

TIMAN INVESTMENTS HOLDINGS LIMITED

**Annual Report
and
Consolidated Financial Statements**

31 December 2016

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

CONTENTS

	Pages
General information	2
Directors' report	3 - 4
Independent auditors' report	5 - 8
Consolidated statement of comprehensive income	9
Consolidated statement of financial position	10 - 11
Consolidated statement of changes in equity	12 - 14
Consolidated statement of cash flows	15 - 16
Notes to the consolidated financial statements	17 - 44

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

GENERAL INFORMATION

Registration

Timan Investments Holdings B.V. which was a company registered in the Netherlands with registration number 34117520 on 10 June 1999, was registered as continuing in Malta as a Limited Liability Company under the Companies Act (Cap. 386) as from 31 December 2013, under the name Timan Investments Holdings Limited with the registration number C 63335.

Directors

Sven von der Heyden
Javier Errejon Sainz de la Maza
Francis J. Vassallo
FJV Management Limited (resigned 13 March 2017)

Company Secretary

Adriana Camilleri Vassallo

Registered Office

46, Palazzo Spinola
St. Christopher Street
Valletta VLT 1464
Malta

Bankers

Commerzbank
Promenadeplatz 7
80333 Munchen
Germany

Alior Bank Spolka Akcyjna
Warsaw at ul.
Lopuszanska 38D
Poland

Auditors

RSM Malta
Mdina Road
Zebbug ZBG 9015
Malta

TIMAN INVESTMENTS HOLDINGS LIMITED

Consolidated Financial Statements for the year ended 31 December 2016

DIRECTORS' REPORT

The directors submit their annual report and the consolidated financial statements for the year ended 31 December 2016.

Principal activity

The company holds for capital growth and income generation, investments in subsidiaries and associated companies. It also provides financing to group and related companies.

The group is involved in real estate development, real estate leasing, hospitality, hotel management and travel business in Poland, Germany and Spain.

Results and dividends

The consolidated statement of comprehensive income is set out on page 9. The directors do not recommend payment of a dividend.

Review of the business

The loss on the group's activities for the year after taxation amounted to €1,431 (2015: Loss of €903,626). During the year ended 31st December 2016, the Group experienced an increase in revenue mainly arising from the operations of the hotels. This resulted in an operating profit of €412,194 compared to the operating loss of €604,246 in 2015.

Events after the reporting period

After year-end, a subsidiary company, Von der Heyden Group Finance p.l.c. has issued €25,000,000, 7 year, 4.4% bonds. These bonds are listed and traded on the Official List of the Malta Stock Exchange. Timan Investments Holdings Limited has provided a guarantee in favour of the Bondholders. The subsidiary company, as issuer of the bonds, does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company. The subsidiary company is hence intended to serve as a vehicle through which the Group will continue to finance its current and future projects and/or enabling the Group to seize new opportunities arising in the market.

Future developments

The directors intend to continue to operate in line with their current business plan. The Group will continue to focus on the current real estate development projects underway while working to increase IBB Hotel Collection Group's portfolio of hotels in Germany, Spain, Poland, Malta and Austria as from the coming year.

Directors

During the year ended 31 December 2016, the directors were as listed on page 2.

In accordance with the Company's Memorandum and Articles of Association, the present directors remain in office.

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

DIRECTORS' REPORT - continued

Statement of directors' responsibilities

The Companies Act (Cap. 386) requires the directors to prepare consolidated financial statements for each financial period which give a true and fair view of the financial position of the Company and the Group as at the end of the financial period and of the profit or loss for that period.

In preparing the consolidated financial statements, the directors are required to: -

- adopt the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accrual basis;
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period; and
- prepare the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the consolidated financial statements comply with the Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

RSM Malta have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

The Directors' Report was approved by:



Sven von der Heyden
Director



Javier Errejon Sainz de la Maza
Director

26 April 2017

RSM Malta

Mdina Road,
Zebbug ZBG 9015,
Malta.

T +356 2278 7000

F +356 2149 3318

www.rsm.com.mt

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Timan Investments Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the individual financial statements of Timan Investments Holdings Limited (the Company) and the consolidated financial statements of the Company and its subsidiaries (together, the Group), set out on pages 9 to 44, which comprise the statements of financial position of the Company and the Group as at 31 December 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Timan Investments Holdings Limited and its Group as at 31 December 2016, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and have been properly prepared in accordance with the requirements of the Companies Act (Cap.386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RSM Malta

Mdina Road,
Zebbug ZBG 9015,
Malta.

T +356 2278 7000

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INDEPENDENT AUDITORS' REPORT - continued

Other Information

The directors are responsible for the other information. The other information comprises the General Information and the Directors' report. Our opinion on the financial statements does not cover this information, including the Directors' report, and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider 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.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with the Companies Act (Cap.386).

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Companies Act (Cap.386), and 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.

In preparing the financial statements, the directors are responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

RSM MaltaMdina Road,
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T +356 2278 7000

F +356 2149 3318

www.rsm.com.mt**INDEPENDENT AUDITORS' REPORT – continued****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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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INDEPENDENT AUDITORS' REPORT – continued

Auditor's Responsibilities for the Audit of the Financial Statements – continued

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



*Conrad Borg
(Partner)
for and on behalf of*

RSM Malta
Certified Public Accountants

26 April, 2017

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Group		Company	
		2016 €	As restated 2015 €	2016 €	2015 €
Revenue	4	17,307,266	13,372,742	-	-
Other operating income		115,384	392,857	53,726	187,263
		17,422,650	13,765,599	53,726	187,263
Staff costs	9	(5,473,181)	(4,158,481)	(144,048)	(43,965)
Depreciation and amortisation		(503,476)	(435,360)	(16,140)	-
Operating expenses		(11,033,799)	(9,776,004)	(365,864)	(709,289)
Operating profit/(loss)		412,194	(604,246)	(472,326)	(565,991)
Investment (loss)/income	5	(5,340)	19,798	10,535	221
Interest income and other related income	6	975,431	567,055	794,608	695,102
Interest expense and other related expenses	7	(1,321,070)	(914,081)	(390,390)	(448,869)
Share in profit from associates		9,995	8,488	-	-
Waiver of amounts receivable		-	-	-	(203,996)
Fair value movements		(17,867)	(48,690)	808,660	3,108,084
Profit/(loss) before tax		53,343	(971,676)	751,087	2,584,551
Income tax (expense)/credit	10	(54,774)	68,050	(53,212)	(54,877)
(Loss)/profit for the financial year		(1,431)	(903,626)	697,875	2,529,674
Other comprehensive (loss)/income:					
Movement in fair value of available-for-sale investments	19	(3,738)	19,439	(3,738)	19,439
		(3,738)	19,439	(3,738)	19,439
Total comprehensive (loss)/income for the year		(5,169)	(884,187)	694,137	2,549,113
(Loss)/profit attributable to:					
Equity holders of the company		(243,393)	(909,446)	697,875	2,529,674
Non-controlling interest		241,962	5,820	-	-
		(1,431)	(903,626)	697,875	2,529,674
Total comprehensive (loss)/income attributable to:					
Equity holders of the company		(247,131)	(890,007)	694,137	2,549,113
Non-controlling interest		241,962	5,820	-	-
		(5,169)	(884,187)	694,137	2,549,113

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

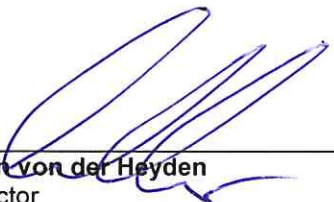
		Group		Company	
		2016	As restated 2015	2016	2015
	Notes	€	€	€	€
ASSETS					
Non-current assets					
Intangible assets	11	67,684	46,240	-	-
Property, plant and equipment	12	47,166,060	45,096,939	64,559	-
Loans and receivables	13	11,065,926	8,184,665	18,519,627	13,901,826
Investment in subsidiaries	14	110,522	594,378	17,813,368	13,497,931
Investment in associates	15	122,967	112,972	3,990,802	3,379,147
Other financial assets	16	60,899	10,233	-	-
Deferred tax		1,395,980	766,406	-	-
		59,990,038	54,811,833	40,388,356	30,778,904
Current assets					
Inventories	17	127,176	100,444	-	-
Trade and other receivables	18	1,936,969	7,640,998	3,014,303	11,133,110
Current income tax assets		13,884	156,481	-	-
Available-for-sale financial assets	19	2,066	3,904	166	3,904
Cash and cash equivalents	20	2,942,505	3,170,856	1,508,584	1,678,307
		5,022,600	11,072,683	4,523,053	12,815,321
TOTAL ASSETS		65,012,638	65,884,516	44,911,409	43,594,225

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

		Group		Company	
		2016	As restated 2015	2016	2015
Notes		€	€	€	€
EQUITY AND LIABILITIES					
Capital and reserves					
	21	3,804,641	3,804,641	3,804,641	3,804,641
Share capital					
Share Premium account		4,445,283	4,445,283	4,445,283	4,445,283
Other reserves		8,313,150	10,375,673	(45,034)	(41,296)
Currency translation reserve		1,148,654	1,115,055	(64,624)	75,221
Retained earnings		(834,813)	(586,874)	25,045,292	24,347,417
		16,876,915	19,153,778	33,185,558	32,631,266
Non-controlling interest		14,888,051	12,586,321	-	-
Total equity		31,764,966	31,740,099	33,185,558	32,631,266
Non-current liabilities					
Borrowings	23	18,505,105	18,471,542	4,601,721	4,155,492
Deferred tax liabilities		3,564,957	3,503,240	-	-
Provisions for other liabilities and charges	24	13,051	199,320	-	-
		22,083,113	22,174,102	4,601,721	4,155,492
Current liabilities					
Trade and other payables	22	3,187,949	3,045,490	155,055	124,222
Current income tax liability		243,013	94,050	108,089	94,050
Short-term borrowings	23	7,733,597	8,830,775	6,860,986	6,589,195
		11,164,559	11,970,315	7,124,130	6,807,467
Total liabilities		33,247,672	34,144,417	11,725,851	10,962,959
TOTAL EQUITY AND LIABILITIES		65,012,638	65,884,516	44,911,409	43,594,225

The financial statements on pages 9 to 44 have been authorised for issue by the directors on 26 April 2017.


Sver von der Heyden
 Director


Javier Errejon Sainz de la Maza
 Director

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

THE GROUP	Note	Share capital €	Share Premium €	Other reserves €	Accumulated losses €	Currency translation reserve €	Non-controlling interest €	Total €
Financial year ended 31 December 2015								
Balance at 1 January 2015		3,804,641	4,445,283	14,307,763	3,281,850	1,202,367	12,390,087	39,431,991
Prior period restatement	30			(1,747,314)	(2,694,686)		1,747,314	(2,694,686)
Restated balance as at 1 January 2015		3,804,641	4,445,283	14,307,763	587,164	1,202,367	12,390,087	36,737,305
Currency translation differences		-	-	-	-	(87,312)	-	(87,312)
Disposal of subsidiary		-	-	(3,823,704)	3,550,724	-	(3,388,164)	(3,661,144)
Change in shareholding		-	-	-	1,304,173	-	(1,304,173)	-
Transfer between reserves		-	-	1,619,489	(1,619,489)	-	-	-
Other movements		-	-	-	-	-	3,135,437	3,135,437
Profit for the financial year		-	-	-	237,616	-	5,820	243,436
Prior period restatement					(1,147,062)			(1,147,062)
Loss for the year as adjusted					(909,446)		5,820	(903,626)
Other comprehensive income		-	-	19,439	-	-	-	19,439
Total comprehensive loss for the year		-	-	19,439	(909,446)	-	5,820	(884,187)
Ordinary dividends	25	-	-	-	(3,500,000)	-	-	(3,500,000)
Balance at 31 December 2015		3,804,641	4,445,283	10,375,673	(586,874)	1,115,055	12,586,321	31,740,099

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued

THE GROUP	Note	Share capital €	Share Premium €	Other reserves €	Accumulated losses €	Currency translation reserve €	Non-controlling interest €	Total €
Financial year ended 31 December 2016								
Balance at 1 January 2016		3,804,641	4,445,283	12,122,987	3,254,874	1,115,055	10,839,007	35,581,847
Prior period restatement	30	-	-	(1,747,314)	(3,841,748)	-	1,747,314	(3,841,748)
Restated balance at 1 January 2016		3,804,641	4,445,283	10,375,673	(586,874)	1,115,055	12,586,321	31,740,099
Equity of entities not consolidated in previous year		-	-	178,774	(603,314)	-	-	(424,540)
Currency translation differences		-	-	-	-	(460,332)	-	(460,332)
Movements in fair value of land and building		-	-	(2,313,944)	-	-	2,497,578	183,634
Change in shareholding		-	-	-	(1,641,611)	-	1,641,611	-
Transfer between reserves		-	-	(1,670,929)	1,509,105	493,931	(332,107)	-
Other movements		-	-	-	731,274	-	-	731,274
Loss for the financial year		-	-	-	(243,393)	-	241,962	(1,431)
Other comprehensive loss		-	-	(3,738)	-	-	-	(3,738)
Total comprehensive loss for the year		-	-	(3,738)	(243,393)	-	241,962	(5,169)
Balance at 31 December 2016		3,804,641	4,445,283	8,313,150	(834,813)	1,148,654	14,888,051	31,764,966

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued

THE COMPANY	Note	Share capital €	Share Premium €	Other reserves €	Retained earnings €	Currency translation reserve €	Non-controlling interest €	Total €
Financial year ended 31 December 2015								
Balance at 1 January 2015		3,804,641	4,445,283	(574,850)	25,831,858	207,306	-	33,714,238
Currency translation differences		-	-	-	-	(132,085)	-	(132,085)
Transfer of realised loss		-	-	514,115	(514,115)	-	-	-
Profit for the financial year		-	-	-	2,529,674	-	-	2,529,674
Other comprehensive income		-	-	19,439	-	-	-	19,439
Total comprehensive income for the year		-	-	19,439	2,529,674	-	-	2,549,113
Ordinary dividends	25	-	-	-	(3,500,000)	-	-	(3,500,000)
Balance at 31 December 2015		3,804,641	4,445,283	(41,296)	24,347,417	75,221	-	32,631,266
Financial year ended 31 December 2016								
Balance at 1 January 2016		3,804,641	4,445,283	(41,296)	24,347,417	75,221	-	32,631,266
Currency translation differences		-	-	-	-	(139,845)	-	(139,846)
Profit for the financial year		-	-	-	697,875	-	-	697,875
Other comprehensive loss		-	-	(3,738)	-	-	-	(3,738)
Total comprehensive income for the year		-	-	(3,738)	697,875	-	-	694,137
Balance at 31 December 2016		3,804,641	4,445,283	(45,034)	25,045,292	(64,624)	-	33,185,558

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Cash flows from operating activities				
Net loss before taxation	53,343	175,386	697,875	2,584,551
Adjustments for:				
Opening balances of entities not consolidated in previous year	(576,637)	-	-	-
Elimination of opening balances of entities not consolidated in previous year	1,197,263	-	-	-
Depreciation and amortisation	355,940	1,673,819	16,140	-
Movements in fair value of assets and liabilities	(731,099)	(2,346,860)	(808,660)	(3,108,084)
Investment income	-	-	(10,535)	(221)
Provision for bad debts	-	99,568	-	-
(Gain)/loss on disposal of property, plant and equipment	(107,852)	13,330	-	-
Income tax refunded	-	223,816	-	-
Interest income and other related income	(975,431)	(567,055)	(794,608)	(695,103)
Interest expense and other related expenses	1,321,070	914,081	390,390	448,869
Share in profit of associate	(9,995)	-	-	-
Operating profit/(loss) before working capital changes	526,602	186,085	(509,398)	(769,988)
Movement in inventories	(26,732)	(21,988)	-	-
Movement in trade and other receivables	5,658,120	(692,600)	52,092	68,243
Movement in trade and other payables	(72,954)	(2,364,025)	84,045	(301,442)
Movement in provisions	(186,269)	81,769	-	-
Interest received classified as operating	59,626	-	-	-
Interest paid classified as operating	(535,346)	-	-	-
Taxes paid	(331,071)	(795,571)	(39,173)	(93,012)
Net cash flows from/(used in) operating activities	5,091,976	(3,606,330)	(412,434)	(1,096,199)
Cash flows from investing activities				
Net movement in group loans	-	-	1,195,177	(4,486,656)
Net movement in directors' loans	-	-	68,000	(6,000)
Dividends received	-	-	10,535	221
Interest received classified as investing	915,805	567,055	794,608	695,101
Net movement in loans to related parties	-	4,599,238	(5,292)	2,713,133
Net movements in loans to third parties	-	-	9,647	(23,538)
Net movements in loans to shareholders	-	-	2,181,761	(811,327)
Purchase of intangible fixed assets	(27,463)	(13,008)	-	-
Purchase of property, plant and equipment	(2,186,887)	(2,130,362)	(80,699)	-
Purchase of investment	-	-	(4,583,278)	(5,870,233)
Purchase of financial assets	(61,204)	(36,442)	-	-
Proceeds from sale of property, plant and equipment	246,004	29,553,214	-	-
Proceeds from sale of financial asset	-	87,492	-	-
Proceeds from sale of investments	9,131	-	325,000	25,843,366
Proceeds from sale of intangible asset	3,918	499	-	-
Proceeds from sale of available for sale investment	-	35,987	-	74,730
Foreign exchange	-	(504,028)	-	-
Net cash generated (used in)/from investing activities	(1,100,696)	32,159,645	(84,541)	18,128,797

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

CONSOLIDATED STATEMENT OF CASH FLOWS – continued

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Cash flows from financing activities				
Net movement in loans from group companies	56,685	-	90,926	(8,200,227)
Net movement in shareholders loans	2,791,010	-	-	510,300
Net movement in loans from ultimate parent	(2,847,575)	-	-	-
Net movement in bank borrowings	(469,510)	(24,946,208)	-	-
Net movement in related party borrowings	(374,597)	2,011,600	(5,436,433)	(12,108)
Net movement in third party borrowings	2,425,609	(5,903,267)	6,063,149	(6,172,002)
Dividends paid	-	(3,500,000)	-	(3,500,000)
Interest paid	(785,724)	(914,081)	(390,390)	(448,867)
Other borrowings	(5,265,176)	1,724,381		
Net cash generated from/(used in) financing activities	(4,469,278)	(31,527,575)	327,252	(17,822,904)
Effect of changes in foreign exchange	249,647	-	-	-
Net movement in cash and cash equivalents in the year	(228,351)	(2,974,260)	(169,723)	(790,306)
Cash and cash equivalents at beginning of year	3,170,856	6,145,116	1,678,307	2,468,613
Cash and cash equivalents at end of year (Note 20)	2,942,505	3,170,856	1,508,584	1,678,307

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The following standards and amendments have been adopted by the Group and the Company for the first time for the financial year beginning of 1 January 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11
- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38.
- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure Initiative: Amendments to IAS 1

The adoption of these amendments did not have any impact on the financial statements of the Group and the Company for the current or any prior period and is not likely to affect future periods.

2. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017, 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 and the Company, except the following set out below:

IAS 12, 'Income Taxes' was amended to clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that: (i) a temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period; (ii) an entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit; (iii) where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type; and, (iv) tax deductions resulting from the reversal of deferred tax assets are excluded from the future estimated taxable profit that is used to evaluate the recoverability of those assets. This amendment is effective for annual periods beginning on or after 1 January 2017. The Group does not expect the amendment to have a material impact on its financial statements since fair value exceeds the cost for almost all of its land and buildings as at 1 January 2015 and 31 December 2015 and 2016. The group is monitoring fair value movements below cost to assess the impact of the amendment in future periods.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI with no recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in a company's own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests.

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED - continued

It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group expects IFRS 9 to have an immaterial impact on the accounting for available-for-sale financial assets and derivatives.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue' and IAS 11, 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group expects IFRS 15 to have an immaterial impact on the provision of services and management income that fall under the scope of IFRS 15.

IFRS 16, 'Leases' was issued in January 2016. For lessees, it will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases will be removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The Group expects IFRS 16 to have an immaterial impact on its current accounting practices.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group and the Company.

3. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

Accounting convention and basis of preparation

These consolidated financial statements are prepared in accordance with the provisions of the Companies Act (Cap. 386) enacted in Malta, which require adherence to International Financial Reporting Standards (IFRS) as adopted by the European Union. These consolidated financial statements are prepared on the going concern basis and under the historical cost convention method.

The preparation of these consolidated financial statements in conformity with IFRS, as adopted by the European Union, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The directors have considered the development, selection and disclosure of the Group's and the Company's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgments are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. ACCOUNTING POLICIES - continued

Critical accounting judgement and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of land and buildings

The Group uses the services of professional valuer to revalue the land and buildings. The professional valuer takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible, as follows:

- A use that is physically possible takes into account the physical characteristics of the asset that market participants would take into account when pricing the asset (eg the location or size of a property).
- A use that is legally permissible takes into account any legal restrictions on the use of the asset that market participants would take into account when pricing the asset (eg the zoning regulations applicable to a property).
- A use that is financially feasible takes into account whether a use of the asset that is physically possible and legally permissible generates adequate income or cash flows (taking into account the costs of converting the asset to that use) to produce an investment return that market participants would require from an investment in that asset put to that use.

Fair value of investments in subsidiaries and associate undertakings

As described in Note 28, the Group and the Company uses valuation techniques that include inputs that are not always based on observable market data in order to estimate the fair value of investments in subsidiaries and associate undertakings. Note 28 provides detailed information regarding these valuation methods, and the key assumptions used in performing such valuations. The Board of Directors believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the investments in subsidiaries and associate undertakings in accordance with IFRS.

The accounting policies set out on the next pages have been applied consistently to all periods presented in these consolidated financial statements.

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. ACCOUNTING POLICIES - continued

Basis of consolidation

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated.

The consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are companies over which the Company has control. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interest in equity and earnings are shown separately. Transactions between consolidated companies are eliminated.

Company	Statutory seat	Country	Holding
Von Der Heyden Development Sp. Z o.o.	Warsaw	Poland	100.00%
Lublin Grand Hotel Management Sp. Z o.o.	Lublin	Poland	74.77%
Lublin Grand Hotel Sp.z.o.o.	Lublin	Poland	75.00%
IBB Hotel Erfurt GmbH & Co KG	Berlin	Germany	89.96%
Andersia Tower Hotel Management Sp. Z o.o.	Poznan	Poland	73.62%
Von Der Heyden & Partners Sp. Z o.o.	Warsaw	Poland	99.88%
SPV WW1 Sp. Z o.o.	Warsaw	Poland	99.88%
First Polish Real Estate B.V.	Amsterdam	Netherlands	55.00%
Dlugi Targ Sp. Z o.o.	Lublin	Poland	50.00%
Dlugi Targ Hotel Management Sp Z o.o.	Lublin	Poland	50.00%
Andersia Property Sp. Z o.o.	Poznan	Poland	42.50%
Andersia Retail Sp. Z o.o.	Poznan	Poland	42.50%
IBB Hotel Collections Holdings SL.	Mahon	Spain	99.56%
IBB Management 2007 S.L.	Mallorca	Spain	99.56%
Hotel Sol del Este S.L.	Menorca	Spain	99.56%
IBB Espana 2004 S.L.	Mejorca	Spain	99.56%
Kalagastur S.L.	Mahon	Spain	99.56%
Donaupassage Hotel Betriebs GmbH	Passau	Germany	99.56%
IBB Blue Hotel Betriebs GmbH	Passau	Germany	99.56%
IBB Hotels Deutschland Betriebs GmbH	Passau	Germany	99.56%
IBB Hotel Management Europe Ltd	Valletta	Malta	100.00%
IBB Polska Sp. Z o.o.	Lublin	Poland	100.00%
Timan Investments Espana S.L.	Mahon	Spain	100.00%
Von Der Heyden Group Finance p.l.c.	Valletta	Malta	100.00%

Non-consolidated participations

Viajes Menorca S.L.	Mahon	Spain	77.86%
IBB Hotel Erfurt Verwaltungs GmbH	Berlin	Germany	49.78%

The effect on the equity of the consolidated financial statements had the above participations been consolidated would have been €117,450.

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. ACCOUNTING POLICIES - continued

Foreign currencies

In the statement of financial position, monetary balances in foreign currencies are translated into Euro at year-end exchange rates. Foreign exchange differences are included in the statement of comprehensive income. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on transaction dates.

Upon consolidation, the assets and liabilities of subsidiaries with a functional currency, other than the Euro are translated into Euro using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the respective period. Exchange rates differences are included in group equity.

Exchange differences arising on translation of the Company's net investment in subsidiaries at the rate of exchange ruling at the end of the reporting period are taken directly to equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the statement of comprehensive income as a component of the gain or loss on disposal.

The principal exchange rates against the Euro used in preparing the statement of financial position and the statement of comprehensive income are:

	Statement of financial position		Statement of comprehensive income	
	2016	2015	2016	2015
PLN	4.4103	4.2639	4.3632	4.1841

Intangible assets

Computer software and other intangibles

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost. The cost of intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

After initial recognition, intangible assets is carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on the straight-line method so as to write off the cost of an asset, less its estimated residual value, over its useful economic life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price and any directly attributable cost of preparing the asset for its intended use.

Depreciation provided on all items of property, plant and equipment, except freehold land and assets under construction, at the rates calculated to write-off the cost less residual value of its expected useful life. The percentage rates within the various entities within the Group are as follows:

Buildings	- 5%
Equipment and machinery	- 7% - 12.5%
Other assets	- 10% - 25%

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each financial reporting date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the costs of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Revaluation of land and buildings

Land and buildings are carried at their revalued amount.

Land and buildings are revalued by a professionally qualified architect/surveyor on the basis of market values. Any surpluses arising on such revaluation are credited to a revaluation reserve whilst deficiencies resulting from decreases in value and/or impairment are deducted from this reserve to the extent that it is sufficient to absorb these, and charged through the statement of comprehensive income thereafter.

Financial assets

Investments in subsidiary undertakings

Subsidiaries are all entities over which the investor has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Investments in subsidiaries are initially recognised at cost, being the fair value of the consideration given, including acquisition charges associated with the investment. Subsequent to initial recognition, investments are measured at fair value method in accordance with IAS 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. ACCOUNTING POLICIES - continued

Financial assets - continued

Investment in an associate undertaking

An associated undertaking is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in an associate undertaking is initially recognised at cost.

The Group subsequently recognised the investment in associate using the equity method.

The consolidated financial statements include the Group's share of the income and expenses and equity movements of the associate, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the year ended 31 December 2016. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's and the Group's share of losses in an associated undertaking equals or exceeds its interest in the associated undertaking, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated undertaking. The use of the equity method should cease from the date that significant influence ceases.

The Company subsequently recognised the investment in associate using the fair value method in accordance with IAS 39.

Inventories and work in progress

Inventories and work in progress are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis. Net realisable value is the price at which stocks can be sold in the course of business less anticipated costs of selling. Provision is made where necessary for obsolete, slow moving and defective stocks.

Trade and other receivables

Trade and other receivables, including amounts owed by related undertakings, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. The amount of any provision is recognised in the profit or loss.

Trade and other payables

Liabilities for trade and other amounts payable, including amounts owed to related undertakings, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company/Group.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Related party accounts are carried at cost, net of any impairment charge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. ACCOUNTING POLICIES - continued

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate. Any difference between the proceeds and the redemption value is recognised in the statement of other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the financial reporting date.

Borrowing costs are recognised as an expense in the period in which they are incurred.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the financial reporting date, and are discounted to present value when the effect is material. Provisions are reviewed each financial reporting date and adjusted to reflect the current best estimate.

Tax

Income tax on the profit or loss for the year comprises current tax and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the end of reporting period, and any adjustments to tax payable in respect of previous years.

Deferred income tax is determined under the statement of financial position method, providing for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, based on tax rates that have been enacted or substantively enacted by the end of reporting period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and/or sufficient taxable temporary differences are available. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Revenue recognition

Generally, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company/Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Provision of services

Revenue from the provision of services is recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. For practical purposes, when services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

3. ACCOUNTING POLICIES - continued

Revenue recognition - continued

Dividend income

Dividend income is recognised when the right to receive the dividend is established.

Interest income

Revenue is recognised as the interest accrues, unless collectability is in doubt.

Cash and cash equivalents

Cash in hand and at banks are carried at cost.

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks, and bank credit facilities.

Impairment of assets

The carrying amounts of the Group's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable value is calculated as the present value of the expected future cash flows, discounted at the original effective interest rate inherent in the assets. The recoverable amount of the assets is the greater of their net selling price and value in use.

An impairment loss is recognised whenever the carrying amount of an asset, or its cash generating unit, exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, if no impairment loss has been recognised.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. TURNOVER

Turnover consists of income from real estate leasing and from hospitality and hotel management.

Turnover by geographical region:

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Poland	9,096,186	8,951,017	-	-
Spain	2,687,145	533,162	-	-
Germany	5,523,336	3,888,563	-	-
Malta	599	-	-	-
	17,307,266	13,372,742	-	-

Category of activity:

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Accommodation	14,030,459	7,695,893	-	-
Catering	1,316,161	3,154,020	-	-
Lease	415,785	414,514	-	-
Administration & consulting	15,453	184,511	-	-
Development	204,889	240,042	-	-
Other	1,324,519	1,683,762	-	-
	17,307,266	13,372,742	-	-

5. INVESTMENT (LOSS)/INCOME

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Loss on disposal of investments	(5,340)	-	-	-
Dividends received	-	19,798	10,535	221
	(5,340)	19,798	10,535	221

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. INTEREST INCOME AND OTHER RELATED INCOME

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Interest on bank balances	54,779	-	-	-
Interest on loans to group undertaking	149,573	-	-	-
Interest on loans to shareholders	109,314	-	-	-
Interest on loans to related parties	231,858	-	743,586	605,343
Interest on loans to third parties	99,157	541,697	13,521	89,759
Foreign exchange differences	325,903	-	-	-
Other interest income	4,847	25,358	37,501	-
	975,431	567,055	794,608	695,102

7. INTEREST EXPENSE AND OTHER RELATED EXPENSES

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Interest on bank loans and bank charges	519,358	874,296	-	-
Interest on loans from group undertaking	2,872	-	-	-
Interest on loans from third parties	456,506	-	389,815	221,378
Foreign exchange differences	326,346	-	-	-
Other interest expense	15,988	39,785	575	227,491
	1,321,070	914,081	390,390	448,869

8. PROFIT/(LOSS) FOR THE YEAR

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Profit/(loss) for the year is stated after charging:				
Personnel costs	4,904,979	3,976,710	-	-
Directors' fees and remuneration	568,202	181,771	144,048	43,965
Depreciation and amortisation	503,476	433,819	16,140	-
Auditors' remuneration	75,485	31,529	30,975	29,500
(Gain)/loss on foreign exchange differences	(20,283)	202,823	4	202,823
And after crediting:				
Profit/(loss) on disposal of tangible fixed assets	107,852	(13,330)	-	-

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

9. STAFF COSTS

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Staff Salaries:				
Wages and salaries	3,942,594	3,583,887	-	-
Social security costs	958,574	392,823	-	-
Pension costs	3,811	-	-	-
	4,904,979	3,976,710	-	-
Directors' emoluments				
Emoluments for services as directors	535,973	43,965	111,819	43,965
Emoluments for management services	32,229	137,806	32,229	-
	568,202	181,771	144,048	43,965

The group had an average of 259 (2015: 153) employees and the company had an average of 5 (2015: 2) during the year under review.

10. INCOME TAX EXPENSE

Tax expense/(credit) for the year is analysed as follows:

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Current year taxation				
Income tax on the taxable income for the year	147,471	57,295	53,212	54,877
Deferred taxation				
Transfer to deferred taxation account	(92,697)	(125,345)	-	-
	54,774	(68,050)	53,212	54,877

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

10. INCOME TAX EXPENSE - continued

The tax on the company's profit/(loss) before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Profit/(loss) before tax	53,343	175,386	751,087	2,584,551
Theoretical tax charge using the parent's domestic tax rate of 35%	18,670	61,385	262,880	904,593
Tax effect of:				
- Non-taxable revenues	(362,194)	(997,100)	(286,718)	(1,116,970)
- Non-deductible expenses	513,574	983,264	184,091	288,388
- Unabsorbed tax losses not recognised	390,012	20,734	-	-
- Unrealised provision on exchange	-	46,647	-	46,647
- Unabsorbed tax losses brought forward	(237,220)	(57,384)	-	-
- Other differences	-	676	-	-
- Different tax rates of subsidiaries operating in other jurisdictions	(68,226)	(58,491)	-	-
- Flat Rate Foreign Tax credit	(107,041)	(67,781)	(107,041)	(67,781)
- Movements in deferred tax asset	(184,697)	-	-	-
- Movements in deferred tax liabilities	91,896	-	-	-
Tax expense/(credit)	54,774	(68,050)	53,212	54,877

The tax regulations in Poland are subject to frequent changes and as a result there is often no reference to fixed regulations. The regulations in force also contain many ambiguities which may result in different interpretations. The tax payables may be subject to an audit by the tax authorities which have the power to impose heavy fines and the additional amounts calculated as a result of the audit must be paid together with high interest. These conditions make Poland a country with high risk in comparison to other countries with more developed taxation systems. Taxes payable are subject to audits periods of five years. As a result, the tax amounts stated in the financial statements of the Polish subsidiaries may be subject to change after their final calculation by the tax authorities.

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

11. INTANGIBLE FIXED ASSETS

	Computer software and other intangibles €	Total €
Cost		
At 1 January 2016	212,462	212,462
Opening cost of previously non-consolidated entities	52,775	52,775
Additions	27,463	27,463
Disposals	(12,588)	(12,588)
Currency translation differences	(5,599)	(5,599)
At 31 December 2016	274,513	274,513
Provision for diminution in value		
At 1 January 2016	(166,222)	(166,222)
Opening amortisation of previously non-consolidated entities	(31,963)	(31,963)
Charge for the year	(21,806)	(21,806)
Release on disposal	8,670	8,670
Exchange difference	4,492	4,492
At 31 December 2016	(206,829)	(206,829)
Net book values		
At 31 December 2016	67,684	67,684
At 31 December 2015	46,240	46,240

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Land and Buildings €	Machinery and Equipment €	Other Assets €	Assets under construction €	Total €
Cost/revaluation					
At 1 January 2016	39,480,011	726,417	3,703,536	5,565,924	49,475,888
Opening cost of previously non-consolidated entities	-	132,900	115,313	-	248,213
Additions	384,535	151,655	282,362	1,368,335	2,186,887
Revaluation	932,600	-	-	-	932,600
Disposals	(145,226)	(10,025)	(15,307)	-	(170,558)
Reclassification	(25,636)	-	2,834	16,713	(6,089)
Currency translation differences	(514,019)	(20,077)	(75,124)	(184,761)	(793,981)
At 31 December 2016	40,112,265	980,871	4,013,616	6,766,211	51,872,960
Depreciation					
At 1 January 2016	(1,145,663)	(621,116)	(2,612,170)	-	(4,378,949)
Opening depreciation of previously non-consolidated entities	-	(7,708)	(109,714)	-	(117,422)
Depreciation charge for the year	(168,318)	(59,839)	(105,976)	-	(334,134)
Depreciation released on disposal	6,355	10,025	16,024	-	32,404
Reclassification	6,089	-	-	-	6,089
Currency translation differences	4,990	17,436	62,685	-	85,112
At 31 December 2016	(1,296,547)	(661,202)	(2,749,151)	-	(4,706,900)
Net book values					
At 31 December 2016	38,815,718	319,668	1,264,463	6,766,211	47,166,060
At 31 December 2015	38,334,348	105,301	1,091,366	5,565,924	45,096,939

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. PROPERTY, PLANT AND EQUIPMENT - continued

THE COMPANY	Motor vehicle €	Total €
Cost		
At 1 January 2016	-	-
Additions	80,699	80,699
	<u>80,699</u>	<u>80,699</u>
Depreciation		
At 1 January 2016	-	-
Depreciation charge for the year	(16,140)	(16,140)
	<u>(16,140)</u>	<u>(16,140)</u>
Net book values		
At 31 December 2016	<u>64,559</u>	<u>64,559</u>
At 31 December 2015	-	-

13. LOANS AND OTHER RECEIVABLES: NON-CURRENT

	Group		Company	
	2016 €	2015 €	2016 €	2015 €
Amounts owed by the ultimate beneficial owner (Note i)	488,130	2,564,348	-	2,072,032
Amounts owed by ultimate parent (Note ii)	2,830,794	-	2,830,794	-
Amounts owed by group undertakings (Note ii)	-	-	10,478,217	11,570,929
Amounts owed by other related parties (Note iii)	7,724,538	5,600,317	5,161,375	209,624
Amounts owed by third party (Note iv)	20,000	20,000	49,241	49,241
Prepayments	2,464	-	-	-
	<u>11,065,926</u>	<u>8,184,665</u>	<u>18,519,627</u>	<u>13,901,826</u>

- i. The amounts owed by the ultimate beneficial owner are unsecured, bear interest of 4.5% per annum and has no fixed date of repayment.
- ii. The amounts owed by ultimate parent and group undertakings are unsecured and are subject to interest rates ranging between 4.5% and 7% per annum and although there is no fixed date of repayment, they are not expected to be repaid within the next twelve months.
- iii. The amounts owed by other related parties are unsecured and are subject to interest rates ranging between 5% and 5.5% per annum and although there is no fixed date of repayment, they are not expected to be repaid within the next twelve months.
- iv. The amounts owed by third party are unsecured, bear interest at the rate of 5.5% per annum and although there is no fixed date of repayment, they are not expected to be repaid within the next twelve months.

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. INVESTMENT IN SUBSIDIARIES

	Group		Company	
	2016	As restated 2015	2016	2015
	€	€	€	€
At fair value				
At beginning of the year	594,378	674,299	13,497,931	31,327,840
Elimination of entities not consolidated in previous year	(465,989)	(66,031)	-	-
Additions	-	34,800	4,381,911	5,870,232
Disposals	-	-	(325,000)	(25,843,366)
Fair value movement	(17,867)	(48,690)	398,371	2,275,310
Foreign exchange result	-	-	(139,845)	(132,085)
	110,522	594,378	17,813,368	13,497,931

Subsidiary undertakings	Registered or principal office	Shares held	
		Class	Proportion
Von der Heyden Development Sp. Z o.o.	Warsaw, Poland	Ordinary	100.00%
Lublin Grand Hotel Management Sp. Z o.o.	Lublin, Poland	Ordinary	74.77%
Lublin Grand Hotel Sp. Z o.o.	Lublin, Poland	Ordinary	75.00%
IBB Hotel Erfurt GmbH & Co. KG	Berlin, Germany	Ordinary	89.96%
Andersia Tower Hotel Management Sp. Z o.o.	Poznan, Poland	Ordinary	73.62%
Von Der Heyden Group Finance p.l.c.	Valletta, Malta	Ordinary	100.00%
Von der Heyden & Partners Sp. Z o.o.	Warsaw, Poland	Ordinary	99.88%
First Polish Real Estate B.V.	Amsterdam, The Netherlands	Ordinary	55.00%
IBB Hotel Collections Holdings S.L. (formerly Asesores Turisticos Menorquines S.L.)	Mahon, Spain	Ordinary	99.56%
IBB Hotel Management Europe Ltd.	Valletta, Malta	Ordinary	100.00%
Timan Investments Espana S.L.	Mahon, Spain	Ordinary	100.00%

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. INVESTMENT IN SUBSIDIARIES - continued

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

Subsidiary undertaking	Capital and reserves €	Profit/(loss) for the year €
Von der Heyden Development Sp. Z o.o.	517,391	(7,060)
Lublin Grand Hotel Management Sp. Z o.o.	(341,672)	(155,848)
Lublin Grand Hotel Sp. Z o.o.	2,543,553	362,788
IBB Hotel Erfurt GmbH & Co. KG	281,058	(19,241)
Andersia Tower Hotel Management Sp. Z o.o.	435,593	224,642
Von der Heyden Group Finance p.l.c.	(72,064)	(122,064)
Von der Heyden & Partners Sp. Z o.o.	(1,137,018)	(96,738)
First Polish Real Estate B.V.	21,508,071	238,831
IBB Hotel Collection Holdings S.L.	(576,770)	435,456
IBB Hotel Management Europe Ltd.	147,979	(95,361)
Timan Investments Espana S.L.	(45,713)	(508,601)

15. INVESTMENT IN ASSOCIATES

	Group		Company	
	2016	As restated 2015	2016	2015
	€	€	€	€
At equity method/fair value				
At beginning of the year	112,972	104,484	3,379,147	983,597
Share in profit for the year	9,995	8,488	-	-
Fair value movement	-	-	611,655	2,395,550
	122,967	112,972	3,990,802	3,379,147

	Registered or principal office		Shares held	
Associate undertakings			Class	Proportion
Nowy Swiat 5 Sp. Z o.o.	Warsaw, Poland		Ordinary	50.00%
Plaza Explanada S.L.	Mahon, Spain		Ordinary	50.00%
Kasa Investment GmbH	Grunwald, Germany		Ordinary	49.58%
Bogenhausener Tor Immobilien GmbH	Munich, Germany		Ordinary	38.50%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

Associate undertakings	Capital and reserves €	Profit/(loss) for the year €
Nowy Swiat 5 Sp. Z o.o.	(253,585)	(220,077)
Plaza Explanada S.L.	245,933	19,114
Kasa Investment GmbH	(498,163)	(264,236)
Bogenhausener Tor Immobilien GmbH	(3,604,458)	(652,451)

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. OTHER FINANCIAL ASSETS

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
At cost				
At beginning of the year	10,233	17,554	-	-
Balance of non-consolidated entities in previous year	493	-	-	-
Additions	59,304	1,642	-	-
Disposal	(9,131)	(8,963)	-	-
	60,899	10,233	-	-

Other financial assets are non-marketable securities not traded in active markets and recognised at costs.

17. INVENTORIES

	Group	
	2016	2015
	€	€
Materials	119,157	75,667
Work in progress	8,019	-
Finished goods	-	24,777
	127,176	100,444

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	As restated 2015	2016	2015
	€	€	€	€
Trade receivables from third parties (Note i)	572,403	430,149	4,818	56,818
Trade receivables from group undertaking	-	-	-	-
Trade receivables from other related parties	61,383	447,112	-	-
Amounts owed by a director (Note ii)	-	68,000	-	68,000
Amounts owed by ultimate beneficial owner	156,190	109,350	-	109,350
Amounts owed by ultimate parent	16,781	-	16,781	50
Amounts owed by group undertakings (Note iii)	-	-	2,440,435	10,753,929
Amounts owed by other related companies	526,851	6,089,721	526,851	124,871
Amounts owed by third parties (Note iv)	3,233	112,763	5,418	-
Other receivables	505,940	281,610	-	-
Prepayments	94,188	102,293	20,000	20,092
	<u>1,936,969</u>	<u>7,640,998</u>	<u>3,014,303</u>	<u>11,133,110</u>

- i. Receivables are stated after a provision for doubtful debts amounting to nil (2015: €99,568).
- ii. The amounts owed by a director were unsecured, interest free and were repayable on demand.
- iii. The amounts owed by group undertakings are unsecured and interest free. Apart from the amount of €54,000 which is due for repayment on the 30th of June 2017, the remaining are repayable on demand.
- iv. The amounts owed by third parties are unsecured, bear interest ranging from 5% to 5.5% per annum and are repayable on demand.

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group			Company
	Listed securities	Other investments	Total	Listed Securities
	€	€	€	€
At fair value				
At 1 January 2015	59,195	135	59,330	59,195
Additions	-	-	-	-
Disposals	(35,852)	(135)	(35,987)	(35,987)
Fair value movement	(19,439)	-	(19,439)	(19,439)
Total at 31 December 2015	3,904	-	3,904	3,904
At 1 January 2016	3,904	-	3,904	3,904
Additions	-	1,900	1,900	-
Fair value movement	(3,738)	-	(3,738)	(3,738)
Total at 31 December 2016	166	1,900	2,066	166

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand and balance with banks. Cash and cash equivalents included in the consolidated statement of cash flows reconcile to the amounts shown in the consolidated statement of financial position as follows:

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Cash at bank	2,872,376	3,170,856	1,508,584	1,678,307
Cash on hand	70,129	-	-	-
	2,942,505	3,170,856	1,508,584	1,678,307

21. SHARE CAPITAL

	2016	2015
	€	€
Authorised:		
20,000,000 Ordinary A shares of € 1 each	20,000,000	20,000,000
30,000,000 Ordinary B shares of € 1 each	30,000,000	30,000,000
	50,000,000	50,000,000
Issued and fully paid up:		
3,249,924 Ordinary A shares of € 1 each, 100% paid up	3,249,924	3,249,924
554,717 Ordinary B shares of € 1 each, 100% paid up	554,717	554,717
	3,804,641	3,804,641

The Ordinary A shares and Ordinary B shares rank pari passu.

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	As restated 2015	2016	2015
	€	€	€	€
Trade payables	1,017,244	1,788,890	69,608	60,749
Trade payables to group undertaking	1,071	53,305	-	-
Trade payables to other related parties	53,706	-	-	-
Other taxes and social security costs	167,499	165,948	7,573	7,573
Advance payments received from customers	112,050	132,686	-	-
Amounts owed to ultimate beneficial owner	215,413	-	-	-
Other payables	1,381,040	843,467	-	-
Accruals	239,926	61,194	77,874	55,900
	3,187,949	3,045,490	155,055	124,222

23. BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Non-current				
Bank borrowings (Note i)	12,933,612	12,410,671	25,000	-
Loans from group undertaking	56,685	-	-	-
Loans from other related parties (Note ii)	4,569,038	2,014,733	-	-
Loans from third parties (Note iii)	135,238	3,776,441	4,576,721	4,155,492
Other borrowings	810,532	269,697	-	-
	18,505,105	18,471,542	4,601,721	4,155,492
Current				
Bank borrowings (Note i)	646,152	1,638,603	-	-
Amounts owed to third parties (Note iv)	5,959,746	5,374,215	6,154,522	-
Amounts owed to group companies (Note v)	-	-	78,925	-
Amounts owed to shareholders	546,219	-	-	-
Amounts owed to other related parties (Note vi)	308,596	1,113,277	81,320	6,078,895
Other borrowings	272,884	704,680	546,219	510,679
	7,733,597	8,830,775	6,860,986	6,589,195

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

23. BORROWINGS - continued

Non-current borrowings are repayable as follows:

	Group		Company	
	2016	2015	2016	2015
	€	€	€	€
Repayable between one and two	9,010,727	900,015	-	-
Repayable between two and five	3,209,451	5,966,599	-	-
Repayable in five years or more	6,284,927	11,604,928	4,601,721	4,155,492
	18,505,105	18,471,542	4,601,721	4,155,492

- i. The bank borrowings are pledged by special hypothecs on the properties and bear interest at rates ranging from 2.1% to 7.25%. One of the loans is also secured by a pledge on the shares of the subsidiary undertaking.
- ii. The loans from related parties are unsecured, bear interest ranging between 5% and 5.5% per annum and although they have no fixed date of repayment, they are not expected to be called for repayment within twelve months from the financial reporting date.
- iii. The amounts owed to third parties are unsecured, bear interest ranging between 2.9847% and 5.5% and are not expected to be called for repayment within 12 months from the financial reporting date.
- iv. These include an amount of €5,575,652 which have been fully repaid during April of 2017. These bore interest at 5.5% and were unsecured. The remaining amounts are unsecured and are expected to be called for repayment within 12 months from the financial reporting date.
- v. These amounts are unsecured, bear interest at 5% per annum and are repayable on demand.
- vi. The amounts owed to other related parties are unsecured and are repayable on demand.

24. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

The provision for liabilities and charges is made up of the following:

	Group	
	2016	2015
	€	€
As at 1 January	199,320	117,551
Charged to the statement of comprehensive income	-	(105,105)
Additional provisions	8,688	187,951
Unused amounts reversed	(194,677)	-
Exchange differences	(280)	(1,077)
As at 31 December	13,051	199,320

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

25. DIVIDENDS

	2016 €	2015 €
Interim dividends	-	3,500,000
	-	3,500,000
Dividends per share	-	0.92

26. RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries have been eliminated on consolidation. Details of transactions between the company and its related parties are disclosed below. Certain subsidiaries purchase and sell services to various related parties.

The Group

During the year then ended, the Group entered into the following transactions with non-consolidated related parties.

	2016 €	2015 €
Transactions with group companies:		
Revenue	-	427,337
Services	-	41,582
Interest income	149,573	1,063,966
Interest expense	2,872	27,000
Transactions with ultimate beneficial owner:		
Investment in subsidiary	-	34,800

The Company

During the year then ended, the company entered into the following transactions with related parties.

	2016 €	2015 €
Transactions with group companies:		
Administrative expenses	-	40,105
Other operating income	52,000	104,000
Interest income	743,585	605,342
Interest expense	575	227,027
Transactions with ultimate beneficial owner:		
Interest income	92,534	86,529
Transactions with other related parties:		
Interest expense	52,080	464

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

26. RELATED PARTY TRANSACTIONS - continued

Amounts owed by/to related parties as at year-end are as disclosed in notes 18, 22 and 23 to these financial statements.

The Group and the Company

Key management compensation

	2016 €	2015 €	2016 €	2015 €
Key management remuneration	<u>568,202</u>	<u>181,771</u>	<u>144,048</u>	<u>43,965</u>

27. FINANCIAL INSTRUMENTS

At the year end, the Group's main financial assets comprise investments in associates, financial assets at fair value through profit or loss, trade and other receivables and cash at bank. The Group had no off-balance sheet financial assets.

At the year end, the Group's main financial liabilities include borrowings payable after one year, amounts owed to related parties, accruals and other creditors and tax payable.

Timing of cash flows

The presentation of the financial assets and liabilities listed above under the current and non-current headings within the consolidated statement of financial position is intended to indicate the timing in which cash flows will arise.

Capital risk management

The Company and the Group manage their capital to ensure that they will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's and the Company's strategies are expected to remain unchanged in the foreseeable future.

The capital structure of the Group consists of equity attributable to equity holders comprising issued share capital, reserves and retained earnings as disclosed in Note 21.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets which potentially subject the Group to concentrations of credit risk consist principally of trade and other receivables and cash at bank.

Credit risk relating to cash at bank is considered to be low in view of management's policy of placing it with quality financial institutions.

Carrying amounts for trade and other receivables, including amounts owed by group and related parties, are stated net of the necessary general provisions which would have been prudently made against bad and doubtful debts, had management believed that recoverability was doubtful. Management believes that no risk is inherent in the Group's receivable balances.

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

27. FINANCIAL INSTRUMENTS - continued

Credit risk - continued

The credit quality of the Group's financial assets are viewed by management as neither past due nor impaired considering the collectability of debts and the credit history of the counter parties.

Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes the risk that obligations cannot be met as and when they fall due. During the year under review, the Group has raised funds mainly from operations. Liquidity risk is managed by maintaining significant levels of liquid funds, and identifying and monitoring changes in funding required to meet business goals driven by management.

Foreign currency risk

The Group is exposed to foreign currency risk on payments of expenses that are denominated in a currency other than the Euro. The main currencies giving rise to this risk are the Polish Zloty and the Euro.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates and management's reaction to material movements thereto.

Fair values

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market prices (unadjusted) in active markets for identical instrument;

Level 2: Valuation techniques based on observable input, either directly (i.e. as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data; and

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

At 31 December 2016 and 2015, all financial assets measured at fair value apart from the available-for-sale assets were based on level 3 inputs. The available-for-sale financial assets were based on level 1 inputs.

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

28. CONTINGENT LIABILITY

The Company has provided a cash collateral of €1,500,000 on behalf of a subsidiary company.

29. SUBSEQUENT EVENTS

After year-end a subsidiary company, Von der Heyden Group Finance p.l.c. has issued €25,000,000, 7 year, 4.4% bonds. These bonds are listed and traded on the Official List of the Malta Stock Exchange. Timan Investments Holdings Limited has provided a guarantee in favour of the Bondholders. The subsidiary company, as issuer of the bonds, does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company. The subsidiary company is hence intended to serve as a vehicle through which the Group will continue to finance its current and future projects and/or enabling the Group to seize new opportunities arising in the market.

30. PRIOR PERIOD ADJUSTMENTS

In 2016, it was noticed that the accounting policy adopted for the investments in associates at consolidation level was the same policy adopted at the standalone level being at fair value through profit or loss rather than at the equity method. Accordingly, the accounting policy at consolidation level has been revised retrospectively.

In 2015 goodwill amounting to €1,240,000 relating to an investment in subsidiary whose assets were sold over 2013 and 2014 was written off since the value of the subsidiary decreased following the sale of its assets. In 2016, the directors decided to reflect the impairment of goodwill in the respective years in which the assets of the subsidiaries were sold at which point in time the subsidiary's value decreased.

In 2015, one of the subsidiaries was restructured as a result of which the percentage owned by the group decreased, the effect of which resulted to a decrease in the revaluation reserve on the revalued amount of the land owned by the subsidiary and the non-controlling interest increased. In 2016, the Directors decided to reflect the effect of this event in the year of the actual restructuring.

Following the issue of last year's consolidated financial statements the accounts of two of the subsidiaries in Spain were revised and consequently it was decided to change the comparative figures accordingly to reflect such changes.

TIMAN INVESTMENTS HOLDINGS LIMITED
Consolidated Financial Statements for the year ended 31 December 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – continued

30. PRIOR PERIOD ADJUSTMENTS - continued

	31 December 2015		
	As previously reported	Effect of misstatement	As restated
	€	€	€
Statement of comprehensive income			
Fair value movement	2,346,860	(2,346,860)	-
Impairment of investment	-	(48,690)	(48,690)
Share in profit from associates	-	8,488	8,488
Impairment of goodwill	(1,240,000)	1,240,000	-
Statement of financial position			
Investment in associate	3,379,147	(3,266,175)	112,972
Current income tax receivable	86,458	70,023	156,481
Trade and other payables	(2,399,894)	(645,596)	(3,045,490)
Statement of changes in equity			
Other reserves			
Opening retained earnings	14,307,763	(1,747,314)	12,560,449
Non-controlling interest	3,281,850	(2,694,686)	587,164
	12,390,087	1,747,314	14,137,401

31. COMPARATIVE FIGURES

Certain amounts from the previously reported consolidated financial statements have been reclassified to conform with the current year's financial presentation.

32. STATUTORY INFORMATION

Timan Investments Holdings Limited is a limited liability company registered in Malta.

The registered office of the company is 46, Palazzo Spinola, St. Christopher Street, Valletta VLT 1464, Malta. The company status is that of a private company. These consolidated financial statements were approved for issue by the Board of Directors on 26 April 2017.

Timan Investments Holdings Limited ultimate parent company is Von Der Heyden Group Holdings S.A.R.L, a company registered in Luxembourg, with its registered address at L-6138 Junglisnster 32, Rue Marthe Prim-Welter, Luxembourg. Von Der Heyden Group Holdings S.A.R.L. owns 85.42% of voting capital of the company. The other 14.58% is owned by Trusthigh Holdings Limited.

The ultimate controlling party of Von Der Heyden Group Holdings S.A.R.L. is Sven von der Heyden.