Grand Harbour Marina p.l.c.

Annual Report

2012

Company Registration Number: C 26891

Grand Harbour Marina p.l.c.

Grand Harbour Marina p.l.c.

Chairman's Statement

For the Year Ended 31 December 2012

OVERVIEW

The consolidated results of the Grand Habour Marina Group ("the Group") show a profit before tax of €1.37 million which is a significant improvement on the previous year when the Group registered a loss before tax of €0.52 million. As a result, the Board of Directors declared a net final dividend of €1.2 million on the 27 February 2013.

Summary of Group Results

	2012			***2011***		
	Grand Harbour Marina	**45% Share of IC Cesme**	**Consolidated**	***Grand Harbour Marina***	***45% Share of IC Cesme***	***Consolidated***
All Figures in € millions						
Revenues	5.93	1.85	7.78	*3.72*	*1.19*	*4.91*
EBITDA [1]	2.61	0.57	3.18	*1.17*	*0.27*	*1.45*
Profit/(Loss) before income tax	1.54	(0.13)	1.37	*(0.06)*	*(0.46)*	*(0.52)*
Profit/(Loss) after income tax	1.70	(0.13)	1.54	*(0.23)*	*(0.45)*	*(0.68)*

2012 has been a year where Grand Harbour Marina p.l.c ("the Company") continued to make good progress in terms of increases in revenue. We have also secured the sale of a 100 metre berth. The overall result shows a profit before tax of €1.54 million compared to a loss before tax of €0.1 million in 2011.

Included in the consolidated results is our 45% shareholding in IC Cesme Marina in Turkey. This marina continues to show improvement in its operations and has generated a reduced loss for the year of €0.29 million (our 45% share €0.13 million) compared to a loss after tax of €1 million since acquisition in 2011. This marina has yet to reach maturity but is making good progress in that direction.

Grand Harbour Marina p.l.c.

Financial Results

The Company has once more experienced growth in EBITDA through increased revenue. Income from berth rentals and ancillary services for the year ended 31st December 2012 was at €2.82 million, an increase of 11% over 2011. The Company also sold a 100 metre berth which contributed another €3.11 million to total revenue. The Company's operating costs, excluding the impact of direct costs related to berth sales, were €1.62 million, an increase of 10% over 2011. The costs resulting from the berth sale, which comprise the capital cost of the berth sold, brokerage commissions, turnover rent payable and operator fees, stood at €1.13 million.

As a result the Company registered a profit at the EBITDA level of €2.61 million. Finance costs and the depreciation expense amounted to €1.07 million, resulting in a profit before tax of €1.54 million.

Grand Harbour Marina (continued)

Financial Results (continued)

In line with the requirements of the Bond Prospectus of 2010, the Company has appointed HSBC as trustees of a purposely instituted Sinking Fund. During January 2013 the amount of €375,000 was placed in this Fund.

Operational Performance

During 2012, the Company retained an occupancy rate of just over 100% for its pontoon berths. It is configured with 197 pontoon berths for yachts up to 25 metres in length and 33 berths for yachts between 30 and 100 metres in length. During 2012, we had 135 super yacht visitors, a decrease from 2011, reflecting the weak international economic environment, and the difficulties in Italy in particular.

The Company has also continued to benefit from the management role of Camper & Nicholsons ("C & N"). Our longstanding relationship has ensured that our staff, ably led by the General Manager Ben Stuart, embrace the operating standards of C & N, such that the marina retains its status as one of the premium marinas in the Mediterranean.

Sales and Marketing

As reported last year, market conditions for the sale of long term superyacht berth licences were challenging. There remains a pipeline of opportunities but it remains difficult to predict which, if any, may result in a future sale. Unsold super yacht berths have a value in excess of €40 million at current price levels before discounts. The Company's planning application for an extension of the super-yacht capacity continues to be pursued but reconfiguration work will commence only when there are sufficient buyers for the new berths.

In spite of these challenges, the Company continued with its presence at the main international yacht and charter boat shows in Monaco, Dusseldorf, Fort Lauderdale, Genoa and Antibes. The Company also participated actively in the exhibition at Harrods organised by the Government of Malta. We have also signed a five year sponsorship agreement for the international classic boat race the 'Camper & Nicholson's Trophee Bailli de Suffren'.

Our majority shareholder Camper & Nicholsons Marina Investments Ltd has been instrumental in placing both the Company and Malta among the leading yachting centres of the Mediterranean and the development of this activity continues to produce significant economic benefits for the country as a whole.

Corporate Social Responsibility

We are fully conscious of our role in the Cottonera Community and the Maltese society at large. We actively support the Malta Sail Training Association (MSTA). The objective of MSTA is to provide life skills and career direction to disadvantaged Maltese individuals. During 2012 we took fifteen children residing in Cottonera with the assistance of the local councils of Birgu, Cospicua and Senglea on a weekend sailing experience. One participant has since enrolled at the Nautical Institute of the Malta College of Arts, Science and Technology and is pursuing a career in the maritime sector.

Grand Harbour Marina (continued)

Corporate Social Responsibility (continued)

Our involvement with local authorities has resulted in the formation of the Malta Professional Yachtsman's Association (MPYA) which has been recognised by Transport Malta as a consultative body. The MPYA will provide yachtsmen working on Malta registered vessels with information and career support as well as a seaman's book approved and recognised by both local and international authorities. The association is based at the offices of the Company and the General Manager of the Company has been appointed as its secretary.

During 2012, we continued with our support of Heritage Malta and the Vittoriosa Stars football nursery.

IC Cesme Marina

Financial Results

Cesme Marina, our 45% joint venture, completed a successful year with further growth in both seaside and landside revenues. Total revenues increased by 35% over 2011 with increases of 46% and 25% in seaside and landside respectively. EBITDA increased to €1.3 million compared to the €0.6m registered in 2011 between the acquisition date and year-end. After finance charges and depreciation, Cesme made a loss before tax of €0.3 million (2011: €1.5 million loss including pre-acquisition period). The Group's 45% share includes revenues of €1.8 million (2011: €1.3 million including pre-acquisition period) and loss before tax of €0.1 million (2011: €0.7 million loss including pre-acquisition period).

Operational Performance

The profile of Cesme Marina was enhanced further with the award for 'Best Tourism Investment of the Year' in the Izmir region. Approved by the Turkish Sailing Federation, the marina has organised sailing regattas to promote the marina and its facilities to boat owners and crew. The marina has also hosted a number of landside events including concerts, festivals and parties which have attracted not only members of the yachting community but also many local people. The marina is now considered to be a key element of the local community.

The Marina has a capacity of 353 berths of 6 to 45 metres. At the end of 2012 there were 313 annual berthing contracts in place, an increase of 25% over the end 2011 level. Although that represents just under 90% of the available berths only 63% of the berthing area was occupied so there remains the opportunity for further berthing revenue growth in addition to the impact of price increases. The marina is at full capacity in relation to boats up to 15 metres.

The retail offering was improved with underperforming units replaced by new brands to ensure that all 58 retail units in the village remained fully occupied. Increased stand advertising revenues, extended utilisation of some food & beverage units and increased commercial sponsorship of events contributed to the improved landside performance.

The extension of the breakwater to improve comfort in the marina was completed in the first half of 2012 and did assist with occupancy of the outermost large berths in spite of the unusually high wind levels during the 2012 season.

Grand Harbour Marina p.l.c.

Chairman's Statement (continued)

For the Year Ended 31 December 2012

Consolidated Basis

The consolidated statement of financial position as at 31 December 2012 comprises the assets and liabilities of the Company, its wholly owned subsidiary Maris Marine Limited and on a proportional basis, the Company's interest (45%) in IC Cesme. Total assets of €27.8 million compared to €24.5 million at the end of 2011. They included the tangible fixed assets employed in the marina businesses, the goodwill arising on the acquisition of IC Cesme of €0.8 million, the loan to the Parent Company (which represents the assumption of the parent company cash pledge re IC Cesme Marina) of €3.5 million and Malta Government Stocks of €1.6 million. Total liabilities amounted to €23.1 million compared to €21.3 million at the end of 2011. These were mainly the unsecured bonds of the Company, the long-term debt of IC Cesme and trade creditors. A deferred tax liability of €0.2 million arises on the acquisition of IC Cesme in relation to the fair value adjustment of the property it holds.

Board and Management Changes

In December 2012 Mr Nicholas Maris resigned from his post of Director and Chief Executive Officer of the Company. The Board expresses its appreciation for his contribution to the Company. In February 2013, Mr Clive Whiley joined the Board. His extensive experience in international business will be an asset to the consolidated activities in Grand Harbour Marina plc. In January 2013, Andrew Farrugia was appointed Financial Controller of Grand Harbour Marina p.l.c in place of Ms Claudia Abela, who resigned from her post.

Outlook

The slowdown in the economic performance of the European Union, growing unemployment in several major economies and the continuing uncertainty in the financial markets continue to present a challenge to the Company as it seeks to continue making gains in operating efficiency, conclude further berth sales and reap the benefits of the investment in IC Cesme Marina in Turkey which is outside the European Union.

The Board of Directors is also continuing to explore further opportunities for expansion of our activities within the Mediterranean which will utilise our cash resources effectively.

Our priority as a Board remains generating increasing value for our shareholders and strengthening the sustainability of the Company for the benefit of all our stakeholders. We strongly believe that the Board together with the management team, supported by our parent company Camper & Nicholsons Marina Investments Ltd, is well placed to achieve this objective.

Tabled at the Board of Directors' Meeting held on 12 March 2013.

Lawrence Zammit
Chairman

Grand Harbour Marina p.l.c.

Directors' Report

For the Year Ended 31 December 2012

The directors' present their report of Grand Harbour Marina p.l.c. (the "Company") for the year ended 31 December 2012.

Board of Directors

Mr Lawrence Zammit (Chairman)
Mr Roger St John Hulton Lewis
Sir Christopher Lewinton
Mr Franco Azzopardi
Mr David Martin Bralsford (appointed on 15 March 2012)
Mr Nicholas Maris (resigned on 14 December 2012)
Mr John Mulock Hignett (resigned on 29 February 2012)
Mr Clive Peter Whiley (appointed on 27 February 2013)

Principal Activities

The principal activities of the Company and its jointly-controlled entity are largely 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 super-yachts, 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 Marina in Turkey. The Marinas are operated and managed in association with the internationally well-known company Camper & Nicholsons Marinas Limited, a company involved in the management and operation of marinas worldwide.

The principal activity of the Company and its jointly-controlled entity is therefore to seek prospective customers to berth their vessels within their facilities at the Grand Harbour Marina in Vittoriosa, Malta, and at Cesme Marina, Turkey, 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 on pages 1 to 4 reviews the business of the Company and its jointly-controlled entity for the year. The results of its operations are set out in the statement of comprehensive income.

The financial position at 31 December 2012, as disclosed in the statement of financial position as at this date, reflects a healthy state of affairs.

Future Developments

The slowdown in the economic performance of the European Union members, growing unemployment in several major economies and the continuing uncertainty in the financial markets continue to present a challenge to the Company as it seeks to continue making gains in operating efficiency, conclude further berth sales and reap the benefits of the investment in IC Cesme Marina in Turkey.

Future Developments (continued)

The Board of Directors is also continuing to explore further opportunities for expansion of our activities in Malta through appropriate partnerships and through maximising the use of water space at the Marina.

Our priority as a Board remains generating increasing value for our shareholders and strengthening the sustainability of the Company for the benefit of all our stakeholders. We strongly believe that the Board together with the management team, supported by the partnership with Camper & Nicholsons, is well placed to achieve this objective.

Business Risks and Uncertainties

The financial performance of the Company depends on the timing, number and extent of berth sales. Therefore the Company and its jointly-controlled entity are exposed, to a certain extent, to the risks associated with the trends and future outlook of the yachting industry on a global scale.

Going Concern

The directors have reviewed the Company's operational and cash flow forecasts. On the basis of this review, after making enquiries, and in the light of the current financial position, 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.

Dividend

During the meeting of the Board of Directors of the Company held on 27 February 2013, the directors approved a net final dividend of €0.12 per share equivalent to €1,200,000.

Reserves

The movements on reserves 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.

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 three hundred and twenty nine thousand three hundred and seventy euro (€2,329,370) divided into ten million ordinary shares of €0.232937 per share. 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 2012, Camper & Nicholsons Marina Investments Limited holds 7,917,209 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/trustees) holds in aggregate 828,730 shares in the Company (representing 8.29% of the total issued share capital). As far as the Company is aware, no other persons hold any direct or 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/s is not less than 100,000 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 only part 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 of Directors and shall be valid until the conclusion of the next annual general meeting.

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)

Amendment to the 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 12 March 2013 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, financial position and loss of Grand Harbour Marina p.l.c. ("the Company"), and that this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors on 12 March 2013 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 of Directors of the Company (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 comprises five non-executive directors, each of which were elected by the shareholders in general meeting – one of the directors (Mr. Clive Whiley) was co-opted by the Board on the 27 February 2013. 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 Audit Committee and the responsibilities of the Board are found in Principles 4 and 5 of this Statement.

Principle 2: Chairman and Chief Executive

During 2012, the Company's organisational structure incorporated the position of a Chief Executive Officer (Mr Nicholas Maris) and a Chairman (currently occupied by Mr Lawrence Zammit, who is an independent non-executive director). The roles of the Chief Executive Officer and of the Chairman were separate from each other.

Part 1: Compliance with the Code (continued)

Principle 2: Chairman and Chief Executive (continued)

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 developed 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.

With effect from the 14 December 2012, Mr Nicholas Maris relinquished his directorship and his position as Chief Executive Officer of the Company. Until such time as a replacement is sourced, the Chairman of the Company, Mr Lawrence Zammit, has been entrusted to perform an oversight role with the aim of enabling the board to effectively monitor the financial and operational performance of the Company.

Principle 3: Composition of the Board

The Board considers that the size of the Board, whilst not being large as to be unwieldy, is appropriate, taking into account the 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.

During the period under review, the Board consisted of five non-executive directors (one of which is the Chairman of the Company) and one executive director who resigned on 14 December 2012. Mr Lawrence Zammit and Mr Franco Azzopardi are considered to be independent within the meaning provided by the Code. The presence of the executive director on the Board was 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 director is provided with the information and explanations as may be required by any particular agenda item. Following the resignation of the Chief Executive Officer of the Company, the Board determined that, until such time as a replacement is sourced, the Chairman of the Company, Mr Lawrence Zammit, will perform an oversight role with the aim of enabling the Board to effectively monitor the financial and operational performance of the Company.

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.

Principle 5: Board Meetings

For the period under review, the Board has implemented its policy to meet at least once every quarter. As a matter of practice, each Board meeting to be held throughout the year was scheduled well in advance. 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. 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 2012, the Board met four times. Meetings were attended as follows:

Members[1]	No of Meetings held: (4)	Attended
Lawrence Zammit		4
Roger Lewis		4
Sir Christopher Lewinton		4
Franco Azzopardi		4
David Martin Bralsford		4
Nicholas Maris		3
John Hignett		0

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. In addition, unless otherwise dealt with in any other manner prescribed by the Listing Rules, 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 David Martin Bralsford (non-executive director). During 2012, the Audit Committee met six times.

Members[2]	No of Meetings held: (6)	Attended
Lawrence Zammit		6
Franco Azzopardi		6
John Hignett		0
David Martin Bralsford		3

[1] On the 29 February 2012, Mr John Hignett resigned from his position of non-executive director of the Company. On the 15 March 2012, Mr David Martin Bralsford was co-opted by the Board as a non-executive director of the Company. With effect from the 14 December 2012, Mr Nicholas Maris relinquished his directorship and his position as Chief Executive Officer of the Company.

[2] On the 29 February 2012 Mr John Hignett resigned from his position as audit committee member of the Company and on the 15 March 2012, Mr David Martin Bralsford was appointed an audit committee member of the Company.

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

Board Committees (continued)

Audit Committee (continued)

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 1985 and received a Master of Science in Finance from the University of Leicester in 2006.

Senior Executive Management

During 2012, the senior executive management of the Company was entrusted to Mr Nicholas Maris in his capacity as Chief Executive Officer and Mr Ben Stuart in his capacity as General Manager. In addition, the management of the Grand Harbour marina is entrusted to Camper & Nicholsons Marinas Limited pursuant to a marina service agreement dated 1 July 2007. The Chief Executive Officer, assisted by the General Manager, 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 and the General Manager reported directly to the Board of the Company. The Company's senior management is appointed by the Board.

The General Manager and Financial Controller of the Company attended meetings of the Board as and when requested. The Board is responsible for setting the business strategy and overall corporate governance of the Company. The attendance of the general manager 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. This is intended to, *inter alia,* ensure that the policies and strategies adopted by the Board are successfully implemented by the Company.

Since the resignation of Mr Nicholas Maris from his positions as Chief Executive Officer of the Company, the operations of the Company continue to be vested in the Company's general manager and its finance team and the marina management continues to vest in Camper & Nicholsons Marinas Limited. On the 4 January 2013, Ms Claudia Abela resigned from her position as Financial Controller of the Company – this position was subsequently filled by Mr Andrew Farrugia who was appointed as Financial Controller on the 5 January 2013.

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, 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 Marinas 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 approved by the Board.

Board Committees (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.

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://www.cnmarinas.com/marinas/grand-harbour-marina) also contains information about the Company and its business which is a source of further information to the market.

Board Committees (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 is fully conscious of its role in the Cottonera Community and the Maltese society at large. It actively supports the Malta Sail Training Association (MSTA), the objective of which is to provide life skills and career direction to disadvantaged Maltese individuals. During 2012, the Company organised a weekend sailing experience for fifteen children residing in Cottonera with the assistance of the local councils of Birgu, Cospicua and Senglea. One participant has since enrolled at the Nautical Institute of the Malta College of Arts, Science and Technology and is pursuing a career in the maritime sector.

The Company's involvement with local authorities has also resulted in the formation of the Malta Professional Yachtsman's Association (MPYA) which has been recognised by Transport Malta as a consultative body. The MPYA will provide yachtsmen working on Malta registered vessels with information and career support as well as a seaman's book approved and recognised by both local and international authorities. The association is based at the offices of Grand Harbour Marina and the General Manager of the Company has been appointed as its secretary.

During 2012, the Company continued with our support of Heritage Malta and the Vittoriosa Stars football nursery.

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/s not less than 100,000 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 Annual General Meeting.

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

Part 2: Non-Compliance with the Code (continued)

Principle 8B: Nomination Committee (continued)

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 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 Board reviews the effectiveness of the Company's system of internal controls.

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.

Grand Harbour Marina p.l.c.

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

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 of directors 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.

Listing Rule 5.97.5 (continued)

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.

Listing Rule 5.97.5 (continued)

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 by 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)

Listing Rule 5.97.5 (continued)

Remuneration Policy – Directors

The Board of directors 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 €45,610 (entirely representing a fixed 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 12 March 2013 by:

Franco Azzopardi
Director and Member of Audit Committee

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"). During 2012, Mr John Mulock Hignett (resigned from the Board of the Company on 29 February 2012) was also a director of CNML. The agreement was for an initial period of 3 years and continued in force thereafter. CNML is entitled to receive from the Company the following fees/charges:

- 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 GBP18,000 per annum;
- sales and marketing - GBP3,200 per month and 2.5% on licences in excess of one year;
- commissioning - sums shall be agreed from time to time in connection with projects undertaken;
- project services - charges are agreed from time to time; and
- financial controller support - a rate of GBP48 per hour for actual time spent on GHM work.

Royalty Agreement between the Company and Camper & Nicholsons (Designs) 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 GBP1,000 per month. This agreement has been replaced by an agreement dated 1 July 2007 between GHM and Camper & Nicholsons (Designs) Limited. Under the terms of this agreement, GHM is obliged to pay Camper & Nicholsons (Designs) Limited 0.25% of turnover as royalties with a minimum amount of GBP10,000 per annum. This agreement was terminated on 19 December 2008 and replaced by another agreement with Campers & Nicholsons Marinas International Limited. Under the terms of this new agreement the Company is obliged to pay Campers & Nicholsons Marinas International Limited 0.25% of operating turnover as royalties.

During 2012, the following directors of the Company were also directors in Camper & Nicholsons Marinas International Limited and / or other companies forming part of the same group of companies:-

Mr Roger St. John Hulton Lewis
Sir Christopher Lewinton
Mr David Martin Bralsford (appointed 15 March 2012)
Mr John Mulock Hignett (resigned on 29 February 2012)
Mr Nicholas Maris (resigned on 14 December 2012)

Grand Harbour Marina p.l.c.

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.

Directors' Responsibility for the Financial Statements

The Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") requires the directors of Grand Harbour Marina p.l.c. (the "Company") to prepare financial statements for each financial period which give a true and fair view of the financial position of the Company as at the end of the financial period and of the profit or loss of the Company for that period in accordance with the requirements of International Financial Reporting Standards as adopted by the EU.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the Act.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors, through oversight of management, are responsible for ensuring that the Company establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Management is responsible, with oversight from the directors, to establish a control environment and maintain policies and procedures to assist in achieving the objective of ensuring, as far as possible, the orderly and efficient conduct of the Company's business. This responsibility includes establishing and maintaining controls pertaining to the Company's objective of preparing financial statements as required by the Act and managing risks that may give rise to material misstatements in those financial statements. In determining which controls to implement to prevent and detect fraud, management considers the risks that the financial statements may be materially misstated as a result of fraud.

Signed on behalf of the Board of Directors by:

Lawrence Zammit	Franco Azzopardi
Chairman	Director

Grand Harbour Marina p.l.c.

Statements of Financial Position

As at 31 December 2012

	Note	**2012**	**2012**	2011	2011
		Group (Note 27)	**Company**	Group (Note 27)	Company
	Note	**€**	**€**	€	€
ASSETS					
Property, plant and equipment	13	**14,214,100**	**6,484,497**	15,045,145	7,179,565
Deferred costs		**490,769**	**490,769**	546,776	546,776
Goodwill	6.2	**848,799**	**-**	848,799	-
Parent company loan *	6.4	**3,445,500**	**3,445,500**	2,714,250	2,714,250
Investment in jointly-controlled entity	14	**-**	**2,173,796**	-	2,173,796
Investment in subsidiary	6	**-**	**115**	-	115
Available-for-sale investments	15	**1,612,501**	**1,612,501**	1,563,900	1,563,900
Deferred tax asset	16	**489,951**	**489,951**	-	-
Total non-current assets		**21,101,620**	**14,697,129**	20,718,870	14,178,402
Trade and other receivables	17	**3,128,728**	**2,709,671**	1,450,289	1,178,472
Cash at bank and in hand	21	**3,574,863**	**3,004,450**	2,299,858	2,202,295
Total current assets		**6,703,591**	**5,714,121**	3,750,147	3,380,767
Total assets		**27,805,211**	**20,411,250**	24,469,017	17,559,169
EQUITY					
Share capital	18	**2,329,370**	**2,329,370**	2,329,370	2,329,370
Fair value reserve		**36,601**	**36,601**	(12,000)	(12,000)
Retained earnings		**2,358,478**	**2,975,664**	872,022	1,322,827
Translation reserve		**(26)**	**-**	(26)	-
Total equity		**4,724,423**	**5,341,635**	3,189,366	3,640,197
LIABILITIES					
Deferred tax liability	16.2	**210,489**	**-**	219,559	-
Bonds-in-issue	19	**11,654,570**	**11,654,570**	11,619,024	11,619,024
Bank borrowings	19	**6,156,627**	**-**	6,203,800	-
Total non-current liabilities		**18,021,686**	**11,654,570**	18,042,383	11,619,024
Bank borrowings	19	**962,424**	**15,250**	439,168	25,581
Trade and other payables	20	**4,096,678**	**3,399,795**	2,798,100	2,274,367
Total current liabilities		**5,059,102**	**3,415,045**	3,237,268	2,299,948
Total liabilities		**23,080,788**	**15,069,615**	21,279,651	13,918,972
Total equity and liabilities		**27,805,211**	**20,411,250**	24,469,017	17,559,169

* The Parent Company loan represents the assumption of the Parent Company's cash pledge relating to the Cesme Marina as further explained in note 6.4.

The notes on pages 31 to 94 are an integral part of these financial statements.

The financial statements on pages 27 to 94 were approved and authorised for issue by the Board of Directors on 12 March 2013 and signed on its behalf by:

Lawrence Zammit, Chairman   Franco Azzopardi, Director

Grand Harbour Marina p.l.c.

Statements of Comprehensive Income

For the Year Ended 31 December 2012

	Note	**2012** **Group** **(Note 27)** **€**	**2012** **Company** **€**	2011 Group (Note 27) €	2011 Company €
Continuing operations					
Revenue	7	**7,780,293**	**5,930,347**	4,907,798	3,721,824
Personnel expenses	8	**(740,657)**	**(383,120)**	(635,991)	(389,089)
Directors' emoluments		**(45,610)**	**(45,610)**	(52,039)	(52,039)
Depreciation	13	**(758,099)**	**(338,435)**	(682,865)	(349,581)
Other operating expenses	9	**(3,787,194)**	**(2,871,140)**	(2,771,399)	(2,105,942)
Results from operating activities		**2,448,733**	**2,292,042**	765,504	825,173
Finance income	10	**154,332**	**143,907**	93,477	88,182
Finance costs	10	**(1,238,061)**	**(895,495)**	(1,295,187)	(891,601)
Net finance costs		**(1,083,729)**	**(751,588)**	(1,201,710)	(803,419)
Business acquisition-related costs	6.5	**-**	**-**	(86,643)	(86,643)
Profit / (loss) before income tax		**1,365,004**	**1,540,454**	(522,849)	(64,889)
Income tax credit / (expense)	11	**121,452**	**112,383**	(141,203)	(148,358)
Profit / (loss) for the year		**1,486,456**	**1,652,837**	(664,052)	(213,247)
Other comprehensive income					
Net change in fair value of available-for-sale financial assets	15	**48,601**	**48,601**	(12,000)	(12,000)
Other comprehensive income for the year		**48,601**	**48,601**	(12,000)	(12,000)
Total comprehensive income for the year		**1,535,057**	**1,701,438**	(676,052)	(225,247)
Earnings / (loss) per share (rounded)	12	**15 cents**	**17 cents**	(7 cents)	(2 cents)

The notes on pages 31 to 94 are an integral part of these financial statements.

Grand Harbour Marina p.l.c.

Statements of Changes in Equity

For the Year Ended 31 December 2012

	Share capital	Fair value reserve	Retained earnings	Translation reserve	Total
	€	€	€	€	€
Group					
Balance at 1 January 2011	2,329,370	-	1,536,074	-	3,865,444
Total comprehensive income for the year					
Group loss	-	-	(664,052)	-	(664,052)
Total other comprehensive income	-	(12,000)	-	(26)	(12,026)
Balance at 31 December 2011	2,329,370	(12,000)	872,022	(26)	3,189,366
Balance as at 1 January 2012	**2,329,370**	**(12,000)**	**872,022**	**(26)**	**3,189,366**
Total comprehensive income for the year					
Group profit	-	-	1,486,456	-	1,486,456
Total other comprehensive income	-	48,601	-	-	48,601
Balance at 31 December 2012	**2,329,370**	**36,601**	**2,358,478**	**(26)**	**4,724,423**
Company					
Balance at 1 January 2011	2,329,370	-	1,536,074	-	3,865,444
Total comprehensive income for the year					
Loss	-	-	(213,247)	-	(213,247)
Total other comprehensive income	-	(12,000)	-	-	(12,000)
Balance at 31 December 2011	2,329,370	(12,000)	1,322,827	-	3,640,197
Balance as at 1 January 2012	**2,329,370**	**(12,000)**	**1,322,827**	**-**	**3,640,197**
Total comprehensive income for the year					
Profit	**-**	**-**	**1,652,837**	**-**	**1,652,837**
Total other comprehensive income	**-**	**48,601**	**-**	**-**	**48,601**
Balance at 31 December 2012	**2,329,370**	**36,601**	**2,975,664**	**-**	**5,341,635**

The notes on pages 31 to 94 are an integral part of these financial statements.

Grand Harbour Marina p.l.c.

Statements of Cash Flows

For the Year Ended 31 December 2012

	Note	2012 Group €	2012 Company €	2011 Group €	2011 Company €
Cash Flows from operating activities					
Profit / (loss) for the year		**1,486,456**	**1,652,837**	(664,052)	(213,247)
Adjustments for:					
Cost of super-yacht berths expensed		**528,645**	**528,645**	318,867	318,867
Depreciation		**758,099**	**338,435**	682,865	349,581
Profit on disposal of plant and equipment		**(424)**	**(424)**	-	-
Provision for doubtful debts		**15,771**	**15,771**	(21,492)	(21,492)
Net finance costs (excluding net foreign exchange loss)		**1,083,294**	**748,230**	1,069,012	801,616
Business acquisition-related costs		**-**	**-**	86,643	86,643
Income tax (credit) / expense		**(121,452)**	**(112,383)**	141,203	148,358
		3,750,389	**3,171,111**	1,613,046	1,470,326
Change in trade and other receivables		**(1,660,618)**	**(1,524,995)**	(450,638)	(745,553)
Change in trade and other payables		**1,187,965**	**1,172,773**	253,210	523,616
Cash generated from operations		**3,277,736**	**2,818,889**	1,415,618	1,248,389
Income tax paid		**(377,568)**	**(377,568)**	(148,358)	(148,358)
Net cash from operating activities		**2,900,168**	**2,441,321**	1,267,260	1,100,031
Cash flows from investing activities					
Acquisition of plant and equipment		**(375,938)**	**(118,395)**	(291,824)	(127,596)
Proceeds from disposal of plant and equipment		**424**	**424**	-	-
Loan advanced to Parent Company *		**(731,250)**	**(731,250)**	(2,714,250)	(2,714,250)
Acquisition of interest in jointly-controlled entity (net of cash acquired)		**-**	**-**	(1,825,854)	(1,930,000)
Group's share of increase in share capital of jointly-controlled entity		**-**	**-**	-	(243,796)
Acquisition of subsidiary (net of cash acquired)		**-**	**-**	301	(115)
Business acquisition-related costs		**-**	**-**	(86,643)	(86,643)
Acquisition of available-for-sale investments		**-**	**-**	(1,575,900)	(1,575,900)
Investment on nine-month term deposit		**-**	**-**	2,300,000	2,300,000
Interest received		**86,249**	**75,825**	100,667	95,371
Net cash used in investing activities		**(1,020,515)**	**(773,396)**	(4,093,503)	(4,282,929)
Cash flows from financing activities					
Proceeds / (repayment) of bank loans		**486,414**	**-**	(8,587)	-
Interest paid		**(1,080,731)**	**(855,439)**	(1,107,166)	(856,661)
Net cash used in financing activities		**(594,317)**	**(855,439)**	(1,115,753)	(856,661)
Net increase / (decrease) in cash and cash equivalents		**1,285,336**	**812,486**	(3,941,996)	(4,039,559)
Cash and cash equivalents at 1 January		**2,274,277**	**2,176,714**	6,216,273	6,216,273
Cash and cash equivalents at 31 December	21	**3,559,613**	**2,989,200**	2,274,277	2,176,714

* The Parent Company loan represents the assumption of the Parent Company's cash pledge relating to the Cesme Marina as further explained in note 6.4.

The notes on pages 31 to 94 are an integral part of these financial statements.

1 Reporting entity

Grand Harbour Marina p.l.c. (the "Company") is a public limited liability company domiciled and incorporated in Malta. The consolidated financial statements of the Group as at and for the year ended 31 December 2012 comprise the Company and its subsidiary, (together referred to as the "Group") and the Group's beneficial interest of 45% in its jointly-controlled entity, IC Cesme Marina Yatirim, Turizm ve Islemeleri Anonim Sirketi ("IC Cesme").

The Group is itself a subsidiary of Camper & Nicholsons Marina Investments Limited ("CNMI" or the "Parent Company"), a company listed on the AIM of the London Stock Exchange.

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

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU ("the applicable framework"). All references in these financial statements to IAS, IFRS or SIC / IFRIC interpretations refer to those adopted by the EU. They have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the available-for-sale investments which are measured at fair value.

The methods used to measure fair value are discussed further in note 4.

2.3 Functional and presentation currency

These financial statements are presented in euro (€), which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2 Basis of preparation (continued)

2.4 Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these financial statements is included in the following notes:

- Note 6.1 – fair value of net identifiable assets on the initial accounting of the jointly-controlled entity.
- Note 6.2 – goodwill.
- Note 6.3 – impairment assessment of goodwill.
- Note 14.2 – assessment of the recoverable amount of the Company's investment in the jointly-controlled entity.

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 combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

3.1.1 Business combination (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3.1.2 Subsidiaries

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

3.1.3 Investment in jointly-controlled entity

A jointly-controlled entity is one over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The Group recognises its interest in the jointly-controlled entity using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the jointly-controlled entity with the similar items, line by line, in its consolidated financial statements from the date that joint control commences until the date that joint control ceases, with additional disclosure in note 27 to the financial statements.

3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3 Significant accounting policies (continued)

3.2 Foreign currency

3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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 presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of 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. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining 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 that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

3 Significant accounting policies (continued)

3.3 Financial instruments

3.3.1 Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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 on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

3.3.1.1 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise the loan advanced to the Parent Company, trade and other receivables, and cash and cash equivalents.

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy 3.7.1.1).

Cash and cash equivalents comprise cash balances and call deposits.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

3.3.1 Non-derivative financial assets (continued)

3.3.1.2 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified either as financial assets at fair value through profit or loss, held-to-maturity financial assets or loans and receivables.

Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses (see note 3.7.1.2), are recognised in other comprehensive income and presented in the fair value reserve within equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

3.3.2 Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group has the following non-derivative financial liabilities: bonds-in-issue, bank borrowings, and trade and other payables.

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

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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

3.3.3 Share capital

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

3 Significant accounting policies (continued)

3.4 Property, plant and equipment

3.4.1 Recognition and measurement

Property, plant and equipment of the Group include super-yacht berths that have been completed but not yet licensed (see below), pontoons, improvements to leased property, motor vehicles and office equipment.

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 3.7.2).

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 plc licenses out super-yacht berths, typically for periods ranging between 25 to 30 years (see accounting policy 3.9.1). 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.

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 statement of comprehensive income.

3.4.2 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embedded within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, including the costs of the day-to-day servicing of property, plant and equipment, are recognised in the statement of comprehensive income as incurred.

3 Significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

3.4.3 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets in the course of construction are not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• super-yacht berths	50 years
• pontoons and other marina development	25 years
• improvements to car park	50 years
• improvements to office premises	10 years
• motor vehicles	5 years
• office equipment	5 years

Super-yacht 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.

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

3.5 Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognised immediately in profit or loss.

Subsequent to initial recognition

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested annually for impairment (note 3.7.2).

3 Significant accounting policies (continued)

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon 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.

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, is treated as an operating lease.

Other leases are operating leases and are not recognised in the Group's statement of financial position but are accounted for as discussed in accounting policy 3.11.

3.7 Impairment

3.7.1 Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as result of one or more events that occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy. The Group considers evidence of impairment for all receivables.

3.7.1.1 Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

3.7.1 Non-derivative financial assets (continued)

3.7.1.1 Financial assets measured at amortised cost (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its 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 reflect in an allowance account against loans and receivables. Interest on the impaired asset continued to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.7.1.2 Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3.7.2 Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash generating units ("CGU") exceeds its recoverable amount.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

3.7.2 Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses in respect of CGU's are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGU's) and then to reduce the carrying amounts of the other assets in the CGU (group of CGU's) 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.

Goodwill that forms part of the carrying amount of an investment in a jointly-controlled entity is not recognised separately in the Company's statement of financial position, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in a jointly-controlled entity is tested for impairment as a single asset when there is objective evidence that the investment in a jointly-controlled entity may be impaired. Such goodwill is recognised separately in the Group's consolidated statement of financial position on the initial accounting of a jointly-controlled entity by way of proportionate consolidation (accounting 3.1.3), and tested for impairment as part of the CGU to which it is allocated.

3.8 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 immediately in profit or loss.

3 Significant accounting policies (continued)

3.9 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

3.9.1 Licensing of long-term super-yacht berths

Revenue from such licensing (see accounting policy 3.4.1) is recognised in the statement of comprehensive income 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.

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

Such revenue is recognised in the statement of comprehensive income in the period in which the services to which they relate are rendered.

3.10 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.

3.11 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.

3.12 Net finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in the statement of comprehensive income.

Finance costs comprise interest expense on borrowings, amortised bond issue costs 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 comprehensive income.

Foreign currency gains and losses are reported on a net basis.

3 Significant accounting policies (continued)

3.13 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is 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.

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 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.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unrelieved tax losses, unabsorbed capital allowances and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilised and / or sufficient taxable temporary differences are available for the purpose.

3.14 Earnings / (loss) per share

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

3.15 Segment reporting

Segment results that are reported to the Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3 Significant accounting policies (continued)

3.16 New standards and interpretations not yet adopted

IFRS as adopted by the EU

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

In May 2011, the IASB issued IFRS 10 'Consolidated Financial Statements' ('IFRS 10'), IFRS 11 'Joint Arrangements' ('IFRS 11') and IFRS 12 'Disclosure of Interests in Other Entities' ('IFRS 12'). The standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. IFRSs 10 and 11 are required to be applied retrospectively.

IFRS 13 *Fair Value Measurement,* published by the IASB in May 2011, replaced existing guidance on fair value measurement in different standard with a single definition of fair value, a framework for measuring fair value and disclosures about fair value measurements.

Under IFRS 10, there will be one approach for determining consolidation for all entities, based on the concept of power, variability of returns and their linkage. This will replace the current approach which emphasises legal control or exposure to risks and rewards, depending on the nature of the entity. IFRS 11 places more focus on the investors' rights and obligations than on structure of the arrangement, and introduces the concept of a joint operation. IFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements and associates and introduces new requirements for unconsolidated structured entities. Based on our initial assessment, we do not expect IFRS 10 to have a material effect on the Group's financial statements.

In assessing the impact of IFRS 11, the Group notes that the method of accounting for its interest in the jointly controlled entity shall be through equity accounting as opposed to proportionate consolidation currently being adopted.

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosure are required or permitted by other IFRSs. The Group is currently reviewing its methodologies in determining fair values (see Note 5). IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

3 Significant accounting policies (continued)

3.16 New standards and interpretations not yet adopted (continued)

Relevant standards and amendments issued by the IASB but not endorsed by the EU

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of IFRS 9 (2010) is expected to have an impact on both Group's financial assets and financial liabilities.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5 Financial risk management

5.1 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.

5.2 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.

5.3 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 tenants and amounts invested by way of Malta Government Stocks.

5 Financial risk management (continued)

5.3 Credit risk (continued)

5.3.1 Loans and receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each berth-holder and tenant in respect of the sub-letting of property in Cesme, by way of concessions. Credit risk with respect to receivables from short-term berth-holders and tenants is limited due to the spread of the number of berth-holders and tenants 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 installment sale could be agreed with long-term berth holders on a case-by-case basis, in which case the Group has mitigated 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 plc to the Grantee.

In relation to short-term berth licenses and tenants, 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.

5.3.2 Cash at bank and available-for-sale financial assets

The Group's cash is placed with quality financial institutions or otherwise invested, such that management does not expect such institutions to fail to meet repayments of amounts held in the name of the Group.

5 Financial risk management (continued)

5.4 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 €1,747,030 (note 19.5.1), of which €15,250 was utilised at 31 December 2012 (note 19.1).

5.5 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.

5.5.1 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 Great British Pound (GBP), the United States Dollar (USD) and the Turkish Lira (TRY). 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.

5.5.2 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.

5.6 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 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.

5 Financial risk management (continued)

5.6 Capital management (continued)

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

6 Acquisitions of interest in jointly-controlled entity and subsidiary

On the 18 March 2011, the Company entered into an agreement with its Parent Company, as a result of which the Company acquired the beneficial interest of 45% shareholding 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. The Company paid €1,930,000 for the equity interest (note 6.2) and €2,714,250 in support of the Parent Company's cash pledge related to the subordinated bank loans (note 6.4).

On 29 June 2011, the Company acquired from CNMI the holding in Maris Marine Limited for a consideration of €115. The latter is the beneficial holder of 26% of the equity in IC Cesme. The remaining 19% equity in IC Cesme continues to be held by Camper & Nicholsons Marinas Limited, a fellow subsidiary company of CNMI for the benefit of the Company. The entire 45% interest in IC Cesme is therefore held solely and for the benefit of Grand Harbour Marina p.l.c.

6.1 Fair value of net identifiable assets on initial accounting of jointly-controlled entity

	Note	**€**
Property, plant and equipment	13.1	8,034,635
Trade receivables		555,934
Loans and borrowings		(6,625,974)
Trade and other payables		(760,570)
Cash at bank and in hand		104,146
Deferred tax liability	16.3	(226,714)
		1,081,457

6 Acquisitions of interest in jointly-controlled entity and subsidiary (continued)

6.2 Goodwill

Goodwill has been recognised as follows:

	Note	€
On acquisition of interest in jointly-controlled entity		
Total consideration transferred for equity	14.1	1,930,000
Fair value of net identifiable assets on initial accounting	6.1	(1,081,457)

		848,543
On acquisition of subsidiary		256

		848,799
		=======

The goodwill reported in the interim condensed consolidated financial statements for the period ended 30 June 2011 amounting to €960,638 differed from the reported goodwill at 31 December 2011 (and confirmed as at 31 December 2012) by €111,839. The difference was a result of foreign exchange adjustments to the carrying amounts of the assets and liabilities at the date of the acquisition of the interest in the jointly-controlled entity.

6.3 Impairment assessment of goodwill

For the purpose of impairment testing of goodwill arising upon the acquisition of the beneficial interest in IC Cesme, the recoverable amount of the Cesme Marina was based on its value in use ("VIU") and was determined by discounting the projected future cash flows to be generated from the continuing use of the Marina up till the end of the 'Build-Operate-Transfer' agreement which expires in 2034. For this purpose, management has prepared projections for an explicit 6-year period from 2013 until 2018 and has applied growth rates for subsequent years until 2034.

The key assumptions used in the calculation of the VIU of the IC Cesme marina are:

(a) a compound annual average growth rate in EBITDA for the years 2013 until 2018 is estimated at 15.9%;

(b) post-2018, revenues, other than berth rental income, and costs are projected to increase by an estimated yearly inflation of 4.5%. In addition to the estimated yearly inflation of 4.5%, berth rental income is projected to increase by a further 5% per annum; and

(c) a pre-tax discount rate of 13.25% applied to the projected cash flows, based on a debt-to-equity ratio of 60:40.

6 Acquisitions of interest in jointly-controlled entity and subsidiary (continued)

6.3 Impairment assessment of goodwill (continued)

In determining the key assumptions, management has considered the past experience of its operator, Camper & Nicholsons, who has expertise in the marina industry. The estimated average growth rates applied are consistent with the past and expected growth trends of other marinas which Camper and Nicholsons manages. On this basis, management believes that the growth rates applied are reasonable and sustainable both in the short and long term. Furthermore, management has considered that the widely reported economic problems in Greece make this marina an attractive berthing location for Greek boat owners wishing to relocate from Greece.

Management has used the 6 year explicit period projections prepared in conjunction with Camper & Nicholsons and the Company's joint venture partners. Camper & Nicholsons considers that 2018 would be the year when the marina would reach a mature level of berth occupancy and berth optimisation, hence the 6-year explicit period.

Management also believes that the 5% average annual real growth rate in berthing income applied beyond the explicit 6-year period, that is 2018, does not exceed the long-term average growth rate that might be expected in the marina industry, bearing in mind the historic growth rates in berthing tariffs in Turkish Marinas.

The estimated recoverable amount of IC Cesme's net assets (including goodwill) exceeds its carrying amount by approximately €960,000. Management has indentified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Management's Assessment of VIU	**Sensitivities on Key Assumptions**	
Pre-tax discount rate	13.25%	13.25%	14.35%
Average annual real growth rate in berthing income post 2018.	5%	3.5%	5%
Excess of recoverable amount over net assets (including goodwill)	€960,000	€ Nil	€ Nil

6 Acquisitions of interest in jointly-controlled entity and subsidiary (continued)

6.4 Parent company loan

The Subordinated Loan provided by Isbank to IC Cesme (note 19.1) is secured by cash pledges made by its shareholders. As at 31 December 2012, CNMI's cash pledge in relation to the Subordinated Loan amounted to €3,445,500. The Company advanced an equivalent amount in cash to CNMI at an interest rate of 1% per annum of which €2,714,250 was as part of the acquisition of the Company's 45% beneficial interest in IC Cesme (note 19.5.2).

6.5 Acquisition-related costs

The acquisition-related costs incurred during the comparative year mainly represent legal and other professional fees and due diligence costs, in connection with the acquisition of the 45% beneficial interest in IC Cesme.

7 Revenue

7.1 Operating segments

Under the "management approach" to segment reporting, the Group has two reportable segments, as described below, 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 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 super-yachts.

The 45% interest in IC Cesme was acquired on 18 March 2011 (note 6). The amounts reported below reflect 100% of those of the full year of operations, and are reconciled to the Group's 45% share included in the consolidated financial statements. The comparative amounts represent IC Cesme's results for the period 18 March 2011 to 31 December 2011.

7 Revenue (continued)

7.1 Operating segments (continued)

	Grand Harbour Marina	IC Cesme Marina	Total for Reportable Segments
	2012	2012	2012
	€	€	€
External revenues	**5,930,347**	**4,110,992**	**10,041,339**
Interest revenue	**143,907**	**23,167**	**167,074**
Interest expense	**(895,495)**	**(751,798)**	**(1,647,293)**
Depreciation	**(338,435)**	**(831,824)**	**(1,170,259)**
Reportable segment profit / (loss) before tax	**1,540,454**	**(290,121)**	**1,250,333**
Reportable segment assets	**20,411,250**	**17,036,922**	**37,448,172**
Capital expenditure	**252,800**	**630,411**	**883,211**
Reportable segment liabilities	**15,069,615**	**17,334,838**	**32,404,453**

	Reconciliation to Consolidated Amounts		
	Total for Reportable Segments	**Elimination of Joint Venture Partner's Share**	**[N1]**
	2012	2012	2012
	€	€	€
External revenues	10,041,339	(2,261,046)	7,780,293
Interest revenue	167,074	(12,742)	154,332
Interest expense	(1,647,293)	409,232	(1,238,061)
Depreciation	(1,170,259)	457,503	(712,756)
Reportable segment profit before tax	1,250,333	159,567	1,409,900
Reportable segment assets	37,448,172	(9,370,307)	28,077,865
Capital expenditure	883,211	(346,726)	536,485
Reportable segment liabilities	32,404,453	(9,534,161)	22,870,292

7 Revenue (continued)

7.1 Operating segments (continued)

	Grand Harbour Marina	IC Cesme Marina	Total for Reportable Segments
	2011	2011	2011
	€	€	€
External revenues	3,721,824	2,949,063	6,670,887
Interest revenue	88,182	12,323	100,505
Interest expense	(891,601)	(1,076,590)	(1,968,191)
Depreciation	(349,581)	(790,882)	(1,140,463)
Reportable segment loss before tax	(64,889)	(1,468,720)	(1,533,609)
Reportable segment assets	17,559,169	15,859,832	33,419,001
Capital expenditure	129,992	364,956	494,948
Reportable segment liabilities	13,918,972	15,867,630	29,786,602

Reconciliation to Consolidated Amounts

	Total for Reportable Segments	Pre-Acquisition Amounts	Elimination of Joint Venture Partner's Share	[N1]
	2011	2011	2011	2011
	€	€	€	€
External revenues	6,670,887	(313,566)	(1,449,523)	4,907,798
Interest revenue	100,505	(556)	(6,472)	93,477
Interest expense	(1,968,191)	180,032	492,972	(1,295,187)
Depreciation	(1,140,463)	129,756	363,619	(647,088)
Reportable segment loss before tax	(1,533,609)	531,153	515,660	(486,796)
Reportable segment assets	33,419,001	-	(8,722,908)	24,696,093
Capital expenditure	494,948	-	(200,732)	294,216
Reportable segment liabilities	29,786,602	-	(8,727,194)	21,059,408

[N1]
The amounts relating to depreciation, reportable segment profit before tax and assets and liabilities are further reconciled to those reported in the consolidated financial statements as follows (all other items reported in the above table reflect the consolidated amounts):

7 Revenue (continued)

Operating segments (continued)

	Note	2012 €	2011 €
Depreciation			
Total depreciation for reportable segments		**(712,756)**	(647,088)
Depreciation on adjustment to fair value on the initial accounting of the jointly-controlled entity		**(45,343)**	(35,777)
Consolidated depreciation		**(758,099)**	(682,865)
Profit / (loss) before tax			
Total profit / (loss) for reportable segments		**1,409,900**	(486,796)
Depreciation on adjustment to fair value on the initial accounting of the jointly-controlled entity		**(45,343)**	(35,777)
Loss of subsidiary		**447**	(276)
Consolidated profit / (loss) before tax		**1,365,004**	(522,849)
Assets			
Total assets for reportable segments		**28,077,865**	24,696,093
Elimination of investment in jointly-controlled entity and subsidiary		**(2,173,911)**	(2,173,911)
Goodwill	6.2	**848,799**	848,799
Fair value adjustment on the initial accounting of the jointly-controlled entity		**1,133,570**	1,133,570
Depreciation on adjustment to fair value on the initial accounting of the jointly-controlled entity		**(81,120)**	(35,777)
Asset of subsidiary		**8**	243
Consolidated assets		**27,805,211**	24,469,017
Liabilities			
Total liabilities for reportable segments		**(22,870,292)**	(21,059,408)
Deferred tax	16.2	**(210,489)**	(219,559)
Liability of subsidiary		**(7)**	(684)
Consolidated liabilities		**(23,080,788)**	(21,279,651)

7 Revenue (continued)

7.2 Revenues are derived as follows:

	2012	2011
	€	€
Company		
Sale of long-term super-yacht berths	**3,112,212**	1,176,794
Other berthing revenues	**2,098,201**	1,911,987
Ancillary services	**677,413**	587,997
Other income	**42,521**	45,046
	5,930,347	3,721,824
Group's share of jointly-controlled entity		
Berthing revenues	**787,449**	446,231
Ancillary services	**91,626**	53,360
Income from tenants and concessions	**878,403**	529,041
Income from technical services	**92,468**	60,170
Other income	**-**	97,172
	1,849,946	1,185,974
Group	**7,780,293**	4,907,798

7.3 Seasonality of operations

The Company and its jointly-controlled entity 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 smaller in relation to the overall level of revenue, it makes a significant contribution to the profitability of the Group. The timing of long-term super-yacht 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

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

	2012	**2012**	2011	2011
	Group	**Company**	Group	Company
	€	**€**	€	€
Wages and salaries	**592,652**	**333,862**	547,164	337,993
Compulsory social security contributions	**148,005**	**49,258**	88,827	51,096
	740,657	**383,120**	635,991	389,089

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

	2012	**2012**	2011	2011
	Group	**Company**	Group	Company
	No.	**No.**	No.	No.
Operating	**39**	**14**	45	15
Management and administration	**13**	**3**	12	2
	52	**17**	57	17

9 Other operating expenses

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

	€
Auditors' remuneration	35,000
Other assurance services	14,850
Tax advisory services	3,830
Other non-audit services	142
	53,822

9 Other operating expenses (continued)

9.2 Operating leases

9.2.1

	Note	2012 Group €	2012 Company €
Sub-ground rent on immovable property	13.3	**22,760**	**22,760**
Lease for the assignment of marina rights	9.2.2, 9.2.3	**964,471**	**568,105**
Rent for use of premises	9.2.4	**48,754**	**48,754**
Other operating lease expenses	9.2.5	**21,947**	**21,947**
		1,057,932	**661,566**

	Note	2011 Group €	2011 Company €
Sub-ground rent on immovable property	13.3	22,760	22,760
Lease for the assignment of marina rights	9.2.2, 9.2.3	614,571	344,449
Rent for use of premises	9.2.4	46,613	46,613
Other operating lease expenses	9.2.5	21,879	21,879
		705,823	435,701

9.2.2 By virtue of the other part of the deed of sub-emphyteusis referred to in note 13.3 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 other party to the agreement), the Company is required to pay the consortium a yearly fee equivalent to 10% per annum of 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.

9 Other operating expenses (continued)

9.2 Operating leases (continued)

9.2.2 (continued)

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

	2012	2011
	€	€
Minimum		
Less than one year	**254,484**	221,290
Between one and five years	**1,017,936**	1,017,936
More than five years	**4,198,975**	4,453,459
	5,471,395	5,692,685
Maximum		
Less than one year	**636,210**	553,226
Between one and five years	**2,544,840**	2,544,840
More than five years	**10,497,449**	11,133,659
	13,678,499	14,231,725

9.2.3 IC Cesme Marina is based on a Build-Operate-Transfer ("BOT") model, a concession granted to a private entity by the public sector to achieve the financing, the project design, the construction and to operate the facility for its sole benefit for a period of 25 years which expires in 2034. Under the terms of the concession the annual fee payable in 2012 amounted to €832,687 (45% share: €374,709) (2011: €727,351; 45% share: €327,308) which is index-linked in line with the Turkish Producer Prices Index (UFE) for future years as per the terms of the BOT contract.

9.2.4 On 15 August 2003, the Company entered into a deed for the lease of premises referred to as the "Capitanerie", forming part of a building unofficially known as "The Treasury Building" and situated in the same locality as the marina, for a period of 25 years. These premises are to be used by the Company for marina related services.

9 Other operating expenses (continued)

9.2 Operating leases (continued)

9.2.5 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

	2012	**2012**	2011	2011
	Group	**Company**	Group	Company
	€	**€**	€	€
Interest income	**154,332**	**143,907**	93,477	88,182
Finance income	**154,332**	**143,907**	93,477	88,182
Interest expense on financial liabilities measured at amortised cost	**(1,178,350)**	**(840,041)**	(1,107,802)	(841,776)
Amortisation of bond issue costs (note 19.2)	**(35,546)**	**(35,546)**	(32,377)	(32,377)
Net foreign exchange loss	**(435)**	**(3,358)**	(132,698)	(1,803)
Other finance costs	**(23,730)**	**(16,550)**	(22,310)	(15,645)
Finance costs	**(1,238,061)**	**(895,495)**	(1,295,187)	(891,601)
Net finance costs recognised in the statement of comprehensive income	**(1,083,729)**	**(751,588)**	(1,201,710)	(803,419)

11 Income tax

11.1 Income tax for the year

Current tax is recognised at the rate of 35% on the taxable income for the year from the Company's marina business activity, excluding the profit attributable to the sale of long-term super-yacht berths. During the year ended 31 December 2012, the Company concluded one such sale which gave effect to transfers of rights over immovable property, and, therefore taxed separately by way of a final withholding tax of 12% on the consideration received. Similarly, deferred tax charges and credits relate only to the marina business activity.

11 Income tax (continued)

11.1 Income tax for the year (continued)

No current tax became payable by IC Cesme in view of its available tax losses and for which no deferred tax benefit has been recognised (note 16.1).

	2012	**2012**	2011	2011
	Group	**Company**	Group	Company
	€	**€**	€	€
Current tax				
Current tax expense at 35% on Company's marina business activity	**293,415**	**293,415**	155,169	155,169
Tax benefit of capital allowances for prior periods not previously recognised (note 16.1)	**(293,415)**	**(293,415)**	(155,169)	(155,169)
Final withholding tax at 12% on sale of long-term berths	**(377,568)**	**(377,568)**	(148,358)	(148,358)
	(377,568)	**(377,568)**	(148,358)	(148,358)
Deferred tax				
Recognition of previously unrecognised unrelieved tax losses and unabsorbed capital allowances	**460,679**	**460,679**	-	-
Change in recognised unrelieved tax losses and unabsorbed capital allowances	**29,272**	**29,272**	-	-
Net originating taxable temporary differences	**87,130**	**78,061**	(213,172)	(220,327)
Recognised deferred tax asset to the extent of net originating taxable temporary differences	**(78,061)**	**(78,061)**	220,327	220,327
	499,020	**489,951**	7,155	-
Income tax credit / (expense)	**121,452**	**112,383**	(141,203)	(148,358)

11 Income tax (continued)

11.2 Reconciliation of income tax credit

The income tax credit / (expense) and the result of the accounting profit / (loss) multiplied by the tax rate applicable in Malta, the Company's country of incorporation, are reconciled as follows:

	2012	**2012**	2011	2011
	Group	**Company**	Group	Company
	€	**€**	€	€
Profit / (loss) before income tax	**1,365,004**	**1,540,454**	(522,849)	(64,889)
Income tax expense / credit at the domestic tax rate of 35%	**(477,751)**	**(539,159)**	182,997	22,711
Effect of difference in tax rate of jointly-controlled entity	**(26,318)**	**-**	(68,695)	-
Profit on sale of long-term berths taxed separately	**704,040**	**704,040**	210,104	210,104
Final withholding tax at 12% on proceeds from the sale of long-term berths	**(377,568)**	**(377,568)**	(148,358)	(148,358)
	(177,597)	**(212,687)**	176,048)	84,457
Tax effect of:				
• expenses not deductible for tax purposes	**(351,719)**	**(351,719)**	(261,568)	(261,568)
• interest accrued taxable on receipt	**11,479**	**11,479**	10,276	10,276
• unabsorbed capital allowances not previously recognised, now absorbed	**175,359**	**175,359**	155,169	155,169
• unrelieved tax losses and unabsorbed capital allowances not recognised	**(26,021)**	**-**	(221,128)	(136,692)
• recognition of previously unrecognised unrelieved tax losses and unabsorbed capital allowances	**460,679**	**460,679**	-	-
• change in recognised unrelieved tax losses and unabsorbed capital allowances	**29,272**	**29,272**	-	-
Income tax credit / (expense) for the year	**121,452**	**112,383**	(141,203)	(148,358)

12 Earnings / (loss) per share

The calculation of the earnings / (loss) per share is based on the earnings / (loss) attributable to the ordinary shareholders and the number of shares in issue.

	2012	**2012**	2011	2011
	Group	**Company**	Group	Company
	€	**€**	€	€
Profit / (loss) for the year attributable to shareholders	**1,486,456**	**1,652,837**	(664,052)	(213,247)
Number of shares in issue during period	**10,000,000**	**10,000,000**	10,000,000	10,000,000
Earnings / (Ioss) per share	**15 cents**	**17 cents**	(7 cents)	(2 cents)

13 Property, plant and equipment

13.1 Group

	Total	Super-yacht berths	Pontoon and other marina development	Improvements to car park and office premises	Motor vehicles	Other equipment	Assets in the course of construction (super-yacht berths)
	€	€	€	€	€	€	€
Cost							
Balance at 1 January 2011	9,708,921	5,220,798	3,441,664	682,926	24,711	314,078	24,744
Group's share on the initial accounting							
of the jointly-controlled entity (note 6.1)8,034,635	-	7,448,864	-	19,401	566,370	-	
Additions	294,216	2,977	157,620	1,053	-	51,791	80,775
Super-yacht berths sold:							
Deferred costs	(24,064)	(24,064)	-	-	-	-	-
Amounts expensed	(339,025)	(339,025)	-	-	-	-	-
Balance at 31 December 2011	17,674,683	4,860,686	11,048,148	683,979	44,112	932,239	105,519
Balance at 1 January 2012	**17,674,683**	**4,860,686**	**11,048,148**	**683,979**	**44,112**	**932,239**	**105,519**
Additions	**536,487**	**144,339**	**219,531**	**950**	**7,016**	**139,592**	**25,059**
Super-yacht berths sold:							
Deferred costs	**(413)**	**(413)**	**-**	**-**	**-**	**-**	**-**
Amounts expensed	**(705,737)**	**(705,737)**	**-**	**-**	**-**	**-**	**-**
Disposal of fixed assets	**(1,165)**	**-**	**-**	**-**	**-**	**(1,165)**	**-**
Balance at 31 December 2012	**17,503,855**	**4,298,875**	**11,267,679**	**684,929**	**51,128**	**1,070,666**	**130,578**

13 Property, plant and equipment (continued)

13.1 Group (continued)

	Total	Super-yacht berths	Pontoon and other marina development	Improvements to car park and office premises	Motor vehicles	Other equipment	Assets in the course of construction (super-yacht berths)
	€	€	€	€	€	€	€
Depreciation							
Balance at 1 January 2011	1,968,280	492,280	1,029,753	226,005	4,942	215,300	-
Depreciation charge for the year	682,865	97,214	406,381	56,932	8,703	113,635	-
Super-yacht berths sold:							
Deferred costs	(1,444)	(1,444)	-	-	-	-	-
Amounts expensed	(20,163)	(20,163)	-	-	-	-	-
Balance at 31 December 2011	2,629,538	567,887	1,436,134	282,937	13,645	328,935	-
Balance at 1 January 2012	**2,629,538**	**567,887**	**1,436,134**	**282,937**	**13,645**	**328,935**	**-**
Depreciation charge for the year	**758,099**	**85,977**	**428,723**	**57,027**	**13,661**	**172,711**	**-**
Super-yacht berths sold:							
Amounts expensed	**(96,717)**	**(96,717)**	**-**	**-**	**-**	**-**	**-**
Disposal of fixed assets	**(1,165)**	**-**	**-**	**-**	**-**	**(1,165)**	**-**
Balance at 31 December 2012	**3,289,755**	**557,147**	**1,864,857**	**339,964**	**27,306**	**500,481**	**-**

13 Property, plant and equipment (continued)

13.1 Group (continued)

	Total	Super-yacht berths	Pontoon and other marina development	Improvements to car park and office premises	Motor vehicles	Other equipment	Assets in the course of construction (super-yacht berths)
	€	€	€	€	€	€	€
Carrying amounts							
At 1 January 2011	7,740,641	4,728,518	2,411,911	456,921	19,769	98,778	24,744
	========	========	========	========	========	========	========
At 31 December 2011	15,045,145	4,292,799	9,612,014	401,042	30,467	603,304	105,519
	========	========	========	========	========	========	========
At 31 December 2012	**14,214,100**	**3,741,728**	**9,402,822**	**344,965**	**23,822**	**570,185**	**130,578**
	========	========	========	========	========	========	========

13 Property, plant and equipment (continued)

13.2 Company

	Total	Super-yacht berths	Pontoons	Improvements to car park and office premises	Motor vehicles	Other equipment	Assets in the course of construction (super-yacht berths)
	€	€	€	€	€	€	€
Cost							
Balance at 1 January 2011	9,708,921	5,220,798	3,441,664	682,926	24,711	314,078	24,744
Additions	129,992	2,977	18,296	1,053	-	26,891	80,775
Super-yacht berths sold:							
Deferred costs	(24,064)	(24,064)	-	-	-	-	-
Amounts expensed	(339,025)	(339,025)	-	-	-	-	-
Balance at 31 December 2011	9,475,824	4,860,686	3,459,960	683,979	24,711	340,969	105,519
Balance at 1 January 2012	**9,475,824**	**4,860,686**	**3,459,960**	**683,979**	**24,711**	**340,969**	**105,519**
Additions	**252,800**	**144,337**	**10,419**	**950**	**-**	**72,035**	**25,059**
Super-yacht berths sold:							
Deferred costs	**(413)**	**(413)**	**-**	**-**	**-**	**-**	**-**
Amounts expensed	**(705,737)**	**(705,737)**	**-**	**-**	**-**	**-**	**-**
Disposal of fixed assets	**(1,165)**	**-**	**-**	**-**	**-**	**(1,165)**	**-**
Balance at 31 December 2012	**9,021,309**	**4,298,873**	**3,470,379**	**684,929**	**24,711**	**411,839**	**130,578**

13 Property, plant and equipment (continued)

13.2 Company (continued)

	Total	Super-yacht berths	Pontoons	Improvements to car park and office premises	Motor vehicles	Other equipment	Assets in the course of construction (super-yacht berths)
	€	€	€	€	€	€	€
Depreciation							
Balance at 1 January 2011	1,968,280	492,280	1,029,753	226,005	4,942	215,300	-
Depreciation charge for the year	349,581	97,218	138,398	56,932	4,942	52,091	-
Super-yacht berths sold:							
Deferred costs	(1,444)	(1,444)	-	-	-	-	-
Amounts expensed	(20,158)	(20,158)	-	-	-	-	-
Balance at 31 December 2012	2,296,259	567,896	1,168,151	282,937	9,884	267,391	-
Balance at 1 January 2012	**2,296,259**	**567,896**	**1,168,151**	**282,937**	**9,884**	**267,391**	**-**
Depreciation charge for the year	**338,435**	**85,977**	**138,815**	**57,027**	**4,942**	**51,674**	**-**
Super-yacht berths sold:							
Amounts expensed	**(96,717)**	**(96,717)**	**-**	**-**	**-**	**-**	**-**
Disposal of fixed assets	**(1,165)**	**-**	**-**	**-**	**-**	**(1,165)**	**-**
Balance at 31 December 2012	**2,536,812**	**557,156**	**1,306,966**	**339,964**	**14,826**	**317,900**	**-**

13 Property, plant and equipment (continued)

13.2 Company (continued)

	Total	Super-yacht berths	Pontoons	Improvements to car park and office premises	Motor vehicles	Other equipment	Assets in the course of construction (super-yacht berths)
	€	€	€	€	€	€	€
Carrying amounts							
At 1 January 2011	7,740,641	4,728,518	2,411,911	456,921	19,769	98,778	24,744
	========	========	========	========	========	========	========
At 31 December 2011	7,179,565	4,292,790	2,291,809	401,042	14,827	73,578	105,519
	========	========	========	========	========	========	========
At 31 December 2012	**6,484,497**	**3,741,717**	**2,163,413**	**344,965**	**9,885**	**93,939**	**130,578**
	========	========	========	========	========	========	========

13 Property, plant and equipment (continued)

13.3 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 19.5.1). 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 jointly-controlled entity

14.1

	Note	**€**
Acquisition of beneficial interest in jointly-controlled entity	6.2	1,930,000
Group's share of increase in share capital		243,796
		2,173,796

14.2 In carrying out the impairment assessment of goodwill (note 6.3), the directors also estimated the recoverable amount of the Company's investment in its jointly-controlled entity which owns the marina in Turkey and have determined that its carrying amount does not exceed such recoverable amount.

15 Available-for-sale investments

During 2011 the Company acquired Malta Government Stocks bearing interest at the rate of 4.25% and maturing in 2017.

The Group's exposure to credit, currency and interest rate risks and fair value information related to other investments are disclosed in note 22.

		2012	2011
	Note	**€**	€
Cost of acquisition		**1,575,900**	1,575,900
Fair value profit / (loss)	18.3	**36,601**	(12,000)
Fair value at 31 December		**1,612,501**	1,563,900

16 Deferred tax assets and liabilities

16.1 Deferred tax asset

	Group	**Company**	Group	Company
	2012	**2012**	2011	2011
	€	**€**	€	€
Unrelieved tax losses	**411,030**	**300,482**	384,918	300,482
Unabsorbed capital allowances	**1,344,382**	**1,344,382**	1,393,172	1,393,172
	1,755,412	**1,644,864**	1,778,090	1,693,654
Net taxable temporary differences	**(1,154,913)**	**(1,154,913)**	(1,232,975)	(1,232,975)
Recognition of tax losses and capital allowances	**(489,951)**	**(489,951)**	-	-
Unrecognised deferred tax asset at 31 December	**110,548**	**-**	545,115	460,679

16 Deferred tax assets and liabilities (continued)

16.1 Deferred tax asset (continued)

Company	**2012**	2011
	€	€
Unrecognised at 1 January	**460,679**	557,919
Adjustment to prior years	**(13,680)**	-
Capital allowances available for year	**258,306**	278,256
Capital allowances absorbed against current tax (note 11.1)	**(293,415)**	(155,169)
Net originating taxable temporary differences (note 11.1)	**78,061**	(220,327)
Recognition of tax losses and capital allowances	**(489,951)**	-
Total movement for the year	**(460,679)**	(97,240)
Unrecognised at 31 December	**-**	460,679

Group		
Unrecognised at 1 January	**545,115**	557,919
Movement for the Company for the year	**(460,679)**	(97,240)
Unrelieved tax losses for jointly controlled entity	**26,112**	84,436
Total movement for the year	**(434,567)**	(12,804)
Unrecognised at 31 December	**110,548**	545,115

The Company's unrelieved tax losses and unabsorbed capital allowances do not expire under current tax legislation enacted in Malta, whereas the unrelieved tax losses of the jointly-controlled entity situated in Turkey expire after a period of 5 years.

16 Deferred tax assets and liabilities (continued)

16.2 Recognised Deferred tax assets and liabilities

Group

	Assets		Liabilities		Net	
	2012	2011	**2012**	2011	**2012**	2011
	€	€	**€**	€	**€**	€
Company						
Plant and equipment	**-**	-	**(1,364,678)**	(1,428,305)	**(1,364,678)**	(1,428,305)
Provision for doubtful debts	**13,587**	9,916	**-**	-	**13,587**	9,916
Operating lease charges	**196,177**	185,414	**-**	-	**196,177**	185,414
Unrelieved tax losses and unabsorbed capital allowances	**1,644,865**	1,232,975	**-**	-	**1,644,865**	1,232,975
	1,854,629	1,428,305	**(1,364,678)**	(1,428,305)	**489,951**	-
Group's share of jointly-controlled entity						
Deferred tax on the initial accounting of the jointly-controlled entity	**-**	-	**(210,489)**	(219,559)	**(210,489)**	(219,559)
	1,854,629	1,428,305	**(1,575,167)**	(1,647,864)	**279,462**	(219,559)

Company

	Assets		Liabilities		Net	
	2012	2011	**2012**	2011	**2012**	2011
	€	€	**€**	€	**€**	€
Plant and equipment	**-**	-	**(1,364,678)**	(1,428,305)	**(1,364,678)**	(1,428,305)
Provision for doubtful debts	**13,587**	9,916	**-**	-	**13,587**	9,916
Operating lease charges	**196,177**	185,414	**-**	-	**196,177**	185,414
Unrelieved tax losses and unabsorbed capital allowances	**1,644,865**	1,232,975	**-**	-	**1,644,865**	1,232,975
	1,854,629	1,428,305	**(1,364,678)**	(1,428,305)	**489,951**	-

16 Deferred tax assets and liabilities (continued)

16.3 Movement in temporary differences during the year

Group

	Balance 1 January 12	Recognised in profit or loss	Balance 31 December 12
	€	€	€
Company			
Plant and equipment	**(1,428,305)**	**63,627**	**(1,364,678)**
Provision for doubtful debts	**9,916**	**3,671**	**13,587**
Operating lease charges	**185,414**	**10,763**	**196,177**
Unrelieved tax losses and unabsorbed capital allowances	**1,232,975**	**411,890**	**1,644,865**
Group's share of jointly-controlled entity			
Deferred tax on the initial accounting of the jointly-controlled entity	**(219,559)**	**9,070**	**(210,489)**
	(219,559)	**499,021**	**279,462**

	Balance 1 January 11	Recognised in profit or loss	Recognised on acquisition of interest in jointly-controlled entity (note 6.1)	Balance 31 December 11
	€	€	€	€
Company				
Plant and equipment	(1,178,581)	(249,724)	-	(1,428,305)
Provision for doubtful debts	17,439	(7,523)	-	9,916
Operating lease charges	148,494	36,920	-	185,414
Unrelieved tax losses and unabsorbed capital allowances	1,012,648	220,327	-	1,232,975
Group's share of jointly-controlled entity				
Deferred tax on the initial accounting of the jointly-controlled entity	-	7,155	(226,714)	(219,559)
	-	7,155	(226,714)	(219,559)

16 Deferred tax assets and liabilities (continued)

16.3 Movement in temporary differences during the year (continued)

Company

	Balance 1 January 12	Recognised in profit or loss	Balance 31 December 12
	€	€	€
Plant and equipment	**(1,428,305)**	**63,627**	**(1,364,678)**
Provision for doubtful debts	**9,916**	**3,671**	**13,587**
Operating lease charges	**185,414**	**10,763**	**196,177**
Unrelieved tax losses and unabsorbed capital allowances	**1,232,975**	**411,890**	**1,644,865**
	-	**489,951**	**489,951**

	Balance 1 January 11	Recognised in profit or loss	Balance 31 December 11
	€	€	€
Plant and equipment	(1,178,581)	(249,724)	(1,428,305)
Provision for doubtful debts	17,439	(7,523)	9,916
Operating lease charges	148,494	36,920	185,414
Unrelieved tax losses and unabsorbed capital allowances	1,012,648	220,327	1,232,975
	-	-	-

17 Trade and other receivables

17.1

	Group 2012 €	**Company 2012 €**	Group 2011 €	Company 2011 €
Amount receivable in respect of the sale of long-term super-yacht berths	**1,973,196**	**1,973,196**	600,000	600,000
Other trade receivables	**714,443**	**372,083**	470,026	359,201
Amounts receivable from related Parties (note 17.2):				
Camper & Nicholsons Marina Investments Limited	**53,745**	**53,745**	20,947	20,947
Camper & Nicholsons Marinas International Limited	**47,383**	**47,383**	10,614	10,614
Other receivables	**54,762**	**1,026**	139,102	4,997
Prepayments and accrued income	**285,199**	**262,238**	209,600	182,713
	3,128,728	**2,709,671**	1,450,289	1,178,472

17.2 The amounts owed by the related parties are interest free and repayable on demand.

17.3 The Company's exposures to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 22.

18 Equity

18.1 Share capital

	2012 €	2011 €
Authorised share capital		
10,000,000 ordinary shares of €0.232937 each	**2,329,370**	2,329,370
Issued share capital		
On issue at 1 January and 31 December		
10,000,000 ordinary shares of €0.232937 each	**2,329,370**	2,329,370

18 Equity (continued)

18.2 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.

18.3 Fair value reserve

The fair value reserve represents the cumulative net change in the fair value of available-for-sale investments held by the Company (note 15).

18.4 Availability of reserves for distribution

	2012	2011
	€	€
Distributable	**2,975,664**	1,310,827
Non-distributable	**36,601**	-
	3,012,265	1,310,827

18.5 Dividends

After reporting date, a net final dividend of €0.12 per qualifying ordinary share, amounting to €1,200,000 was proposed by the directors on 27 February 2013. The dividends have not been provided for and there are no tax consequences. No dividends were proposed in the comparative year.

19 Loans and other borrowings

19.1 This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings which are measured at amortised cost. For more information about the Company's exposures to liquidity and interest rate risks, see note 22.

	Group	**Company**	Group	Company
	2012	**2012**	2011	2011
	€	**€**	€	€
Non-current				
Unsecured bonds-in-issue (Note 19.2)	**11,654,570**	**11,654,570**	11,619,024	11,619,024
Bank loans:				
Isbank loan	**3,182,877**	**-**	3,672,550	-
Isbank subordinated loan (Note 19.5.2)	**2,973,750**	**-**	2,531,250	-
Bank borrowings	**6,156,627**	**-**	6,203,800	-
Current				
Isbank loan	**489,674**	**-**	244,837	-
Isbank subordinated loan (Note 19.5.2)	**457,500**	**-**	168,750	-
Bank overdraft (note 21.1)	**15,250**	**15,250**	25,581	25,581
Bank borrowings	**962,424**	**15,250**	439,168	25,581

19 Loans and other borrowings (continued)

19.2 Unsecured bonds-in-issue

During the year ending 31 December 2010, the Company issued €10,000,000 bonds, with an over-allotment option of €2,000,000, bearing an interest rate of 7%, redeemable in 2020, and subject to an early redemption option that may be exercised by the Company between 2017 and 2020.

	2012	2011
	€	€
Proceeds on issue	**12,000,000**	12,000,000
Transaction costs (net of amount expensed during the year, note 10)	**(345,430)**	(380,976)
	11,654,570	11,619,024

19.3 Terms and debt repayment schedule

Group

	Currency	**Nominal interest rate**	**Year of maturity**	**2012**	2011
		%		**€**	€
Unsecured bonds-in-issue	Euro	7.00	2017 - 2020	**11,654,570**	11,619,024
Bank loans:					
Isbank loan	Euro	7.17	2019	**3,672,551**	3,917,387
Isbank subordinated loan	Euro	1.40	2019	**3,431,250**	2,700,000
Bank overdraft	Euro	5.00	On demand	**15,250**	25,581
Bank borrowings				**7,119,051**	6,642,968

19 Loans and other borrowings (continued)

19.3 Terms and debt repayment schedule (continued)

Company

	Currency	Nominal interest rate	Year of maturity	2012	2011
		%		**€**	€
Unsecured bonds-in-issue	Euro	7.00	2017 - 2020	**11,654,570**	11,619,024
				========	=======
Bank overdraft	Euro	5.00	On demand	**15,250**	25,581
				========	=======

19.4 Banking facilities

The Company enjoys a general banking facility up to an amount of €1,747,030 for working capital and bridging finance requirements in connection with the operation of its marina. This facility incorporates the issuance of a Performance Bond in favour of the Malta Environmental and Planning Authority for €34,941.

The Isbank loan is provided to IC Cesme in the form of a Term Facility Agreement ("Term Facility") in the amount of €8,161,223 (45% share: €3,672,551). This loan is repayable in semi-annual instalments which commenced in December 2011. In addition to the Term Facility, Isbank provided a loan in the form of a General Cash and Non-Cash Credit Agreement (the "Subordinated Loan") with a maximum facility of €7.6 million (45% share: €3.43 million).

19.5 Security

19.5.1 The Company's bank overdraft is secured by:

- a first general hypothec for €1,747,030 on overdraft basis over all the Company's assets, present and future; and
- a first special hypothec for €1,747,030 on overdraft basis on land held by the Company under title of temporary sub-emphyteusis (note 9.2.2).

19 Loans and other borrowings (continued)

19.5 Security (continued)

19.5.2 The Subordinated Loan provided by Isbank to IC Cesme is secured by cash pledges by the shareholders and is repayable commensurate with the Term Facility. The Parent Company acts as a guarantor and sponsor of IC Cesme's repayment obligations under the Term Facility and the Subordinated Loan to the extent of 45% (reflective of the Company's beneficial interest in IC Cesme) for any failure by IC Cesme to honour repayments. At the date of acquisition of the beneficial interest in the jointly-controlled entity, the Company has indemnified the Parent Company in the event that Isbank enforces any of its rights under the Term Facility and has irrevocably instructed and authorised the Parent Company to hold and apply the cash pledge in conformity with all the obligations under the Isbank documents. During the year the Company advanced an amount of €731,250 (2011: €2,714,250), following additional drawdowns by IC Cesme through its existing Subordinated Loan facility, to its Parent Company in support of this cash pledge (note 6.4).

20 Trade and other payables

20.1

	Group 2012 €	**Company 2012 €**	Group 2011 €	Company 2011 €
Trade payables	**189,753**	**125,201**	136,097	31,681
Amounts payable to related parties (note 20.2)				
Camper & Nicholsons Marinas Limited	**250,816**	**250,816**	74,279	74,279
Camper & Nicholsons Marinas International Limited	**-**	**-**	28,577	-
Other payables	**775,002**	**701,320**	315,725	245,569
Deferred income	**1,028,847**	**640,204**	855,709	556,143
Accrued expenses	**1,852,260**	**1,682,254**	1,387,713	1,366,695
	4,096,678	**3,399,795**	2,798,100	2,274,367

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

20.3 The Group's exposures to currency and liquidity risks related to trade and other payables are disclosed in note 22.

21 Cash and cash equivalents

21.1

	Note	**Group 2012 €**	**Company 2012 €**	Group 2011 €	Company 2011 €
Cash in hand		**5,502**	**3,039**	3,409	2,039
Bank term deposit	21.2	**300,000**	**300,000**	1,593,184	1,593,184
Other bank balances		**3,269,361**	**2,701,411**	703,265	607,072
Cash at bank and in hand		**3,574,863**	**3,004,450**	2,299,858	2,202,295
Bank overdraft used for cash Management purposes	19.1	**(15,250)**	**(15,250)**	(25,581)	(25,581)
Cash and cash equivalents in the statement of cash flows		**3,559,613**	**2,989,200**	2,274,277	2,176,714

21.2 The Company holds €300,000 on a three-month term deposit which is renewable for further periods upon instructions given by the Company.

21.3 During the comparative year, the Company released a cash pledge in favour of its bankers, HSBC Bank (Malta) p.l.c., to the amount of €100,000, against which HSBC Bank (Malta) p.l.c. issued a bank guarantee in favour of HSBC Bank p.l.c., Greece, which in turn issued a bank guarantee in favour of the Municipal Port Fund for the Mandraki Marina in Rhodes, Greece.

22 Financial instruments

22.1 Credit risk

22.1.1 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			
		Group	**Company**	Group	Company
		2012	**2012**	2011	2011
	Note	**€**	**€**	€	€
Available-for-sale investments	15	**1,612,501**	**1,612,501**	1,563,900	1,563,900
Trade receivables	17.1	**2,687,639**	**2,345,279**	1,070,026	959,201
Amounts receivable from related parties		**101,128**	**101,128**	31,561	31,561
Other receivables	17.1	**54,762**	**1,026**	139,102	4,997
Cash at bank		**3,569,361**	**3,001,411**	2,296,449	2,200,256
		8,025,391	**7,061,345**	5,101,038	4,759,915

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

		Carrying amount			
		Group	**Company**	Group	Company
		2012	**2012**	2011	2011
	Note	**€**	**€**	€	€
Individuals		**233,510**	**71,043**	134,062	78,226
Legal entities		**2,369,682**	**2,238,529**	756,553	722,898
Agents		**128,550**	**79,810**	207,743	186,409
		2,731,742	**2,389,382**	1,098,358	987,533
Impairment losses	22.1.2	**(44,103)**	**(44,103)**	(28,332)	(28,332)
		2,687,639	**2,345,279**	1,070,026	959,201

22 Financial instruments (continued)

22.1 Credit risk (continued)

22.1.2 Impairment losses

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

		Group	**Company**	Group	Company
	Note	**2012**	**2012**	2011	2011
	€	**€**	€	€	
Not past due		**2,208,149**	**2,170,597**	673,342	645,636
1 to 2 months		**92,104**	**92,104**	150,983	67,864
2 to 4 months		**360,223**	**55,415**	101,493	101,493
Over 4 months		**71,266**	**71,266**	172,540	172,540
		2,731,742	**2,389,382**	1,098,358	987,533
Impairment losses					
Past due and impaired	22.1.1	**44,103**	**44,103**	28,332	28,332

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

	Group	**Company**	Group	Company
	2012	**2012**	2011	2011
	€	**€**	€	€
Balance at 1 January	**28,332**	**28,332**	49,824	49,824
Impairment loss / (reversal) recognised	**15,771**	**15,771**	(21,492)	(21,492)
Balance at 31 December	**44,103**	**44,103**	28,332	28,332

22 Financial instruments (continued)

22.2 Liquidity risk

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

	Note	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	3 - 5 years	More than 5 years
		€	€	€	€	€	€	€
31 December 2012								
Group								
Unsecured bonds-in-issue	19.2	**11,654,570**	**(18,720,000)**	**(420,000)**	**(420,000)**	**(840,000)**	**(2,520,000)**	**(14,520,000)**
Isbank loan	19.3	**3,672,551**	**(5,741,225)**	**-**	**(744,219)**	**(744,219)**	**(2,021,997)**	**(2,230,790)**
Isbank Subordinated loan	19.1	**3,431,250**	**(3,393,051)**	**-**	**(503,937)**	**(497,531)**	**(1,454,165)**	**(937,418)**
Bank overdraft	19.1	**15,250**	**(15,250)**	**(15,250)**	**-**	**-**	**-**	**-**
		18,773,621	**(27,869,526)**	**(435,250)**	**(1,668,156)**	**(2,081,750)**	**(5,996,162)**	**(17,688,208)**
Company								
Unsecured bonds-in-issue	19.2	**11,654,570**	**(18,720,000)**	**(420,000)**	**(420,000)**	**(840,000)**	**(2,520,000)**	**(14,520,000)**
Bank overdraft	19.1	**15,250**	**(15,250)**	**(15,250)**	**-**	**-**	**-**	**-**
		11,669,820	**(18,735,250)**	**(435,250)**	**(420,000)**	**(840,000)**	**(2,520,000)**	**(14,520,000)**

22 Financial instruments (continued)

22.2 Liquidity risk (continued)

	Note	Carrying amount	Contractual cash flows	0 - 6 months or less	6 - 12 months	1 - 2 years	3 - 5 years	More than 5 years
		€	€	€	€	€	€	€
31 December 2011								
Group								
Unsecured bonds-in-issue	19.2	11,619,024	(19,560,000)	(420,000)	(420,000)	(840,000)	(2,520,000)	(15,360,000)
Isbank loan	19.3	3,917,387	(4,545,883)	-	(378,029)	(610,378)	(1,731,242)	(1,826,234)
Isbank Subordinated loan	19.1	2,700,000	(3,133,183)	-	(260,550)	(420,694)	(1,193,232)	(1,258,707)
Bank overdraft	19.1	25,581	(25,581)	(25,581)	-	-	-	-
		18,261,992	(27,264,647)	(445,581)	(1,058,579)	(1,871,072)	(5,444,474)	(18,444,941)
Company								
Unsecured bonds-in-issue	19.2	11,619,024	(19,560,000)	(420,000)	(420,000)	(840,000)	(2,520,000)	(15,360,000)
Bank overdraft	19.1	25,581	(25,581)	(25,581)	-	-	-	-
		11,644,605	(19,585,581)	(445,581)	(420,000)	(840,000)	(2,520,000)	(15,360,000)

22 Financial instruments (continued)

22.3 Currency risk

The Group's exposure to foreign currency risk was as follows, based on notional amounts:

	31 December 2012		31 December 2011	
	GBP '000	**TRY '000**	GBP'000	TRY'000
Group				
Cash at bank	**-**	**2,539**	-	87
Trade receivables	**-**	**-**	-	47
Trade payables	**-**	**138**	(5)	(45)
Net exposure	**-**	**2,677**	(5)	89
Company				
Trade payables	**-**	**-**	(5)	-
Net exposure	**-**	**-**	(5)	-

The following exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2012	2011	**2012**	2011
USD	0.7783	0.7183	0.7579	0.7729
GBP	1.2332	1.1522	1.2253	1.1972
Turkish Lira (TRY)	0.4322	0.4278	0.4289	0.4092

Sensitivity analysis

A 10 percent strengthening of the Euro, as indicated below, against the Turkish Lira as at 31 December would have increased/(decreased) profit or loss by the amount shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

22 Financial instruments (continued)

22.3 Currency risk (continued)

	2012	2011
	€000	€000
Turkish Lira	(165)	(20)
	===	===

A weakening of the Euro against the Turkish Lira at 31 December would have had the equal but opposite effect to the amount shown above.

22.4 Interest rate risk

The Group is subject to changes in base interest rates on bank accounts held with financial institutions and interest-bearing borrowings as may be announced by the European Central Bank from time to time and to changes in the market rates for EURIBOR. Based on the gross value of loans outstanding as at 31 December 2012 that are subject to variable interest rates, an increase of 100 bps (2011: 100 bps) would reduce profit before tax by €35,501 (2011: €6,895). Similarly a reduction of 100 bps (2011: 100 bps) on all of the Group's borrowings subject to variable interest rates would increase profit before tax by €35,501 (2011: €6,895).

During the year ended 31 December 2010 the Company issued bonds at a fixed rate of 7%. These are, therefore, not subject to interest rate fluctuations.

22.5 Fair values

At the date of the statement of financial position the carrying amount of financial assets and financial liabilities approximated their fair values.

23 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.

24 Related parties

24.1 Parent and ultimate controlling party

The Group is a subsidiary of Camper & Nicholsons Marina Investments Limited ("CNMI"), the registered office of which is situated at Island House, Grande Rue St Martins, Guernsey. CNMI prepares the consolidated financial statements of the Group of which Grand Harbour Marina p.l.c. forms part. CNMI is listed on AIM and its financial statements are publicly available.

24.2 Related party relationships, transactions and balances

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

	Group 2012 €	**Company 2012 €**	Group 2011 €	Company 2011 €
Camper & Nicholsons Marinas Limited				
Balance payable at 1 January	**(74,279)**	**(74,279)**	(50,172)	(50,172)
As per Marina Services Agreement:				
Recruitment, operational services and Auditing (2.5% of revenue subject to a minimum fee of GBP18,000 p.a.)	**(148,312)**	**(148,312)**	(92,238)	(92,238)
Sales and marketing fees (fixed fee of GBP3,200 per month)	**(47,365)**	**(47,365)**	(44,260)	(44,260)
Commissions payable on the sale of long-term super-yacht berths (2.5% on amounts received)	**(78,144)**	**(78,144)**	(31,393)	(31,393)
Management, finance and other related services and expenses	**(188,999)**	**(188,999)**	(27,739)	(27,739)
Cash movements	**286,283**	**286,283**	171,523	171,523
Balance payable at 31 December	**(250,816)**	**(250,816)**	(74,279)	(74,279)

24 Related parties (continued)

24.2 Related party relationships, transactions and balances (continued)

	Group 2012 €	**Company 2012 €**	Group 2011 €	Company 2011 €
Camper & Nicholsons Marinas International Limited				
Balance (payable)/ receivable at 1 January	**(17,963)**	**10,614**	(37,750)	(37,750)
Royalty fees (0.25% of revenue excluding direct costs of utilities) as per Trade Mark License Agreement	**(12,845)**	**(12,845)**	(7,145)	(7,145)
Management, finance and other related services	**(17,523)**	**(8,572)**	(245,738)	(115,423)
Cash movements	**95,714**	**58,186**	272,670	170,932
Balance receivable / (payable) at 31 December	**47,383**	**47,383**	(17,963)	10,614
Camper & Nicholsons Marina Investments Limited				
Balance at 1 January	**20,947**	**20,947**	-	-
Interest receivable	**32,798**	**32,798**	20,947	20,947
Balance receivable at 31 December	**53,745**	**53,745**	20,947	20,947
Net amount payable at 31 December	**(149,688)**	**(149,688)**	(71,295)	(42,718)

24 Related parties (continued)

24.2 Transactions with key management personnel

Other than the directors' compensation amounting to €45,610 (2011: €52,039), key management compensation amounted to €73,788 (2011: €63,230). There were no other transactions with key management personnel.

25 Contingencies

The Company is disputing a claim for an amount of €160,084 for contract works carried out by a third party at the marina. While liability is not admitted, if defence against this action is unsuccessful, the amount could become due. Following legal advice, the directors do not expect the Company to be found liable.

26 Subsequent events

In line with the requirements of the Bond Prospectus of 2010, the Company has appointed HSBC as trustees of purposely instituted Sinking Fund. During January 2013 the amount of €375,000 was placed in this Fund.

27 Information on jointly-controlled entity

Included in the Group's Statement of Financial Position and the Statement of Comprehensive Income are the following amounts related to its 45% share of the jointly-controlled entity (2011: from 18 March 2011, the date the Group assumed joint control, to 31 December 2011).

	Note	2012	2011
		€	€
Continuing Operations			
Revenue	7.2	**1,849,946**	1,185,974
Personnel expenses		**(357,537)**	(246,902)
Depreciation		**(419,664)**	(333,284)
Other operating expenses		**(916,501)**	(665,181)
Results from operating activities		**156,244**	(59,393)
Finance income		**10,425**	5,295
Finance costs		**(342,566)**	(403,586)
Net finance costs		**(332,141)**	(398,291)
Loss before income tax		**(175,897)**	(457,684)
Income tax credit	11	**9,069**	7,155
Loss for the year		**(166,828)**	(450,529)
Total comprehensive income for the year		**(166,828)**	(450,529)

27 Information on jointly-controlled entity (continued)

	Note	2012	2011
		€	€
Assets			
Property, plant and equipment		**7,729,603**	7,865,582
Goodwill	6.2	**848,543**	848,543
Total non-current assets		**8,578,146**	8,714,125
Trade and other receivables		**419,057**	271,818
Cash at bank and in hand		**570,404**	97,318
Total current assets		**989,461**	369,136
Total assets		**9,567,607**	9,083,261
Liabilities			
Deferred tax liability	16.2	**210,489**	219,559
Bank borrowings	19.1	**6,156,627**	6,203,800
Total non-current liabilities		**6,367,116**	6,423,359
Bank borrowings	19.1	**947,174**	413,587
Trade and other payables		**696,878**	523,046
Total current liabilities		**1,644,052**	936,633
Total liabilities		**8,011,168**	7,359,992
Net assets		**1,556,439**	1,723,269

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Independent Auditors' Report

To the Members of Grand Harbour Marina p.l.c.

Report on the Financial Statements

We have audited the financial statements of Grand Harbour Marina p.l.c. (the "Company") and of the Group of which the Company is the parent, as set out on pages 27 to 94, which comprise the statements of financial position as at 31 December 2012 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement set out on page 26, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act"). They are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 179 of the Act and may not be appropriate for any other purpose.

In addition, we read the other information contained in the Annual Report 2012 and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent material misstatements of fact or material inconsistencies with the financial statements.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Independent Auditors' Report (continued)

To the Members of Grand Harbour Marina p.l.c.

Opinion on Financial Statements

In our opinion, the financial statements:

- give a true and fair view of the Group's and the Company's financial position as at 31 December 2012, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been properly prepared in accordance with the Companies Act, 1995 (Chapter 386, Laws of Malta), and, as regards the financial statements of the Group, Article 4 of the IAS Regulation.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 6.3 to the financial statements which sets out the required disclosures under IAS 36, *Impairment of Assets*, in particular, those relating to the key assumptions on which the directors have based their assessment that the carrying amount of the goodwill reported in the Group's statement of financial position at 31 December 2012 is not impaired. The key assumptions disclosed are those to which the estimated recoverable amount of the marina situated in Turkey is most sensitive. On the basis of these assumptions, the estimated recoverable amount of the marina's net assets (including goodwill) exceeds its carrying amount by approximately €960,000. Management has identified two key assumptions, for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount, and Note 6.3 sets out the amount by which the value assigned to each key assumption must change in order for the recoverable amount to be equal to its carrying amount. Furthermore, on the basis of such assumptions, the directors have determined that the carrying amount of the Company's investment in the jointly-controlled entity (Note 14.1) which owns this marina, does not exceed its recoverable amount. As disclosed in Note 2.4, such disclosures contain information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Report on Other Legal and Regulatory Requirements

Matters on which we are required to report by exception by the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act")

We have nothing to report in respect of the following matters where the Act requires us to report to you if, in our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- proper accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we require for the purpose of our audit; or
- certain disclosures of directors' remuneration specified by the Act are not made.

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Independent Auditors' Report (continued)

To the Members of Grand Harbour Marina p.l.c.

Report required by Listing Rule 5.98 issued by the Listing Authority in Malta on the Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance (the "Principles") outlined in Appendix 5.1 to Chapter 5 (Continuing Obligations) of the Listing Rules (the "Appendix")

Listing Rule 5.97 requires an Issuer whose securities are admitted to trading on a Regulated Market operating in Malta to prepare a corporate governance statement. In addition, as an Issuer registered in Malta, Listing Rule 5.94 requires that the Company endeavours to adopt the Principles and to prepare a report explaining how it has complied with the provisions of the Appendix.

Our responsibility as independent auditors of the Company, is laid down by Listing Rule 5.98, which requires us to issue a report on the Directors' Statement of Compliance with the Principles, which is set out on pages 13 to 23.

We review the Directors' Statement of Compliance, and report as to whether this Statement provides the disclosures required by Listing Rule 5.97. We are not required to, and we do not, consider whether the Board's statements on internal control and risk management systems cover all the risks and controls in relation to the financial reporting process, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risks and control procedures, nor on the ability of the Company to continue in operational existence.

In our opinion, the Directors' Statement of Compliance set out on pages 13 to 23 provides the disclosures required by Listing Rule 5.97 issued by the Listing Authority of Malta.

Hilary Galea-Lauri (Partner) for and on behalf of

KPMG
Registered Auditors

12 March 2013