements and Other Information included in the Annual Report

Pursuant to Listing Rule 5.68, we, the undersigned, declare that, to the best of our knowledge, the financial statements included in this Annual Report, and prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, and financial position of Grand Harbour Marina p.l.c., and that this report includes a fair review of the development and performance of the business and position of Grand Harbour Marina p.l.c., together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors on 23 April 2018 by:

Lawrence Zammit
Chairman

Franco Azzopardi
Director

Grand Harbour Marina p.l.c.

Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance

Introduction

Pursuant to the Listing Rules issued by the Listing Authority, Grand Harbour Marina p.l.c. (the "**Company**") as a company whose equity securities are listed on a regulated market should endeavour to adopt the Code of Principles of Good Corporate Governance contained in Appendix 5.1 of the Listing Rules (the "**Code**"). In terms of Listing Rule 5.94, the Company is obliged to prepare a report explaining how it has complied with the Code. For the purposes of the Listing Rules, the Company is hereby reporting on the extent of its adoption of the Code.

The Company acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. However, the directors strongly believe that such practices are in the best interests of the Company and its shareholders and that compliance with principles of good corporate governance is not only expected by investors but also evidences the directors' and the Company's commitment to a high standard of governance.

Good corporate governance is the responsibility of the Board, and in this regard the Board has carried out a review of the Company's compliance with the Code during the period under review. As demonstrated by the information set out in this statement, the Company believes that it has, save as indicated herein the section entitled "Non-Compliance with the Code", throughout the accounting period under review, applied the principles and complied with the provisions of the Code. In the Non-Compliance Section, the Board indicates and explains the instances where it has departed from or where it has not applied the Code, as allowed by the Code.

Part 1: Compliance with the Code

Principle 1: The Board

The Board's principal purpose is to provide the required leadership of the Company, to set the present and future strategy of the Company and to ensure proper oversight and accountability. The Board currently comprises seven non-executive directors, including the Chairman and one executive director. Six of the directors were elected by the shareholders in general meeting. The two new directors were co-opted by the Board of Directors. The directors, *inter alia,* exercise prudent and effective control, are accountable for their or their delegates' actions or inactions, regularly review management performance and have a broad knowledge of the business of the Group. The directors are aware of their statutory and regulatory requirements. They allocate sufficient time to perform their responsibilities and regularly attend Board meetings.

The Board delegates specific responsibilities to the Audit Committee. Further details in relation to the responsibilities of the Board and the Audit Committee are found in Principles 4 and 5 of this Statement respectively.

Principle 2: Chairman and Chief Executive

During 2017, the chairmanship of the Company was vested with Mr Lawrence Zammit and the position of Chief Executive Officer was occupied by Mr Clive Whiley. The roles of the Chief Executive Officer and of the Chairman are separate from each other.

The Chairman is responsible to lead the Board and to set its agenda. The Chairman ensures that the Board's discussions on any issue put before it go into adequate depth, that the opinions of all the directors are taken into account, and that all the Board's decisions are supported by adequate and timely information. The Chairman was also entrusted to ensure that the Chief Executive Officer develops a strategy which is agreed to by the Board. On the other hand, the Chief Executive Officer led the Company's management team and ensured that the Company is being managed in line with the strategies and policies set by the Board.

Part 1: Compliance with the Code (continued)

Principle 3: Composition of the Board

During the year under review, the size of the Board was increased from six (6) to eight (8) members. The increase in the number of directors was undertaken to enhance the skill set and experience of the Board. On the 20 November 2017, Ms Elizabeth Ka-Yee Kan and Mr Victor Lap-Lik Chu were respectively co-opted by the board of directors as non-executive directors of the Company. The Board considers that the newly enlarged Board, whilst not being too large as to be unwieldy, is appropriate, taking into account the growing size of the Company and its operations. The combined and varied knowledge, experience and skills of the Board members provides the balance of competences that are required, and adds value to the functioning of the Board and gives direction to the Company, in line with the strategies and policies set out by the Board itself.

During the period under review, the Board initially consisted of five (5) non-executive directors (one of whom is the Chairman of the Company) and one (1) executive director. The number of non-executive directors was increased to seven (7) on 20 November 2017 as a result of the appointment of Ms Elizabeth Ka-Yee Kan and Mr Victor Lap-Lik Chu as directors of the Company. Mr Lawrence Zammit and Mr Franco Azzopardi are considered to be independent. In determining the independence or otherwise of its directors, the Board considered, amongst others, the principles relating to independence of directors contained in the Code, the Company's own practice as well as general principles of good practice.

The presence of the executive director on the Board is designed to ensure that the Board has direct access to the individuals having the prime responsibility for the executive management of the Company and the implementation of approved polices. Each non-executive director has submitted the declaration to the Board declaring their independence as stipulated under code provision 3.4.

Principle 4: The Responsibilities of the Board

The Board has the first level responsibility for executing the four basic roles of Corporate Governance, namely accountability, monitoring, strategy formulation and policy development.

The Board has established a clear internal and external reporting system to ensure that the board has access to accurate, relevant and timely information. The Board has ensured that policies and procedures are in place to maintain the highest standards of corporate conduct of the Company and its employees.

During its meetings the Board regularly discusses the directors' statutory and fiduciary duties, the Company's operations and prospects, the skills and competence of senior management, the general business environment and the Board's expectations.

Principle 5: Board Meetings

For the period under review, the Board has implemented its policy to meet at least once every quarter. Board meetings concentrate mainly on strategy, operational performance and financial performance of the Company. After each Board meeting and before the next, Board minutes that faithfully record attendance, key issues and decisions are sent to the directors. As a matter of practice, Board meetings are set well in advance of their due date and each director is provided with detailed Board papers relating to each agenda item. Management prepares detailed reviews for each Board meeting covering all aspects of the Company's business.

Part 1: Compliance with the Code (continued)

Principle 5: Board Meetings (continued)

During 2017, the Board met 5 times. Meetings were attended as follows:

Members	**No of Meetings held: (5)** **Attended**
Lawrence Zammit (Chairman)	5
Franco Azzopardi	4
David Martin Bralsford	5
Roger St John Hulton Lewis	5
Sir Christopher Lewinton	5
Clive Peter Whiley	5
Elizabeth Ka-Yee Kan*	-
Victor Lap-Lik Chu*	-

*No Board meeting was held during the year under review following the appointment of Mr Victor Lap-Lik Chu and Ms Elizabeth Ka-Yee Kan.

The Board also delegates specific responsibilities to the management team of the Company and the Audit Committee, which operates under its formal terms of reference.

Board Committees

Audit Committee

The Board delegates certain responsibilities to the Audit Committee, the terms of reference of which reflect the requirements stipulated in the Listing Rules. As part of its terms of reference, the Audit Committee has the responsibility to, if required, vet, approve, monitor and scrutinise Related Party Transactions, if any, falling within the ambits of the Listing Rules and to make its recommendations to the Board on any such proposed Related Party Transactions. The Audit Committee also establishes internal procedures and monitors these on a regular basis. The terms of reference for the Audit Committee are designed both to strengthen this function within the Company and to widen the scope of the duties and responsibilities of this Committee. The Committee also has the authority to summon any person to assist it in the performance of its duties, including the Auditors of the Company who are invited to all relevant meetings.

The Audit Committee is currently composed of Mr Lawrence Zammit (non-executive director and Chairman of the Company), Mr Franco Azzopardi (non-executive director) and Mr Martin Bralsford (non-executive director). The Chairman of the Audit Committee is appointed by the Board and is independent of the Company. Mr Lawrence Zammit and Mr Franco Azzopardi are independent and satisfy the independence criteria set out in Listing Rule 5.117.

During 2017, the Audit Committee met 9 times.

Members	**No of Meetings held: (9)** **Attended**
Lawrence Zammit	9
Franco Azzopardi	9
Martin Bralsford	4

Part 1: Compliance with the Code (continued)

Principle 5: Board Meetings (continued)

Board Committees (continued)

Mr Bralsford sits on the Board of CNMI, which holds 79% of the issued share capital of the Company. As such Mr Bralsford does not participate in meetings which discuss and where deemed appropriate, approve related parties transactions.

The Board considers Mr Franco Azzopardi to be independent and competent in accounting and/or auditing on the basis that Mr Azzopardi qualified as an accountant in 1985 and received a Master of Science in Finance from the University of Leicester in 2006. In accordance with Listing Rule 5.118, the Board considers the three Audit Committee members as having the required competence jointly as a Committee due to their professional background and experience in the marina industry, as well as in other sectors, at both national and international level.

Senior Executive Management

The Chief Executive Officer was responsible for the implementation of the strategies set by the Board, management of the business of the Company and to deliver the results. The Chief Executive Officer reports directly to the Board of the Company. The Company's senior management is appointed by the Board.

The Board is responsible for setting the business strategy and overall corporate governance of the Company. The General Manager, Chief Operating Officer and Financial Controller of the Company attended meetings of the Board as and when requested. The attendance of such persons during Board meetings is designed to ensure that all the directors have direct access to the day-to-day management of the Company's business and to, *inter alia*, ensure that the policies and strategies adopted by the Board are successfully implemented by the Company.

The Company also owns a 45% shareholding in IC Çesme which company owns and operates a marina in Cesme, Turkey. The operations of the said marina are vested in the board of directors of IC Cesme and the marina's general manager (Mr Can Alkatan).

Principle 6: Information and Professional Development

On joining the Board, a director is provided with briefings by the Company's senior management on the different activities within the Company. Each director is made aware of the Company's on-going obligations in terms of the Companies Act (Cap. 386), the Listing Rules and other relevant legislation. Directors have access to the advice and services of the Company Secretary who is also the legal counsel to the Board and the Company in order to ensure that each director is aware of his legal obligations. The Company is also prepared to bear the expense incurred by the directors requiring independent professional advice should they judge it necessary to discharge their responsibilities as directors. The Board actively also considers the professional and technical development of all senior management.

The Company recognises the need for a succession plan for the senior management of the Company. The marina service agreement with Camper & Nicholsons Marina Limited provides the necessary tool for succession planning purposes. The value added by having this marina service agreement with Camper & Nicholsons Marinas Limited is the possibility for the Company to tap in on any additional resources it may require from time to time. This serves the purpose of also ensuring the continuity of operations of the marina. Appointments and changes to senior management are the responsibility of the Chief Executive Officer and are approved by the Board.

Part 1: Compliance with the Code (continued)

Principle 7: Evaluation of the Board's Performance

With respect to the year under review, the Board undertook an evaluation of its own performance, the Chairman's performance and that of its Committees. The Board did not per se appoint a committee to carry out this performance evaluation, but the evaluation exercise was conducted through a questionnaire, copies of which were sent to the Chairman, Mr Lawrence Zammit.

Principle 8: Committees

Remuneration Committee

As is permitted in terms of provision 8.A.2 of the Code, on the basis of the fact that the remuneration of the directors is not performance-related, the Company has not set up a remuneration committee. The functions which would otherwise be carried out by such committee are carried out by the Board. In addition, the Board has mandated the Compensation Committee established by the Company's Parent company Camper & Nicholsons Marina Investments Limited to evaluate the remuneration of the senior executives of the Company and submit recommendations to the Board. The Chairman of the Company attends the Compensation Committee meetings of the Parent company where the evaluations are carried out and recommendations made.

Principle 9: Relations with Shareholders and with the Market and Principle 10: Institutional Investors

The Board is of the view that over the period under review the Company has communicated effectively with the market through a number of company announcements that it published informing the market of significant events happening within the Company.

The Company also communicates with its shareholders through its Annual General Meeting (further detail is provided under the section entitled General Meetings). The Chairman arranges for all directors to attend the annual general meeting and for the chairman of the Audit Committee to be available to answer questions, if necessary.

The Chairman also ensures that sufficient contact is maintained with major shareholders to understand issues and concerns.

Apart from the annual general meeting, the Company intends to continue with its active communication strategy in the market and shall accordingly continue to communicate with its shareholders and the market by way of the Annual Report and Financial Statements, by publishing its results on a six-monthly basis during the year and through the directors statements published on a six-monthly basis, and by company announcements to the market in general. The Company recognises the importance of maintaining a dialogue with the market to ensure that its strategies and performance are well understood and disclosed to the market in a timely manner.

The Company's website (http://en.cnmarinas.com/grand-harbour-marina/) also contains information about the Company and its business which is a source of further information to the market.

Part 1: Compliance with the Code (continued)

Principle 11: Conflicts of Interest

The directors are aware that their primary responsibility is always to act in the interest of the Company and its shareholders as a whole irrespective of who appointed them to the Board. Acting in the interest of the Company includes an obligation to avoid conflicts of interest. In such instances, the Company has strict policies in place which allow it to manage such conflicts, actual or potential, in the best interest of the Company.

Principle 12: Corporate Social Responsibility

The Company has adhered to the accepted principles of corporate social responsibility by continuing to support the Community in Cottonera. The Company has also supported events organised by the Local Council of Vittoriosa, namely 'Birgu by Candlelight' and Christmas activities for children and elderly people. Further, the Company has continued its collaboration with the Malta Maritime Museum, whilst providing financial support to NGO's such as Puttinu Cares and Community Chest Fund.

In addition, the Company provided financial support to the project "Il-Klabb Malti tal-Avventuri" (also known as Malta Adventure Club), in the publication of a number of e-books aimed to empower disabled children, as well as to promote the inclusion of disabled children in society with stories portraying children with different disabilities solving simple mysteries. In addition, the structure of the e-books are also adequate for children with hearing and seeing disabilities. The book was successfully launched on 14th January 2018.

Part 2: Non-Compliance with the Code

Code Provision 4.2.7:

This Code Provision recommends "*the development of a succession policy for the future composition of the Board of directors and particularly the executive component thereof, for which the Chairman should hold key responsibility*". In the context of the appointment of directors being a matter reserved exclusively to the Company's shareholders (except where the need arises to fill a casual vacancy), considering that every director retires from office at the AGM, the Company does not consider it feasible to have in place such a succession policy. However, the recommendation to have in place such a policy will be kept under review. An active succession policy is however in place for senior executive positions in the Company.

Principle 8B (Nomination Committee):

Pursuant to the Company's Articles of Association, the appointment of directors to the Board is reserved exclusively to the Company's shareholders (in line also with general and commonly accepted practice in Malta). Any shareholder/s who in the aggregate hold not less than 200,000 shares having voting rights in the Company is entitled to nominate a fit and proper person for appointment as a director of the Company. Furthermore, in terms of the Memorandum and Articles of Association of the Company, the directors themselves are entitled to make recommendations and nominations to the shareholders for the appointment of directors at the next following annual general meeting. Within this context, the Board believes that the setting up of a Nomination Committee is not required since the Board itself has the authority to recommend and nominate directors. Notwithstanding this, the Board will retain under review the issue relating to the setting up of a Nomination Committee.

Code Provision 9.3:

The Company does not have a formal mechanism in place as required by Code provision 9.3 to resolve conflicts between minority shareholders and controlling shareholders and no such conflicts have arisen.

Internal Control and Risk Management

The Board reviews and is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss.

The key features of the Company's system of internal control are as follows:

Organisation — The Company operates through the management team of the Company. Such team operates within clear reporting lines and delegation of powers granted by resolution of the Board.

Control environment — The Company is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.

The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Company objectives.

Risk identification — Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business.

Financial reporting — Financial reporting procedures are in place to identify, control and report major risks. The Board receives periodic management information giving comprehensive analysis of financial and business performance against prior periods and current budgets.

Listing Rule 5.97.5

The information required by this Listing Rule is found in the Directors' Report.

General Meetings and Shareholders' Rights

Conduct of general meetings

It is only shareholders whose details are entered into the register of members on the record date that are entitled to participate in the general meeting and to exercise their voting rights. In terms of the Listing Rules, the record date falls 30 days immediately preceding the date set for the general meeting to which it relates. The establishment of a record date and the entitlement to attend and vote at general meeting does not, however, prevent trading in the shares after the said date.

In order for business to be transacted at a general meeting, a quorum must be present. In terms of the articles of association, 51% of the nominal value of the issued equity securities entitled to attend and vote at the meeting constitutes a quorum. If within half an hour, a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine. In any event, the adjourned meeting must be held at least ten days after the final convocation is issued and no new item must put on the agenda of such adjourned meeting. If at the adjourned meeting a quorum is not yet present within half an hour from the time appointed for the meeting, the member or members present shall constitute a quorum. Generally, the chairman of the Board presides as chairman at every general meeting of the Company. At the commencement of any general meeting, the chairman may, subject to applicable law, set the procedure which shall be adopted for the proceedings of that meeting. Such procedure is binding on the members.

If the meeting consents or requires, the chairman shall adjourn a quorate meeting to discuss the business left unattended or unfinished. If a meeting is adjourned for 30 days or more, notice of the quorate meeting must be given as in the case of an original meeting. Otherwise, it is not necessary to give any notice of an adjourned meeting or of the business to be transacted at such quorate meeting.

At any general meeting a resolution put to the vote shall be determined and decided by a show of hands, unless a poll is demanded before or on the declaration of the result of a show of hands by:

I. the chairman of the meeting; or
II. by at least three (3) members present in person or by proxy; or
III. any member or members present in person or by proxy and representing not less than one tenth of the total voting power of all members having the right to vote at that meeting; or
IV. a member or members present in person or by proxy holding equity securities conferring a right to vote at the meeting, being equity securities on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the equity securities conferring that right.

General Meetings and Shareholders' Rights (continued)

Conduct of general meetings (continued)

Unless a poll is so demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost together with an entry to that effect in the minute book, shall constitute conclusive evidence of the fact without need for further proof. If a resolution requires a particular majority in value, in order for the resolution to pass by a show of hands, there must be present at that meeting a member or members holding in the aggregate at least the required majority. A poll demanded on the election of the chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at the discretion of the chairman. In the case of equality of votes, whether on a show of hands or on a poll, the chairman has a second or casting vote. On a show of hands every member present in person or by proxy shall have one vote, and on a poll every member shall have one vote for each equity security carrying voting rights of which he is the holder provided that all calls or other sums presently payable by him in respect of equity securities have been paid.

Proxy

Every member is entitled to appoint one person to act as proxy holder to attend and vote at a general meeting instead of him. The proxy holder shall enjoy the same rights to participate in the general meeting as those to which the member thus represented would be entitled. If a member is holding shares for and on behalf of third parties, such member shall be entitled to grant a proxy to each of his clients or to any third party designated by a client and the said member is entitled to cast votes attaching to some of the shares differently from the others. In the case of voting by a show of hands, a proxy who has been mandated by several members and instructed to vote by some shareholders in favour of a resolution and by others against the same resolution shall have one vote for and one vote against the resolution.

The instrument appointing a proxy must be deposited at the office or by electronic mail at the address specified in the notice convening the meeting not less than forty-eight (48) hours before the time for holding the meeting or, in the case of a poll, not less than forty-eight (48) hours before the time appointed for the taking of the poll. The same applies to the revocation of the appointment of a proxy.

A form of instrument of proxy shall be in such form as may be determined by the directors and which would allow a member appointing a proxy to indicate how he would like his proxy to vote in relation to each resolution.

Including items on the agenda

A shareholder or shareholders holding not less than 5% of the issued share capital may include items on the agenda of the general meeting and table draft resolutions for items included on the agenda of a general meeting. Such right must be exercised by the shareholder at least 46 days before the date set for the general meeting to which it relates.

General Meetings and Shareholders' Rights (continued)

Questions

Shareholders have the right to ask questions which are pertinent and related to the items on the agenda.

Electronic voting

In terms of the Articles of Association of the Company, the directors may establish systems to:

a) allow persons entitled to attend and vote at general meetings of the Company to do so by electronic means in accordance with the relevant provisions of the Listing Rules; and
b) allow for votes on a resolution on a poll to be cast in advance.

Where a shareholder requests the Company to publish a full account of a poll, the Company is required to publish the information on its website not later than 15 days after the general meeting at which the result was obtained.

Further details on the conduct of a general meeting and shareholders' rights are contained in the memorandum and articles of association of the Company and in chapter 12 of the Listing Rules.

Remuneration Statement

As is permitted in terms of provision 8.A.2 of the Code, on the basis of the fact that the remuneration of the directors is not performance-related, the Company has not set up a remuneration committee. The functions which would otherwise be carried out by such Committee are carried out by the Board.

Remuneration Policy – Senior Executives

The Board determines the framework of the overall remuneration policy and individual remuneration arrangements for its senior executives based on recommendations from the Compensation Committee of its Parent company, Camper & Nicholsons Marina Investments Limited. The Board considers that these remuneration packages reflect market conditions and are designed to attract appropriate quality executives to ensure the efficient management of the Company. During the current year under review there have been no significant changes in the Company's remuneration policy and no significant changes are intended to be effected thereto in the year ahead. The terms and conditions of employment of each individual within the executive team are set out in their respective indefinite contracts of employment with the Company. None of these contracts contain provisions for termination payments and other payments linked to early termination. The Company's senior executives may be paid a bonus by the Company, the payment and extent of payment of such bonus is entirely at the discretion of the Board.

Moreover, share options and profit sharing are currently not part of the Company's remuneration policy.

The Company has opted not to disclose the amount of remuneration paid to its senior executives on the basis that it is commercially sensitive.

Grand Harbour Marina p.l.c.

Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (continued)

Remuneration Statement (continued)

Remuneration Policy – Directors

The Board determines the framework of the remuneration policy for the members of the Board as a whole. The maximum annual aggregate emoluments that may be paid to the directors is approved by the shareholders in the Annual General Meeting. The financial statements disclose an aggregate figure in respect of the directors' remuneration which, with respect to the period under review, amounted to forty-nine thousand Euros (€49k) (entirely representing a fixed remuneration). As mentioned above, there are no share options and the directors do not receive variable remuneration. Directors' emoluments are designed to reflect the time committed by directors to the Company's affairs. The remuneration of the directors is not performance-related.

Signed on behalf of the Board of Directors on 23 April 2018 by:

Franco Azzopardi
Director and Member of Audit Committee

Grand Harbour Marina p.l.c.

Other Disclosures in terms of the Listing Rules

Pursuant to Listing Rule 5.70

5.70.1 Material Contracts in relation to which a director of the Company was directly or indirectly interested

Marina Services Agreement between the Company and Camper & Nicholsons Marinas Limited

On the 1 July 2007, the Company entered into a Marina Service Agreement with Camper & Nicholsons Marinas Limited ("**CNML**"), for an initial period of 3 years and shall continue in force thereafter. CNML is entitled to receive from the Company the following fees/charges:

1. in respect of recruitment, operational services and auditing - 2.5% on the sum of the total amounts (gross receipts) from the marina operations with a minimum payment of GBP18k per annum;

2. sales and marketing - GBP3.2k per month and 2.5% on licences in excess of one year;

3. commissioning - sums shall be agreed from time to time in connection with projects undertaken;

4. project services - charges are agreed from time to time; and

5. financial controller support - a rate of GBP48 per hour for actual time spent on GHM work.

Royalty Agreement between the Company and Camper & Nicholsons Marinas International Limited

The Company had formerly entered into an agreement with CNML. The agreement dated 1 April 2004 gives right for the marina to use the name of "C&N" for its operations. CNML was entitled for branding charges of GBP1k per month. This agreement had been replaced by an agreement dated 1 July 2007 between GHM and Camper & Nicholsons (Designs) Limited. Under the terms of this agreement, GHM was obliged to pay Camper & Nicholsons (Designs) Limited 0.25% of turnover as royalties with a minimum amount of GBP10k per annum. This agreement was terminated on 19 December 2008 and replaced by another agreement with Camper & Nicholsons Marinas International Limited. Under the terms of this new agreement the Company is obliged to pay Camper & Nicholsons Marinas International Limited 1.50% of operating turnover as royalties.

The following directors of the Company are also directors of Camper & Nicholsons Marina Investments Limited and / or other companies forming part of the same group of companies:-

David Martin Bralsford
Victor Lap-Lik Chu
Roger St. John Hulton Lewis
Sir Christopher Lewinton
Elizabeth Ka-Yee Kan
Clive Peter Whiley

Other Disclosures in terms of the Listing Rules

Pursuant to Listing Rule 5.70 (continued)

Pursuant to Listing Rule 5.70.2

Company Secretary:	Dr Louis de Gabriele LL.D.
Registered Office of Company:	Vittoriosa Wharf Vittoriosa BRG 1721 Malta
Telephone:	(+356) 21 800 700

Grand Harbour Marina p.l.c.

Statements of financial position

As at 31 December 2017

		2017	2017	2016	2016
		Group	Company	Group	Company
	Note	€000	€000	€000	€000
ASSETS					
Property, plant and equipment	13	**5,310**	**5,310**	5,435	5,435
Deferred costs		**491**	**491**	491	491
Investment in subsidiary company	14	**-**	**-**	-	-
Investment in joint venture	15	**2,561**	**2,174**	2,518	2,174
Loans to Parent company	16	**3,951**	**3,951**	4,237	4,237
Assets held in trust	17	**-**	**-**	1,926	1,926
Total non-current assets		**12,313**	**11,926**	14,607	14,263
Trade and other receivables	19	**1,060**	**1,060**	1,088	1,088
Cash at bank and in hand	23	**7,677**	**7,677**	1,087	1,087
Total current assets		**8,737**	**8,737**	2,175	2,175
Total assets		**21,050**	**20,663**	16,782	16,438
EQUITY					
Share capital	20	**2,400**	**2,400**	2,400	2,400
Exchange translation reserve	20	**(150)**	**-**	(104)	-
Retained earnings	20	**626**	**89**	534	86
Total equity		**2,876**	**2,489**	2,830	2,486
LIABILITIES					
Debt securities in issue	21	**14,610**	**14,610**	10,810	10,810
Deferred tax liability	18	**839**	**839**	482	482
Total non-current liabilities		**15,449**	**15,449**	11,292	11,292
Borrowings	21	**2**	**2**	1	1
Trade and other payables	22	**2,723**	**2,723**	2,659	2,659
Total current liabilities		**2,725**	**2,725**	2,660	2,660
Total liabilities		**18,174**	**18,174**	13,952	13,952
Total equity and liabilities		**21,050**	**20,663**	16,782	16,438

The accompanying notes are an integral part of the financial statements.

Approved and authorised for issue by the Board of Directors on 23 April 2018 and signed on its behalf by:

Lawrence Zammit
Chairman

Franco Azzopardi
Director

Grand Harbour Marina p.l.c.

Statements of profit or loss and other comprehensive income

For the Year Ended 31 December 2017

	Note	**2017**	**2017**	2016	2016
		Group	**Company**	Group	Company
	Note	**€000**	**€000**	€000	€000
Continuing operations					
Revenue	7	**4,130**	**4,130**	4,231	4,231
Personnel expenses	8	**(515)**	**(515)**	(425)	(425)
Directors' emoluments		**(49)**	**(49)**	(49)	(49)
Depreciation	13	**(320)**	**(320)**	(309)	(309)
Other operating expenses	9	**(2,048)**	**(2,048)**	(2,211)	(2,211)
Operating profit		**1,198**	**1,198**	1,237	1,237
Finance income	10	**67**	**67**	45	45
Finance costs	10	**(905)**	**(905)**	(819)	(819)
Net finance costs		**(838)**	**(838)**	(774)	(774)
Share of profit of equity-accounted investees, net of tax	15	**48**	**-**	290	-
Profit before tax		**408**	**360**	753	463
Tax expense	11	**(357)**	**(357)**	(378)	(378)
Profit for the year		**51**	**3**	375	85
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences - equity accounted investee	15	**(5)**	**-**	(29)	-
Other comprehensive expense, net of tax		**(5)**	**-**	(29)	-
Total comprehensive income for the year		**46**	**3**	346	85
Earnings per share (cents)	12	**0c2**	**0c0**	1c7	0c4

The accompanying notes are an integral part of the financial statements.

Grand Harbour Marina p.l.c.

Statements of changes in equity

For the Year Ended 31 December 2017

	Share capital	Translation reserve	Retained earnings	Total
	€000	€000	€000	€000
Group				
Balance as at 1 January 2016	2,400	(42)	606	2,964
Total comprehensive income				
Profit for the year	-	-	375	375
Other comprehensive income:				
Foreign currency translation differences- equity accounted investees	-	(62)	33	(29)
Total comprehensive income for the year	-	(62)	408	346
Transactions with owners of the Company				
Dividends	-	-	(480)	(480)
Balance at 31 December 2016	2,400	(104)	534	2,830
Balance as at 1 January 2017	**2,400**	**(104)**	**534**	**2,830**
Total comprehensive income				
Profit for the year	**-**	**-**	**51**	**51**
Other comprehensive income:				
Foreign currency translation differences- equity accounted investees	**-**	**(46)**	**41**	**(5)**
Total comprehensive income for the year	**-**	**(46)**	**92**	**46**
Balance at 31 December 2017	**2,400**	**(150)**	**626**	**2,876**

The accompanying notes are an integral part of the financial statements.

Grand Harbour Marina p.l.c.

Statements of changes in equity (continued)

For the Year Ended 31 December 2017

	Share capital	Retained earnings	Total
	€000	€000	€000
Company			
Balance as at 1 January 2016	2,400	481	2,881
Profit for the year	-	85	85
Total comprehensive income for the year	-	85	85
Transactions with owners of the Company			
Dividends	-	(480)	(480)
Balance at 31 December 2016	2,400	86	2,486
Balance as at 1 January 2017	**2,400**	**86**	**2,486**
Profit for the year	**-**	**3**	**3**
Total comprehensive income for the year	**-**	**3**	**3**
Balance at 31 December 2017	**2,400**	**89**	**2,489**

The accompanying notes are an integral part of the financial statements.

Grand Harbour Marina p.l.c.

Statements of cash flows

For the Year Ended 31 December 2017

	Note	2017 Group €000	2017 Company €000	2016 Group €000	2016 Company €000
Cash flows from operating activities					
Profit before tax		**51**	**3**	375	85
Adjustments for:					
Depreciation		**320**	**320**	309	309
Increase of provision for doubtful debts		**-**	**-**	5	5
Share of profit of equity accounted investee		**(48)**	**-**	(290)	-
Interest income		**(67)**	**(67)**	(45)	(45)
Interest expense		**734**	**734**	771	771
Amortisation of bond issue costs		**171**	**171**	48	48
Gain on disposal of property, plant and equipment		**-**	**-**	(1)	(1)
Tax expense		**357**	**357**	378	378
Operating profit before working capital movement		**1,518**	**1,518**	1,550	1,550
Change in trade and other receivables		**48**	**48**	(165)	(165)
Change in trade and other payables		**87**	**87**	281	281
Cash generated from operations		**1,653**	**1,653**	1,666	1,666
Interest received		**47**	**47**	7	7
Net cash flows from operating activities		**1,700**	**1,700**	1,673	1,673
Cash flows from investing activities					
Purchase of property, plant and equipment		**(197)**	**(197)**	(67)	(67)
Proceeds from disposal of property, plant and equipment		**2**	**2**	2	2
Advance of security deposit on new lease		**(7)**	**(7)**	-	-
Assets held in trust utilised for bond redemption	17	**1,926**	**1,926**	(808)	(808)
Loan repayment by/ (advanced to) Parent company	18	**287**	**287**	(400)	(400)
Cash from / (used in) investing activities		**2,011**	**2,011**	(1,273)	(1,273)
Cash flows from financing activities					
Proceeds from 4.5% Bond 2027, net of issue costs		**14,598**	**14,598**	**-**	**-**
Redemption of 7% Bond 2017 - 2020		**(10,969)**	**(10,969)**	**-**	**-**
Dividends paid		**-**	**-**	(480)	(480)
Interest paid		**(758)**	**(758)**	(770)	(770)
Cash from / (used in) financing activities		**2,871**	**2,871**	(1,250)	(1,250)
Net movement in cash and cash equivalents		**6,582**	**6,582**	(850)	(850)
Cash and cash equivalents at the beginning of the year		**1,086**	**1,086**	1,936	1,936
Cash and cash equivalents at the end of the year	23	**7,668**	**7,668**	1,086	1,086

The accompanying notes are an integral part of the financial statements.

1 Reporting entity

Grand Harbour Marina p.l.c. (the "**Company**") is a public listed company domiciled and incorporated in Malta, with registration number C26891.

The consolidated financial statements of the Group as at and for the year ended 31 December 2017 comprise the Company and its subsidiary, (together referred to as the "**Group**") and the Group's beneficial interest of 45% in a joint arrangement, IC Cesme Marina Yatirim, Turizm ve Islemeleri Anonim Sirketi ("**IC Cesme**"). The Group is itself a subsidiary of Camper & Nicholsons Marina Investments Limited ("**CNMIL**" or the "**Paren**t **Company**").

The principal activities of the Group are the development, operation and management of marinas.

2 Basis of accounting

2.1 Statement of compliance

Legal Notice 19 of 2009 as amended by Legal Notice 233 of 2016, Accountancy Profession (Accounting and Auditing Standards) (Amendments) Regulations, 2016, defines compliance with generally accepted accounting principles and practice as adherence to International Financial Reporting Standards (IFRS) as adopted by the EU for financial periods starting on or after 1 January 2008. These Regulations were deemed to have come into force on 17 June 2016. Article 4 of Regulation 1606/2002/EC requires that, for each financial year starting on or after 1 January 2005, companies governed by the law of an EU Member State shall prepare their consolidated financial statements in conformity with IFRS as adopted by the EU if, at their reporting date, their securities are admitted to trading on a regulated market of any EU Member State. This Regulation prevails over the provisions of the Companies Act, 1995, (Chapter 386, Laws of Malta) to the extent that the said provisions of the Companies Act, 1995, (Chapter 386, Laws of Malta) are incompatible with the provisions of the Regulation.

Consequently, the separate and the consolidated financial statements are prepared in conformity with IFRS as adopted by the EU.

Details of the accounting policies are included in note 3.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in Euro (€), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2 Basis of accounting (continued)

2.4 Use of judgements and estimates

In preparing these financial statements management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from the estimates. Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements and estimates made in applying accounting policies that have the most significant effect on the amounts recognised in these financial statements is included in note 3.7 – revenue recognition and note 15.4 – impairment assessment of investment in joint venture.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Group entities.

3.1 Basis of consolidation

3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see accounting policy 3.1.2). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see accounting policy 3.5). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

3.1.1 Business combinations (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair values of the contingent consideration are recognised in profit or loss.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

3.1.3 Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.4 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.5 Interest in equity-accounted investees

Interest in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date at which significant influence or joint control ceases.

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

3.1.5 Interest in equity-accounted investees (continued)

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – when the Group has rights to assets, and obligations for the liabilities relating to an arrangement, it accounts for each of its assets, liabilities and transactions including its share of those held or incurred jointly, in relation to the joint operation.

- Joint venture – when the Group has rights only to the net assets of the arrangement, it accounts for its interest using the equity method. Joint ventures are recognised initially at cost which includes acquisition costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, until the date on which joint control ceases.

3.1.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

3.2.1 Foreign currency transactions

Transactions in a foreign currency are initially translated into the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency rate at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency differences are generally recognised in profit or loss.

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

3.2.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and accumulated in the foreign currency translation reserve ("translation reserve") in equity, except to the extent that the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of, either entirely or partially, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

If the Group disposes of only part of its interest in a subsidiary but retains control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, then foreign currency differences arising from such item form part of a net investment in the foreign operation and are recognised in other comprehensive income, and accumulated in the translation reserve in equity.

3.3 Financial instruments

The Group classifies non-derivative financial assets into the following categories: loans and receivables.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

3.3.1 Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivable and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

3.3.1 Non-derivative financial assets and financial liabilities – recognition and derecognition (continued)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3.2 Non-derivative financial assets - measurement

3.3.2.1 Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

3.3.3 Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

3.3.4 Share capital

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

3.4 Property, plant and equipment

3.4.1 Recognition and measurement

Property, plant and equipment of the Group includes superyacht berths that have been completed but not yet licensed (see below), pontoons, improvements to leased property, motor vehicles, office equipment and assets in the course of construction.

Items of property, plant and equipment are measured at cost less accumulated depreciation (see accounting policy 3.4.3) and any accumulated impairment losses (see accounting policy 3.5.2).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs as these relate to qualifying assets.

As part of its operating activities, Grand Harbour Marina p.l.c. licenses out superyacht berths, typically for periods ranging between 25 to 30 years (see accounting policy 3.7.1). The cost of such berths is apportioned between that part attributable to the initial licensing period, which is recognised immediately in profit or loss, and that part (the residual amount) attributable to the time period which extends beyond the initial licensing period. The method of cost apportionment used represents a fair reflection of the pattern of future economic benefits estimated to accrue from the licensing of such berths. The residual amount is classified in the balance sheet as 'deferred costs' and included with non-current assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net in the statements of profit or loss and other comprehensive income.

3 Significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

3.4.2 Subsequent expenditure

Subsequent expenditure is capitalised if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3.4.3 Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated used lives, using the straight-line method, on the following basis:

• superyacht berths	50 years
• pontoons	25 years
• improvements to leased properties	10 years
• motor vehicles	5 years
• office equipment	5 years

Superyacht berths are depreciated from the date of full construction up to the point in time when the long-term licensing contract is signed with the licensee, at which time the carrying amount of such berths is apportioned and accounted for as explained in accounting policy 3.4.1. Assets in the course of construction are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3 Significant accounting policies (continued)

3.5 Impairment

3.5.1 Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired included matters such as:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indication that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers.

3.5.1.1 Financial assets measured at amortised cost

The Group considered evidence of impairment of these assets at an individual asset level.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3.5.1.2 Equity-accounted investees

The impairment assessment in respect of equity-accounted investees comprises two successive steps:

(1) apply the equity method to recognise the investor's share of any impairment losses for the investee's identifiable assets.

(2) when there is an indication of a possible impairment, test the investment as a whole and recognise any additional impairment loss.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3 Significant accounting policies (continued)

3.5 Impairment (continued)

3.5.2 Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generated cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

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

3 Significant accounting policies (continued)

3.6 Employee benefits

The Group contributes towards the State defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of contributions. Obligations for contributions to the defined contribution plan are recognised in profit or loss.

3.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes or duty. The following specific recognition criteria must be met before revenue is recognised:

3.7.1 Licensing of long-term superyacht berths

Revenue from such licensing (see accounting policy 3.4.1) is recognised in the profit or loss on the signing of the licensing agreements with the berth-holders, on the basis that they give effect to the sale of the Company's right to the use of such berths.

3.7.2 Other berthing revenues, revenue from ancillary services and income from tenants, concessions and technical services

Such revenue is recognised in profit or loss in the period in which the services to which they relate are rendered.

3.8 Deferred income

Deferred income is recognised within trade and other payables in the statement of financial position and relates to revenue received for services not yet rendered at the reporting date.

3.9 Leases

3.9.1 Determining whether an arrangement contains a lease

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

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

3 Significant accounting policies (continued)

3.9 Leases (continued)

3.9.2 Leased assets

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held such as the lease of land with an indefinite economic life, where title is not expected to pass to the Group by the end of the lease term, are classified as operating leases and are not recognised in the Group’s statement of financial position.

3.9.3 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.10 Finance income and finance costs

Finance income includes interest income on funds invested, foreign currency gains, dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group’s right to receive payment is established.

Finance costs comprise interest expense on borrowings, amortised bond issue costs, impairment losses recognised on financial assets (other than trade receivables) and foreign currency losses. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset (see accounting policy 3.4.1) are recognised in the statement of profit or loss and other comprehensive income.

3 Significant accounting policies (continued)

3.11 Taxation

Tax expense comprises current and deferred tax. It is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

3.11.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. It is measured using tax rates enacted or sustainably enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

3.11.2 Deferred tax

Deferred tax is recognised in respect of 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:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unrelieved tax losses, unabsorbed capital allowances and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. 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; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain conditions are met.

3 Significant accounting policies (continued)

3.12 Earnings per share

The Group presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.13 Segment reporting

Segment results that are reported to the CEO of Grand Harbour Marina p.l.c., (the Group's chief operating decision maker), include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 New standards and interpretations not yet adopted

4.1 International Financial Reporting Standards in issue but not yet effective

At the date of these financial statements, a number of International Financial Reporting Standards (IFRS's) were in issue but not yet effective and / or endorsed by the EU, for annual periods beginning after 1 January 2017. The directors are assessing the potential impact of these IFRS's on the Group and Company's financial statements:

Concurrently, a number of new standards are effective for annual periods beginning after 1 January 2017 and have also been endorsed by the EU. The Company and the Group have not early adopted the new or amended standards in preparing these financial statements. The following standards as described below are expected to have an impact on the Company's and the Group's financial statements in the period of initial application.

Particularly, the Group is required to adopt IFRS 9 *Financial Instruments* and *IFRS 15 Revenue Contracts with Customers* from 1 January 2018. The Group has assessed the estimated impact that the initial application of IFRS 9 and IFRS 15 will have on its separate and consolidated financial statements. The estimated impact of the adoption of these standards on the Company's and the Group's equity as at 1 January 2018 is based on assessments undertaken to date and is summarised in the following paragraphs. Such assessments made by the Company and the Group are preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustment.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.* 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, fair value through profit or loss ("**FVTPL**") and fair value through other comprehensive income ("**FVOCI**").

4 New standards and interpretations not yet adopted (continued)

4.1 International Financial Reporting Standards in issue but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 therefore includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements.

As noted above, IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" (ECL) model. This will require 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 the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after 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.

In relation to trade receivables held by the Company and the Group, the standard requires that estimated ECLs are calculated based on historical loss experience and adjusted historical rates to reflect information about current and future economic conditions. This information is then used in the drawing up of a provision matrix that sets out the expected impairment loss allowance as at the reporting period. On the basis of historical loss experience alone, the expected losses on initial application of IFRS 9 relative to the Company are inconsequential, whereas those relative to IC Cesme, computed on the above basis, amounted to EUR27k (Group's share being 45% therein).

In relation to the amounts advanced by the Company to its Parent company including the cash pledge given in relation to the loans taken out by IC Cesme and cash deposits held with financial institutions, the Company monitors changes in credit risk by reviewing financial information pertaining to such counterparties. Based on such information, the Directors of the Company are of the view that there has been no significant increase in credit risk in relation to such amounts and on this basis credit losses that are expected to be incurred over the next twelve months are deemed to be inconsequential.

4 New standards and interpretations not yet adopted (continued)

4.1 International Financial Reporting Standards in issue but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income;
- the remaining amount of change in the fair value is presented in profit or loss.

The Company and the Group has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Company and the Group's assessment did not indicate any material impact regarding the classification of financial liabilities at 1 January 2018.

IFRS 9 will require new disclosures such as for credit risk and ECLs and changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, albeit that the Company and the Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings as at 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

The standard is the result of a convergence project between the IASB and the FASB. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions being leases, financial instruments and insurance contracts.

The Company is involved in the operation and management of the Grand Harbour Marina in Vittoriosa, Malta and the Group through its investment in IC Cesme is likewise involved in the operations and management in the marina held in Turkey.

Sales of goods (Licensing of long-term super yacht berths)

For the licensing of long term super yacht berths at the Grand Harbour Marina in Malta, revenue is currently recognised upon the signing of the licensing arrangements with the berth holders, on the basis that such give rise to the sale of the Company's right to the use of such berths. Under IFRS 15, revenue will continue to be recognised when a berth holder obtains control of the berth space through the execution of a public deed, which is the point in time when real rights are acquired by the berth holder.

4 New standards and interpretations not yet adopted (continued)

4.1 International Financial Reporting Standards in issue but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

Rendering of services

The Company and the Group provide different marina related services such as the provision of visitor, seasonal or annual berth spaces and the provision of other support services. Under IFRS 15, the stand-alone selling prices will continue to be applied based on the list prices at which the Group sells the services in separate transactions, with revenue continued to be recognised over time.

The Group plans to adopt IFRS 15 at the date of its initial application (1 January 2018). The directors, after evaluating the impact of IFRS 15 on the financial statements, have determined that the only changes applicable will be presentation and disclosure requirements, with no expected financial impact.

IFRS 16 Leases

The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains substantially unchanged, retaining the distinction between operating and finance leases. IFRS 16 supersedes *IAS 17 'Leases'* and related interpretations. IFRS 16 is effective for periods beginning on or after 1 January 2019, with early application permitted for companies that also apply *IFRS 15 Revenue from Contracts with Customers*.

As a lessee, the Group can either apply the standard using a:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee shall apply the election consistently to all of its leases.

The Company plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the operating balance of retained earnings at 1 January 2019, with no restatement of comparative information.

This IFRS will have an impact on the Company's financial statements, as the Company will recognise a right-of-use asset representing its right to use the underlying leased asset arising from the 99 year deed of sub-emphyteusis entered into between the Company and the Cottonera Waterfront consortium, together with a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items, and while the accounting for variable lease payments based on an index or rate are included in the initial measurement of the lessee's lease liability, the variable lease payments not based on an index or rate, such as turnover or usage-based are excluded from such standard, and will keep being recognised as an expense in the statement of profit or loss.

4 New standards and interpretations not yet adopted (continued)

4.1 International Financial Reporting Standards in issue but not yet effective (continued)

IFRS 16 Leases (continued)

Therefore, upon date of transition to IFRS 16, the initial recognition of both the asset and liability should be equivalent to the unpaid discounted minimum lease payments from the date of initial application of the standard until the end of the lease term. Following preliminary assessments of the financial impact on the Company's financial statements, the initial recognition of the right-of-use asset and lease liability amounts to around €9 million. Subsequently, the asset will be reduced with the yearly depreciation charge, while the liability is reduced as minimum lease payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

From a Group perspective, in addition to the impact brought about through the recognition of the right-to-use assets and related depreciation and imputed finance cost on the liability recognised on the Vittoriosa Marina, the Group's results will also be impacted with the Group's share (45%) on the depreciation amounting to approximately EUR228k arising on the right to use assets recognised by IC Cesme on the Turkish Marina and the related imputed finance cost on the liability recognised thereon.

5 Determination of fair values

Some of the Group's accounting policies and disclosures may require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as price) 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 values hierarchy as the lowest level input that is significant to the entire measurement.

5 Determination of fair values (continued)

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

Further information about the assumptions made in measuring fair value is included in Note 24 – financial instruments.

6 Operating segments

6.1 Information about reportable segments

Under the "management approach" to segment reporting, the Group has two reportable segments, which are the marinas in which it has an interest, namely, the "Grand Harbour" marina located in Malta, and the "IC Cesme" marina located in Turkey. These two geographically operating segments are managed separately as they have their own resource and capital requirements. The business operation in each of these two operating segments is the ownership and operation of marina facilities providing berthing and ancillary services for yachts and superyachts.

The amounts reported for IC Cesme Marina reflect the full amount (100%) of the respective assets, liabilities, revenues and expenses.

31 December 2017:	**Grand Harbour Marina**	**IC Cesme Marina**	**Total for Reportable Segments**
	€000	**€000**	**€000**
Segment revenues - external	**4,130**	**4,817**	**8,947**
Interest income	**67**	**120**	**187**
Interest expense	**(905)**	**(391)**	**(1,296)**
Depreciation	**(320)**	**(806)**	**(1,126)**
Capital expenditure	**197**	**136**	**333**
	========	========	========

6 Operating segments (continued)

6.1 Information about reportable segments (continued)

	Reconciliation to Consolidated Amounts		
	Total for Reportable Segments	**Eliminations**	**Group**
	€000	**€000**	**€000**
Segment revenues - external	**8,947**	**(4,817)**	**4,130**
Interest income	**187**	**(120)**	**67**
Interest expense	**(1,296)**	**391**	**(905)**
Depreciation	**(1,126)**	**806**	**(320)**
Capital expenditure	**333**	**(136)**	**197**

	Grand Harbour Marina	**IC Cesme Marina**	**Total for Reportable Segments**
	€000	**€000**	**€000**
Reportable segment assets	**20,663**	**16,057**	**36,720**
Reportable segment liabilities	**(18,174)**	**(14,139)**	**(32,313)**

	Reconciliation to Consolidated Amounts		
	Total for Reportable Segments	**Eliminations**	**Group**
	€000	**€000**	**€000**
Reportable segment assets	**36,720**	**(15,670)**	**21,050**
Reportable segment liabilities	**(32,313)**	**14,139**	**(18,174)**

6 Operating segments (continued)

6.1 Information about reportable segments (continued)

Reportable Group segment assets and liabilities for 2017 are reconciled as follows:

Assets	**€000**
Total assets of Grand Harbour Marina p.l.c.	**20,663**
Share of post-acquisition profits of joint venture brought forward	**344**
Share of profits of joint venture for the year, net of foreign currency translation differences	**43**
Consolidated assets	**21,050**

Liabilities	**€000**
Total liabilities for reportable segments	**(18,174)**
Consolidated liabilities	**(18,174)**

	Grand Harbour Marina	**IC Cesme Marina**	**Total for Reportable Segments**
	€000	**€000**	**€000**
Reportable segment profit before tax	**360**	**(286)**	**74**

Reportable Group segment profit before tax for 2017 is reconciled as follows:

	Reconciliation to Consolidated Amounts		
	Total for Reportable Segments	**Eliminations**	**Group**
	€000	**€000**	**€000**
Reportable segment profit before tax	**74**	**334**	**408**

6 Operating segments (continued)

6.1 Information about reportable segments (continued)

Reportable Group segment profit before tax for 2017 is reconciled as follows:

Profit before tax	**€000**
Total profit before tax for reportable segments	**408**
Consolidated profit before tax	**408**

The comparative figures are analysed as follows:

31 December 2016:	**Grand Harbour Marina**	**IC Cesme Marina**	**Total for Reportable Segments**
	€000	€000	€000
Segment revenues - external	4,231	5,391	9,622
Interest income	45	97	142
Interest expense	(819)	(444)	(1,263)
Depreciation	(309)	(778)	(1,087)
Capital expenditure	66	111	177

6 Operating segments (continued)

6.1 Information about reportable segments (continued)

	Reconciliation to Consolidated Amounts		
	Total for Reportable Segments	Eliminations	Group
	€000	€000	€000
Segment revenues - external	9,622	(5,391)	4,231
Interest income	142	(97)	45
Interest expense	(1,263)	444	(819)
Depreciation	(1,087)	778	(309)
Capital expenditure	177	(111)	66
	========	========	========

	Grand Harbour Marina	IC Cesme Marina	Total for Reportable Segments
	€000	€000	€000
Reportable segment assets	16,438	18,488	34,926
Reportable segment liabilities	(13,952)	(16,676)	(30,628)
	========	========	========

	Reconciliation to Consolidated Amounts		
	Total for Reportable Segments	Eliminations	Group
	€000	€000	€000
Reportable segment assets	34,926	(18,144)	16,782
Reportable segment liabilities	(30,628)	16,676	(13,952)
	=========	=========	========

6 Operating segments (continued)

6.1 Information about reportable segments (continued)

Reportable Group segment assets and liabilities for 2016 are reconciled as follows:

Assets	€000
Total assets of Grand Harbour Marina p.l.c.	16,438
Share of post-acquisition profits of joint venture brought forward	83
Share of profits of joint venture for the year, net of foreign currency translation differences	261
Consolidated assets	16,782

Liabilities	€000
Total liabilities for reportable segments	(13,952)
Consolidated liabilities	(13,952)

	Grand Harbour Marina	**IC Cesme Marina**	**Total for Reportable Segments**
	€000	€000	€000
Reportable segment profit before tax	463	1,028	1,491

Reconciliation to Consolidated Amounts

	Total for Reportable Segments	**Eliminations**	**Group**
	€000	€000	€000
Reportable segment profit before tax	1,491	(738)	753

Reportable Group segment profit before tax for 2016 is reconciled as follows:

Profit before tax	€000
Total profit before tax for reportable segments	753
Consolidated profit before tax	753

7 Revenue

7.1 Revenue for the year is analysed as follows:

	2017	2016
	€000	€000
Group and Company		
Other berthing revenues	**3,072**	3,059
Ancillary services	**1,058**	1,128
Other income	**-**	44
	4,130	4,231

7.2 Seasonality of operations

The Company and its joint venture derive their income from different types of revenue streams, including annual, seasonal and visitor berthing fees. During the summer months, revenue generation is higher, and while it may be relatively small in relation to the overall level of revenue, it makes a significant contribution to the profitability of the Group. The timing of long-term superyacht berth sales, which are neither seasonal by nature nor capable of accurate prediction, can have a more significant impact on the level of both sales and net results.

8 Personnel expenses

8.1 Personnel expenses incurred by the Group during the year are analysed as follows:

	2017	2016
	€000	€000
Group and Company		
Wages and salaries	**453**	370
Compulsory social security contributions – employer and employees	**62**	55
	515	425

8 Personnel expenses (continued)

8.1 (continued)

The average number of persons employed during the year was as follows:

	2017	2016
	No.	No.
Group and Company		
Operating	**13**	13
Management and administration	**5**	5
	----------	------------
	18	18
	====	====

9 Other operating expenses

9.1 Auditors' remuneration

The following fees were charged by, and became payable to the Group's and Company's auditors for services rendered in connection with:

	2017	2016
	€000	€000
Auditors' remuneration	**39**	38
Other assurance services	**8**	14
Tax advisory services	**1**	1
Other non-audit services	**65**	3
	-----------	------------
	113	56
	====	====

The Maltese Companies Act requires the notes to the consolidated financial statements to show the total remuneration paid to the auditors in respect of all undertakings included in the consolidation. The audit fee of IC Cesme for 2017 amounted to €17k (2016: €20k), with the Group's share of such audit fees being €8k (2016: €9k).

9 Other operating expenses (continued)

9.2 Operating leases

9.2.1

	Note	2017	2016
		€000	€000
Group and Company			
Sub-ground rent on immovable property	13.2	**23**	23
Lease for the assignment of marina rights	9.2.2	**318**	330
Rent for use of premises	9.2.3	**45**	51
Other operating lease expenses	9.2.4	**25**	28
		411	432

9.2.2 By virtue of the other part of the deed of sub-emphyteusis referred to in note 13.2 the Company was assigned the right to develop, construct and install, own, operate, manage, control and promote a marina and ancillary facilities, including the right to grant mooring and berthing rights to third parties under such terms and conditions as it deems fit. Under the terms of a Development and Operations Agreement dated 30 June 2000 entered into with the consortium, the Company is required to pay the consortium a yearly fee equivalent to 10% per annum of adjusted revenue, subject to minimum and maximum limits.

The Company has the option to terminate the Development and Operations Agreement during the 29th year from the date of the publication of the deed of sub-emphyteusis (being the year 2030) by giving the consortium at least 12 months' prior written notice.

The minimum and maximum future rental payments under the lease agreement of the Company are analysed below:

	2017	2016
	€000	€000
Minimum		
Less than one year	**254**	254
Between one and five years	**1,018**	1,018
More than five years	**2,240**	2,495
	3,512	3,767
Maximum		
Less than one year	**636**	636
Between one and five years	**2,545**	2,545
More than five years	**5,852**	6,237
	9,033	9,418

9 Other operating expenses (continued)

9.2 Operating leases (continued)

9.2.3 On 15 June 2017, the Company entered into a deed for the lease of part of the premises known as Vault 4, forming part of a larger building known as Palace of the Captains of the Galleys, to be used as the new marina office and situated in the same locality as the marina, for a period of 15 years, with the first 5 years being *di fermo*. At the same time, the Company sub-let the "Capitainerie", which used to host the Company's offices, to third parties.

9.2.4 The Company leases a garage which is used for storage purposes. On 24 April 2009 it concluded another lease agreement for the storage of fuel at the marina.

10 Net finance costs

	2017	2016
	€000	€000
Group and Company		
Interest income on investments and cash at bank	**67**	45
Finance income	**67**	45
Interest expense on financial liabilities measured at amortised cost including premium paid on bond buy-back	**(732)**	(768)
Amortisation of bond issue costs (note 21.2)	**(171)**	(48)
Net foreign exchange losses	**(2)**	(3)
Finance costs	**(905)**	(819)
Net finance costs	**(838)**	(774)

11 Taxation

11.1 Tax recognised in profit or loss

Current tax is recognised at the rate of 35% on the taxable income for the year from the Company's marina business activity, excluding that arising from the sale of long-term superyacht berths. During the years ended 31 December 2017 and 2016, the Company did not conclude any such sale. Similarly, deferred tax charges and credits relate only to the marina business activity.

	2017	2016
	€000	€000
Group and Company		
Deferred tax expense		
Change in recognised unrelieved tax losses and unabsorbed capital allowances	**(357)**	(378)
Income tax expense	**(357)**	(378)

11.2 Reconciliation of tax expense

The income tax expense and the result of the accounting profit multiplied by the Maltese tax rate are reconciled as follows:

	Group	**Company**	Group	Company
	2017	**2017**	2016	2016
	€000	**€000**	€000	€000
Profit before income tax	**408**	**360**	753	463
Tax expense at the domestic tax rate of 35%	**(143)**	**(126)**	(264)	(162)
Tax not recognised in prior periods	**(16)**	**(16)**	-	-
Tax effect of:				
• expenses not deductible for tax purposes	**(215)**	**(215)**	(216)	(216)
• share of profit of equity accounted investee	**17**	**-**	102	-
Income tax expense for the year	**(357)**	**(357)**	(378)	(378)

12 Earnings per share

12.1 The calculation of the earnings per share is based on the profit attributable to the ordinary shareholders and the number of shares in issue is reconciled as follows:

	2017	**2017**	2016	2016
	Group	**Company**	Group	Company
	€000	**€000**	€000	€000
Profit attributable to shareholders	**46**	**3**	346	85
Number of shares in issue during year	**20 million**	**20 million**	20 million	20 million
Earnings per share	**0c2**	**0c0**	1c7	0c4
	======	======	======	======

13 Property, plant and equipment

13.1 Group and Company

	Total	Superyacht berths	Pontoons	Improvements to leased properties	Motor vehicles	Other equipment	Assets in the course of construction
	€000	€000	€000	€000	€000	€000	€000
Cost							
Balance at 1 January 2016	9,162	4,304	3,532	691	25	431	179
Additions	66	-	15	1	19	11	20
Disposals	(2)	-	(2)	-	-	-	-
Balance at 31 December 2016	9,226	4,304	3,545	692	44	442	199
Balance at 1 January 2017	**9,226**	**4,304**	**3,545**	**692**	**44**	**442**	**199**
Additions	**197**	**-**	**7**	**68**	**5**	**88**	**29**
Disposals	**(2)**	**-**	**-**	**-**	**(2)**	**-**	**-**
Balance at 31 December 2017	**9,421**	**4,304**	**3,552**	**760**	**47**	**530**	**228**

13 Property, plant and equipment (continued)

13.1 Group and Company (continued)

	Total	Superyacht berths	Pontoons	Improvements to leased properties	Motor vehicles	Other equipment	Assets in the course of construction
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Depreciation							
Balance at 1 January 2016	3,482	815	1,727	512	25	403	-
Depreciation charge for the year	309	86	141	58	4	20	-
Balance at 31 December 2016	3,791	901	1,868	570	29	423	-
Balance at 1 January 2017	**3,791**	**901**	**1,868**	**570**	**29**	**423**	**-**
Depreciation charge for the year	**320**	**86**	**142**	**64**	**9**	**19**	**-**
Balance at 31 December 2017	**4,111**	**987**	**2,010**	**634**	**38**	**442**	**-**

13 Property, plant and equipment (continued)

13.1 Group and Company (continued)

	Total	Superyacht berths	Pontoons	Improvements to leased properties	Motor vehicles	Other equipment	Assets in the course of construction
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Carrying amounts							
At 1 January 2016	5,680	3,489	1,805	179	-	28	179
	=====	=====	=====	=====	=====	=====	=====
At 31 December 2016	5,435	3,403	1,677	122	15	19	199
	=====	=====	=====	=====	=====	=====	=====
At 31 December 2017	**5,310**	**3,317**	**1,542**	**125**	**9**	**88**	**228**
	=====	=====	=====	=====	=====	=====	=====

13 Property, plant and equipment (continued)

13.2 Land held under title of temporary sub-emphyteusis

On the 2 June 1999, the Government of Malta entered into a deed of emphyteusis with a consortium, by virtue of which, the consortium was granted rights over parcels of land measuring 1,410 square metres and situated at Cottonera Waterfront Vittoriosa, Malta, for an initial period of 99 years.

On the 4 September 2001, a deed of sub-emphyteusis was entered into between the Company and the consortium, whereby, by virtue of one part of this deed, the Company acquired, by the same title, immovable rights over such property for the unexpired period of the 99 years, subject to the payment of an annual sub-ground rent (note 9.2.1).

This property is hypothecated in favour of the Company's lenders as security for funds borrowed (note 21.4). In addition, this property is subject to a special legal hypothec in favour of the consortium, in respect of the payment of annual and temporary ground rent (for the unexpired period) imposed on the property, arising by virtue of the said deed of sub-emphyteusis.

14 Investment in subsidiary

14.1 On 29 June 2011, the Company acquired from Camper & Nicholsons Marinas International Limited the 100% shareholding in Maris Marine Limited ("MML") for a consideration of €115. This dormant company is incorporated in the United Kingdom and the registered office of this subsidiary is situated at The White Building, 4 Cumberland Place, Southampton, SO15 2NP. The reporting date of this non-trading entity is 31 March.

15 Investment in joint venture

15.1 Cost of acquisition

On the 17 March 2011, the Company entered into an agreement with its Parent company, as a result of which the Company initially acquired the ownership of 19% in IC Cesme Marina Yatirim, Turizm ve Isletmeleri Anonim Sirketi ("**IC Cesme**"), a company registered under the laws of Turkey, which company owns and operates a marina in Turkey, and eventually the beneficial interest of 45% therein through the acquisition of MML (refer to note 14.1), which held 26% therein for a total consideration of €1,930k. The registered address and principal place of business of IC CESME is Musalla Mh. 1016 SK. No.8, Cesme, Izmir, Turkey. During that year the Company made an additional shareholder's contribution of €244k, which amount has been capitalised as part of the Company's net investment in the joint venture.

15 Investment in joint venture (continued)

15.2 Cost of equity accounted investee

	2017	**2017**	2016	2016
	Group	**Company**	Group	Company
	€000	**€000**	€000	€000
Fair value of net identifiable assets at date of acquisition	**1,082**	**1,082**	1,082	1,082
Goodwill inherent in the cost of Investment	**848**	**848**	848	848
	1,930	**1,930**	1,930	1,930
Cumulative capital contributions	**244**	**244**	244	244
Cost of investment at 1 January and 31 December	**2,174**	**2,174**	2,174	2,174
Share of post-acquisition reserves	**344**		83	
Share of profit for the year	**48**		290	
Foreign currency translation difference arising on share of profit for the year	**(5)**		(29)	
Equity accounted investee at 31 December	**2,561**		2,518	

IC Cesme, the only joint arrangement in which the Group participates, is principally engaged in the operation of a marina in Turkey. IC Cesme is an unlisted joint arrangement and is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified the investment in IC Cesme as a joint venture which is equity accounted.

In accordance with the agreement under which IC Cesme is established, the Group and the other investors to the joint venture agree to make additional contributions in proportion to their interests, if required.

15.3 Summary of financial information of joint venture

The Group's share of profit in its equity accounted investee for the year amounted to €48k (2016: €290k). This investee is not listed and consequently no published price quotations are available. The reporting date of this entity is 31 December. The entity is exposed to the country risks relating to Turkey and other risks associated with the trends and future outlook of the marina industry as a whole.

The following table summarises the financial information of IC Cesme based on its financial information prepared in accordance with IFRS as adopted by the EU. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in IC Cesme, which is accounted for using the equity method of accounting:

15 Investment in joint venture (continued)

15.3 Summary of financial information of joint venture (continued)

	2017	2016
	€000	€000
Non-current assets	**11,574**	11,951
Current assets (including cash and cash equivalents amounting to €2,919k (2016: €4,458k)	**4,483**	6,537
Non-current liabilities	**(4,833)**	(12,087)
Current liabilities (including trade and other payables amounting to €774k (2016: €267k)	**(9,306)**	(4,589)
Net assets	**1,918**	1,812
Group's interest in net assets - 45% interest therein at the beginning of the year	**815**	525
Group's share of profit and total comprehensive income (45%)	**48**	290
Group's interest in net assets of investee at end of year	**863**	815
Carrying amount in the statement of financial position at end of year	**2,561**	2,518
Continuing operations		
Revenue	**4,817**	5,391
Personnel expenses	**(663)**	(733)
Depreciation	**(806)**	(778)
Other operating expenses	**(3,363)**	(2,505)
Results from operating activities	**(15)**	1,375
Net finance costs	**(271)**	(347)
Profit before tax and total comprehensive income for the year	**(286)**	1,028
Taxation	**392**	(383)
Profit and total comprehensive income for the year	**106**	645
Group's share of profit and total comprehensive income (45%)	**48**	290
Foreign currency translation difference arising on share of profit for the year	**(5)**	(29)
Change in carrying amount of interest in joint venture	**43**	261

15 Investment in joint venture (continued)

15.4 Impairment assessment of investment in joint venture

As explained in note 15.1, the Company acquired its investment in IC Cesme, a joint venture in 2011. IC Cesme owns a marina in Turkey. Between 2012 and 2013, IC Cesme established itself as a fully operational marina. In view of the geo-political status of the investee and the working capital deficiency at the reporting date, the directors have evaluated whether the recoverable amount of the investment in IC Cesme exceeds the carrying amount. As the external valuers, CBRE UK Limited are appointed throughout the CNMIL Group to value the properties held, the directors have considered it opportune, in determining the recoverable amount of the marina held by IC Cesme, to rely on such an external valuation. The fair value of the property has been arrived at by reference to its trading potential and is subject to a 25 year Build-Operate-Transfer ("**BOT**") contract expiring on 22 April 2034, with no renewal rights.

The recoverable amount was based on an income capitalisation approach. EBITDA has been based on the 2018 projections which have been determined on the basis of a reasonably efficient operator. This EBITDA has been capitalised at a rate of 8% for the remainder of the term of 16 years for the BOT contract giving a capitalisation multiple of 8.85.

The estimated recoverable amount of the Company's investment in IC Cesme's net assets at Group and Company level, exceeds its carrying amount by approximately €1,366k and €1,752k respectively. Management has identified the following assumption for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount.

15 Investment in joint venture (continued)

15.4 Impairment assessment of investment in joint venture (continued)

The following table shows the extent by which the key assumption is required to vary in order for the estimated recoverable amount to be equal to the carrying amount.

	Management's assessment of recoverable amount	**Sensitivities on key assumption**
Yield %	8%	11.1%
Excess of recoverable amount over net assets:		
The Group	€1,366k	€Nil
The Company	€1,752k	€387k

16 Loans to Parent company

16.1	**2017**	2016
	€000	€000
Group and Company		
At 1 January	**4,237**	3,837
	======	======
At 31 December	**3,951**	4,237
	======	======

16 Loans to Parent company (continued)

16.2 Related terms and conditions (continued)

The Company's joint venture (note 15), IC Cesme has a loan with Isbank in the form of a Term Facility Agreement ("**Term Facility**", which facility amounts to €7,000k), repayable in semi-annual instalments subject to a nominal interest rate of six month Euribor plus 4.5%. The respective repayments were originally planned to commence in December 2011, which were then renegotiated in July 2015, to semi-annual repayments of €538k each, in full, by the fall of 2022. The balance payable on this loan as at 31 December 2017 amounts to €5,385k (2016: €6,462k).

In addition to the Term Facility referred to above, Isbank provided other sub-loans in the form of a General Cash and Non-Cash Credit Agreement ("**Subordinated Loans**") with a maximum facility of €10,000k, subject to a 1.4% nominal rate of interest with the various drawdowns maturing at different dates depending on the respective draw-down date. The total balance payable on the sub-loans as at 31 December 2017 amounts to €6,525k (2016: €8,495k).

The Subordinated Loans are secured by cash pledges by the shareholders of IC Cesme. The cash pledge continues to be held in the name of the Company's parent ("**CNMIL**"), but in terms of the sale agreement, the Company has lodged an equivalent sum with CNMIL in anticipation of Isbank agreeing to complete the legal formalities relating to this substitution, which has not yet been completed. Accordingly CNMIL acts as a guarantor and sponsor of IC Cesme's repayment obligations under the Term Facility and the Subordinated Loans to the extent of 45% (reflective of the Company's beneficial interest in IC Cesme) for any failure by IC Cesme to honour repayments.

In the meantime, the Company indemnified CNMIL in the event that Isbank enforces any of its rights under the Term Facility and has irrevocably instructed and authorized the Company's Parent company to hold and apply the cash pledge in conformity with all the obligations under the Isbank documents.

As a result of the aforementioned General Cash and Non-Cash Credit Agreement, and following IC Cesme's repayment of €1,968k from the Subordinated loan during 2017, the Company's loan receivable from its Parent company, pledged in favour of Isbank for the Subordinated Loans taken out, reduced by €886k, thereby amounting to €2,951k (2016: €3,837k). Following the reporting date the directors of IC Cesme have agreed with the bank to roll forward an amount of €1,225k in subordinated loans due for repayment in February 2018, for another two years. In addition Isbank has intimated that the remaining portion of subordinated loan amounts of €2,085k, €1,150k, €1,140k, €400k and €525k due for repayment in July, August, September and December 2018 and June 2019 respectively, can be rolled over by the bank in accordance with the approval of its credit committee.

16 Loans to Parent company (continued)

16.2 Related terms and conditions (continued)

Based on the cash projections prepared, the directors expect that IC Cesme will be able to generate sufficient cash flow to be able repay its other existing loan commitments under the term facility and will also be in a position to roll-forward and agree new repayment terms, in respect of any outstanding balance due on the sub-loans, to a period beyond 2022 in such a way which will not necessitate the bank to make recourse to the cash pledge.

On the basis of the foregoing the directors continue to be of the view that there are no triggers for impairment in relation to the loan receivable.

In addition to the above pledged loan between the Company and its Parent company, additional loans to the Parent company increased to €1,000k in March 2017 (2016: €400k), being the principal amount of an upstream loan, carrying interest at a rate of 4% per annum and repayable by the 14 March 2019.

17 Assets held in trust

In accordance with the terms of the Trust Deed for the Company's unsecured 7% Bond, the Company was required to establish a sinking fund in which €1,926k was placed to support repayment of the Bond. Upon full redemption of the 7% Bond on 21 August 2017, the sinking fund was fully liquidated, with a nil balance as at balance sheet date (2016: €1,926k).

18 Deferred tax assets and liabilities

18.1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group and Company

	Assets		**Liabilities**		**Net**	
	2017	2016	**2017**	2016	**2017**	2016
	€000	€000	**€000**	€000	**€000**	€000
Plant and equipment	**-**	-	**(1,506)**	(1,521)	**(1,506)**	(1,521)
Provision for doubtful debts	**12**	12	**-**	-	**12**	12
Operating lease charges	**163**	168	**-**	-	**163**	168
Unrelieved tax losses and unabsorbed capital allowances	**492**	859	**-**	-	**492**	859
Net tax assets / (liabilities)	**667**	1,039	**(1,506)**	(1,521)	**(839)**	(482)

18 Deferred tax assets and liabilities (continued)

18.2 Movement in temporary differences during the year

	Balance 1 January 2017	**Recognised in profit or loss**	**Balance 31 December 2017**
	€000	**€000**	**€000**
Group and Company			
Plant and equipment	**(1,521)**	**15**	**(1,506)**
Provision for doubtful debts	**12**	**-**	**12**
Operating lease charges	**168**	**(5)**	**163**
Unrelieved tax losses and unabsorbed capital allowances	**859**	**(367)**	**492**
	(482)	**(357)**	**(839)**

	Balance 1 January 2016	Recognised in profit or loss	Balance 31 December 2016
	€000	€000	€000
Group and Company			
Plant and equipment	(1,524)	3	(1,521)
Provision for doubtful debts	11	1	12
Operating lease charges	172	(4)	168
Unrelieved tax losses and unabsorbed capital allowances	1,237	(378)	859
	(104)	(378)	(482)

19 Trade and other receivables

19.1

	Note	**2017**	2016
		€000	€000
Group and Company			
Trade receivables		**686**	737
Amounts receivable from related parties:			
Camper & Nicholsons Marina Investments Limited	19.2	**229**	211
Prepayments and accrued income		**145**	140
		1,060	1,088

19 Trade and other receivables (continued)

19.2 The amounts owed by related parties are unsecured, interest free and repayable on demand. This amount includes accrued interest of €229k (2016: 207k) on the loans to the Parent company.

19.3 The Company's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 24.

20 Equity

20.1 Share capital

	2017	2016
	€000	€000
Authorised share capital		
20,000,000 ordinary shares of €0.12 each	**2,400**	2,400
	======	======
Issued share capital		
20,000,000 ordinary shares of €0.12 each	**2,400**	2,400
	======	======

20.2 Shareholders' rights

Shareholders are entitled to vote at meetings of the Company on the basis of one vote for each share held. They are entitled to receive dividends as declared from time to time and rank *pari passu* with respect to any distribution, whether of dividends or capital, in a winding up or otherwise.

20.3 Translation reserve

This translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. This reserve is not distributable.

20.4 Dividends

The following dividends were declared and paid by the Company for the year ended 31 December:

	2017	2016
	€000	€000
€Nil (2016: €0.024) per qualifying ordinary share	**-**	480
	======	======

21 Borrowings

21.1 This note provides information about the contractual terms of the Group's interest-bearing borrowings which are measured at amortised cost. For more information about the Company's exposures to liquidity and interest rate risks, see note 24.

	Note	**2017** €000	2016 €000
Group and Company			
Non-current			
Debt securities in issue	21.2	**14,610**	10,810
		======	======
Current			
Bank overdraft	23.1	**2**	1
		======	======

The bank overdraft bears interest at the rate of 4.85% per annum and is repayable on demand.

21.2 Debt securities in issue

By virtue of the Prospectus dated 26 June 2017, the Company announced the early redemption of the 7% unsecured €12 million bond issued in 2010, from the proceeds of a new unsecured bond for an amount of €15 million, to which the existing bondholders and shareholders were given the option to subscribe. The bonds had a nominal value of €100 per bond and were issued at par. The bonds are subject to a fixed interest rate of 4.5% per annum payable semi-annually in arrears on 22 February and 22 August of each year. All bonds are redeemable at par (€100 for each bond) on the 23 August 2027.

The proceeds from the bond issue, net of bond issue expenses, amounting to €14.6 million will be used by the Company for the following purposes:

1. €11 million already used for the redemption of the 7% unsecured bond
2. €3.5 million for further waterside investment within the Marina which is envisaged to take place in two separate stages
3. €50k for general corporate and operational purposes

The bonds have been admitted to the Official List of the Malta Stock Exchange. The quoted market price of the bonds at 31 December 2017 was €104.99, which in the opinion of the directors represented the fair value of these financial liabilities.

21 Borrowings (continued)

21.2 Debt securities in issue (continued)

The bonds are measured at the amount of net proceeds adjusted for the amortisation of the difference between net proceeds and the redemption value of the bonds using the effective interest method as follows:

	2017	2016
	€000	€000
Group and Company		
Original face value of bonds issued	**15,000**	12,000
Bonds bought back by the Company	**-**	(1,031)
Face value of bonds, after bonds bought back	**15,000**	10,969
Gross amount of bond issue costs	**(402)**	(440)
Cumulative amortisation of gross amount of bond issue costs	**-**	233
Amortisation charge for the year*	**12**	48
Unamortised bond issue costs	**(390)**	(159)
Amortised cost and closing carrying amount of the bond	**14,610**	10,810

*The amortisation charge for 2017 does not include the full amortisation of €159k following the early redemption of the 7% Bond.

21.3 Banking facilities

The Company enjoys a general banking facility up to an amount of €1,747k in connection with the operation of the marina and the issuance of special guarantees. This facility incorporates the issuance of a Performance Bond in favour of the Malta Environmental and Planning Authority for €35k (2016: €35k).

21.4 Security

21.4.1 The Company's bank overdraft is secured by:

- a first general hypothec for €1,747k on overdraft basis over all the Company's assets, present and future; and

- a first special hypothec for €1,747k on overdraft basis on land held by the Company under title of temporary sub-emphyteusis (note 9.2.2).

22 Trade and other payables

22.1

	Note	2017	2016
	Note	€000	€000
Group and Company			
Trade payables		**217**	57
Amounts payable to related parties:			
Camper & Nicholsons Marinas Limited	22.2	**37**	26
Camper & Nicholsons Marinas International Limited	22.2	**53**	4
Other payables		**265**	190
Deferred income		**906**	947
Accrued expenses		**1,245**	1,435
		2,723	2,659

22.2 The amounts owed to the related parties are unsecured, interest free and repayable on demand.

22.3 The Group's exposures to currency and liquidity risks related to trade and other payables are disclosed in note 24.

23 Cash and cash equivalents

23.1

	Note	2017	2016
		€000	€000
Group and Company			
Cash in hand		**3**	3
Pledged cash balances		**7**	-
Other bank balances		**7,667**	1,084
Cash at bank and in hand		**7,677**	1,087
Bank overdraft used for cash management purposes	21.1	**(2)**	(1)
Pledged cash balance		**(7)**	-
Cash and cash equivalents in the statements of cash flows		**7,668**	1,086

24 Financial instruments

24.1 Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout the notes to the financial statements.

24.2 Risk management framework

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 Company, to set appropriate risk limits and controls, and to 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. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

24.3 Credit risk

Credit risk is the risk of financial loss to the Group if a berth-holder or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from berth-holders and amounts on-lent to the Company's parent which has been pledged as collateral for funds borrowed by the joint venture (note 16.2).

24.3.1 Loans and receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each berth-holder, by way of concessions. Credit risk with respect to receivables from short-term berth-holders is limited due to the spread of the number of berth-holders comprising the Group's debtor base. Amounts receivable with respect to the licensing of long-term berths are usually secured upon the signing of the relative agreement with the berth-holder. An instalment sale could be agreed with long-term berth holders on a case-by-case basis, in which case the Group will mitigate its credit risk by retaining the special privilege competent to it in terms of law on the right of use of the berth granted by Grand Harbour Marina p.l.c. to the grantee.

24 Financial instruments (continued)

24.3 Credit risk (continued)

24.3.1 Loans and receivables (continued)

In relation to short-term berth licenses, the Group has a credit policy in place whereby berth-holders are analysed into three categories: individuals, legal entities and agents. The credit terms offered to agents include a thirty-day credit period, whereas individuals and legal entities have no credit terms.

The Company does not require collateral in respect of any receivables. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

24.3.2 Cash at bank

Credit risk on cash at bank is limited as funds are likewise held with local financial institutions with investment grade ratings (Fitch) AA- and BBB+.

24.3.3 Exposure to credit risk

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

		Carrying amount	
		2017	2016
Group and Company	**Note**	**€000**	€000
Parent company loan	16.1	**3,951**	4,237
Trade receivables	19.1	**686**	737
Amounts receivable from related parties	19.1	**229**	211
Assets held in trust	17.1	**-**	1,926
Cash at bank	23.1	**7,667**	1,084
		------------	------------
		12,533	8,195
		=====	=====

24 Financial instruments (continued)

24.3 Credit risk (continued)

24.3.3 Exposure to credit risk (continued)

The maximum exposure to credit risk for trade receivables which arise all in Malta at the reporting date by type of customer was:

Group and Company	Note	Carrying amount **2017** €000	2016 €000
Individuals		**114**	133
Legal entities		**277**	235
Agents		**295**	404
		------------	------------
		686	772
Impairment losses	24.3.4	**-**	(35)
		------------	------------
		686	737
		====	====

24.3.4 Impairment losses

The ageing of trade receivables at the reporting date, before impairment losses, was:

Group and Company	**2017** €000	2016 €000
Not past due not impaired	**258**	470
1 to 2 months	**143**	101
2 to 4 months	**225**	90
Over 4 months	**60**	111
	------------	-----------
	686	772
	====	====
Impairment losses		
Past due and impaired	**-**	35
	====	====

24 Financial instruments (continued)

24.3 Credit risk (continued)

24.3.4 Impairment losses (continued)

The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:

Group and Company	**2017**	2016
	€000	€000
Balance at 1 January	**35**	30
Increase of impairment loss	**-**	5
Balance at 31 December	**35**	35

24.3.5 Guarantees and letter of financial support

As explained in note 16.2, the Company has pledged the amount due by the Company's parent as security for funds borrowed.

24.4 Liquidity risk

Liquidity risk is the risk that the Group encounters difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its cash flow requirements on a weekly basis and ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted. In addition, the Company avails itself of a general banking facility amounting to €1,747k (note 21.3), of which €37k was utilised at 31 December 2017 (note 23.1).

24 Financial instruments (continued)

24.4 Liquidity risk (continued)

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

Group and Company	Note	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	Over 3 years
		€000	€000	€000	€000	€000	€000
31 December 2017							
Debt securities in issue	21.1	**14,610**	**(21,750)**	**(340)**	**(335)**	**(675)**	**(20,400)**
Bank overdraft	21.1	**2**	**(2)**	**(2)**	**-**	**-**	**-**
Trade and other payables (excluding deferred income)	22	**1,817**	**(1,817)**	**(1,817)**	**-**	**-**	**-**
		17,429	**(23,569)**	**(2,159)**	**(335)**	**(675)**	**(20,400)**
31 December 2016							
Debt securities in issue	21.1	10,810	(13,273)	(384)	(384)	(768)	(11,737)
Bank overdraft	21.1	1	(1)	(1)	-	-	-
Trade and other payables (excluding deferred income)	22	1,712	(1,712)	(1,712)	-	-	-
		12,523	(14,986)	(2,097)	(384)	(768)	(11,737)

24 Financial instruments (continued)

24.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

24.5.1 Currency risk

The Group's exposure to currency risk is limited to expenses that are denominated in a currency other than the Company's functional currency, primarily the British Pound (GBP), on intra-group balances. The Group it not exposed to exchange rate movements on the Turkish Lira other than in respect of the Group's share in the post-acquisition reserves of its equity-accounted investee. The Group does not hedge against exchange gains or losses which may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

24.5.2 Interest rate risk

The Group adopts a policy of ensuring that its exposure to changes in interest rates on interest-bearing borrowings is limited by entering into financial arrangements subject to fixed interest rates and other arrangements with a fixed interest margin over the bank's base rate. During the year ended 31 December 2017, the Company issued bonds at a fixed rate of 4.50%. These are, therefore, not subject to interest rate fluctuations.

24.6 Market price risk

The Group's exposure to market price risk relates mainly to changes in the value of property, plant and equipment ("marina assets"). Marinas and marina related real estate are inherently difficult to value due to the individual nature and particular characteristics of each property. As a result, professional valuations are subject to uncertainty and there can be no assurance that estimates resulting from the valuation process will reflect the actual sale price achievable in the marketplace.

The market value of the marina assets, including that which is held through the Company's investment in the joint venture (IC Cesme), may be affected by general economic conditions, including changes in interest rates, inflation, and changes in the political and the economic climate.

Operating income and capital values may also be affected by other factors specific to the marina industry such as competition from other marina owners, the perceptions of berth holders (and prospective berth holders) of the attractiveness, convenience and safety of marinas, and increases in operating costs such as labour, maintenance and insurance etc. The Directors monitor market value by having annual valuations carried out by CBRE Limited.

24 Financial instruments (continued)

24.7 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Equity consists of share capital, other reserves and retained earnings. The Board of Directors monitors the return on capital, which the Company defines as the profit for the year divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year. Neither the Group nor its joint-venture are subject to externally imposed capital requirements.

24.8 Fair values

At 31 December 2017 and 2016, the carrying amount of financial assets and financial liabilities approximated their fair values. Level 1 prices have been applied to get to the amount disclosed for the fair value of the bonds in issue, whereas Level 3 inputs have been used to arrive at the fair value of the marina held by IC Cesme.

25 Capital commitments

No capital commitments were authorised and contracted for, or yet to be contracted for, at the reporting date and at the end of the comparative period.

26 Related parties

26.1 Parent and ultimate controlling party

The Company is a subsidiary of Camper & Nicholsons Marina Investments Limited ("**CNMIL**"), the registered office of which is situated at Bordage House, Le Bordage, St Peter Port Guernsey GY1 1BU. CNMIL prepares consolidated financial statements of the Group of which Grand Harbour Marina p.l.c. forms part.

26 Related parties (continued)

26.2 Related party relationships, transactions and balances

Companies forming part of the CNMIL Group are considered by the directors to be related parties as these companies are ultimately owned by CNMIL. The transactions and balances with such parties were as follows:

	2017	2016
Group and Company	**€000**	€000
Camper & Nicholsons Marinas Limited		
Balance payable at 1 January	**(26)**	(48)
As per Marina Services Agreement:		
Recruitment, operational services and auditing (2.5% of revenue subject to a minimum fee of GBP18k per annum)	**(104)**	(105)
Sales and marketing fees (fixed fee of GBP3.2k per month)	**(44)**	(47)
Management, finance and other related services and expenses	**(107)**	(93)
Cash movements	**244**	267
Balance payable at 31 December	**(37)**	(26)

26 Related parties (continued)

26.2 Related party relationships, transactions and balances (continued)

	2017	2016
	€000	€000
Camper & Nicholsons Marinas International Limited		
Balance payable at 1 January	**(4)**	(30)
Royalty fees (1.5% of revenue excluding direct costs of utilities) as per Trade Mark License Agreement	**(53)**	(55)
Cash movements	**4**	81
Balance payable at 31 December	**(53)**	(4)
Camper & Nicholsons Marina Investments Limited		
Balance receivable at 1 January	**611**	169
Costs recharged	**6**	7
Interest receivable	**65**	40
Upstream loan advanced	**600**	400
Loan interest repayment	**(45)**	-
Other cash movements	**(8)**	-
Balance receivable at 31 December*	**1,229**	611

* This amount excludes the cash-pledge of €2,951k (2016: €3,837k) in note 16, and includes the €1,000k (2016: €400k) upstream loan instrument from the Company to the Parent company.

	2017	2016
Total net amount receivable at 31 December	**1,139**	581

27 Litigation and claims

The Company's joint venture, IC Cesme, is disputing the following three claims:

i) The Group's joint venture, IC Cesme, is disputing a claim by the District Governorship of Cesme that the landside tenants/subtenants in Cesme should pay to the Governorship a charge of 1% on the annual revenues from 2010 to 2017 and in future years. This charge would ultimately be the responsibility of IC Cesme in the event that the Governorship's claim is successful and the tenants/subtenants do not make the payment. The Board of Directors of IC Cesme Marina believes that this claim is contrary to the signed agreements and in this regard has initiated a legal case. As at 31 December 2017, the potential claim would amount to €776k (2016: €772k) with the Group's 45% share being €350k (2016: €347k) if IC Cesme had to make payment in full.

ii) IC Cesme, is disputing a claim and lawsuit by the Izmir Tax Inspection Board that it has incorrectly calculated the useful lives of certain assets and therefore the depreciation charge for the years between 2010 and 2013 resulting in a claim for payment of €145k tax, including an €87k penalty. The Board of Directors of IC Cesme, having consulted the company's Attorney, believe the lawsuit will be cancelled in a subsequent period. However, in the event that it was not cancelled and IC Cesme lost the lawsuit, it would result in a liability of €145k (2016: €177k) with the Group's 45% share being €65k (2016: €80k).

iii) IC Cesme is also disputing a claim and lawsuit by a former tenant of Cesme Marina, Bolluca Turizm Gida San. ve Dis Tic.Ltd.Sti., which started a legal case against IC Cesme after its contract was terminated in 2011 due to the lack of rental payments. The Board of Directors of IC Cesme, having consulted the company's Attorney, consider that the claim is not valid. However, as no accrual has been made, in the event that IC Cesme lost the lawsuit, it would result in a liability of €1,439k (2016: €Nil) with the Group's 45% share being €648k (2016: €Nil).