



Annual Report

2017

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CYPRUS LAND DEVELOPMENT CORPORATION

BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS

Chairman:	Marios Pelekanos (from 23/1/2019) Andreas Frangos (until 17/1/2019)
Vice chairman:	Panicos Argiridis (from 23/1/2019) Tasos Koukounis (until 17/1/2019)
Members:	Nicos Andreou (from 23/1/2019) Panicos Argiridis (until 17/1/2019) Christos Christodoulou (from 23/1/2019) Onisiforos Iordanou (until 17/1/2019) Demosthenis Markidis (from 23/1/2019) Andreas Constantinou (until 17/1/2019) Pantelis Livadiotis Michalakis Michail Kyriacos Tsioupanis (from 23/1/2019) Stelios Papastylianou (until 17/1/2019) Giorgos Spiropoulos (from 23/1/2019) Antonis Roussakis (until 17/1/2019)
Deputy General Director:	Maria Kyriakidou
Auditors:	Auditor General of the Republic
Independent Auditors:	HMI & Partners Ltd Certified Accountants & Registered Auditors
Legal Counsel:	Kakkouras & Panayides LLC (until 3/12/2018) Christos M. Triantafyllides (from 4/12/2018)

CYPRUS LAND DEVELOPMENT CORPORATION

10 May 2018

The Hon.
Constantinos Petrides
Minister of Interior

Dear Minister,

I have the honour to submit the Annual Report and Financial Statements of Cyprus Land Development Corporation for the year ended 31/12/2017, as well as the Report of Messrs. HMI & PARTNERS LTD who carried out the audit of the Financial Statements.

The aforementioned Reports are submitted according to the provisions of Cyprus Land Development Corporation Law 42/80, Articles 27 (2), 27 (3) and 28 (1).

The Board of Directors, the administration and the personnel of the Corporation shall continue to work consistently for the resolution of all outstanding issues faced by the Corporation in order to always be at the disposal of the Government for the implementation of any housing scheme assigned to them.

Sincerely,

Marios Pelekanos
Chairman of the Board of Directors

CYPRUS LAND DEVELOPMENT CORPORATION

ANNUAL REPORT OF CYPRUS LAND DEVELOPMENT CORPORATION FOR 2017

Formation and Responsibilities

The Corporation was established pursuant to the Cyprus Land Development Corporation Law No.42/80 and constitutes a body of the Public Service sector. It is under the authority of the Ministry of Interior and it is administered by its Board of Directors which consists of nine members appointed by the Council of Ministers. The term of service of the Board lasts for a period of 30 months.

The aim of the Corporation is to assist medium and low-income individuals and families to acquire their own residence.

In accordance with the Law and in order to promote the objectives of its establishment, the Cyprus Land Development Corporation may expropriate land in order to separate it to plots or to construct residences purporting to accommodate families with medium or low-income.

Housing Schemes of the Cyprus Land Development Corporation

Housing Scheme for Medium-Income Individuals/Households

The Council of Ministers, exercising the powers granted to it by Article 2 of the Cyprus Land Development Corporation Law 42 of 1980, determines the beneficiaries of the Medium-Income Housing Scheme.

The income criteria based on the latest review are as follows:

1. For singles up to €22,000 per year
2. For families with no children up to €40,000 per year
 - For families with one or two children, the annual gross income to be increased by €4,000 per child.
 - For families with three or more children, the annual gross family income to be increased by €6,000 per child.

Other criteria are also taken into consideration for the assessment of the applications of beneficiaries such as movable and immovable property, the housing conditions of the family, the composition etc.

Since June 2013, after the suspension of the Housing Scheme for Low-Income Individuals/Households, following a drastic reduction in prices the Corporation began to offer ready-made housing units through the Housing Scheme for Medium-Income Individuals/Households after implementing amendments to this scheme which concerned:

- (i) Reduction of advance payment to 10% of the value of the property.

CYPRUS LAND DEVELOPMENT CORPORATION

- (ii) The remainder of the value of the property remains with the Corporation for as long as the applicant requires to secure a loan by any Credit Institution. This period shall not exceed the applicant's/purchaser's 70th year, while the repayment period shall be determined by his/her age.
- (iii) A credible guarantor is required. (The guarantor is requested to provide details of his/her financial situation, income etc., as well as his/her obligations towards third parties).
- (iv) With the issuance of title deeds and prior to a period of three years from the date of execution of the Contract, the purchasers shall be advised to contact the various Credit Institutions for the repayment of the balance and the simultaneous transfer of the title under their name.

By implementing the aforesaid Scheme, the Corporation managed to allocate the majority of its stock and by the end of 2017, 20 residential units remained available throughout Cyprus. The units consist of 12 ready-made and 8 used units.

On 1/1/2019 the available units are 24 (1 ready-made and 23 used). The increase in available used units is due to a large number of purchasers that has been unable to meet its contractual obligations resulting in the return of its property to the Corporation.

During 2017, 2 new projects were set out. The first project is the construction of a residential and apartment complex in Polemidia which is a continuation of residential development completed in the same area. The project consists of 15 residences. The second project includes 26 residential building units in Kokkinotrimithia and is a continuation of residential development which was implemented in 3 phases.

There remain 1 complex across Cyprus for which separate titles have not been issued and 2 complexes lacking the issuance of a number of titles.

CYPRUS LAND DEVELOPMENT CORPORATION

OTHER OPERATIONS

CONTRACTS OF SALE

During the year under review, eleven (11) Contracts of Sale of a total value of €1.259.700 were signed.

BUDGET 2017

The Budget 2017 of the Cyprus Land Development Corporation was approved by its Board of Directors at the Board meeting held on 3rd August 2016 (Decision No. 89/16) and it was circulated to the Ministry of Interior to be presented to the Council of Ministers. Following its approval by the Council of Ministers on 9.11.2016 (Decision No 81.565) it was sent to the House of Representatives where in February 2017 it was passed into Law [Law 5 (II) / 2017] and published in the Government Gazette of the Republic No. 4316 dated 17.2.2017.

The Budget of CLDC for the financial year 2017 provides for revenue of €9,019,100; the amount of €4,817,200 to mainly derive from proceeds from sale of residences and plots and €4,201,900 from other income. The Corporation's expenditure for 2017 is budgeted at €12,473,253; out of which the amount of €2.780.000 is to be allocated to finance construction projects and the amount of €5.153.100 is to be used for loan servicing and returns for the Housing Scheme for Low-Income Individuals/Households.

Based on the revised Budget, prepared during the preparation of Budget 2018, revenue is estimated to amount to €7.919.100, €4.217.200 of which is to derive from proceeds from the sale of residences and apartments.

FINANCIAL REPORT

The Corporation's turnover in 2017 amounted to €1.259.700, while the annual surplus before tax amounted to €469.854.

The annual revenue of 2017 amounted to €8.845.167 and the expenditure amounted to €7.495.737. Out of the total revenue, the amount of € 6.458.114 derived from advance payments, instalments, and repayments of residential plans.

Out of the Corporation's total expenditure, the amount of €275,886 was allocated to Capital Expenditure, while Administrative Expenses amounted to €2.072.095.

PERSONNEL

Maria Kyriakidou	- Chief of Admin. & Account. Services Deputy General Director
Kyriaki Papasozomenou-Andreou	- Architect
* Maria Kyriacou	- Architect
* Charalambos Iakovou	- Architect
* Michella Hadjoannou	- Civil Engineer
Nicos Kazamias	- Civil Engineer
Panayiota Kaspi	- Surveying Engineer
Nestoras Nestoros	- Mechanical Engineer
Panayiota Papageorgiou	- Technical Inspector
Athina Theofanous	- Senior Secretariat Officer
Dimitra Skouroupathi-Ioannou	- Secretarial Officer
Despo Iordanou	- Accounting Officer
Salomi Roussia	- Accounting Officer
Tasoula Panayi Kontou	- Technician
Anna Aspromali	- Technician
Rebecca Zari	- Technician
* Georgia Kirkillis	- Technician
Panayiota Georgiou	- Technician
Eleftherios Michigas	- Technician
Argyro Gotsi	- Technician
Kyriakos Polycarpou	- Technician
Miranda Ioannou	- Clerk
Litsa Panteli	- Clerk
Melina Dimitriou	- Clerk
Maria T. Christodoulou	- Accounting Clerk
Evi Aspromali	- Clerk

INDEFINITE DURATION

** Eleni Anayiotou	- Technician / Designer
** Chrystalla Hadjipanayi	- Technician / Designer
** Maria Hadjinikolaou	- Technician / Designer
** Katia Christou	- Technician / Assistant Quantity Counter
Elena Evangelou	- Clerk
Chrysoula Chrysostomou	- Clerk
Pabitsa Fennec	- Clerk

HOURLY EMPLOYEES

Maria Christodoulou	
** Xenofon Ioannidis	

Note:

*PERSONNEL POSTED IN ACCORDANCE WITH LAW 47 (I) / 2017

**PERSONNEL OFFERING SERVICES TO DEPARTMENTS OF THE PUBLIC SECTOR AS PER RELEVANT MEMORANDUM FOR THE PROVISION OF SUCH SERVICES



Financial Statements

2017

CYPRUS LAND DEVELOPMENT CORPORATION

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

CYPRUS LAND DEVELOPMENT CORPORATION

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

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CYPRUS LAND DEVELOPMENT CORPORATION

BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS

Chairman:	Andreas Frangos (since 5/1/2017)
Vice chairman:	Tasos Koukounis
Members:	Panicos Argiridis Onisiforos Iordanou Andreas Constantinou Pantelis Livadiotis Michalis Michail Stelios Papastylianou Antonis Roussakis (reappointment 27/1/2017)
Deputy General Director:	Maria Kyriakidou
Auditors:	Auditor General of the Republic
Independent Auditors:	HMI & Partners Ltd Chartered Accountants & Registered Auditors 12 Menandrou Eliona Tower, 1 st floor 1066 Nicosia Cyprus
Legal Counsel:	Kakkouras & Panayides LLC

CYPRUS LAND DEVELOPMENT CORPORATION

BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS (cont.)

Bankers: Housing Finance Corporation
Bank of Cyprus Public Company Ltd
Hellenic Bank Public Company Ltd

Offices: 14 Athalassas Ave., 2011 Strovolos
Tel.: 22427000, Fax: 22513143
E-mail: koag@cytanet.com.cy
Website: www.cldc.org.cy

CYPRUS LAND DEVELOPMENT CORPORATION

MANAGEMENT REPORT

The Board of Directors of Cyprus Land Development Corporation (“The Corporation”) submits its annual report along with its audited financial statements for the year ended 31 December 2017.

MAIN ACTIVITIES

The Corporation’s main activity according to its founding Law (42/80) is the separation of land into plots and the construction of residences and their provision to individuals and families with low and medium income. The Corporation commenced its activities in 1981.

ASSESSMENT OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF OPERATIONS

The financial position of the Corporation as presented in its financial statements is considered satisfactory.

MAIN RISKS AND UNCERTAINTIES

The Corporation is exposed to risks, the most significant of which are the credit risk, liquidity risk, market risk, legal risk, compliance risk, risk of loss of reputation, risk of fair value and capital management.

The Corporation monitors and manages the aforesaid risks with various mechanisms, as mentioned in note 25 of the Corporation’s financial statements.

SHARE CAPITAL

There were no amendments to the Corporation’s share capital during the year under review.

FINANCIAL RESULTS

The Corporation made an annual profit of €279.402 (2016 €57.740) which is transferred to the gain and loss account reserve.

BOARD OF DIRECTORS

Members of the Board of Directors are appointed by the Council of Ministers every two years and a half. The term of service of the current Board, including the Chairman, expires on 17th January 2019.

INDEPENDENT AUDITORS

During the year the Independent Auditors of the Corporation were Messrs HMI & Partners Ltd.

CYPRUS LAND DEVELOPMENT CORPORATION

MANAGEMENT REPORT (cont.)

EVENTS AFTER THE BALANCE SHEET

There were no significant events after 31st December 2017 affecting the financial statements.

For and on behalf of the Board of Directors,

Chairman,
Andreas Frangos

Nicosia, 12 December 2018

Independent Auditor's Report

To the Members of Cyprus Land Development Corporation

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Cyprus Land Development Corporation (the "Corporation"), as set out on pages 9 to 40, which include the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies and additional clarifications.

In our opinion, except for the possible effects of the matter described in the section titled Basis for Qualified Opinion, the accompanying financial statements give a true and fair view of the state of the Corporation's financial position as at 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the Cyprus Land Development Corporation Law.

Basis for Qualified Opinion

1. We have not received a confirmation letter regarding balances held with the Republic of Cyprus at 31 December 2017. The relevant amounts which have not been confirmed are related to long-term commitments of €60,623,633 (Note 19) as well as deferred administrative income from the implementation of ΣΣΧΑ of €4,995,983 (Note 20). The aforesaid payable amounts are related to the Housing Scheme for Low Income Families and Individuals ("ΣΣΧΑ"), for the implementation of which the Corporation was assigned to manage the construction of residences. There is no written contractual agreement regarding the aforementioned scheme as well as no convergence of opinions with the Republic of Cyprus. Therefore, we are unable to confirm the accuracy and credibility of the balance of the Corporation with the Republic.

2. As mentioned in note 28 of the financial statements, there are currently issues at the complex "Nireas I" in Asomatos, Limassol. We have not received any accounts regarding potential future liabilities of the Corporation for the resolution of the aforesaid issues and consequently we are unable to know whether any provision should have been acknowledged in the financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the Code of Ethics issued by the International Ethics Board for Accountants (IESBA Code), and ethical responsibilities regarding the audit of financial statements in the Republic of Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

CYPRUS LAND DEVELOPMENT CORPORATION

Independent Auditor's Report (cont.)

To the Members of Cyprus Land Development Corporation

Other information

The directors are responsible for other information. Other information are considered the information included in the management report and the additional information in the income statement but not the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, our responsibility is to read the other information and assess whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the procedures we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view according to International Standards on Auditing as adopted by the European Union and the Cyprus Land Development Corporation Law, and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible to assess the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible to supervise the disclosure of financial information by the Corporation.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report (cont.)

To the Members of Cyprus Land Development Corporation

Auditor's Responsibilities for the Audit of the Financial Statements (cont.)

As part of an audit in accordance with ISAs, we exercise professional judgement and professional scepticism throughout the duration of the audit. Also:

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

Inter alia, we communicate to the Board of Directors the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

In accordance with the additional requirements of the Auditors Law of 2017, we mention the following:

- In our opinion, the Management Report and the information enclosed thereto are consistent with the financial statements.
- In our opinion, and according to the understanding of the business and the environment of the Corporation acquired during the preparation of the financial statements, we did not find any material uncertainties in the Management Report.

CYPRUS LAND DEVELOPMENT CORPORATION

Independent Auditor's Report (cont.)

To the Members of Cyprus Land Development Corporation

Other Matter

The present report, including the opinion, was prepared for the Board of Directors of the Corporation in accordance with Article 69 of the Auditors Law of 2017 and the Auditor General of the Republic solely and for no other purpose. By providing this opinion, we do not accept or assume responsibility for any other purpose or to any other party who may rely on this report.

Michalis Hadjipantela
Chartered Accountant and Registered Auditor
for and on behalf of
HMI & Partners Ltd
Chartered Accountants and Registered Auditors

Nicosia, 12 December 2018

CYPRUS LAND DEVELOPMENT CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 €	2016 €
Turnover		1.259.700	680.800
Cost of sales		<u>(1.216.393)</u>	<u>(671.783)</u>
Gross profit	4	43.307	9.017
Impairment on the price of ready-made residential units	4	(52.173)	(69.712)
Expenses on completed projects and area differentiations		<u>(228.315)</u>	<u>(100.125)</u>
Gross profit after provisions		(237.181)	(160.820)
Other income	5	<u>616.479</u>	<u>873.726</u>
		379.298	712.906
Administrative and operating expenses	6	<u>(1.895.194)</u>	<u>(2.197.708)</u>
Loss from operating activities		<u>(1.515.896)</u>	<u>(1.484.802)</u>
Interest income	8	1.990.901	2.564.087
Financing expenses	9	<u>(5.151)</u>	<u>(8.677)</u>
Net financing income		<u>1.985.750</u>	<u>2.555.410</u>
Profit before tax		469.854	1.070.608
Tax	24	<u>(190.452)</u>	<u>(112.868)</u>
Net profit for the year		<u>279.402</u>	<u>957.740</u>
Other comprehensive income			
Financial assets available for sale – Change in fair value	12	(4.039)	(3.848)
Actuarial cost of pension fund	21	<u>314.742</u>	<u>(516.063)</u>
Total income for the year		<u>590.105</u>	<u>437.829</u>

The notes on pages 13 to 40 constitute an integral part of the financial statements.

CYPRUS LAND DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2017 For the year ended 31 December

ASSETS	Note	2017	As adjusted on 31/12/2016	As adjusted on 1/1/2016
		€	€	€
NON-CURRENT ASSETS				
Property, plant and equipment	10	1.304.365	1.326.211	825.765
Investment in assets	11	1.884.670	1.935.746	2.517.638
Financial assets available for sale	12	49.826	53.865	57.713
Long-term receivables	13	63.695.299	69.443.887	74.798.851
Total non-current assets		66.934.160	72.759.709	78.199.967
CURRENT ASSETS				
Land for development	14	13.128.126	12.269.620	12.065.218
Development Projects	15	-	1.184.871	1.900.854
Ready-made residential units	16	4.426.168	4.030.557	2.602.381
Debtors & Advance Payments	17	6.090.735	5.146.877	4.519.124
Cash at Banks	18	17.235.786	18.002.208	14.423.190
Total current assets		40.880.815	40.634.133	35.510.767
TOTAL ASSETS		107.814.975	113.393.842	113.710.734
EQUITY AND LIABILITIES				
NON-CURRENT LIABILITIES				
Long-term liabilities	19	60.623.633	66.117.316	66.891.439
Deferred administrative income from the implementation of ΣΣXA	20	4.995.983	4.995.983	4.995.983
Liabilities pursuant to the Pension & Contributions Plan	21	7.941.218	8.093.157	7.427.990
		73.560.834	79.206.456	79.315.412
CURRENT LIABILITIES				
Borrowings	22	68.344	129.485	126.574
Creditors & Expenses due	23	1.207.836	1.504.305	2.095.014
		1.276.180	1.633.790	2.221.588
TOTAL LIABILITIES		74.837.014	80.840.246	81.537.000
Share Capital and Reserves		32.977.961	32.553.596	32.173.734
TOTAL EQUITY AND LIABILITIES		107.814.975	113.393.842	113.710.734

The financial statements were approved by the Board of Directors on 12 December 2018.

.....
Andreas Frangos
Chairman of the Board of Directors of CLDC

.....
Maria Kyriakidou
Deputy General Director

The notes on pages 13 to 40 constitute an integral part of the financial statements.

CYPRUS LAND DEVELOPMENT CORPORATION
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Equity	Accumulated profits	Fair value reserve of financial assets available for sale	Revaluation Reserve	Total
	€	€	€	€	€
Balance at 01/01/2016	854.301	29.344.193	(7.697)	1.982.938	32.173.735
Profit for the year	-	957.740	-	-	957.740
Other comprehensive income					
Transfer of the year's depreciation to the revalued amount	-	34.254	-	(34.254)	-
Financial assets available for sale - Change in fair value	-	-	(3.845)	-	(3.845)
Actuarial loss	-	(516.063)	-	-	(516.063)
Special Defence Contribution on deemed distribution of dividends	-	(57.971)	-	-	(57.971)
Balance 31/12/2016 – 01/01/2017	854.301	29.762.153	(11.542)	1.948.684	32.553.596
Profit for the year	-	279.402	-	-	279.402
Other comprehensive income					
Transfer of the year's depreciation to the revalued amount	-	34.254	-	(34.254)	-
Financial assets available for sale - Change in fair value	-	-	(4.039)	-	(4.039)
Actuarial loss	-	314.742	-	-	314.742
Other transactions					
Special Defence Contribution on deemed distribution of dividends	-	(165.740)	-	-	(165.740)
Balance 31/12/2017	854.301	30.224.811	(15.581)	1.914.430	32.977.961

As provided by the Special Contribution for the Defence of the Republic Law, Corporations which do not allocate 70% of their profits after tax for the duration of two years after the end of the tax year related to the aforementioned profits, they shall be deemed as having distributed the said amount as dividends. Special contribution for the defence, at 20% for the years 2012 and 2013 and at 17% for 2014 and thereafter (during the year 2011 the percentage was 15% up to 30 August 2011 and 17% up to the end of the year), shall be payable on this deemed distribution of dividends to the extent that its owners (individuals or entities) by the end of the two year period after the end of the tax year related to the aforesaid profits are Cypriot tax residents. This amount of deemed distribution of dividends may be reduced by any actual attributable dividend distributed for the year related to the abovementioned profits. This special contribution for the defence is payable by the Corporation to the State.

The notes on pages 13 to 40 constitute an integral part of the financial statements.

CYPRUS LAND DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	2017	2016
	€	€
Cash flows from operating activities		
Surplus before tax	469.854	1.070.608
Adjustments for:		
Profit from the sale of fixed assets	-	(11.510)
Depreciation	80.789	82.971
Payable interest	5.151	8.677
Interest income	(1.990.901)	(2.564.087)
Provision of Retirement Benefits	307.729	301.289
Cash flows from operating activities prior to changes to the working capital	(1.127.378)	(1.112.052)
(Increase) on Land for Development	(858.506)	(204.402)
Decrease in ready-made residential units	(395.611)	(1.428.176)
(Increase)/Decrease in Development Projects	1.184.871	715.983
(Increase) of Debtors and Advance Payments	(943.858)	(627.753)
(Decrease) in Creditors and Expenses due	(125.561)	(379.935)
Increase/(Decrease) in long-term receivable Accounts	5.748.588	5.354.964
Increase in Pension Fund	11.098	14.436
Cash Flows for operating activities	3.493.643	2.333.065
Tax paid	(527.099)	(381.612)
Pension payments	(156.024)	(166.621)
Net cash flows for operating activities	2.810.520	1.784.832
Cash flows from investing activities		
Purchase of fixed assets	(7.867)	(1.523)
Sale of property, plant and equipment	-	11.510
Interest Receipts	1.990.901	2.564.087
Net cash flows from investing activities	1.983.034	2.574.074
Cash flows from financing activities		
Debt payments	(5.554.824)	(771.212)
Paid interest	(5.151)	(8.677)
Net cash flow from financing activities	(5.559.975)	(779.889)
Net increase in cash and cash equivalents	(766.421)	3.579.017
Cash and cash equivalents at the beginning of the period	18.002.207	14.423.190
Cash and cash equivalents at the end of the period	17.235.786	18.002.207

The notes on pages 13 to 40 constitute an integral part of the financial statements.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. ESTABLISHMENT AND MAIN ACTIVITY

The Cyprus Land Development Corporation was founded pursuant to Law No.42/80 and constitutes a body of the Public Service sector. It is under the authority of the Ministry of Interior and it is administered by its Board of Directors which consists of nine members appointed by the Council of Ministers. The main activity of the Corporation is the segregation of land into plots and the construction of residences and their provision to individuals and families with low and medium income.

2. BASE FOR PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with the International Reporting Standards (IFRS) as these were adopted by the European Union.

According to article 27(I) of Cyprus Land Development Corporation Law 42/80 “The Corporation shall provide for appropriate books and accounts to be kept in relation to its operations, as well as annual statement of its accounts as if it were a Commercial Corporation”.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except the building presented at fair value.

(c) Adoption of new and revised Standards and Interpretations

At 1st January 2017, the Corporation adopted all International Financial Reporting Standards and International Accounting Standards which relate to its activities. The adoption of the aforesaid Standards has not brought significant amendments to the financial statements of the Corporation.

The following new and revised standards were issued but were not implemented at the year ended 31 December 2017:

(i) Adopted by the European Union

New Standards

- IFRS 9 – “Financial Instruments” (effective for annual periods beginning on or after 1st January 2018).
- IFRS 15 – “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1st January 2018).
- IFRS 16 – “Leases” (effective for annual periods beginning on or after 1st January 2019).

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

2. BASE FOR PREPARATION (cont.)

Adoption of new and revised IFRS (cont.)

(i) Adopted by the European Union (cont.)

Amendments

IFRS Interpretations Committee.

- Amendment to IFRS 2 - “Classification and measurement of share-based payment transactions” (effective for annual periods beginning on or after 1st January 2018).
- IAS 40: (Amendments) – “Investment Property” (effective for annual periods beginning on or after 1st January 2018).
- Annual Improvements to IFRS Cycle 2014-2016 [effective for annual periods beginning on or after 1st January 2018 (IFRS 1 and IAS 28)].
- Amendments to IFRS 4: Implementing IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts” regarding provisions dependent on the value of shares” (effective for annual periods beginning on or after 1st January 2018).
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued 12 October 2017) (effective for annual periods beginning on or after 1st January 2019).
- Clarifications for IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1st January 2018).

New Interpretations

- IFRIC 22: “Foreign Currency Transactions and Advance Consideration” (effective for annual periods beginning on or after 1st January 2018).

(ii) Not adopted by the European Union

New standards

- IFRS 17 – “Insurance Contracts” (effective for annual periods beginning on or after 1st January 2021).

Amendments

- Amendments to IAS 28: Long-term interests in associates and joint ventures (issued 12 October 2017) (effective for annual periods beginning on or after 1st January 2019).
- Annual Improvements to IFRS Cycle 2015-2017 (issued 12 December 2017) (effective for annual periods beginning on or after 1st January 2019).

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

2. BASE FOR PREPARATION (cont.)

Adoption of new and revised IFRS (cont.)

(ii) Non-adopted by the European Union (cont.)

Amendments (cont.)

- Amendments to References to the Conceptual Framework in IFRS (effective for annual periods beginning on or after 1st January 2020).
- IFRS 10 (Amendments) and IAS 28 (Amendments) “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” (effective date has been deferred indefinitely).

New Interpretations

- IFRIC 23: “Uncertainty over Income Tax Treatments” (effective for annual periods beginning on or after 1st January 2019).

The Corporation anticipates that the adoption of the aforesaid standards and interpretations shall not have any significant effect on the financial statements.

(d) Critical accounting estimates and judgements

The preparation of the financial statements in accordance with the International Financial Reporting Standards requires the exercise of judgement by the Management, as well as the provision of estimates and assumptions which may affect the implementation of accounting policies and the relevant assets and liabilities, profits and expenses.

Estimates and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and assumptions are evaluated on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about estimates, uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Projects under development

The value of projects under development is estimated at cost price plus the relevant amounts for estimated profits minus the estimated costs. The value includes the cost of materials and labour used and an appropriate proportion of relevant indirect expenses based on the customary level of operations. The Corporation exercises judgment for the selection of valuation methods and makes assumptions mainly based on the data of each contract each date of the balance sheet.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

2. BASE FOR PREPARATION (cont.)

Estimations for bad debts

The Corporation examines whether any indications exist regarding the possibility of collection of amounts due from commercial and other liabilities. The indications on which the estimation for bad debts is based upon are the repayment history and the financial situation of the debtor. In cases of such indications, the recoverable amount is calculated and a relevant estimation for bad debts is created. The estimated amount is acknowledged in the income statement. The revaluation of credit risk is ongoing and the methodology and assumptions of the estimation for bad debts are examined on a regular basis and adjusted accordingly.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of the present financial statements are set out hereunder. These policies have been consistently followed and the previous financial years presented in these financial statements, unless otherwise stated.

Revenue Recognition

The revenue of Cyprus Land Development Corporation is acknowledged as follows:

Revenue from real estate development and marketing

Revenue from real estate development and marketing is acknowledged based on the proportionate percentage of completion of the project. Based on this method the revenue is acknowledged when the cost of the project is at an advanced stage. The revenue stated in the income statement of each year is calculated based on the cost of the project developed by the end of the year with the total estimated cost of each project. Estimated expenses from property sales are acknowledged in the income statement directly.

Investment property

Investment property, which mainly consist of premises, are acquired by the Corporation for long - term rental returns and/or for capital support and are not used by the same. Investment properties are presented at fair value, which is the free market value determined annually by internal valuers. Fair value adjustments are entered in the results.

An item of investment property is deleted at disposal or when it is permanently withdrawn from use and no future financial benefits are expected to result from the continued use of the asset. The gain or loss arising by the disposal of the property (calculated as the difference between the net proceeds of the disposal and the carrying amount of the asset) is included in the results of the period of its disposal.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Property, plant and equipment

Land and buildings are presented at fair value, based on estimates by internal independent valuers, minus subsequent depreciations for buildings. Revaluations are made at regular intervals so that the amounts presented in the statement of financial position do not differ significantly from the fair value at the reporting date. All other items related to property, plant and equipment are presented at historical cost minus depreciations.

Carrying value increases resulting from revaluation are credited to other comprehensive income and then to fair value reserves in equity. Decreases that offset previous increases of the same asset are charged against this reserve. All other reductions are charged in the results. Each year the difference between depreciations on the basis of the revalued fair value of the asset (the depreciation charged in the results) and the depreciation on initial cost of the asset is transferred from the fair value reserves to the accumulated profits.

Depreciations are calculated in accordance with the standard method in order to delete the cost or the revalued value of property, plant and equipment in the period of their expected beneficial use. Annual rates of depreciation are as follows:

Buildings	3%
Vehicles	20%
Equipment and furniture	10%
Computers	20%

Land is not depreciated.

The residual value and beneficial use are revaluated and adjusted at each reporting date if this is deemed appropriate.

In cases where the carrying value of the asset is greater than the calculated recoverable amount, it is directly reduced to the recoverable amount.

Costs for repairs and maintenance of property, plant and equipment are charged in the results of the year they arise. The cost of major renovations and other subsequent expenses are included in the value of the asset when it is probable that the future financial benefits to the Corporation shall be greater than the ones initially estimated according to the original performance of the asset. Major renovations are depreciated over the remaining beneficial use of the relevant asset.

An asset of property, plant and equipment is deleted at disposal or when future financial benefits from the continued use of the asset are not expected to arise. The gain or loss arising on the sale or disposal of property, plant and equipment is determined by the difference between the sales receipts and the carrying value of the asset and is recognized in the results.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

In case of disposal of revalued assets, the amounts included in the fair value reserves are transferred to the accumulated profits.

Financial assets available for sale

The financial assets available for sale are non-derivatives, which are either classified in this category or not classified in any other category. They are included in non-current assets unless the Management intends to sell the investments within twelve months of the reporting date.

Purchases and sales under a standard delivery contract are recognized at the transaction date which is the date on which the Corporation commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus the cost of transaction for all financial assets that are not presented at fair value through the results. The financial assets valued at fair value through the results are initially recognized at fair value and transaction costs are charged to the results. The financial assets are written off when the right to cash flows from financial assets has expired or has been transferred and the Corporation has substantially transferred all ownership interest and benefits. Financial assets available for sale and financial assets that are measured at fair value through the results are subsequently stated at fair value. Loans and receivables up to maturity are presented in amortized cost using the effective interest method.

The fair value of investments that are traded in an active market is based on the market capitalization value. If the market is not active for a financial asset as well as for unlisted shares, the Corporation shall determine the fair value using valuation methods. Valuation methods include the use of recent transactions made on a purely commercial basis, reference to similar titles and discounted cash flow methods to maximize the use of market data and minimize the use of internal data of the Corporation. For shares where the fair value cannot be reliably calculated, are recognized at cost minus any impairment in value.

Changes in the fair value of monetary items denominated in a foreign currency and classified as available for sale are analysed between exchange differences arising from a change in the amortized cost of the item and other changes in the carrying amount of the item. Exchange differences in monetary items are recognized in the results while non-monetary items are recognized in other comprehensive income.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Financial assets available for sale (cont.)

Changes in the fair value of monetary and non-monetary items classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired in value, accrued adjustments to the fair value, which are recognised in other comprehensive income, are included in the results as profits and losses on financial assets available for sale.

The interest in the available for sale securities calculated using the effective interest method is recognized in the results. Dividends from share titles available for sale are recognized in the results when it is proven that the Corporation has a right to receipts.

The Corporation assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets has been impaired in value. In case of share titles classified as available for sale, a significant or prolonged reduction in the fair value of the share below its cost is taken as an indication of a potential impairment in value. If there is such evidence for available-for-sale financial assets, the cumulative loss which is determined as the difference between the cost of acquisition and the present fair value of the asset, minus any impairment loss on the asset previously recognized in the results, is transferred from equity and recognized in the results.

As far as concern shares available-for-sale, impairment losses recognized in the results are not reversed through the results. Any increase in the fair value after impairment loss is recognized in other comprehensive income and accumulated under the revaluation reserve. In respect of securities available for sale, impairment loss is subsequently reversed through the results if the increase in the fair value of the investment can be objectively connected with an event occurring after the recognition of the impairment loss.

Impairment in the value of non-current assets

Property, plant and equipment and other non-current assets, are assessed for impairment losses on their value when facts or changes in the circumstances indicate that the carrying value may not be recoverable. Impairment loss in value is recognized for the amount by which the carrying value of the asset exceeds the recoverable amount. The recoverable amount is the highest of the net realisable value of the asset and the value in use.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Financial assets available for sale (cont.)

For the purposes of calculating the impairment, the assets are grouped at the lowest point where there are separately identifiable cash flows.

Loans

Loans are recognized in the initial grant amount after the deduction of financing costs. Loans are subsequently presented at amortized cost. Any difference between the receipts (after deduction of expenses) and the repayment value is recognized in the results during the loan period applying the effective interest method.

Long-term liabilities

Long-term liabilities represent amounts payable after twelve months from the balance sheet date.

Financial instruments

Financial assets and financial liabilities are recognized as soon as the Corporation becomes a party to a financial instrument.

(i) Trade receivables

Trade receivables are initially measured at fair value and subsequently measured at amortized cost using the effective interest method. Appropriate estimates of estimated non-recoverable amounts are recognized in the results when there is objective evidence that the asset has been impaired. The recognized estimate is calculated as the difference between the carrying value of the asset and the present value of the estimated future cash flows discounted at the effective interest rate prevailing at initial recognition.

(ii) Advanced payments by customers

Receipts related to real estate development contracts for which no income has been recognized, are presented as prepayments at the balance sheet date and are included among creditors. Receipts relating to real estate development contracts for which income has been recognized are presented as advanced payments by customers to the extent that they exceed the income recognized in the results up to the date of the balance sheet.

(iii) Cash and cash equivalents

For cash flow statement purposes, cash and cash equivalents consist of cash at funds and bank deposits minus bank overdrafts.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Financial Instruments (cont.)

(iv) **Liabilities from commercial operations**

The liabilities from trading activities are initially calculated at their fair value and subsequently calculated at the unamortized cost using the effective interest method.

Reserves from real estate development

The cost of reserves from real estate development and reserves from properties for sale consists of the cost of land and the cost of building construction. The cost of building construction includes materials, direct labour, depreciation of fixed assets and other indirect costs of building construction. The immovable property for utilisation includes the land for use and is presented at cost price. The immovable property for utilisation is included in reserves at the date of the balance sheet.

Allocation of Administrative Expenses

Development projects under implementation in the course of the year are subject to rates fixed by the Board of Directors, based on direct development expenses for the year, in order to cover administrative costs.

Any uncovered amounts are charged to the profits and losses account of the year.

Payable interest coverage

Interest payable on a yearly basis is covered by the deployment of development projects with coverage rates set by the Board of Directors.

Any uncovered amounts are charged to the profits and losses account of the year.

Charges on development projects to create a reserve

The revenue from development projects under implementation is recognized according to the recoverable cost incurred during the year (sales) and it is calculated based on the proportional cost incurred from the estimated cost of the project.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

Retirement Benefits of Employees

The Corporation operates a defined benefit pension and contribution plan.

The Pension Plan established on the basis of Cyprus Land Development Corporation Regulations of 1983 (K.Δ.Π. 273/83) (Pensions and Contributions to Employees of the Corporation). The Permanent Employees of the Corporation are entitled to the same defined benefits as civil servants according to the law.

The benefits of the beneficiaries are paid through the annual budget. The present value of liabilities and the cost of the current service are calculated by a professional actuary on the basis of Projected Unit Credit Method in accordance with the provisions of the Revised International Standard no. 19.

Comparative Amounts

In cases deemed necessary the comparative amounts are adjusted to match the changes in the current year's presentation.

Taxation

The tax expense represents the sum of the current payable tax and the deferred tax.

A full estimation is made for deferred tax, using the liability method, on all temporary differences that arise between the tax base of the assets and liabilities and the corresponding amounts in the financial statements. The tax rates charged at this stage are used to determine the deferred tax.

Debit balances of deferred tax are recognized to the extent that it is probable that future taxable profits shall be available against which temporary differences may be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets with current tax liabilities and when the deferred tax is related to the same tax authority.

Share Capital

Ordinary shares are classified as equity.

CYPRUS LAND DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

4. GROSS PROFIT

PROJECT	SALES €	2017 COST OF SALES €	GROSS PROFIT €	SALES €	2016 COST OF SALES €	GROSS PROFIT €
READY-MADE RESIDENTIAL UNITS	653.000	609.693	43.307	324.500	321.556	2.944
PROJECTS UNDER DEVELOPMENT- RESIDENCES						
Residences “Nireas II”-Asomatos	110.150	110.150	-	-	-	-
Residences “Hermes”-Livadia	166.350	166.350	-	163.300	166.473	(3.173)
Kokkinotrimithia “Danae I, II, III”	-	-	-	87.400	77.871	9.529
Residences “Demetra”-Anafotia	245.200	245.200	-	-	-	-
	521.700	521.700	-	250.700	244.344	6.356
APARTMENTS						
Apt. Bldg. “Artemis II”-Agios Pavlos	-	-	-	105.600	105.883	(283)
Apt. Bldg. “Aiantas”-Agia Varvara	85.000	85.000	-	-	-	-
	85.000	85.000	-	105.600	105.883	(283)
GROSS PROFIT	1.259.700	1.216.393	43.307	680.800	671.783	9.017
Expenses on completed projects	-	228.315	(228.315)	-	95.441	(95.441)
Area Differentiations	-	-	-	-	4.684	(4.684)
Impairment of price of ready-made residential units	-	52.173	(52.173)	-	69.712	(69.712)
GROSS PROFIT AFTER THE PROVISIONS	1.259.700	1.496.881	(237.181)	680.800	841.620	(160.820)

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

5. OTHER INCOME

	2017	2016
	€	€
Tax Return	-	215.146
Urban Amnesty	-	431
Rent Receivables	50.424	67.554
Disposal and Management Rights of settlement "ZENON"	515	320
Other	2.512	1.117
Profit from sale of assets	-	11.510
Assignments of purchaser agreements	1.700	1.700
Decreased Provision for Legal Proceedings	104.506	-
Recovery of bad debtors	456.822	575.948
	<u>616.479</u>	<u>873.726</u>

6. ADMINISTRATIVE & OPERATING EXPENSES

	2017	2016
	€	€
Salaries, Benefits & Employee Contributions for Permanent Personnel	993.841	999.538
Health Insurance	97.290	89.225
Employees Welfare Fund	25.449	23.593
Staff Insurance	3.301	3.397
Charge for retirement benefits	307.729	301.289
Remuneration of Temporary Personnel Contractual employment	59.570	58.195
Compensation of the Board of Directors	109.626	108.379
Legal expenses	12.731	11.402
Provision of other professional services	11.205	13.291
Audit rights	1.800	
Provision of other professional services	4.300	4.300
Audit rights of previous years	2.800	3.200
Travel expenses/Transport costs	(900)	-
Operating office expenses	341	279
Public Relations & Accommodation	55.836	53.546
Maintenance / Operation of Vehicles	2.391	2.273
Various Taxes & Fees	6.455	5.513
Income tax fines	34.352	37.620
Depreciation	2.874	83.376
Special Allowance for Bad Debtors	80.789	82.971
	<u>510.441</u>	<u>760.746</u>
Return on employee salaries	2.322.221	2.642.133
Minus Coverage of Administrative Expenses for Development Projects	(427.027)	(443.097)
	<u>-</u>	<u>(1.328)</u>
	<u>1.895.194</u>	<u>2.197.708</u>

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

7. OPERATING PROFIT

	2017	2016
	€	€
The Operating Profit of the year is presented after Deduction of the following expenses:		
Compensation of Members of the Board of Directors	12.731	11.402
Audit rights:		
External auditors – for the year	4.300	4.300
Depreciation	80.789	82.971
	<hr/> 80.789 <hr/>	<hr/> 82.971 <hr/>

8. INTEREST INCOME

	2017	2016
	€	€
Deposit interest	253.543	242.199
Interest from Residential Plans	1.737.358	2.321.888
	<hr/> 1.990.901 <hr/>	<hr/> 2.564.087 <hr/>

9. FUNDING EXPENSES

	2017	2016
	€	€
Government Loans Interest	5.151	8.677
	<hr/> 5.151 <hr/>	<hr/> 8.677 <hr/>

CYPRUS LAND DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2017

10. PROPERTY, PLANT AND EQUIPEMENT

	Land & Buildings	Furniture & Equipment	Computers	Vehicles	Total
	€	€	€	€	€
2016					
COST OR REVALUATION					
Balance at 1 st January	858.688	204.229	219.937	145.884	1.428.738
Transfer to investment	564.000				564.000
Additions			1.523		1.523
Disposal	-	(8.985)	(8.447)	(64.468)	(81.900)
Balance at 31st December	1.422.688	195.244	213.013	81.416	1.912.361
DEPRECIATIONS					
Balance at 1 st January	45.744	196.290	215.055	145.884	602.973
Disposal	-	(8.985)	(8.447)	(64.468)	(81.900)
Annual Depreciations	58.067	2.729	4.281	-	65.077
Balance at 31st December	103.811	190.034	210.889	81.416	586.150
NET VALUE 31.12.2016	1.318.877	5.210	2.124	-	1.326.211
2017					
COST OR REVALUATION					
Balance at 1 st January	1.422.688	195.244	213.013	81.416	1.912.361
Disposal	-	-	(3.952)	(18.905)	(22.857)
Additions	-	-	7.867	-	7.867
Balance at 31st December	1.422.688	195.244	216.928	62.511	1.897.371
DEPRECIATIONS					
Balance at 1 st January	103.811	190.034	210.889	81.416	586.150
Transfer to investment	(857)	-	-	-	(857)
Disposal	-	-	(3.952)	(18.905)	(22.857)
Annual Depreciations	25.739	2.471	2.360	-	30.570
Balance at 31st December	128.693	192.505	209.297	62.511	593.006
NET VALUE 31.12.2017	1.293.995	2.739	7.631	-	1.304.365
NET VALUE 31.12.2016	1.318.877	5.210	2.124	-	1.326.211

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

11. INVESTMENT PROPERTIES

	2017	2016
	€	€
COST OR REVALUATION		
Balance at 1 st January	2.209.501	2.773.501
Transfer to PPE	-	(564.000)
Balance at 31 st December	2.209.501	2.209.501
DEPRECIATIONS		
Balance at 1 st January	273.755	255.864
Transfer to/from PPE	857	(32.328)
Year's depreciations	50.219	50.219
Balance at 31 st December	324.831	273.755
NET VALUE	1.884.670	1.935.746

12. FINANCIAL ASSETS AVAILABLE FOR SALE

	2017	2016
	€	€
Balance at 1 st January	53.865	57.713
Revaluation amount transferred to equity (Note.20)	(4.039)	(3.848)
Balance at 31st December	49.826	53.865

Financial assets available-for-sale consist of shares in Bank of Cyprus Public Company Ltd ("Bank of Cyprus").

13. LONG-TERM RECEIVABLES

	2017	2016
	€	€
Settlement "ZENON"	43.292	41.409
Interest free loans to employees	-	1.976
Residential Plans Debtors	63.652.007	69.400.502
	63.695.299	69.443.887

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

14. LAND UNDER DEVELOPMENT

	2017	2016
	€	€
During the year the following expenses incurred for land under development:		
Balance at 1 st January	12.269.620	12.065.218
Nicosia	(1.486)	3.668
Larnaca	690	199.780
Limassol	859.302	914
Paphos	-	40
	<u>13.128.126</u>	<u>12.269.620</u>

The cost of land under development includes costs related to the acquisition of planning permits, separation permits, costs for electromechanical studies and others.

15. DEVELOPMENT PROJECTS

	2017	2016
	€	€
PLOTS		
Pelendri	-	1.184.871
	<u>-</u>	<u>1.184.871</u>

The development project in Pelendri was originally divided into 4 large plots. One of these plots has been divided into 7 smaller plots which cost €367,850 and have been transferred to the ready-made plots for sale. The remaining development cost of €855,937 (3 plots) has been transferred to Land for Development for future use.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

16. READY-MADE RESIDENTIAL UNITS

In residential plans that have been completed the following residential units were available for disposal:

	2017	2016
	€	€
APARTMENTS		
Complex "Aiantas I"- Agia Varnava	80.000	165.000
Apt. Bldg. Complex "Nireas I" – Asomatos	1.806.803	922.327
Apt. Bldg. Complex "Nireas II" – Asomatos	201.750	311.900
Apt. Bldg. Complex Mishaouli & Kavazoglou A'- Limassol	-	355.645
Apt. Bldg. Complex Mishaouli & Kavazoglou B'-	-	45.283
RESIDENCES		
Anagia III res. 4,002	378.913	228.000
Residential Complex "Thalia" Psimolofou	94.995	94.995
Residential Complex "Kiti II" Kiti	92.000	92.000
Residential Complex "Aiantas IV" – Agia Varvara	196.850	196.850
Residential Complex "Demetra" - Anafotia	-	245.200
Residential Complex "Danae" - Kokkinotrimithia	162.070	162.070
Residential Complex "Hermes" – Livadia	290.300	456.650
PLOTS		
Argaka	40.387	40.387
Pachna	714.250	714.250
Pelendri	367.850	-
	<u>4.426.168</u>	<u>4.030.557</u>

17. DEBTORS AND ADVANCED PAYMENTS

	2017	2016
	€	€
Residential Plans Debtors	12.948.887	11.960.697
Allowance for bad debtors	(7.189.620)	(7.136.001)
	<u>5.759.267</u>	<u>4.824.696</u>
Debtors of settlement "ZENON"	17.548	20.580
Loans to employees	1.976	2.004
Advanced Payments	31.853	36.603
Return Tax	93.370	93.370
VAT	186.721	169.624
	<u>6.090.735</u>	<u>5.146.877</u>

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

18. CASH AT BANKS

	2017	2016
	€	€
Short-term deposits	13.667.648	13.522.756
Deposits with banks	<u>3.568.138</u>	<u>4.479.452</u>
	<u>17.235.786</u>	<u>18.002.208</u>

Short-term deposits refer to period bills with term that exceeds a period of three months. This amount also includes an amount of €3.244.270 (2016: €3.201.884) concerning the Pension and Contributions Fund.

19. NON-CURRENT LIABILITIES

	2017	2016
	€	€
“ZENON HOUSING”	42.696	41.007
Government Loans	273.376	341.721
Republic of Cyprus – Σ.Σ.Χ.Α	<u>60.307.561</u>	<u>65.734.588</u>
	<u>60.623.633</u>	<u>66.117.316</u>

20. DEFERRED ADMINISTRATIVE INCOME FOR THE IMPLEMENTATION OF ΣΣΧΑ

The Council of Ministers, in its decision no. 53.863, taken at its meeting held on 19th June 2001, approved the introduction of the Low-Income Individuals Housing Scheme (ΣΣΧΑ), the implementation of which was assigned to the Cyprus Land Development Corporation. The aforesaid decision included a provision for a percentage of 10% to be added in the calculation of sale prices to cover the administrative costs for the implementation of the project. The aforementioned percentage (10%) had not been recognized for the coverage of administrative expenses up to 31/12/2011 and therefore the results of previous years have been adjusted.

The balance at 31 December 2017 has not been confirmed by the Republic of Cyprus which disputes the calculation of this amount, thus affecting the opinion of the auditors.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

21. LIABILITY IMPOSED BY THE PENSION & CONTRIBUTIONS PLAN

	2017	2016
	€	€
Recognized liability	<u>7.941.218</u>	<u>8.093.157</u>

The most recent independent actuarial study (interim) was made on 31 December 2015 and was based on the following actuarial assumptions:

	2017	2016
-Redemption rate	1,80%	1,60%
- Inflation	2,00%	2,00%
Increase in Earnings (from 2017 onwards)	3,25% including the scale of promotions and surcharges	3,25% plus the scale of promotions and surcharges
Pension Increases (from 2017 onwards)	1,5% (1,0% for complementary pension	1,5% (1,0% for complementary pension
- Increases on Basic Insurable Earnings	3,00%	3,00%
- Mortality Table	90% of EVK 2000	90% of EVK 2000

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

21. LIABILITY IMPOSED BY THE PENSION & CONTRIBUTIONS PLAN (cont.)

The amount appearing in the statement of financial position as at 31 December in respect of the recognized liability imposed by the employees' pension and contributions plan is as follows:

	2017	2016
	€	€
Present value of liability	7.941.218	8.093.157
Actual value of assets of the plan	-	-
Net liability	7.941.218	8.093.157
Unrecognized actuarial gain / (loss)	-	-
Net liability in the statement of financial position	7.941.218	8.093.157

The net liability of the Corporation includes the amount of members' contributions for pension transfer, which are deducted through the monthly salary.

At 31 December 2017 the liability as calculated by an independent actuary amounted to € 7.941.218. The actual value of cash held in Cash in Funds and Banks amounts to € 3.244.270. The said cash is not offset in the note because the regulations for the Pension Fund have not yet been approved by the Republic of Cyprus.

The amount charged to the statement of comprehensive income is analysed as follows:

	2017	2016
	€	€
Current service cost	179.547	154.365
Interest expense	128.182	146.924
Total expenditure in the statement of comprehensive income	307.729	301.289

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

21. LIABILITY IMPOSED BY THE PENSION & CONTRIBUTIONS PLAN (cont.)

Changes in net liability recognized in the statement of financial position and changes in the present value of liabilities during the year are analysed as follows:

Changes in net liability recognized in the statement of financial position

	2017	2016
	€	€
Net liability at the beginning of the year	8.093.157	7.427.990
Expenditure for submission in the Statement of Comprehensive Income	307.729	301.289
Expenditure for submission in the Statement of Recognised Income	(314.742)	516.063
Benefits Payments	(179.854)	(190.577)
Members' contributions	34.928	38.392
Net liability submitted at the end of the year	<u>7.941.218</u>	<u>8.093.157</u>

Change of Actuarial Liability during the year

	2017	2016
	€	€
Actuarial Liability at the beginning of the year	8.093.157	7.427.990
Interest expense	128.182	146.924
Current Service Cost	179.547	154.365
Members' contributions	34.928	38.392
Benefits Payments	(179.854)	(190.577)
Actuarial (Profit) / Loss - Financial assumptions	(314.742)	516.063
Actuarial Liability at the end of the year	<u>7.941.218</u>	<u>8.093.157</u>

Statement of Recognized Income

	2017	2016
	€	€
Actuarial (Profit) / Loss - Financial assumptions	<u>314.742</u>	<u>(516.063)</u>
	<u>314.742</u>	<u>(516.063)</u>

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

22. BORROWINGS

	2017	2016
	€	€
Government Loans	68.344	129.485
	<u>68.344</u>	<u>129.485</u>

23. CREDITORS AND PAYABLE EXPENSES

	2017	2016
	€	€
Creditors - Payments of contractors	1.677	1.677
Expenses due	45.855	53.527
Payable Interest	11.796	15.085
Reservations of contractors	504.149	507.963
Prepaid rents	2.836	2.836
Purchase of "ZENON" settlement	20.980	22.715
Various Creditors	(35)	(4.489)
Provision for Liabilities from Legal Proceedings	405.875	519.381
Current tax liabilities	209.147	380.054
Compensation to the renters of "ZENON" Settlement	5.556	5.556
	<u>1.207.836</u>	<u>1.504.305</u>

24. TAX

	2017	2016
	€	€
Corporate Tax	114.691	54.760
Defence of taxable accounts	74.626	56.588
Defence Contribution	1.135	1.520
	<u>190.452</u>	<u>112.868</u>

25. RISK MANAGEMENT

The Corporation is exposed to the following risks:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk
- (iv) Legal risk
- (v) Compliance risk
- (vi) Risk of loss of reputation
- (vii) Other risks
- (viii) Fair value
- (ix) Capital management

The Board of Directors has overall the responsibility to adopt and supervise the Corporation's risk management framework.

The Corporation's risk management policies are adopted to identify and analyse the risks faced by the Corporation and take appropriate responsive measures. The Corporation's exposure to credit risk is mainly affected by the individual characteristics of each client.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

The Corporation creates an allowance for bad debts which represents the estimate for losses incurred in relation to trade and other receivables. The credit risk evaluation is ongoing and the methodology and assumptions for calculation of bad debts are being reviewed at regular intervals and adjusted accordingly. The main elements of the aforesaid allowance relate to specific provisions regarding recognized risk limits and control mechanisms and the monitoring of such risks and compliance with such limits. Risk management principles and systems are often revised to reflect changes in market conditions and the Corporation's activities.

(i) Credit Risk

Credit risk arises in instances where the failure of the parties to fulfil their obligations could reduce the amount of future cash inflows from financial assets. The Corporation follows procedures to ensure that sales of products and provision of services are made to customers with credible history and continuously monitor the chronological status of receivables. Bank balances are held in financial institutions with high creditworthiness and the Corporation follows procedures that limit its exposure to credit risk in relation to each financial institution.

Trade and other receivables

The Corporation's exposure to credit risk is mainly affected by the individual characteristics of each client. The Corporation creates an allowance for bad and doubtful debts which represents the estimate of losses incurred in relation to trade and other receivables. The credit risk evaluation is ongoing and the methodology and assumptions for calculating the allowance for bad debts are being reviewed at regular intervals and adjusted accordingly. The main elements of this allowance relate to specific provisions regarding recognized losses on trade receivables as described in note 18 of the Corporation's financial statements.

Exposure to Credit Risk

The carrying value of financial assets represents the maximum exposure to credit risk. The maximum exposure of the Corporation to credit risk at the date of presentation of these financial statements was:

	Carrying Value	
	2017	2016
	€	€
Long Term Receivable Accounts	63.695.299	69.443.887
Debtors and prepayments	6.090.735	5.146.877
Cash at funds and banks	17.235.786	18.002.208
	<u>87.021.820</u>	<u>92.592.972</u>

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

25. RISK MANAGEMENT (cont.)

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities do not coincide. When maturities do not coincide, the Corporation may be unable to fulfil its obligations when they arise. The Corporation follows procedures to manage such risks, such as monitoring cash flows on an ongoing basis, maintaining sufficient cash and other high liquidity assets and maintaining a number of credit facilities available.

(iii) Market Risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates, stock prices and fuel prices, shall affect the income or value of the financial instruments held by the Corporation.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments fluctuates due to changes in market interest rates. Borrowing at floating rates exposes the Corporation to cash flow interest rate risk and may also affect its profitability. Borrowing at fixed interest rates exposes the Corporation to fair value interest rate risk. The management of the Corporation monitors interest rate fluctuations on a continuous basis and acts accordingly.

(iv) Legal Risk

The legal risk is the risk of financial loss, disruption of the Corporation's operations or any other undesirable situation resulting from the possibility of non-performance or breach of legal contracts and consequently legal actions. The risk is limited by thorough review of all contractual and legal obligations and the use of sound legal advice on the contracts used by the Corporation to carry out its operations.

(v) Compliance Risk

The risk of compliance is the risk of financial loss, including loss due to fines and other penalties, resulting from non-compliance with state laws and regulations. This risk is greatly limited by the supervision exercised by the Compliance Officer, as well as by other safeguards applied by the Corporation.

(vi) Risk of loss of reputation

This risk arises from negative publicity related to the activities of the Corporation (either true or false) and may cause customer base decline, decrease in income, and lawsuits against the Corporation. The Corporation follows procedures purporting to minimize this risk.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

25. RISK MANAGEMENT (cont.)

(vii) Other Risks

The overall economic environment prevailing in Cyprus and internationally, the credit/financial crisis and current international developments may have a significant impact on the Corporation's activities. Concepts such as inflation, unemployment and the evolution of gross domestic product are directly linked with the economic performance of each country and any amendment as well as a change in the general economic environment may cause chain reactions in all sectors affecting the financial results and the fair values of the assets of the Corporation.

(viii) Fair Value

Fair value represents the amount at which an asset may be exchanged or an obligation may be repaid in the ordinary course of business. The fair value of the financial assets and liabilities of the Corporation at the date of the statement of financial position is shown in the corresponding notes to the financial statements of the Corporation when deemed necessary.

The fair value of the financial assets and liabilities of the Corporation is approximately the same as their carrying value as shown in the statement of financial position respectively.

(ix) Capital management

The Corporation manages its capital so that it is able to continue to act as a going concern and simultaneously have satisfactory results through proper debt to equity ratio. The overall strategy of the Corporation has not been amended since the previous year.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

26. CHANGE IN ACCOUNTING POLICY

Adjustment of previous year

The comparative amounts of the Financial Statements for the year ended 31 December 2017 were amended to correct the accounting errors identified during the year's audit.

Residential units were redistributed from ready-made housing units presented at the lowest amount between cost and net liquidity value to investment property at cost minus depreciation, as these residences were rented to other parties.

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

26. CHANGE IN ACCOUNTING POLICY (cont.)

Adjustment of the previous year (cont.)

	As previously stated	Impact	As adjusted
	€	€	€
1st January 2016			
Property, plant and equipment	825.765	-	825.765
Investment in assets	1.619.096	898.542	2.517.638
Financial assets	57.713	-	57.713
Long-term receivables	74.798.851	-	74.798.851
Land for development	12.065.218	-	12.065.218
Development projects	1.900.854	-	1.900.854
Ready-made residential units	3.523.770	(921.389)	2.602.381
Debtors & Advance Payments	4.519.124	-	4.519.124
Cash at Banks	14.423.190	-	14.423.190
Total Assets	113.733.581	(22.847)	113.710.734
Long-term liabilities	66.891.439	-	66.891.439
Deferred administrative income	4.995.983	-	4.995.983
Liabilities pursuant to the Pension & Contributions Plan	7.427.990	-	7.427.990
Loan depts	126.574	-	126.574
Creditors & Expenses due	2.095.014	-	2.095.014
Total Liabilities	81.537.000	-	81.537.000
Share Capital and Reserves	32.196.581	(22.847)	32.173.734
Total Equity	32.196.581	(22.847)	32.173.734
31st December 2016			
Property, plant and equipment	1.326.211	-	1.326.211
Investment in assets	1.063.843	871.903	1.935.746
Financial assets	53.865	-	53.865
Long-term receivables	69.443.887	-	69.443.887
Land for development	12.269.620	-	12.269.620
Development projects	1.184.871	-	1.184.871
Ready-made residential units	4.951.946	(921.389)	4.030.557
Debtors & Advance Payments	5.146.877	-	5.146.877
Cash at Banks	18.002.208	-	18.002.208
Total Assets	113.443.328	(49.486)	113.393.842
Long-term liabilities	66.117.316	-	66.117.316
Deferred administrative income	4.995.983	-	4.995.983
Liabilities pursuant to the Pension & Contributions Plan	8.093.157	-	8.093.157
Loan depts	129.485	-	129.485
Creditors & Expenses due	1.504.305	-	1.504.305
Total Liabilities	80.840.246	-	80.840.246
Share Capital and Reserves	32.603.082	(49.486)	32.553.596
Total Equity	32.603.082	(49.486)	32.553.596

CYPRUS LAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

27. TRANSACTIONS WITH RELATED PARTIES

	2017	2016
	€	€
Remuneration of the members of the Board of Directors		
The remuneration of the members of the Board of Directors was as follows:		
Directors remuneration in non-executive capacity	<u>12.731</u>	<u>11.402</u>
	<u>12.731</u>	<u>11.402</u>

28. CONTINGENT LIABILITIES

Several lawsuits were brought against the Corporation and if successful the Corporation shall be liable to pay an amount of approximately €405.875, hence, an appropriate provision has been placed (note 23).

On 10 February 2015, the Auditor-General in his report referred to problems and malfunctions in the residential units of “Nireas I” complex in Asomatos, Limassol. There are no estimates for contingent liabilities on the matters reported in the Auditor-General's report as of the date of approval of the financial statements.

29. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period that are relevant to the understanding of the financial statements.

Independent Auditor's Report on pages 5-8

The financial statements were approved by the Board of Directors on 12 December 2018.