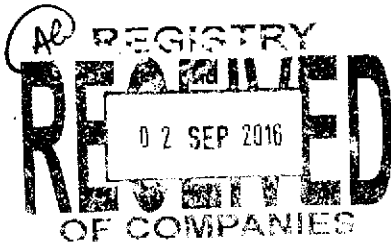


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Harbour (APM) Investments Limited

C 58453

Report and financial statements

31 December 2015

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Harbour (APM) Investments Limited

Director, officer and other information

Director: Richard Abdilla Castillo

Secretary: Karen Coppini

Registered office: Nineteen Twenty Three
Valletta Road
Marsa
Malta

Country of incorporation: Malta

*Company registration
number:* C 58453

Auditor: Deloitte Audit Limited
Deloitte Place
Mriehel Bypass
Mriehel
Malta

Bankers: Bank of Valletta p.l.c.
Corporate Branch
BOV Centre
St. Venera
Malta

HSBC Bank p.l.c
HSBC Head office
Mill Street
Malta

Harbour (APM) Investments Limited

Director's report

Year ended 31 December 2015

The director presents his report and the audited financial statements of the company for the year ended 31 December 2015.

Principal activities

The principal activity of the company is to purchase or otherwise acquire, hold and manage movable and immovable property or other assets.

Performance review

The company registered a profit before tax of *Eur5,794,405* (loss 2014 – *Eur109,692*), emanating mainly from the increase in fair value of investment property. Net assets at the end of the reporting period amounted to *Eur22,984,539* (2014 - net liabilities of *Eur110,764*).

Result and dividend

The result for the year ended 31 December 2015 is shown in the statement of profit or loss and other comprehensive income on page four. The profit and total comprehensive income for the year was *Eur3,794,386*.

The director does not recommend the payment of a dividend.

Directors

The directors who served during the year were:

Richard Abdilla Castillo

Karl Naudi (appointed on 31 August 2015 and resigned on 15 July 2016)

In accordance with the company's articles of association, the director is to remain in office.

Auditor

A resolution to reappoint Deloitte Audit Limited as auditor of the company will be proposed at the forthcoming annual general meeting.

Approved by the director and signed on 5 August 2016 by:



Richard Abdilla Castillo
Richard Abdilla Castillo
Director

Harbour (APM) Investments Limited

Statement of director's responsibilities

The director is required by the Companies Act (Cap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss for the year then ended. In preparing the financial statements, the director should:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The director is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the director to ensure that the financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The director is also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

Harbour (APM) Investments Limited

Statement of profit or loss and other comprehensive income

Year ended 31 December 2015

	<i>Notes</i>	2015 Eur	2014 Eur
Administrative expenses		(13,213)	(7,341)
Investment income	5	5,887,414	-
Finance costs	6	(79,796)	(102,351)
Profit/(loss) before tax	7	5,794,405	(109,692)
Income tax expense	8	(2,000,019)	-
Profit/(loss) and total comprehensive income/(expense) for the year		3,794,386	(109,692)

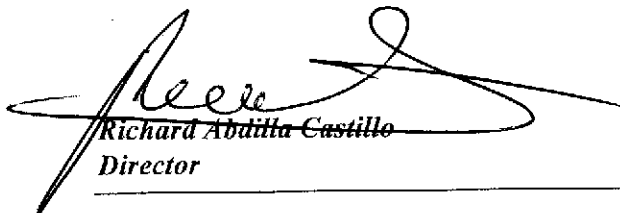
Harbour (APM) Investments Limited

Statement of financial position

31 December 2015

	Notes	2015 Eur	2014 Eur
ASSETS AND LIABILITIES			
Non-current assets			
Investment property	9	25,007,484	19,173,796
Loans and receivables	10	1,721,802	-
		<u>26,729,286</u>	<u>19,173,796</u>
Current assets			
Loans and receivables	10	150,406	90,834
Other receivables	11	62,937	773
Cash and cash equivalents	17	1,148	1,173
		<u>214,491</u>	<u>92,780</u>
Total assets		<u>26,943,777</u>	<u>19,266,576</u>
Current liabilities			
Other payables	12	5,818	6,868
Bank loan	13	213,172	-
Current tax liability		19	-
		<u>219,009</u>	<u>6,868</u>
Non-current liabilities			
Other financial liabilities	14	288,965	19,370,472
Bank loan	13	1,451,264	-
Deferred tax liabilities	15	2,000,000	-
		<u>3,740,229</u>	<u>19,370,472</u>
Total liabilities		<u>3,959,238</u>	<u>19,377,340</u>
Net assets/(liabilities)		<u>22,984,539</u>	<u>(110,764)</u>
EQUITY			
Share capital	16	22,331,200	1,200
Revaluation reserve	18	72,763	-
Retained earnings/(accumulated losses)		580,576	(111,964)
Total equity		<u>22,984,539</u>	<u>(110,764)</u>

These financial statements were approved by the director, authorised for issue on 5 August 2016 and signed by:


Richard Abdilla Castillo
Director

Harbour (APM) Investments Limited

Statement of changes in equity

Year ended 31 December 2015

	Share capital Eur	Revaluation reserve Eur	Retained earnings/ (accumulated losses) Eur	Total Eur
Balance at 31 December 2013	1,200	-	(2,272)	(1,072)
Loss and total comprehensive expense for the year	-	-	(109,692)	(109,692)
Balance at 31 December 2014	1,200	-	(111,964)	(110,764)
Waiver of a liability by the parent in its capacity as a shareholder	-	-	726,566	726,566
Capitalisation of shareholders' loans (note 16)	18,574,351	-	-	18,574,351
Profit and total comprehensive income for the year	-	-	3,794,386	3,794,386
Transfer to revaluation reserve net of deferred tax	-	3,826,204	(3,826,204)	-
Capitalisation of reserves (note 16)	3,755,649	(3,753,441)	(2,208)	-
Balance at 31 December 2015	22,331,200	72,763	580,576	22,984,539

Harbour (APM) Investments Limited

Statement of cash flows

Year ended 31 December 2015

	2015 Eur	2014 Eur
Cash flows from operating activities		
Profit/(loss) before tax	5,794,405	(109,692)
<i>Adjustments for:</i>		
Interest expense	79,796	102,351
Investment income	(5,887,414)	-
	<hr/>	<hr/>
Operating loss before working capital movements	(13,213)	(7,341)
Movement in other receivables	(62,164)	(773)
Movement in other payables	(1,050)	5,498
	<hr/>	<hr/>
<i>Net cash flows used in operating activities</i>	(76,427)	(2,616)
	<hr/>	<hr/>
Cash flows from investing activities		
Additions to investment property	(7,484)	-
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds to/advances from related parties	(1,580,550)	2,589
Proceeds from bank loan	1,800,000	-
Repayment of bank loan	(135,564)	-
	<hr/>	<hr/>
<i>Net cash flows from financing activities</i>	83,886	2,589
	<hr/>	<hr/>
Net movement in cash and cash equivalents	(25)	(27)
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year	1,173	1,200
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year (note 17)	1,148	1,173
	<hr/> <hr/>	<hr/> <hr/>

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

1. Basis of preparation

The financial statements have been prepared on the historical cost basis, except for investment property which is stated at its fair value, and in accordance with International Financial Reporting Standards as adopted by the EU. The significant accounting policies adopted are set out below.

2. Significant accounting policies

Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition investment property is stated at fair value at the end of the reporting period. Gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they arise.

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognised represent the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss in the period of derecognition.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(i) Other receivables

Other receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

(ii) Bank borrowings

Subsequent to initial recognition, interest-bearing bank loans are measured at amortised cost using the effective interest method. Bank loans are carried at face value due to their market rate of interest.

(iii) Other borrowings

Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

(iv) Other payables

Other payables are classified with current liabilities and are stated at their nominal value.

(v) Shares issued by the company

Ordinary shares issued by the company are classified as equity instruments.

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Impairment

All assets are tested for impairment except for investment property measured at fair value.

At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

For loans and receivables, if there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced directly.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of future cash flows expected to be derived, discounted using the pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in statement of profit or loss and other comprehensive income.

For loans and receivables, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly.

In the case of other assets tested for impairment, an impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Impairment (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Impairment reversals are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case, the impairment reversal is recognised in other comprehensive income and increases the revaluation surplus for that asset, unless an impairment loss on the same asset was previously recognised in profit or loss.

Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Taxation (continued)

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Currency translation

The financial statements of the company are presented in its functional currency, the Euro, being the currency of the primary economic environment in which the company operates. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank.

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

2. Significant accounting policies (continued)

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the company determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies except as disclosed below, management has made no judgements which can significantly affect the amounts recognised in the financial statements and at the end of reporting period there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, other than as disclosed below.

The company carries its investment properties at fair value, which changes in fair value being recognised in the income statement. This is based on market valuations performed by independent professional architects. In a year when market valuations are not performed by the independent professional architect, an assessment of the fair value of investment properties is performed to reflect market conditions at the year-end date. The last market valuation was performed in September 2015 and the company recognised an increase in fair value of investment property (note 9).

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

4. International Financial Reporting Standards in issue but not yet effective

The director anticipates that the adoption of International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements of the company in the period of initial application.

5. Investment income

	2015 Eur	2014 Eur
Increase in fair value of investment property	5,826,204	-
Interest receivable from related party	61,210	-
	<u>5,887,414</u>	<u>-</u>

6. Finance costs

	2015 Eur	2014 Eur
Interest charged by related party	18,874	102,351
Interest on bank loan	60,922	-
	<u>79,796</u>	<u>102,351</u>

7. Profit/(loss) before tax

The analysis of the amounts that are payable to the auditor and that are required to be disclosed is as follows:

	2015 Eur	2014 Eur
Total remuneration payable to the company's auditor for the audit of the company's financial statements	<u>1,250</u>	<u>1,250</u>

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

8. Income tax expense

	2015 Eur	2014 Eur
Current tax expense	19	-
Deferred tax expense (note 14)	2,000,000	-
	<u>2,000,019</u>	<u>-</u>

Tax applying the statutory domestic income tax rate and the income tax expense for the year are reconciled as follows:

	2015 Eur	2014 Eur
Profit/(loss) before tax	5,794,405	(109,692)
Tax at the applicable rate of 35%	2,028,042	(38,392)
<i>Tax effect of:</i>		
Disallowable expenses	11,148	38,392
Movement in fair value of investment property	(39,171)	-
	<u>2,000,019</u>	<u>-</u>

9. Investment property

	Eur
Fair value	
At 01.01.2014	18,482,615
Additions	691,181
At 01.01.2015	19,173,796
Additions	7,484
Increase in fair value	5,826,204
At 31.12.2015	<u>25,007,484</u>
Carrying amount	
At 31.12.2014	19,173,796
At 31.12.2015	<u>25,007,484</u>

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

9. Investment property (continued)

The fair value of the investment property has been arrived at on the basis of a valuation carried out by an independent professionally qualified valuer in September 2015 on the basis of market value together with further additions and improvements to the property. The director is of the opinion that the fair value has not altered since the date of the valuation and hence this is an appropriate estimate of the fair value at 31 December 2015. In 2014, the fair value of *Eur19,173,796* had been arrived at on the basis of the acquisition cost since these properties had been recently acquired.

The property is held as security against bank loans taken out by the company and by a related party.

In estimating the fair value of the property, the highest and best use of the property is its current use.

Details about the company's investment property and information about the fair value hierarchy at 31 December 2015 are as follows:

Fair value measurement at end of the reporting period using:

	Level 3 Eur
2015	
Investment property	<u><u>25,007,484</u></u>
2014	
Investment property	<u><u>19,173,796</u></u>

The different levels in the fair value hierarchy have been defined in note 2. The company's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the year.

Valuation techniques and inputs

For level 3 fair value of the investment property, the valuation was determined by the comparable method based on directly or indirectly observable inputs which do not require a significant level of adjustments. The main inputs were market prices which were based on comparison of recent sales transactions involving comparable properties and an analysis of data available on the property market.

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

10. Loans and receivables

	2015 Eur	2014 Eur
Amounts owed by related parties	1,812,636	90,834
Amounts owed by shareholder	59,572	-
	<u>1,872,208</u>	<u>90,834</u>
Less: amount expected to be settled within 12 months (shown under current assets)	<u>(150,406)</u>	<u>(90,834)</u>
Amount expected to be settled after 12 months (shown under non-current assets)	<u>1,721,802</u>	<u>-</u>

The above amounts are unsecured and interest-free, except for *Eur1,721,802* owed by related party which bear interest at the rate of 5% per annum. *Eur150,406* (2014 – *Eur90,834*) of these loans have no fixed date for repayment and are repayable on demand. The remaining loans of *Eur1,721,802* (2014 – *nil*) are not expected to be realised within twelve months after the end of the reporting period.

11. Other receivables

	2015 Eur	2014 Eur
Other receivables	1,727	773
Prepayments and accrued income	61,210	-
	<u>62,937</u>	<u>773</u>

12. Other payables

	2015 Eur	2014 Eur
Other payables	531	5,068
Accruals	5,287	1,800
	<u>5,818</u>	<u>6,868</u>

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

13. Bank loan

	2015 Eur	2014 Eur
Bank loan	1,664,436	-
Less: amount due for settlement within 12 months (shown under current liabilities)	<u>(213,172)</u>	<u>-</u>
Amount due for settlement after 12 months (shown under non-current liabilities)	<u>1,451,264</u>	<u>-</u>

Bank loan is repayable as follows:

	2015 Eur	2014 Eur
On demand within one year	213,172	-
In the second year	223,744	-
In the third year	234,840	-
In the fourth year	246,486	-
After 5 years	746,194	-
	<u>1,664,436</u>	<u>-</u>

14. Other financial liabilities

	2015 Eur	2014 Eur
Amounts owed to shareholder	-	18,574,351
Amounts owed to related party	288,965	531,098
Amounts owed to parent company	-	265,023
	<u>288,965</u>	<u>19,370,472</u>

The terms and conditions of the above amounts are unsecured, interest-free and have no fixed date for repayment. The company however has an unconditional right to defer settlement of these amounts for at least twelve months after the end of the reporting period.

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

15. Deferred taxation

	Opening balance Eur	Recognised in profit or loss Eur	Closing balance Eur
2015			
<i>Arising on:</i>			
<i>Temporary differences</i>			
Increase in fair value of investment property	-	2,000,000	2,000,000

16. Share capital

	2015		2014	
	Authorised Eur	Issued and called up Eur	Authorised Eur	Issued and called up Eur
22,331,200 ordinary shares of Eur1 each, all of which have been issued and called up (2014 - 100,000 ordinary shares of Eur1 each, 1,200 of which have been issued and called up)	22,331,200	22,331,200	100,000	1,200

On 24 August 2015:

- (i) The authorised share capital of the company was increased by 22,231,200 ordinary shares of *Eur1* each.
- (ii) The issued share capital of the company was increased by 22,330,000 ordinary shares of *Eur1* each, which was affected as follows:
 - *Eur18,574,351* by the capitalisation of shareholders' loans;
 - *Eur3,753,441* by the capitalisation of revaluation reserves; and
 - *Eur2,208* by the capitalisation of a portion of existing retained earnings.

17. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amount in the statement of financial position:

	2015 Eur	2014 Eur
Cash at bank and on hand	1,148	1,173

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

18. Revaluation reserve

The revaluation reserve is not available for distribution to the company's shareholders.

19. Related party disclosures

At 31 December 2015 and 2014, the parent companies of Harbour (APM) Investments Limited were APM Holdings Limited and Harbour Holdings Company Limited respectively, which are both incorporated in Malta.

As disclosed in note 6, there was a recharge of bank interest by a related party amounting to *Eur18,874* (2014 – *Eur102,351*).

The company's investment property (note 9) was acquired from related parties during 2013. The amount due in respect of the property was assigned to one of the shareholders and was capitalised in the current year (note 16). This transaction therefore did not include the movement of cash and cash equivalents.

20. Guarantee

During the year under review the company issued a guarantee in favour of Hili Properties p.l.c. whereby the company irrevocably and unconditionally guarantees the due and punctual performance of all the obligations undertaken by the issuer under the *Eur37,000,000* 4.5% Unsecured Bonds 2025, issued by Hili Properties p.l.c. during 2015.

21. Significant non-cash transactions

During the year under review, as explained in note 16, the company issued share capital against the capitalisation of shareholder's loans and reserves.

22. Fair values of financial assets and financial liabilities

At 31 December 2015 and 2014 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of non-current financial liabilities that are not measured at fair value are not materially different from their carrying amounts.

23. Financial risk management

The exposures to risk and the way risks arise, together with the company's objectives, policies and processes for managing and measuring these risks are disclosed in more detail below.

Harbour (APM) Investments Limited

Notes to the financial statements

31 December 2015

23. Financial risk management (continued)

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where applicable, any significant changes in the company's exposure to financial risks or the manner in which the company manages and measures these risks are disclosed below.

Where possible, the company aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic or other factors. The amount of the risk exposure associated with financial instruments sharing similar characteristics is disclosed in more detail in the notes to the financial statements.

Credit risk

Financial assets which potentially subject the company to concentrations of credit risk consist principally of cash at bank and receivables. Credit risk with respect of receivables is internally contained as the amount is due from related party. Cash at bank is placed with reliable financial institutions.

Liquidity risk

The company monitors and manages its risk to a shortage of funds by matching the maturity of both its financial assets and financial liabilities and by monitoring the availability of raising funds to meet commitments.

At 31 December 2015 the company reported a net current liability position of *Eur4,518*. The company's shareholder has undertaken to provide the company with the necessary financial support to enable it to meet its commitments as and when they fall due.

Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of items presented within equity in the statement of financial position.

The company's director manages the company's capital structure and makes adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the director, the company balances its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Independent auditor's report to the members of

Harbour (APM) Investments Limited

We have audited the accompanying financial statements of Harbour (APM) Investments Limited set out on pages 4 to 21, which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Director's responsibility for the financial statements

As explained more fully in the statement of director's responsibilities on page 3, the director of the company is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Companies Act (Cap. 386), and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

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

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

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Independent auditor's report (continued)

to the members of

Harbour (APM) Investments Limited

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Harbour (APM) Investments Limited as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).



Annabelle Zammit Pace as Director
in the name and on behalf of

Deloitte Audit Limited

Registered auditor
Mriehel, Malta

5 August 2016