

Balmoral International Land Holdings plc

Annual Report 2016

Annual Report 2016

<i>Contents</i>	<i>Page</i>
Shareholder information	1
Chairman's statement	2
Operating and financial review	3
Directors and secretary	8
Financial statements	9
Five year summary of group results	88

Balmoral International Land Holdings plc

Shareholder Information

Investor relations

Investors requiring further information on the group are invited to contact:

*Niall Quigley
Balmoral International Land
Holdings plc
29 North Anne Street
Dublin 7
Ireland
Telephone: (01) 887 2788
Email: nquigley@bilplc.com*

Registrar

Administrative queries about holdings of Balmoral International Land Holdings plc shares can be directed to the company's registrar:

*Computershare Investor Services (Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18
Ireland
Telephone: ROI (01) 247 5694
UK +353 1 2475694
Facsimile: ROI (01) 447 5572
Email: web.queries@computershare.ie*

Website

Further information on Balmoral is available at www.bilplc.com.

Amalgamation of financial statements

Shareholders receiving multiple copies of company mailings as a result of a number of accounts being maintained in their name should write to the company's registrar, at the above address, to request that their accounts be amalgamated.

Electronic communications

The company's Articles of Association allow Balmoral to distribute all shareholder communication electronically except where documents are specifically requested in physical form.

Balmoral International Land Holdings plc

Chairman's Statement

We are pleased that Balmoral continued to make good progress during 2016.

Group net assets at 31 December 2016, including €7.8m of new capital raised in December, stood at €36.7m, an increase of €17.0m on the previous year end. This equates to net assets per share of 4.72 cent.

Balmoral's team has worked hard to improve its net assets position and to meet its ongoing financial commitments. The group will continue to concentrate on the intensive management of its assets so as to optimise its position and to capitalise on available opportunities.

In addition to the day-to-day management of the business, there is a constant focus on the finances of the business and on meeting its commitments to its various lenders. The group has pursued and successfully concluded a number of disposals during the year which has enabled it to reduce its overall bank debt in compliance with its repayment obligations. It also plans to make further disposals in 2017 as and when suitable opportunities arise.

During the year, the group agreed terms with its Dutch lenders on a proposal to settle its outstanding debt with them. New equity of €7.8m was raised in December to part finance this plan and new borrowings are being sought for the balance of the funds required. We anticipate that, when all aspects of these arrangements are concluded, the Dutch portfolio will have been placed on a solid footing for the future.

Looking forward, the group will continue to endeavour to increase its net asset value and to pursue progress with its investment and development assets. As Balmoral has no further capital available to it outside of its banking structures, it will consider raising further equity to improve its financial flexibility in dealing with its existing commitments and to enable it to consider the pursuit of new opportunities.

The implications of the planned exit of Britain from the European Union are difficult to predict. While values in the marketplace have not yet reflected any significant effect of this, it seems probable that it may impact on UK and Irish property markets for some time.

In September 2016, Alan White retired as a director of the company. We would like to thank Alan for his efforts on behalf of the group and for his insight into the property market during his 10 years on the board of the company. These were very challenging times in the property sector and Alan's input and wisdom were greatly valued over the period of his tenure.

The board greatly appreciates the commitment and dedication of our first class people as they strive to move the group forward and would like to offer its sincere thanks to them for their achievements.

Carl McCann

Chairman

23 May 2017

Balmoral International Land Holdings plc

Operating and Financial Review

Operating review

Developments during the year

Net Asset Value per Share of 4.72 cent at 31 December 2016 was up from 3.38 cent at 31 December 2015.

Developments during the year include:

- At December 2016, the group had Debt of €122.8 million (2015: €165.1 million) and equity of €36.7 million (2015: €19.7 million)
- The raising of additional equity of €7.8 million through a share placing in December 2016
- The group's net borrowings at 31 December 2016 amounted to €95.2 million. If we exclude the additional equity raised, net borrowings would have been €103.0 million (2015: €143.4 million)
- An improvement in Net Debt to Gross Asset Ratio from 83.3% to 67.2%
- Net rental and related income declined by 26% compared to 2015
- The net proceeds of disposal of investment property amounted to €18.6 million in the UK and €4.7 million in Ireland, in both cases in excess of their 2015 valuation.
- Increases in the valuations of the group's UK and Ireland portfolios and a decline in valuation of the properties in the Netherlands.

Investment property

Total investment property assets at 31 December 2016 amounted to €136.5 million compared to €166.9 million at the start of the year. The movements in values, analysed geographically, are as follows:

	Ireland	UK	Continental Europe	Total
	€'m	€'m	€'m	€'m
Value at 1 January 2016	51.7	71.4	43.8	166.9
Investments during year	-	0.3	0.3	0.6
Disposals during year	(4.7)	(18.6)	-	(23.3)
Fair value adjustments	1.5	7.5	(6.7)	2.3
Translation of sterling denominated properties	-	(10.0)	-	(10.0)
Value at 31 December 2016	48.5	50.6	37.4	136.5

Balmoral International Land Holdings plc

Equity accounted investees

The total value of the group's equity accounted investments at 31 December 2016 was €5.2 million compared to €5.9 million at the start of the year. The movements in values, analysed geographically, are as follows:

	Ireland & UK €'m	Continental Europe €'m	Total €'m
Value at 1 January 2016	2.1	3.8	5.9
Disposals during year	(0.4)	-	(0.4)
Fair value adjustments	(0.3)	-	(0.3)
Value at 31 December 2016	1.4	3.8	5.2

Analysis of property assets by geography and sector

In reviewing the group's investment property portfolio, it is useful to consider the following geographic and sectoral analysis:

	Ireland €'m	UK €'m	Continental Europe €'m	Total €'m
At 31 December 2016				
Industrial/warehouse	37.5	21.0	17.0	75.5
Office	6.9	14.6	20.4	41.9
Mixed use land	4.1	15.0	-	19.1
Total	48.5	50.6	37.4	136.5
Percentage	36%	37%	27%	100%

The group's property portfolio at 31 December 2016 comprised 55% industrial/warehouse, 31% office and 14% mixed use land. In Ireland, 78% was weighted to industrial/warehouse, 8% to mixed use land and 14% to office. In the UK, it is 30% mixed use land, 42% industrial/warehouse and 28% office. In Continental Europe, it is 55% office and 45% industrial/warehouse.

The equity accounted investees portfolio which was valued at €5.2 million at 31 December 2016 comprised 72% mixed use land and 28% industrial/warehouse.

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Analysis of gross rental income and related income by geography

The group's gross rental and related income of €9.0 million in the year ended 31 December 2016 was derived 30% from Ireland, 29% from the UK and 41% from Continental Europe.

Impact of foreign exchange on movement in net assets

The net impact of foreign exchange on the group's net assets for the period was an increase of €0.5 million. The movement in the value of the group's UK property assets includes a decrease of €10.0 million arising from the weakening of sterling against the euro during the year. This was offset by a net €10.5 million increase in net assets arising on the translation of loans and cash denominated in sterling and other movements.

The translation effect of foreign exchange on the value of the group's equity accounted investees has been accounted for through Other Comprehensive Income within the Statement of Comprehensive Income. The other translation effects have been dealt with through the Income Statement.

Future plans

The group will continue working to enhance the value of its assets through the pursuit of improved designations, while at the same time seeking to maximise income opportunities and minimise property outgoings and operating costs. The group also plans to raise additional funds from a variety of sources to finance the expansion of its activities.

Balmoral International Land Holdings plc

Financial review

Finance

In September 2015 the group agreed, with the provider of the general corporate facility, a renewal and extension of this facility. This is guaranteed by certain nominated subsidiaries and is subject to a cumulative repayment covenant that will be tested annually to December 2019. This bank has security over, inter alia, all property in the UK and Ireland which were not previously secured to other lenders. See note 16 to the consolidated financial statements for further details.

The group's other financing arrangements fall into two broad categories. In general, equity accounted investees are financed by separate project-specific debt. The Dutch and Belgian portfolios and the investment in South East Edinburgh Development Company Limited (SEEDCo) are also separately funded on a secured basis.

In relation to the loan facility on the majority-owned Belgian asset, this is agreed to October 2018. In December 2016, agreement was reached to settle the financing with FGH for the Dutch properties for €20.375 million by 1 July 2017. The facility relating to SEEDCo is agreed to December 2023.

International Financial Reporting Standards

The group's annual statutory financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Net rental income

Gross rental and related income for the year was €9.0 million (2015: €11.3 million). Property outgoings were €2.5 million (2015: €2.5 million), giving net rental income of €6.5 million (2015: €8.8 million).

Administrative expenses

Total administrative expenses for the year were €2.8 million (2015: €5.0 million) comprising continuing administrative expenses of €2.8 million (2015: €2.8 million) with nil non-recurring expenses (2015: €2.2 million).

Net finance expense

Net finance income was €13.9 million (2015: net finance expense €11.5 million), comprising a net gain on translation of sterling loans of €12.2 million (2015: loss of €7.0 million), a net fair value gain on debt measured at fair value through profit and loss of €6.4 million (2015: loss of €0.2m), interest and related charges incurred on bank borrowings of €3.0 million (2015: €3.8 million), a loss on translation of cash and cash equivalents and other monetary assets and liabilities of €1.6 million (2015: €0.5 million). See note 8 to the consolidated financial statements for further explanation.

Taxation

The tax charge for the year was €0.7 million (2015: €Nil), comprising current tax of €0.4 million and deferred tax of €0.3 million. Deferred tax has been accounted for in accordance with IAS 12 and, accordingly, includes full provision for any tax that might arise in the event that the group disposes of a property for the amount stated in the balance sheet.

Balmoral International Land Holdings plc

Results per share

Basic results per share for the period was €0.0156 (2015: €0.0071) and diluted result per share for the period was €0.0150 (2015: €0.0068).

Dividend

Consistent with the stated distribution policy of the company, no dividend has been declared for the period.

Share placing

In December 2016, the company raised €7.8 million of additional equity by placing 194,421,636 ordinary shares at 4 cent per share. The purpose of the placing was to provide funding for the potential settlement of all amounts outstanding in relation to the group's banking facility in The Netherlands.

Total equity attributable to shareholders

Total equity attributable to shareholders at 31 December 2016 amounted to €36.7 million (2015: €19.7 million), resulting in basic and diluted net asset value per share of €0.0472 (2015: €0.0338).

The increase in the year of €0.0134 per share is comprised of the result per share for the period of €0.0156 less the dilution as a result of the share placing of €0.0022.

Borrowings

The group's net borrowings at 31 December 2016 amounted to €95.2 million (2015: €143.8 million). This figure comprised gross borrowings of €122.8 million (2015: €165.1 million) less cash balances of €27.6 million (2015: €21.2 million).

Conclusion

The group continues to seek to rebuild its net asset value, pursue progress with its development assets and reduce debt.

23 May 2017

Balmoral International Land Holdings plc

Directors and Secretary

Carl McCann, BBS, MA, FCA, age 64, Chairman, is also chairman of Total Produce plc. He is a director of a number of other companies. He previously held the role of chairman of Fyffes plc until 2006. He joined that group in 1980.

Robert Knox, age 53, Chief Executive, graduated in estate management in the UK in 1983. He has worked in general practice as an estate agent and valuer and managed mixed portfolios of office, retail and industrial property. He joined Balmoral in May 2006.

Catherine Ghose, B.Comm, Dip in Prof. Acc, FCA, Diploma in Company Direction, age 55, Finance Director, was appointed finance director of the group on 1 October 2012. She is managing director of Charles McCann Investments Limited, a member of the board of the National Maternity Hospital and is a member of the Institute of Directors.

Tom Neasy, age 68, Executive Director, became a director of the group in June 2007. He has had a long career in the property business and has a wealth of experience in project design and management, working with a number of companies in Ireland and other countries. He is a property consultant and an advisor to a number of investors. In 1989, he became a property advisor to the Fyffes group.

Philip Halpenny, BBS, FCA, age 64, Non-Executive Director, was finance director and chief operating officer of Balmoral until he retired from his executive roles in September 2012. He remains on the board and continues to provide consultancy services to the group. He was appointed as chairman of the audit committee in February 2016.

Andrew Kelliher, B.Comm, age 66, Non-Executive Director, was appointed to the board in 2006. He has over 30 years' experience in finance and accounting and currently holds a consultative position with a firm of Chartered Accountants. He is a member of the audit committee and a member of the remuneration committee.

Declan McCourt, age 71, Non-Executive, BL, MA, MBA, was appointed to the Board in 2006. He is Chief Executive of automobile distributor, the OHM Group. He served as a director of Fyffes plc between 2003 and 2017 and is chairman of the UCD President Advisory Board, UCD Law Development Council and the Mater Hospital Foundation. He is also a director of a number of other companies. He is a former director of the Bank of Ireland and Dublin Docklands Development Authority. He is chairman of the remuneration committee.

Niall Quigley, FCA, age 52, Company Secretary, trained as a chartered accountant with Grant Thornton. He joined the Fyffes group in 1989, where he held a variety of senior financial positions based in the UK and in a number of Latin American countries. In May 2006, he joined Balmoral as company secretary and financial controller.

Balmoral International Land Holdings plc

Financial statements

Corporate profile	10
Directors' report	11 - 15
Corporate governance statement	16 - 23
Statement of directors' responsibilities in respect of the annual report and the financial statements	24
Independent auditor's report	25 - 26
Consolidated income statement	27
Consolidated statement of comprehensive income	28
Consolidated statement of changes in equity	29 - 30
Consolidated balance sheet	31
Consolidated statement of cash flows	32
Notes to the consolidated financial statements	33 - 82
Company statement of changes in equity	83
Company balance sheet	84
Company statement of cash flows	85
Notes to the company financial statements	86 - 87

Balmoral International Land Holdings plc

Corporate profile

Directors

C. McCann (Chairman)
R. Knox (Chief Executive) (British)
C. Ghose
T. Neasy
P. Halpenny
A. Kelliher
D. McCourt

Company Secretary

N. Quigley

Registered Office

1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Solicitors & Auditor

Arthur Cox Earlsfort Terrace Dublin 2 Ireland	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2 Ireland
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Bankers

Allied Irish Banks plc Bankcentre Ballsbridge Dublin 4 Ireland	Royal Bank of Scotland London Corporate Service Centre Aldgate Union 10 Whitechapel High Street London E1 8DX
FGH Bank NV Leidseveer 50 3500 GE Utrecht The Netherlands	KBC Bank NV Havenlaan 2 1080 Brussels Belgium

Registrar

Computershare Investor Services (Ireland)
Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18
Ireland

Stockbrokers

Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

Balmoral International Land Holdings plc

Directors' report

The directors present their annual report to the shareholders, together with the audited financial statements, for the year ended 31 December 2016.

Principal activities and business review

Balmoral International Land Holdings plc ("Balmoral") is a public limited company incorporated in Ireland. Balmoral is an international property business focused on optimising its existing asset base and identifying development opportunities. A detailed business review is included in the operating and financial review on pages 3 to 7.

Result for the year

Details of the result for the year ended 31 December 2016 are set out in the consolidated income statement on page 27.

Dividend

Consistent with the stated distribution policy of the company, no dividend has been declared for the period.

Future developments

A review of future developments in the business is included in the operating and financial review on pages 3 to 7.

Directors and secretary

In accordance with the Articles of Association of the company, T. Neasy, P. Halpenny and C. McCann offer themselves for re-election at the AGM.

Interests of directors and secretary

The directors and secretary who held office at 31 December 2016 have the following interests in the shares of the company or group companies.

Directors	Nature of Interest	Ordinary shares held at 31 December 2016	Ordinary shares held at 31 December 2015
C. McCann	Ordinary shares	65,531,623	1,533,163
R. Knox	Ordinary shares	3,879,236	218,315
C. Ghose	Ordinary shares	5,000,000	-
T. Neasy	Ordinary shares	3,439,068	271,000
P. Halpenny	Ordinary shares	2,521,318	312,284
A. Kelliher	Ordinary shares	80,000	80,000
D. McCourt	Ordinary shares	5,778,068	110,000
Secretary			
N. Quigley	Ordinary shares	12,820	320

A. White resigned as a director of the company on 7 September 2016.

Balmoral International Land Holdings plc

Directors' report *(continued)*

Interests of directors and secretary *(continued)*

The directors and company secretary who held office at 31 December 2016 also had beneficial interests, in options over the company's ordinary shares. See Directors' Remuneration in the corporate governance statement on pages 21 to 23 for more information.

Substantial holdings

As of 31 December 2016, the directors have been notified of the following significant interests and ownerships relating to the ordinary share capital of the company.

	Number of Ordinary Shares	Percentage
Fyffes plc	233,305,963	30.00%
Balkan Investment Unlimited Company and related parties*	86,979,892	11.18%
Carl McCann	65,531,623	8.43%
Tom Murphy	64,869,063	8.34%
David McCann	50,606,410	6.51%

*Scott Limited, a related party of Balkan Investment Unlimited Company, owns 6.4% of the issued share capital of the company. This holding is included in the Balkan holding above.

The board has not been notified of any other holdings of 3% or more of the issued ordinary share capital of the company.

Share capital

Details of shares issued are set out in note 15 to the consolidated financial statements.

Directors' interests in contracts

None of the directors had a beneficial interest in any material contract to which the company or any subsidiary was a party during the year. One of the directors had an indirect interest in the group's investment in a joint venture company and this is noted in note 26 to the consolidated financial statements under the heading Related Parties.

Key performance indicators (KPIs)

The group considers the following measures as being important indicators of the underlying performance of the business:

- *Net asset value*
The key long term financial objective for the group is growth in its net asset value per share.
- *Net debt to gross property assets*
A second important financial objective of the group is to establish and maintain an appropriate balance sheet structure that provides it with adequate funding to fulfil its medium to long term objectives while at the same time maintaining a prudent ratio of net debt to gross property assets. After taking account of the fair value adjustment to the bank loans on the Dutch properties (see note 16 (c) for further detail) the consolidated net debt to gross property assets of the group at 31 December 2016 was 67.2% (2015: 83.3%).

Balmoral International Land Holdings plc

Directors' report *(continued)*

Key performance indicators (KPIs) *(continued)*

- *Returns from properties*

Another important financial objective is to optimise returns from the group's property portfolio. This is achieved by pro-active asset management to maximise net rental yields and through obtaining beneficial re-designations and planning permissions.

Financial risk management

The group's activities expose it to a variety of financial risks including interest rate, foreign currency, liquidity and credit risks. These financial risks are managed by the group under policies approved by the board, as described in note 23 to the consolidated financial statements.

Principal risks and uncertainties

Under section 327 (i) of the Companies Act 2014, the company is required to give a description of the principal risks and uncertainties which it faces. The principal risks and uncertainties that the group faces are:

- *Management of principal banking facility*

The groups' principal banking facility is subject to financial information and authorisation covenants, to repayment and other undertakings. The risk of breaching the requirements of this facility agreement are mitigated by regular calculation and projection of compliance with financial covenants, a phased disposal programme and authorisation procedures for lease changes and sale of properties. The requirements of the key facility obligations are communicated to senior management and short and medium term strategies for achieving compliance with facility requirements are regularly reviewed.

- *Liquidity risk*

Property assets are relatively illiquid. Such illiquidity may affect the group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely manner and at satisfactory prices. The board mitigates this risk by constantly monitoring and reviewing its cash flow and funding needs and by closely controlling its administration expenditure.

- *Property values*

The performance of the group is determined principally by the values of its property assets, which, in turn, are dependent on a variety of factors applying in the markets in which Balmoral operates, including:

- Local economic conditions, generally and in the property sector in particular, as affected by government policy, legislation, economic growth, interest rates and inflation.
- Supply of and demand for property, and their impact on rental levels.
- The volume, timeliness and relevance of comparable market transactions.
- The Brexit process has resulted in a period of particular political and economic uncertainty that may impact the UK and Irish property markets for some time. This includes a reluctance of businesses to make investment and occupational decisions.

Balmoral International Land Holdings plc

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

- *Property values (continued)*

The values of individual properties are determined by their specific usage and locations, the quality of their tenants and the rents paid by them and by their potential for alternative usage or redevelopment. The board mitigates the risks associated with declines in the performance factors above by the employment of an expert professional management team and by adopting appropriate strategic objectives to be pursued (including sectoral and geographic diversification).

The group seeks to attract and maintain good quality tenants across the portfolio by means of a pro-active asset management approach to retaining these tenants, including early planning for potential voids.

- *Development and related funding*

The group's ability to realise its business strategy is dependent on management's ability to source and exploit opportunities within its property portfolio when considered opportune and to fund these as required. The board has mitigated these risks by the appointment of a suitably qualified management team and by continuing to negotiate appropriate financing arrangements to fund its plans.

- *Currency*

The group presents its financial information in euro. A significant proportion of its property portfolio is located in the U.K. and, consequently, a significant part of its rental income and of its property assets are denominated in sterling. The board has mitigated this risk by financing arrangements at least equivalent in value to these sterling assets.

- *Economic*

The group operates in Ireland, the U.K., Belgium and the Netherlands and is exposed to economic specific risks including in particular in Ireland and U.K. risks created by the Brexit process.

Accounting records

The directors believe that they have complied with the requirements of Chapter 2 Part 6 of the Companies Act 2014, with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the company are maintained at 29 North Anne Street, Dublin 7, Ireland.

Going concern

In preparing the financial statements, the directors are required to make an assessment of the group's ability to continue in operational existence as a going concern. The directors have concluded that there is a reasonable expectation that the group and the company will have adequate resources to continue in operational existence for the foreseeable future.

Political donations

The group and the company did not make any donations during the year and prior year, disclosable in accordance with the Electoral Act, 1997.

Balmoral International Land Holdings plc

Directors' report *(continued)*

Post balance sheet events

Details of important events affecting the group and company which have taken place since the end of the year are given in note 29 to the consolidated financial statements.

Relevant audit information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the group's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the group's statutory auditors are unaware.

Directors Compliance Statement

It is the policy of the company to comply with its relevant obligations (as defined in section 225 of the Companies Act 2014).

The directors have drawn up a compliance policy statement as defined in section 225(3)(a) of the Companies Act 2014. Arrangements and structures have been put in place that are, in the directors' opinion, designed to secure material compliance with the company's relevant obligations. These arrangements and structures were reviewed by the directors for the financial year.

As required by section 225(2) of the Companies Act 2014, the directors acknowledge that they are responsible for the company's compliance with the relevant obligations. In discharging their responsibilities under section 225, the directors relied on the advice of persons who the directors believe have the requisite knowledge and experience to advise the company on compliance with its relevant obligations.

Auditor

In accordance with Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

Subsidiaries and equity accounted investees

Information on the group's significant subsidiaries and equity accounted investees is set out in note 28 to the consolidated financial statements.

Notice of Annual General Meeting

Notice of the AGM of the company will be sent to shareholders under separate cover.

On behalf of the board

Carl McCann
Chairman

Catherine Ghose
Finance Director

23 May 2017

Balmoral International Land Holdings plc

Corporate governance statement

The directors of Balmoral are committed to maintaining high standards of corporate governance and have implemented the following corporate governance procedures.

The board

While day to day responsibility for the conduct of the group's operations is delegated to the executive management team within predefined authority limits, the board is ultimately responsible for the leadership and control of the group.

The board agrees a schedule of regular meetings to be held in each calendar year and also meets on other occasions as necessary. There is a schedule of matters specifically reserved for decision at board meetings, which include:

- approval of strategic plans for the group
- approval of annual statutory financial statements and annual budget
- review of operational and financial performance
- approval of major property acquisitions, investments and disposals
- review of the group's internal controls and risk management processes
- appointments of senior members of the management team
- approval of the financing arrangements of the group

The board has delegated authority to management for decisions taken in the normal course of business, subject to specified authority limits. During 2016 the board comprised four executive directors and four non-executive directors. Biographical details of the directors are set out on page 8.

The board considers that between them, the directors bring the range of skills, knowledge and experience necessary to lead the group.

Operation of the board

The board meets regularly throughout the year. The directors receive quarterly management accounts, full board papers are sent to each member on a timely basis prior to each board meeting to enable them to discharge their duties and regular contact is maintained with board members.

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

Attendance at scheduled board and relevant committee meetings of the group's parent company during the year ended 31 December 2016, was as follows:

Number of meetings	Board	Audit	Remuneration
	5	2	2
C. McCann	5	N/A	N/A
R. Knox	5	N/A	N/A
C. Ghose	5	2*	N/A
T. Neasy	5	N/A	N/A
P. Halpenny	5	1**	N/A
A. Kelliher	5	2	2
D. McCourt	5	N/A	2
A. White ***	1	1	N/A

* *In attendance only*

** *Also attended one meeting*

*** *A. White retired in September 2016*

In addition to the scheduled meetings above, during 2016 there were a number of other ad-hoc and sub-committee meetings to deal with specific matters.

Terms of appointment

Non-executive directors have been invited to join the board for a three year period, subject to re-election by shareholders as provided for in the company's Articles of Association.

Insurance cover is in place to protect board members and officers against liability arising from legal actions taken against them in the course of their duties.

Effective governance is achieved by the separation of the roles of the chairman and the chief executive, as this division of responsibilities at the head of the group ensures a balance of power and authority. The chairman has overall responsibility for ensuring that the group achieves a satisfactory return on investment for shareholders; he oversees the orderly operation of the board and ensures appropriate interaction between it, executive management and the company's shareholders. The chief executive is responsible for developing and delivering the group's strategy and is accountable for its overall performance and day to day management.

The appointment and removal of the company secretary is a matter for the board. All directors have access to the advice and services of the company secretary.

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

Independence of directors

All the directors bring independent judgement to bear in the course of performance of their duties. The board has determined that each of the non-executive directors is independent. In particular, the board reviewed the position of D. McCourt and determined that, notwithstanding his directorship of Fyffes plc, a significant shareholder, he executed his powers in an independent manner throughout the financial year. Like each of the other non-executive directors, he discharges his duties in a proper and consistently independent manner and constructively and appropriately challenges the executive directors and the board.

Evaluation of the performance of the board, its committees and individual directors

In November 2016, as part of an annual process, the board undertook an evaluation of its own performance, and that of its committees and of each director throughout the year. In assessing the performance of the board, the directors considered such matters as the appropriateness of its composition, its effectiveness in developing group strategy, its contribution to managing the group's business and operational risks, its response to developing issues and its communications with the group's stakeholders. In assessing the performance of the committees of the board, the directors considered the appropriateness of their composition and terms of reference, their effectiveness in fulfilling their roles and their interactions with the board. The assessment of the performance of individual directors included consideration of their contribution to the effective functioning of the board, the appropriateness of their knowledge, skill and experience levels and their commitment to their roles. The chairman summarised the results of these evaluation processes and reported them to the board. Following consideration of the results of these processes, the directors concluded that the performance of the board, its committees and individual directors were satisfactory throughout the year.

Board committees

The board has established two committees, an audit committee and a remuneration committee, to assist it in the execution of its duties.

Audit committee

During 2016, the audit committee comprised of two non-executive directors. In 2016 the committee members, all of whom are considered independent, were A. Kelliher, A. White (retired in September 2016) and P. Halpenny (replaced A. White in September 2016). In November 2016 P. Halpenny was appointed chairman.

The purpose of the audit committee is to oversee the financial reporting processes and internal control systems of Balmoral. The committee held two meetings during the year which were attended by all members.

The board believes that P. Halpenny has the requisite recent relevant financial experience to chair the audit committee. It is also satisfied that A. Kelliher is sufficiently knowledgeable in relevant financial matters to enable him to fulfil his responsibilities on the committee.

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

Audit committee *(continued)*

In the course of its meetings, the audit committee reviewed the accounting policies adopted by the company, the annual financial statements and reports of the external auditor. The committee also evaluated the need for an internal audit function in the group and concluded that such was not necessary at this time. The committee has reviewed the group's system of risk management and internal controls and determined that these operated effectively during the reporting year.

The audit committee also satisfied itself that employees can raise concerns about possible improprieties in matters of financial reporting or other matters in confidence.

It also reviewed the external auditor's independence and the effectiveness of its planning for audit.

The audit committee has adopted appropriate policies regarding the provision of non-audit services by the external auditor. The auditor is permitted to provide non-audit services that are not in conflict with auditor independence where they are considered by the committee to be the most appropriate to provide the services in the best interests of the group. The engagement of the auditor to perform non-audit services is authorised by the committee or pre-approved in accordance with policies and procedures established by the committee.

The external auditor has full and unrestricted access to the audit committee.

Remuneration committee

The remuneration committee comprises two non-executive directors, D. McCourt (chairman) and A. Kelliher, both of whom are considered independent. The committee met two times during the year to determine the emoluments of executive directors and senior management, including basic salaries, the parameters for any possible additional payments and the issue of options under the Long Term Incentive Plan. The objective of the committee is to ensure that individuals are rewarded appropriately relative to their responsibility, experience and value to the group. Remuneration policy reflects the need to ensure that the group can attract, retain and motivate executives to perform at the highest levels of expectation.

The committee approved the award of share options under the 2015 Long Term Incentive Plan (LTIP) effective 28 October 2015. This entitles executive directors and management to purchase shares in Balmoral International Land Holdings plc in accordance with the terms of the LTIP. The options granted were for 22,435,896 shares at an exercise price of €0.0234 per share, with an expiry date of 28 October 2022. The establishment of the LTIP was approved by the shareholders on 21 October 2015.

The share options granted only vest when the Net Asset Value per Share of the company as shown in the company's financial statements for financial year ending 31 December 2018 or in any of the three subsequent years, equals or exceeds €0.05 per share. The options cannot be exercised before 1 May 2019.

Nominations

The board plans for its own succession and that of management. In view of the current size of the company, the board has not established a nominations committee. Directorships and senior management appointments are considered and recommended by the full board.

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

Internal controls

The board has overall responsibility for the group's system of internal control and for monitoring its effectiveness. The system of internal control applied by the group is designed to allow reasonable but not absolute assurance against material misstatement or loss. The board has established an organisational structure with clear operating and reporting procedures, lines of responsibility, authorisation limits, segregation of duties and delegated authority.

The board has reviewed the effectiveness of the group's systems of internal controls, covering all material controls, including financial, operational and compliance controls and risk management systems.

On a regular basis, the board receives reports on the key risks facing the business and the steps taken to manage such risks. It further considers whether those risks are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity.

The audit committee regularly meets with and receives reports from the external auditor. The chairman of the audit committee reports to the board on all significant issues considered by the committee and the minutes of its meetings are circulated to all directors.

Communications with shareholders

The company's Annual General Meeting affords individual shareholders the opportunity to question the chairman and members of the board. Notice of the Annual General Meeting is sent to shareholders at least 21 clear days before the meeting. At the meeting, after each resolution has been dealt with, details are given of the proxy voting in respect of each resolution.

Reports and press releases are available on the company's website www.bilplc.com.

Accountability and audit

The contents of the Operating and Financial Review, the Directors' Report and the Financial Statements have been reviewed by the board in order to ensure a balanced presentation so that the group's financial position and results may be properly appreciated by shareholders.

A summary of directors' responsibilities in respect of the annual report and financial statements is given on page 24. The system of internal controls and risk management established to safeguard the company's assets is set out above. The audit committee, whose composition and functions are described on pages 18 and 19, has considered, and discussed with the external auditor, the accounting policies adopted in the financial statements and has evaluated the internal controls that have been established within the group.

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

Directors' remuneration

2016	Basic salary and fees €'000	Retirement benefit contributions €'000	Other benefits & payments €'000	Total €'000
<i>Executive directors</i>				
C. McCann	-	-	167	167
R. Knox	409	-	3	412
C. Ghose	-	-	245	245
T. Neasy	127	-	-	127
	536	-	415	951
<i>Non-executive directors</i>				
P. Halpenny	-	-	55	55
A. Kelliher	37	-	-	37
D. McCourt	37	-	-	37
A. White	28	-	-	28
	102	-	55	157
Share-based payment charge				44
Total directors' remuneration				1,152

2015	Basic salary and fees €'000	Retirement benefit contributions €'000	Other benefits & payments €'000	Total €'000
<i>Executive directors</i>				
C. McCann	-	-	166	166
R. Knox	364	19	3	386
C. Ghose	-	-	368	368
T. Neasy	127	-	-	127
	491	19	537	1,047
<i>Non-executive directors</i>				
P. Halpenny	-	-	55	55
A. Kelliher	37	-	-	37
D. McCourt	37	-	-	37
A. White	37	-	-	37
	111	-	55	166
Share-based payment charge				9
Total directors' remuneration				1,222

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

Directors' remuneration *(continued)*

C. McCann, chairman of Balmoral, was also chairman of Total Produce plc throughout 2015 and 2016. In accordance with an agreement between the parties, Total Produce plc charges Balmoral a portion of C. McCann's employment costs to reflect the allocation of his time between these two roles and other payments to him. Charges incurred under this arrangement in 2016 amounted to €167,000 (2015: €166,000).

R. Knox is UK based - his salary and other benefits are agreed and paid in sterling and were €412,000 in 2016 (2015: €386,000).

C. Ghose was finance director of Balmoral and was also managing director of Charles McCann Investments Limited throughout 2015 and 2016. In accordance with an agreement between the parties, another company in the Charles McCann Investments Limited Group charges an agreed portion of C. Ghose's employment costs to Balmoral to reflect the allocation of her time between these two roles. In 2016, the portion of her costs amounted to €245,000 (2015: €368,000), the allocation in 2015 being greater than in other years due to the additional time involved in the renewal and extension of the financing of the general corporate facility.

T. Neasy's remuneration in 2016 of €127,000 (2015: €127,000) reflects the portion of his employment costs that are attributable to Balmoral, after recharges to Total Produce plc.

P. Halpenny is a member of the board and provides consultancy services to the company. Fees paid to him under this arrangement amounted to €55,000 in 2016 (2015: €55,000).

The directors and company secretary who held office at 31 December 2016 had the following beneficial interest in options over the company's ordinary shares:

	Options held at 31 December 2015 €	Granted during the year €	Options held at 31 December 2016 €	Exercise Price €	Date first exercisable Date	Expiry date Date
Directors						
C. McCann	100,000	-	100,000	0.0234	1/5/19	28/10/22
R. Knox	100,000	-	100,000	0.0234	1/5/19	28/10/22
C. Ghose	100,000	-	100,000	0.0234	1/5/19	28/10/22
T. Neasy	75,000	-	75,000	0.0234	1/5/19	28/10/22
Company Secretary						
N. Quigley	50,000	-	50,000	0.0234	1/5/19	28/10/22

There has been no movement in the share interests and interests in the share options of the directors and company secretary between the year-end and 23 May 2017.

The directors' remuneration disclosures above are intended to satisfy the requirements of the Companies Act 2014 (see note 7 to the consolidated financial statements). These details are subject to audit.

Balmoral International Land Holdings plc

Corporate governance statement *(continued)*

Service contracts and letters of appointment

No service contracts exist between the company or any subsidiaries and any executive or non-executive director.

None of the directors had a beneficial interest in any material contract to which the company or any of its subsidiaries were a part of during the current or preceding financial year.

Fees for non-executive directors are determined by the board on an annual basis.

Balmoral International Land Holdings plc

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the group and company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law, the directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

Under company law, the directors must not approve the group and company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the group and company and of the group's result for that year.

In preparing each of the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the company and which enable them to ensure that the financial statements of the group are prepared in accordance with applicable IFRS, as adopted by the EU, and comply with the provisions of the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the requirement of the Companies Act 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

Carl McCann
Chairman

Catherine Ghose
Finance Director

23 May 2017

Balmoral International Land Holdings plc

Independent auditor's report to the members of Balmoral International Land Holdings plc

We have audited the group and company financial statements ("financial statements") of Balmoral International Land Holdings plc for the year ended 31 December 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company balance sheets, the consolidated and company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2014. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK and Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion:

- the group financial statements give a true and fair view of the assets, liabilities and financial position of the group as at 31 December 2016 and of its result for the year then ended;
- the company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2016;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the group financial statements and company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we considered necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

Balmoral International Land Holdings plc

Independent auditor's report to the members of Balmoral International Land Holdings Plc *(continued)*

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 24 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

P. Carroll
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

23 May 2017

Balmoral International Land Holdings plc

Consolidated income statement

for the year ended 31 December 2016

		2016 €'000	2015 €'000
Continuing operations	<i>Notes</i>		
Gross rental and related income	3	9,000	11,262
Property outgoings	4	(2,508)	(2,446)
Net rental and related income		6,492	8,816
Net property valuation movement	5	(7,435)	7,031
Net property and related (expense)/income		(943)	15,847
Administrative expenses	6	(2,767)	(4,958)
Result from operating activities	7	(3,710)	10,889
Share of result of equity accounted investees	12	(340)	4,741
Finance income	8	18,951	44
Finance expense	8	(5,022)	(11,552)
Net finance income/(expense)		13,929	(11,508)
Result before tax		9,879	4,122
Income (tax expense)/credit			
- current	9	(439)	(107)
- deferred	9	(246)	150
Net income tax (expense)/credit		(685)	43
Result for the year		9,194	4,165
Attributable to:			
Equity shareholders of the company		9,159	4,125
Non-controlling interest		35	40
Result for the year		9,194	4,165
Basic result per share (euro cent)	20	1.56	0.71
Diluted result per share (euro cent)	20	1.50	0.68

Balmoral International Land Holdings plc

Consolidated statement of comprehensive income

for the year ended 31 December 2016

	2016 €'000	2015 €'000
Result for the year	9,194	4,165
Other comprehensive income		
<i>Items that will or may be reclassified to profit or loss:</i>		
Foreign currency translation gain on equity accounted investees	-	1,727
Total comprehensive income for the year	9,194	5,892
Attributable to:		
Shareholders of the company	9,159	5,852
Non-controlling interest	35	40
Total comprehensive income for the year	9,194	5,892

Balmoral International Land Holdings plc

Consolidated statement of changes in equity

for the year ended 31 December 2016

	31 December 2016								
	Attributable to equity holders of the parent								
	Share capital	Share premium	Retained earnings	Share based payment reserve	Currency translation reserve	Other reserves	Total	Non-controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 31 December 2015	39	-	(187,238)	9	-	206,879	19,689	(18)	19,671
Total comprehensive income	-	-	9,159	-	-	-	9,159	35	9,194
Share issue	2	7,775	-	-	-	-	7,777	-	7,777
Share-based payment charge	-	-	-	44	-	-	44	-	44
Balance at 31 December 2016	41	7,775	(178,079)	53	-	206,879	36,669	17	36,686

Balmoral International Land Holdings plc

Consolidated statement of changes in equity

for the year ended 31 December 2016 (continued)

	31 December 2015					
	Attributable to equity holders of the parent					
	Share capital	Retained earnings	Currency translation reserve	Share based payment reserve	Other reserves	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 31 December 2014	39	(191,363)	(7,082)	-	206,879	8,473
Total comprehensive income	-	4,125	1,727	-	-	5,852
Share based payment charge	-	-	-	9	-	9
Reclassification of currency translation reserve to income statement	-	-	5,355	-	-	5,355
Balance at 31 December 2015	39	(187,238)	-	9	206,879	19,689
					(18)	19,671

Balmoral International Land Holdings plc

Consolidated balance sheet

at 31 December 2016

	Notes	2016 €'000	2015 €'000
Assets			
Non-current assets			
Investment property	10	136,467	165,388
Property, plant and equipment	11	12	17
Investments in equity accounted investees	12	5,185	5,903
Deferred tax assets	19	112	448
Total non-current assets		141,776	171,756
Current assets			
Investment property	10	-	1,465
Trade and other receivables	13	2,106	2,447
Cash and cash equivalents	14	27,590	21,172
Total current assets		29,696	25,084
Total assets		171,472	196,840
Equity			
Issued share capital	15	41	39
Share premium	15	7,775	-
Other reserves	15	28,853	19,650
Total equity attributable to equity shareholders of the company		36,669	19,689
Non-controlling interest		17	(18)
Total equity		36,686	19,671
Liabilities			
Non-current liabilities			
Loans and borrowings	16	101,623	155,206
Deferred tax liabilities	19	3,496	3,586
Total non-current liabilities		105,119	158,792
Current liabilities			
Trade and other payables	18	8,481	8,531
Loans and borrowings	16	21,186	9,846
Total current liabilities		29,667	18,377
Total liabilities		134,786	177,169
Total liabilities and equity		171,472	196,840
Net asset value per share (euro cent):	21	4.72	3.38

On behalf of the board

Carl McCann
Chairman

Catherine Ghose
Finance Director

23 May 2017

Balmoral International Land Holdings plc

Consolidated statement of cash flows

for the year ended 31 December 2016

	Notes	2016 €'000	2015 €'000
Result before tax		9,879	4,122
<i>Adjustments for:</i>			
Net property valuation movement	5	7,435	(7,031)
Depreciation	11	7	6
Share-based payment charge	17	44	9
Finance income	8	(6,411)	(44)
Finance expense	8	3,068	3,986
Share of result of equity accounted investees	12	340	(4,741)
Exchange difference on non-property monetary net assets	8	(10,586)	7,566
Operating result before changes in working capital		3,776	3,873
Increase/(decrease) in trade and other payables		954	(739)
Decrease/(increase) in trade and other receivables		232	(299)
Cash generated from operations		4,962	2,835
Interest paid		(3,183)	(3,443)
Income tax paid		(127)	(53)
Net cash (outflow)/inflow from operating activities		1,652	(661)
Cash flows from investing activities			
Additions to investment property		(598)	(1,187)
Net cash outflow from additional investment in equity accounted investees		(46)	(191)
Proceeds from disposal of investment property		22,927	7,142
Proceeds from disposals by equity accounted investees		443	27,771
Interest received		27	44
Net cash inflow from investing activities		22,753	33,579
Cash flows from financing activities			
Repayment of borrowings		(23,810)	(22,506)
Proceeds from rights issue		7,777	-
Net cash outflow from financing activities		(16,033)	(22,506)
Net increase in cash and cash equivalents		8,372	10,412
Cash and cash equivalents at beginning of year		21,172	11,322
Foreign exchange (loss)/gain on cash and cash equivalents		(1,954)	(562)
Cash and cash equivalents at end of year	14	27,590	21,172

Balmoral International Land Holdings plc

Notes to the consolidated financial statements

1 Statement of accounting policies

Reporting entity

Balmoral International Land Holdings plc is a company incorporated in Ireland. The consolidated financial statements of the company for the year ended 31 December 2016 are comprised of the financial statements of the company and its subsidiaries together referred to as the “group” and the group’s interests in equity accounted investees. The consolidated and company financial statements (together “the financial statements”) were authorised for issue by the directors on 23 May 2017.

The financial statements have been prepared in accordance with Irish company law and International Financial Reporting Standards as adopted by the EU (EU IFRS) and interpretations adopted by the International Accounting Standards Board (IASB), on the basis of EU IFRSs in issue that are effective for accounting periods ending on or before the reporting date, 31 December 2016.

(a) Basis of preparation and significant judgements and estimates

The financial statements are presented in euro, rounded to the nearest thousand. They are prepared on the historical cost basis except for investment property, derivative financial instruments and some loans and borrowings which are measured at fair value.

The accounting policies set out herein have been applied consistently by all group companies and to all periods presented for the purposes of the consolidated financial statements.

New accounting standards and interpretations adopted in 2016

The following are the new accounting standards that were effective for the group’s financial year ending 31 December 2016:

- IFRS 14 *Regulatory Deferral Accounts*
- *Accounting for Acquisition of Interests in Joint Operations* (Amendments to IFRS 11)
- *Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to IAS 16 and IAS 38)
- *Agriculture: Bearer Plants* (Amendments to IAS 16 and IAS 41)
- *Equity Method in Separate Financial Statements* (Amendments to IAS 27)
- *Annual Improvements to IFRSs 2012-2014* – various standards
- *Investment Entities: Applying the Consolidation Exception* (Amendments to IFRS 10, IFRS 12 and IAS 28).

The adoption of other new standards, interpretations and amendments that become effective for the year ended 31 December 2016 did not have any significant impact on the consolidated financial statements.

Significant estimates, judgements and assumptions

The preparation of financial statements in conformity with EU IFRSs requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(a) Basis of preparation and significant judgements and estimates *(continued)*

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future years.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the consolidated financial statements is included in note 27 to the consolidated financial statements.

(b) Basis of consolidation

The group's financial statements consolidate the financial statements of the parent and of all subsidiary undertakings together with the group's shares of the results and net assets of its associate and joint ventures made up to 31 December 2016.

Subsidiaries

Subsidiaries are entities controlled by Balmoral International Land Holdings plc ("Balmoral"). Control exists when Balmoral is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the parent company financial statements, investments in subsidiaries are carried at cost less any impairment charges.

Joint arrangements

Under IFRS 11, the group classifies its interests in joint arrangements as either joint operations or joint ventures, depending on the group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangement and other facts and circumstances.

Joint operations

Joint operations are those undertakings in which the group is deemed to have joint control of the arrangement and has rights to the assets and obligations for the liabilities of the arrangement. Accordingly, the group's share of assets, liabilities, revenues, expenses and other comprehensive income are recognised in the respective consolidated financial statements.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(b) Basis of consolidation *(continued)*

Joint ventures

Joint venture undertakings (joint ventures) are those undertakings over which Balmoral exercises control jointly with another party, whereby the group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Joint ventures are accounted for using the equity method of accounting. Under the equity method, the group's share of the profits after tax of joint ventures is included in the consolidated income statement after results from operating activities. The group's share of items and other comprehensive income is shown in the statement of comprehensive income.

The group's interests in the net assets or liabilities of joint ventures are included as investments in joint ventures on the face of the consolidated balance sheet at an amount representing the group's share of the fair values of the net assets at acquisition plus goodwill, acquisition costs, the group's share of post acquisition retained income and expenses less any impairment provision.

Where the group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the group has a present obligation to make further payments.

The amounts included in the consolidated financial statements in respect of post acquisition results of joint ventures are taken from their latest available audited financial statements and management accounts made up to the group's balance sheet date.

In the parent company financial statements, investments in joint ventures are carried at cost less any impairment charges.

The group has re-evaluated its involvement in joint arrangements and has confirmed that these investments met the criteria of joint ventures which continue to be accounted for using the equity method; accordingly there has been no impact on recognised assets, liabilities and comprehensive income of the group.

Associates

Entities other than joint arrangements and subsidiaries in which the group has a participating interest, and over whose operating and financial policies the group is in a position to exercise significant influence but not control or joint control, are accounted for as associates using the equity method and are included in the consolidated financial statements from the date on which significant influence is deemed to arise until the date on which such influence ceases to exist.

In the parent financial statements, investments in associates are carried at cost less any impairment changes.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(b) Basis of consolidation *(continued)*

Transactions eliminated on consolidation

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

Company investments

Investments in subsidiaries and equity accounted investees are shown in the company balance sheet as non-current assets and are valued at cost less provisions for impairments in value.

Business combinations

A business combination is the bringing together of separate businesses into one reporting entity, in which one entity obtains control of another entity.

On acquisition by the acquiring entity, the group measures the identifiable assets and liabilities of the acquired entities at their fair values at the acquisition date in accordance with IFRS 3 (Revised) *Business Combinations* which is known as the acquisition method.

(c) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the group entities at the foreign exchange rate ruling at the date on which the transaction took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into the functional currency using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair values were determined. Foreign exchange differences arising on translation are recognised in the income statement.

Euro has been determined to be the functional currency of all group companies.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(c) Foreign currency *(continued)*

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in equity accounted investees in foreign operations are taken to the currency translation reserve within equity. They are reclassified to the income statement upon disposal of the foreign operations.

(d) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are stated at fair value.

Under IFRS 13 *Fair Value Measurement*, fair value is considered to be the price that would be received if the asset were sold in an orderly transaction between market participants.

In general, external independent valuers, having appropriate professional qualifications and recent experience in the locations and categories of property being valued, value the portfolio at each reporting date. The valuations are prepared by considering comparable market transactions for sales and lettings and specific economic issues. The directors determine the fair value based on these valuations and their judgement having regard to their qualifications, experience and knowledge of the properties.

In the case of let properties, this includes considering the aggregate of the net annual rents receivable for the properties and associated rental costs where relevant. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. Valuations reflect, as appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

The fair values of the Dutch properties are measured in accordance with IAS 40 *Investment Property*, relating to ring-fenced debt.

Any gain or loss arising from a change in fair value is recognised in the income statement.

Where investment property is held for sale as defined in IFRS 5 *Non current assets held for sale and discontinued operations*, a balance sheet reclassification from non-current to current assets is performed.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(e) Leasehold property

Leasehold properties that are leased to tenants under operating leases are classified as investment properties and are included in the balance sheet at fair value.

A leasehold interest under an operating lease is classified and accounted for as an investment property when it is held to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as investment property is carried at fair value.

The group utilises an insignificant portion of an investment property as its head office. The property accordingly remains accounted for as an investment property.

(f) Property, plant and equipment

(i) Owned assets

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

(ii) Depreciation

The charge for depreciation is calculated to write down the cost of the property, plant and equipment or an identifiable part thereof, to their estimated residual values by equal annual instalments over their expected useful lives which are as follows:

5 years	Fixtures and fittings
3 years	Computer equipment

The residual value of plant and equipment is reassessed annually.

(g) Intangible assets and goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill is recognised in acquisitions of subsidiaries and equity accounted investees and represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill arising on the acquisition of equity accounted investees is included in the carrying amounts of the investments.

(h) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequent to initial recognition are measured at amortised cost less impairment losses.

(i) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(j) Derivative financial instruments and financial guarantees

The group may use derivative financial instruments, principally interest rate swaps, to manage its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Any gain or loss on re-measurement to fair value at period end is recognised immediately in the income statement.

The fair value of interest rate swaps is the estimated amount that is calculated based on the present value of future cash-flows discounted at the market rate of interest at the reporting date.

The group has elected to account for financial guarantees between group entities and with joint ventures as insurance contracts in accordance with IFRS 4 *Insurance Contracts*.

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are generally stated at amortised cost using the effective interest rate method.

Certain financial liabilities may be measured at fair value through profit and loss if doing so eliminates or significantly reduces an accounting mismatch which would otherwise arise. Such mismatches typically arise where the company has borrowed debt which has cash flows specifically linked (or ring-fenced) to particular property assets which are measured at fair value under IAS 40 *Investment Properties*.

(l) Employee benefits

Defined contribution retirement benefit plans

Obligations for contributions to defined contribution retirement benefit plans are recognised as an expense in the income statement as incurred.

Share based payments

The grant date fair value of options granted under the company's equity settled share option scheme is recognised as an expense with a corresponding increase in equity over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. Vesting conditions are non-market and consequently the amount recognised as an expense is adjusted to reflect the actual number of options that vest. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when vested awards are converted into ordinary shares. The company has no cash-settled share based transactions as defined in IFRS 2 *Share-based Payment*.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(l) Employee benefits *(continued)*

Share based payments (continued)

To the extent that the group receives a tax deduction relating to the services paid in shares, deferred tax in respect of share options is provided on the basis of the difference between the expected fair value of the underlying equity as at the date the instrument is expected to be exercised and the exercise price of the option, as a result, the deferred tax impact of share options will not directly correlate with the expense reported in the group income statement.

(m) Share capital

Ordinary share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction from equity, net of tax.

(n) Revenue

(i) Rental income

Rental income from investment properties leased out under operating leases is recognised in the income statement on a straight-line basis over the term of the leases. Lease incentives granted are recognised as an integral part of the total rental income over the term of the leases.

Management has considered the potential transfer of risks and rewards of ownership for all properties leased to tenants and has determined that all such leases are operating leases.

(ii) Services rendered

Revenue from property related services rendered to tenants is recognised in the income statement as the services are provided.

(iii) Interest income

Interest income is recognised in the income statement as it accrues, using the effective interest method.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(o) Expenses

(i) Service costs and property operating expenses

Service costs and property operating expenses are expensed as incurred.

(ii) Finance costs

Finance costs recognised in the income statement comprise of interest payable on borrowings calculated using the effective interest rate method, net of foreign exchange gains and losses on borrowings.

(p) Income tax

Income tax on the profit or loss for the year presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in Other Comprehensive Income (OCI) or directly in equity, in which case it is recognised in OCI or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries and equity accounted investees where the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

1 Statement of accounting policies *(continued)*

(q) New accounting standards and interpretations not adopted

A number of new standards, 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 financial statements. The group does not plan to adopt these standards early; instead it will apply them from their effective dates as determined by their dates of EU endorsement. The impact of these amendments are currently being assessed by management but are not expected to have a material impact on these financial statements.

- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*, effective 1 February 2015.
- Amendments to IFRS 11: *Accounting for acquisitions of interests in Joint Operations*, effective 1 January 2016
- IFRS 15: *Revenue from contracts with customers*, effective 1 January 2018
- IFRS 9 *Financial Instruments* (July 2014), effective 1 January 2018
- *Disclosure Initiative* (Amendments to IAS 7), effective 1 January 2017
- *Recognition of deferred tax assets for unrealised losses* (Amendments to IAS 12), effective 1 January 2017
- IFRS 16 *Leases*, effective 1 January 2019

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

2 Operating segments

Segment information is presented in the consolidated financial statements in respect of the group's geographical segments which represent the principal basis by which the group manages its business. Information regarding the result of each reportable segment is included below. Performance is measured based on segment results as included in the internal management reports that are reviewed by the group chief operating decision makers which management believes is the most relevant information when evaluating the results of certain segments relative to other entities that operate within the industry. There are no significant inter segment transactions.

(a) Geographical segments

Income statement	Ireland	UK	Continental Europe	Consolidated
<i>for the year ended 31 December 2016</i>	€'000	€'000	€'000	€'000
Gross rental income	2,615	2,315	3,553	8,483
Service charge income	122	305	90	517
Property operating expenses	(715)	(725)	(1,068)	(2,508)
Net rental and related income	2,022	1,895	2,575	6,492
Valuation movement on investment properties	1,217	(1,942)	(6,710)	(7,435)
Operating result	3,239	(47)	(4,135)	(943)
Share of result of equity accounted investees	(21)	(319)	-	(340)
Operating result before corporate expenses, finance expenses & income tax	3,218	(366)	(4,135)	(1,283)

Reconciliation to result for the year

Administrative expenses	(2,767)
Net finance expense	13,929
Net income tax expense	(685)
Result for year	9,194

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

2 Operating segments (continued)

(a) Geographical segments (continued)

Income statement	Ireland	UK	Continental Europe	Consolidated
<i>for the year ended 31 December 2015</i>	€'000	€'000	€'000	€'000
Gross rental income	3,281	3,366	4,148	10,795
Service charge income	94	160	213	467
Property operating expenses	(431)	(580)	(1,435)	(2,446)
Net rental and related income	2,944	2,946	2,926	8,816
Valuation movement on investment properties	1,110	6,401	(480)	7,031
Operating result	4,054	9,347	2,446	15,847
Share of result of equity accounted investees	221	4,520	-	4,741
Operating result before corporate expenses, finance expenses & income tax	4,275	13,867	2,446	20,588
<i>Reconciliation to result for the year</i>				
Administrative expenses				(4,958)
Net finance income				(11,508)
Net income tax expense				43
Result for year				4,165

Depreciation expense incurred does not relate to a segment and is further set out in note 11 to the consolidated financial statements. Administrative expenses principally relate to head office administration expenses. The group has two significant tenants from which it derived a total of 33% of its revenue in the current year (2015: 30%).

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

2 Operating segments *(continued)*

(a) Geographical segments (continued)

Balance sheet

for the year ended 31 December 2016

Segment assets	Ireland	UK	Continental Europe	Consolidated
	€'000	€'000	€'000	€'000
Investment property	48,484	50,608	37,375	136,467
Investment in equity accounted investees	1,827	(351)	3,709	5,185
Trade and other receivables	597	635	874	2,106
	<u>50,908</u>	<u>50,892</u>	<u>41,958</u>	<u>143,758</u>

Reconciliation to total assets as reported in the group balance sheet

Deferred tax asset	112
Property, plant and equipment	12
Cash and cash equivalents	<u>27,590</u>
Total assets	<u><u>171,472</u></u>

Segment liabilities	Ireland	UK	Continental Europe	Consolidated
	€'000	€'000	€'000	€'000
Loans and borrowings	36,656	56,360	29,793	122,809
Trade and other payables	2,841	4,838	802	8,481
	<u>39,497</u>	<u>61,198</u>	<u>30,595</u>	<u>131,290</u>

Reconciliation to total liabilities as reported in the group balance sheet

Deferred tax liabilities	<u>3,496</u>
Total liabilities	<u><u>134,786</u></u>

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

2 Operating segments *(continued)*

(a) Geographical segments (continued)

Balance sheet

for the year ended 31 December 2015

Segment assets	Ireland €'000	UK €'000	Continental Europe €'000	Consolidated €'000
Investment property (including assets held for sale)	51,650	71,403	43,800	166,853
Investment in equity accounted investees	1,798	408	3,697	5,903
Trade and other receivables	641	675	1,131	2,447
	<u>54,089</u>	<u>72,486</u>	<u>48,628</u>	<u>175,203</u>

Reconciliation to total assets as reported in the group balance sheet

Deferred tax asset	448
Property, plant and equipment	17
Cash and cash equivalents	<u>21,172</u>
Total assets	<u><u>196,840</u></u>

Segment liabilities	Ireland €'000	UK €'000	Continental Europe €'000	Consolidated €'000
Loans and borrowings	42,472	85,749	36,831	165,052
Trade and other payables	3,401	3,993	1,137	8,531
	<u>45,873</u>	<u>89,742</u>	<u>37,968</u>	<u>173,583</u>

Reconciliation to total liabilities as reported in the group balance sheet

Deferred tax liabilities	3,586
Total liabilities	<u><u>177,169</u></u>

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

2 *Operating segments (continued)*

(b) Categories of property assets

The group manages its business principally on the basis of geographical segments. Supplementary information based on the following categorisations has also been provided as this is also used by the chief operating decision makers:

2016	Ireland	UK	Continental Europe	Total
	€'000	€'000	€'000	€'000
Industrial/warehouse	37,499	21,024	17,000	75,523
Office	6,935	14,604	20,375	41,914
Mixed use land	4,050	14,980	-	19,030
Total	48,484	50,608	37,375	136,467

2015	Ireland	UK	Continental Europe	Total
	€'000	€'000	€'000	€'000
Industrial/warehouse	40,800	22,783	17,000	80,583
Office	7,000	16,159	26,800	49,959
Mixed use land	3,850	32,461	-	36,311
Total	51,650	71,403	43,800	166,853

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

3 Gross rental income

	2016 €'000	2015 €'000
Gross lease payments collected/accrued	8,483	10,795
Service charge income	517	467
	<u>9,000</u>	<u>11,262</u>

The group leases out the majority of its investment property by way of operating leases.

4 Net service charge income and property operating expenses

	Vacant* €'000	Rented out €'000	Total €'000
<i>Year ended 31 December 2016</i>			
Service charge income	-	517	517
Property operating expense	(585)	(1,923)	(2,508)
	<u>(585)</u>	<u>(1,406)</u>	<u>(1,991)</u>
<i>Year ended 31 December 2015</i>			
Service charge income	26	441	467
Property operating expense	(142)	(2,304)	(2,446)
	<u>(116)</u>	<u>(1,863)</u>	<u>(1,979)</u>

Service charge income represents income receivable from tenants for the services of utilities, caretakers and other property related expenses.

Property operating expense

	2016 €'000	2015 €'000
Property taxes, fees, rates and ground rent	539	660
Utilities and waste management	80	121
Management, security and insurance	706	622
Property maintenance and repairs	1,319	1,132
Provision for impairment of trade receivables	(136)	(89)
Total property operating expenses	<u>2,508</u>	<u>2,446</u>

5 Net property valuation movement

	2016 €'000	2015 €'000
Net property valuation movement	<u>(7,435)</u>	<u>7,031</u>

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

5 Net property valuation movement (continued)

	2016 €'000	2015 €'000
Fair value movement on properties - Ireland	(998)	1,110
Fair value movement on properties - UK	10,002	4,936
Fair value movement on properties - Europe	(6,710)	(481)
Foreign currency exchange movement on UK properties	(10,045)	4,284
Disposal costs	(374)	(229)
Reversal of provision/(provision) for additional consideration	690	(2,589)
Net property valuation movement in year	<u>(7,435)</u>	<u>7,031</u>

6 Administration expenses

	2016 €'000	2015 €'000
Continuing		
Remuneration and related expenditure (a)	2,006	1,962
Non-executive directors' fees	103	111
Property related professional fees	26	71
Other professional fees	298	300
Office, travel and administration	145	164
Corporate expenses	189	161
	<u>2,767</u>	<u>2,769</u>
Non – recurring		
Other professional fees	-	2,189
Total administration expenses	<u>2,767</u>	<u>4,958</u>

(a) Staff numbers and costs

The average number of persons employed during the year, including executive directors, was as follows:

	2016	2015
Corporate management and administration	<u>10</u>	<u>10</u>

The aggregate payroll costs of these persons for the years ended 31 December 2016 and 31 December 2015 were as follows:

	2016 €'000	2015 €'000
Continuing		
Wages and salaries	1,745	1,721
Share-based payment charge	44	9
Contributions to retirement benefit plans	75	94
Social security contributions	142	138
	<u>2,006</u>	<u>1,962</u>

Details of directors' remuneration are set out in the corporate governance statement.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

7 Statutory and other information

The result from operating activities for the financial year is stated after charging:

	2016 €'000	2015 €'000
Depreciation on property, plant & equipment	7	6
Auditor's remuneration:		
- Audit of company and group financial statements	52	52
- Other assurance services	48	48
- Tax advisory	123	58
- Other non-audit services	9	298
Operating leases - office buildings	116	86
Operating leases - ground rents	37	34
Executive and non-executive director's remuneration:		
- fees	102	111
- other remuneration – continuing	1,006	960
- other remuneration - non recurring	-	123
- retirement benefit contributions	-	19
- share-based payment charge	44	9

8 Net finance income/(expense)

	2016 €'000	2015 €'000
Interest receivable on bank deposits	25	44
Net fair value adjustment of debt	6,386	-
Foreign currency translation gain on borrowings	12,222	-
Foreign currency translation gain on other monetary assets and liabilities	318	-
	18,951	44
Foreign currency translation loss on borrowings	-	(6,983)
Foreign currency loss on cash and cash equivalents	(1,954)	(562)
Foreign currency loss on other monetary assets and liabilities	-	(21)
Interest payable on borrowings	(3,050)	(3,754)
Net fair value adjustment of debt	-	(219)
Other finance expense	(18)	(13)
Finance expense	(5,022)	(11,552)
Net finance income/(expense)	13,929	(11,508)

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

9 Income tax expense/(credit)

	2016 €'000	2015 €'000
<i>Current tax expense</i>		
Corporation tax on result for the year:		
<i>Current year</i>		
- Overseas	435	71
<i>Adjustment in respect of prior year</i>		
- Overseas	4	36
Total current tax expense	439	107
<i>Deferred tax expense/(credit)</i>		
Origination and reversal of temporary differences	246	(265)
Adjustment in respect of prior periods	-	115
Total deferred tax expense/(credit)	246	(150)
Total income tax expense/(credit)	685	(43)
Reconciliation of effective tax rate	2016 €'000	2015 €'000
Result before tax	9,879	4,122
Less: share of result of equity accounted investees	340	(4,741)
	10,219	(619)
Income tax using domestic corporation tax rate (25%)	2,555	(155)
Difference between expenses and deductions for taxation purposes and amounts charged in the financial statements	(1,628)	473
Unrecognised deferred tax assets	856	127
Difference in tax rates	(164)	2
Additional tax allowance	(940)	(344)
Other items	10	(138)
Adjustment in respect of prior year	(4)	(8)
	685	(43)

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

10 Investment property

	2016 €'000	2015 €'000
Non-current assets		
Investment properties	136,467	165,388
Current assets		
Assets held for sale – investment property	-	1,465
	136,467	166,853

Non-current assets

	2016 €'000	2015 €'000
Balance at beginning of the year	165,388	163,096
Additions in the year	666	1,508
Disposals of property in the year	(21,836)	(7,371)
Reclassification of assets held for resale	-	(1,465)
Fair value movement	2,294	5,336
Foreign currency movement	(10,045)	4,284
Balance at end of the year	136,467	165,388

The movements in fair value, including the foreign currency movement, are categorised as level 3 under IFRS 13 *Fair Value Measurement* and all impact on the consolidated income statement.

Current assets

Where investment property is held for resale as defined in IFRS 5 *Non current assets held for sale and discontinued operations* the property is reclassified from non-current to current assets in the balance sheet. Such assets are measured at fair value less costs to sell.

At 31 December 2015, the group held investment property in the UK of €1,465,000 for resale. The group sold the property in January 2016 for €1,465,000.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

10 Investment property (continued)

Measurements of fair value

The carrying amount of investment property is the fair value of the property which, in general, is determined, by the directors, based on, external independent professional property appraisers valuations and the directors own qualifications, experience and knowledge of the properties. The external independent professional property appraisers have appropriate recognised professional qualifications and recent experience in the locations and categories of the property being valued. Fair values were determined having regard to recent market transactions and market rents for similar properties in the same location, where such information was available and specific economic and property issues.

The fair value of the Dutch properties is measured under IAS 40 *Investment Property* to match the fair value recognition of the ring-fenced debt relating to these properties.

The fair value measurement for investment property of €136.5 million (2015: €166.9 million) has been categorised as a level 3 fair value based on the inputs to the valuation technique used. All investment property movements in each year, consequently, are considered level 3 movements.

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used. The comparable market transactions method based on a price per hectare is used for land held for sale or development. The comparable market transactions method, based on an Estimated Rental Value per square metre and equivalent yield % is used for properties held for letting to third parties.

Analysis of carrying value by valuation technique

	2016 €'000	2015 €'000
Comparable market transactions - Land held for sale or development	24,017	44,286
Comparable market transactions - Properties held for letting	112,450	122,567
	<u>136,467</u>	<u>166,853</u>

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

10 Investment property (continued)

Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Comparable market transactions - Land held for sale or development		
The value is based on comparable market transactions after discussions with external property appraisers.	Ireland	The estimated fair value would increase/(decrease) if: • Comparable market values were higher/(lower)
	• Comparable market prices of €12,900 - €250,000 per acre (2015: €12,900 - €208,000 per acre) (weighted average €26,000 per acre (2015: €37,000 per acre))	
	UK	
• Comparable market prices of £22,000 - £364,000 per acre (2015: £19,000- £646,000 per acre) (weighted average £39,000 per acre (2015: £59,000 per acre))		
Comparable market transactions - Properties held for letting		
This valuation model considers the estimated total net market rental value per square metre of the property and a capitalisation.	Ireland	The estimated fair value would increase/(decrease) if: • Expected market rental income was higher/(lower) • Capitalisation yields were (higher)/lower
	• Net market rental income of €2.84 - €18.82 per sq. ft. per annum (2015: €2.50 - €21.10 per sq. ft. per annum) (weighted average of €4.70 per sq. ft. (2015: €4.70 per sq. ft.))	
	Capitalisation yields of 4.8% - 17.5% (2015: 5.0% - 18.2%) (weighted average 9.0% (2015: 9.3%))	
	UK	
• Net market rental income of £2.20 - £13.75 per sq. ft. per annum (2015: £2.20 - £13.75 per sq. ft. per annum) (weighted average of £6.10 per sq. ft. (2015: £6.00 per sq. ft.))		
• Capitalisation yields of 8.82% - 14.5% (2015: 6.9% - 25.2%) (weighted average 10.2% (2015: 10.5%))		
Continental Europe		
• Net market rental income of €71- €150 per sq. m. per annum (2015: €71- €150 per sq. m. per annum) (weighted average of €105 per sq. m. (2015: €105 per sq. m.))		
• Capitalisation yields of 9.3% - 13.1% (2015: 9.4% - 20.6%) (weighted average 12.8% (2015: 11.6%))		

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

10 Investment property *(continued)*

Attention is drawn to the risks associated with the valuation of investment properties. Investments in properties are relatively illiquid, which can affect the group's ability to realise their value in cash in the short term. The fair values of the group's investment properties have been determined on the basis of advice from property professional appraisers and the knowledge, expertise and judgement of the directors.

The principal property professional appraisers to the group are for Ireland - Lisney; UK- Lambert Smith Hampton and Colliers International; and Continental Europe - Savills and CBRE.

Further detail with regard to the geographical and sectoral analysis of the portfolio has been provided within the operating and financial review and in note 2 to the consolidated financial statements. That information should be read in conjunction with this note.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

11 Property, plant and equipment

Year ended 31 December 2016

	Computer equipment €'000	Fixtures & fittings €'000	Total €'000
Cost			
At beginning of year	51	140	191
Additions in year	-	2	2
Cost at end of year	51	142	193
Depreciation			
At beginning of year	45	129	174
Charge for year	3	4	7
At end of year	48	133	181
Net book value			
At 31 December 2016	3	9	12

Year ended 31 December 2015

	Computer equipment €'000	Fixtures & fittings €'000	Total €'000
Cost			
At beginning and end of year	46	140	186
Additions in year	5	-	5
Cost at end of year	51	140	191
Depreciation			
At beginning of year	43	125	168
Charge for year	2	4	6
At end of year	45	129	174
Net book value			
At 31 December 2015	6	11	17

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

12 Investments in equity accounted investees

At 31 December 2016	Equity €'000	Loans €'000	Total €'000
Balance at the beginning of the year	2,108	3,795	5,903
(Provision)/investment in year	(405)	35	(370)
Disposals in year	-	(8)	(8)
Share of result after taxation	25	(365)	(340)
At end of year	1,728	3,457	5,185

Comprised of:

Investments in joint ventures	1,728	3,457	5,185
Investments in associates	-	-	-
	1,728	3,457	5,185

At 31 December 2015	Equity €'000	Loans €'000	Total €'000
Balance at the beginning of the year	13,768	7,892	21,660
Additional investment	7	202	209
Disposals in year	(22,418)	(5,371)	(27,789)
Share of result after taxation	8,963	1,133	10,096
Currency translation adjustment	1,788	(61)	1,727
At end of year	2,108	3,795	5,903

Comprised of:

Investments in joint ventures	1,700	3,795	5,495
Investments in associates	408	-	408
	2,108	3,795	5,903

Evaluation of equity accounted investees

For those entities where significant commercial and operational decisions about the relevant activities that significantly affect the returns that are generated require the joint approval of both shareholders, it is determined that joint control exists and that Balmoral participates in joint ventures and consequently classifies such entities as joint ventures.

For those entities where the parties that collectively control the entity through decisions that are determined on an aggregate voting interest that can be achieved by several combinations of the parties, joint control does not exist and Balmoral is deemed to have significant influence over the entities and classifies these as associate investments.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

12 Investments in equity accounted investees *(continued)*

Share of result after taxation represents the net movement in the valuation of equity accounted investees.

The following represents a summary of the group's share of the results for the year of its equity accounted investees.

Income statement for the year ended 31 December 2016

	Operating result before movement on investment properties €'000	Movement on investment properties and other €'000	Reclassification of currency reserve on disposal €'000	Result for year €'000
Ireland	-	(21)	-	(21)
UK	-	(319)	-	(319)
Continental Europe	-	-	-	-
Total	-	(340)	-	(340)

Income statement for the year ended 31 December 2015

	Operating result before movement on investment properties €'000	Movement on investment properties and other €'000	Reclassification of currency reserve on disposal €'000	Result for year €'000
Ireland	-	221	-	221
UK	-	9,875	(5,355)	4,520
Continental Europe	-	-	-	-
Total	-	10,096	(5,355)	4,741

The group's share of the trading results of our material joint venture amounted to €nil (2015: €nil) and the group's share of the results after investment property valuation movements was €nil (2015: €nil).

The group's share of the trading results of our material associate amounted to €nil (2015: €nil) and the group's share of the results after investment property valuation movements was €25,000 (2015: €8,963,000).

The group holds a 50% interest in Silverfields LLP and a 37.5% interest in Cornerstone City Developments LLP. In 2015 these entities disposed of their property investments. As a result, in 2015, Balmoral received €27,771,000 for its share of the net proceeds. In 2016, Balmoral received a further €95,000 for its share of the net proceeds.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

12 Investments in equity accounted investees *(continued)*

The following represents a summary of the group's share of the assets and liabilities of its equity accounted investees.

Share of equity accounted investees' assets and liabilities as at 31 December 2016

	Investment & development properties at valuation €'000	Cash and other assets €'000	Borrowings €'000	Other liabilities €'000	Adjustment* €'000	Total net assets/ (liabilities) €'000
Ireland	1,700	103	-	(29)	52	1,826
UK	-	-	-	(350)	-	(350)
Continental Europe	16,005	978	(11,456)	(738)	(1,080)	3,709
Total	17,705	1,081	(11,456)	(1,117)	(1,028)	5,185

Share of equity accounted investees' assets and liabilities as at 31 December 2015

	Investment & development properties at valuation €'000	Cash and other assets €'000	Borrowings €'000	Other liabilities €'000	Adjustment* €'000	Total net assets €'000
Ireland	1,700	103	-	(18)	13	1,798
UK	-	408	-	-	-	408
Continental Europe	16,435	896	(12,256)	(324)	(1,054)	3,697
Total	18,135	1,407	(12,256)	(342)	(1,041)	5,903

*The adjustment is made to reflect the net investment or obligation of the group in its equity accounted investees.

Details of the group's significant investments in equity accounted investees are included in note 28 to the consolidated financial statements.

Details of certain of the group's other investments in equity accounted investees by geographical location are as follows:

Ireland

Rolat Limited

Rolat Limited has a 50% interest in certain land in North Dublin.

Risks associated with the valuation of investment properties held within these investments are outlined in note 10 to the consolidated financial statements.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

13 Trade and other receivables

	2016 €'000	2015 €'000
Trade and other receivables	553	420
Prepayments	1,553	2,027
	2,106	2,447

The group's exposure to credit and foreign currency risks and impairment losses related to trade and other receivables is disclosed in note 23 to the consolidated financial statements.

14 Cash and cash equivalents

	2016 €'000	2015 €'000
Bank current balances	23,278	13,262
Bank deposit balances	4,312	7,910
Cash and cash equivalents in the statement of cash flows	27,590	21,172

The group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 23 to the consolidated financial statements.

15 Capital and reserves

Authorised share capital

	2016 €'000	2015 €'000
90,000,000,000 ordinary shares of €0.00001 each	900	900
5,000,000,000 non-voting redeemable deferred shares of €0.00001 each	50	50
5,000,000 non-voting deferred shares of €0.01 each	50	50
At 31 December	1,000	1,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. The non-voting redeemable deferred shares and the non-voting deferred shares do not entitle the shareholder to receive a dividend, to receive notice of or vote at any general meeting of the company. They entitle the shareholder to a return of capital, on a winding up or otherwise, of the nominal value paid up on the shares.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

15 Capital and reserves (continued)

Issued share capital

	2016 '000	2016 €'000	2015 '000	2015 €'000
<i>Non-voting deferred shares of €0.01 each</i>				
In issue at beginning and end of year	3,317	33	3,317	33
<i>Ordinary shares of €0.00001 each</i>				
In issue at beginning of year	583,265	6	583,265	6
Share issue in year	194,422	2	-	-
In issue at end of year	777,687	8	583,265	6
Total issued share capital (€'000)		41		39

Share premium

In December 2016, the company raised €7,776,865 of additional equity, by placing 194,421,636 ordinary shares at 4 cent per share. The difference arising between the cash raised and nominal value of the shares issued of €1,944 is accounted for as share premium of €7,774,921.

Share based payment reserve

This reserve comprises amounts expensed in the income statement in connection with share option grants less any exercises of such share options. See note 17 to the consolidated financial statements for further information.

Currency translation reserve

Exchange differences arising from the translation of sterling denominated net investments in equity accounted investees are taken to the translation reserve. They have been reclassified into the income statement upon disposal of the related investments.

Other reserves

During 2011, the group reorganised its structure, incorporating a new company, Balmoral International Land Holdings plc, which became the ultimate parent undertaking after gaining control of the old parent company, Balmoral International Land plc, on 2 September 2011. Other reserves consist of the share premium of Balmoral International Land plc at the date of reorganisation of €201,084,500, €33,167 of a capital redemption reserve arising from the repurchase of shares and the difference between the nominal value of the shares issued by the company and the nominal value of the issued share capital of Balmoral International Land plc at the date of reorganisation of €5,760,833.

Dividends

No dividends were paid by the group in the current or previous financial periods.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

15 Capital and reserves (continued)

Capital management

The board's policy is to maintain medium to long term arrangements with financiers with a view to placing the group in the best possible financial position. The board does not anticipate payment of dividends in the medium term.

The board seeks to maintain appropriate net debt to gross asset ratios and a balance between growth from investment and a sound capital position to meet the day to day needs of the group.

16 Loans and borrowings

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings. See note 16 (a) below for further information on the renewal and extension of the group's secured bank loans. For more information about the group's exposure to interest rates and foreign currency risk, see note 23 to the consolidated financial statements.

	2016 €'000	2015 €'000
Non-current liabilities		
Secured bank loans	101,063	154,658
Other payables	560	548
	101,623	155,206
Current liabilities		
Secured bank loans	21,186	9,846
	21,186	9,846

Included within current liabilities above is €20,375,000 of loans held at fair value. The movement on the loans held at fair value in the year was as follows:

Movement on loans held at fair value:

	2016 €'000	2015 €'000
Opening value of modified loan as at 1 January	26,800	26,800
Other movements	286	246
Fair value adjustment in period	(6,211)	455
Repayments in year	(500)	(701)
Balance at 31 December	20,375	26,800

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

16 Loans and borrowings (continued)

In February 2014, the existing Dutch loan facilities were substantially modified with the result that a substantial extinguishment of the original debt and re-issuance of new debt was deemed to have occurred. This new debt is provided on a non-recourse basis and is secured on certain Dutch property and other assets. As the new debt is ring-fenced to these assets, the company has elected as permitted under IAS 39 *Financial Instruments: Recognition and Measurement* to account for this new arrangement at fair value through profit and loss, because doing so significantly reduces measurement inconsistency which arises between the associated properties which are measured at fair value in accordance with the group's general accounting policy for investment properties, and the associated non-recourse debt which would otherwise be measured at amortised cost. Details related to the methodology regarding this fair value calculation and other associated disclosures are given in note 23 to the consolidated financial statements.

All other loans are recorded at amortised cost.

Terms and debt repayment schedule

	2016 €'000	2015 €'000
Repayable by instalments:		
Repayable within 1 year	811	813
Repayable within 2 years	311	363
Repayable within 2 to 5 years	934	1,090
Repayable after 5 years	467	908
Repayable other than by instalments:		
Repayable within 1 year	20,375	9,034
Repayable within 2 years	14,811	44,968
Repayable within 2 to 5 years	84,540	107,328
Total	122,249	164,504

Variable rate bank loans incur interest based on interbank market rates plus an agreed margin. The maximum amount due per the bank agreements is €141,732,000 (2015: €177,775,000), however as certain loans are carried at fair value, the carrying value of loans and borrowings in the balance sheet is lower than this maximum amount. The borrowings are:

- (a) In September 2015, the group agreed a renewal and extension with the provider of the general corporate facility. As at 31 December 2016, bank loans of €90,991,000 (2015: €125,496,000) are guaranteed by certain nominated subsidiaries and are subject to a cumulative repayment covenant that will be tested annually to December 2019. This bank has security over, inter alia, all property in the UK and Ireland which was not previously secured to other lenders. The loans under this facility as at 31 December 2016, were as follows: euro based €36,656,000 (2015: €42,472,000) and sterling based £46,521,000 (2015: £60,935,000). Interest payable on the euro interest bearing tranche is at Euribor plus a margin. Interest payable on the sterling interest bearing tranche is at Libor plus a margin.
- (b) A secured bank loan of €8,858,000 (2015: €9,483,000) drawn down by a subsidiary is secured by certain investment properties in Belgium. The loan is denominated in euro and is repayable in quarterly capital repayments, with the balance due in October 2018. Interest is payable at Euribor plus a margin.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

16 Loans and borrowings *(continued)*

- (c) Secured bank loans of €20,375,000 (2015: €26,800,000) drawn down by a subsidiary are secured by certain investment properties in the Netherlands and by a fixed guarantee from Balmoral International Land Limited (see note 24 to the consolidated financial statements for further details). In December 2016, agreement was reached for the settlement of these facilities by 1 July 2017. The gross amount due under this facility is €40,210,000, however, as noted in note 1(k) to the consolidated financial statements, this facility was fair valued through the profit and loss with effect from February 2014, reflecting the fact that its cash flows are secured on a non-recourse basis on certain associated assets. Interest is payable at Euribor plus a margin.
- (d) A secured loan drawn down by a subsidiary of €2,024,000 (2015: €2,725,000) is secured by certain lands in Scotland and by a guarantee from Balmoral International Land Limited (see note 24 to the consolidated financial statements for further details). The loan is denominated in sterling and is repayable in quarterly capital repayments until 2023. Interest is payable at a rate of Libor plus a margin.

17 Employee benefits

Defined contribution retirement benefit plan

The group provides employee benefits under various arrangements, including a defined contribution retirement benefit plan. The expense recognised in the consolidated income statement consists of the company's retirement benefit contributions for the year ended 31 December 2016 as disclosed in note 6 to the consolidated financial statements.

Share-based payments

The group established a long term incentive plan (LTIP) in October 2015, which entitles executive directors and management to purchase shares in Balmoral International Land Holdings plc. In accordance with the rules of the LTIP, the options granted are exercisable at the weighted average share price on the grey market for the 3 weeks to 20 October 2015.

On 28 October 2015, options were granted over 22,435,896 ordinary shares at an exercise price of €0.0234 per share, with an expiry date of 28 October 2022.

The share options granted only vest when the net asset value per share of the company as shown in the company's financial statements for financial year ending 31 December 2018, or any of the three subsequent years, equals or exceeds €0.05 per share. The options cannot be exercised before 1 May 2019.

The fair value of the services received in return for the share options granted is measured by reference to the fair value of the share options at the date of the grant. The estimate of the fair value of the options granted during the year was measured based on a binomial lattice model. The contractual life of the options, which is seven years, is used as an input in this model. Expectations of early exercise are incorporated into the binomial lattice model and are reflected in the assumptions.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

Share-based payments (continued)

The assumptions used in the binomial lattice model for calculating the fair value of the options granted during 2015 were as follows:

Fair value at measurement date	€0.0080
Weighted average exercise price	€0.0234
Expected volatility	34%
Option life	7 years
Expected dividend yield	0.00%
Risk-free interest rate	0.078%

The expected volatility and option life are expressed as weighted averages used in modelling in the binomial lattice model. The expected volatility is based on the historic volatility of quoted companies considered to be similar in nature to Balmoral.

The weighted average market price of the shares for the three weeks to 20 October 2015 was €0.0234. The market price of the company's shares at 31 December 2016 was €0.0500 and the range during 2016 was €0.0100 to €0.0510. The total expense for share options recognised in the income statement was €44,000 (2015: €9,000).

18 Trade and other payables

	2016	2015
	€'000	€'000
Trade and other payables	51	3,290
Accruals	3,674	3,568
Deferred income	517	865
Other taxation and social security	4,239	808
	8,481	8,531

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

19 Deferred tax assets and liabilities

Recognised deferred tax amounts

Deferred tax amounts are attributable to the following items:

At 31 December 2016

	Liabilities	Assets
	2016	2016
	€'000	€'000
Investment property revaluation gains	3,339	-
Tax value of losses carried forward	-	(112)
Tax value of accrued rental income	157	-
Tax liabilities/(assets)	<u>3,496</u>	<u>(112)</u>
Net tax liabilities	<u>3,384</u>	

At 31 December 2015

	Liabilities	Assets
	2015	2015
	€'000	€'000
Investment property revaluation gains	3,404	-
Tax value of losses carried forward	-	(448)
Tax value of accrued rental income	182	-
Tax liabilities/(assets)	<u>3,586</u>	<u>(448)</u>
Net tax liabilities	<u>3,138</u>	

Deferred tax

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities (i.e. whether through use or sale), using the estimated average annual effective income tax rate for the period in which the gain or loss is expected to be settled. The primary components of the group's deferred tax liabilities relate to valuation uplifts on the group's properties over their tax carrying values. The deferred tax assets arise primarily from trading losses forward that can be utilised over a reasonably foreseeable period. The group anticipates recovering this deferred tax asset based on forecast results over the next number of years.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

19 Deferred tax assets and liabilities *(continued)*

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2016 €'000	2015 €'000
Deductible temporary differences	26,783	24,213
	26,783	24,213

Deferred tax assets have not been recognised in respect of these items on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future, these assets may be recovered.

No deferred tax has been recognised on the unremitted earnings of overseas subsidiaries and equity accounted investees as there is no current intention to distribute those reserves.

Movement in temporary differences during the year ended 31 December 2016

	Balance at beginning of year €'000	Recognised in income €'000	Balance at end of year €'000
Investment property gain	3,404	(65)	3,339
Tax value of losses carried forward	(448)	336	(112)
Tax value of accrued rental income	182	(25)	157
	3,138	246	3,384

Movement in temporary differences during the year ended 31 December 2015

	Balance at beginning of year €'000	Recognised in income €'000	Balance at end of year €'000
Investment property gain	4,133	(729)	3,404
Tax value of losses carried forward	(1,015)	567	(448)
Tax value of accrued rental income	170	12	182
	3,288	(150)	3,138

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

20 Results per share

Basic result per share

The calculations of basic result per share for the year ended 31 December 2016 and 31 December 2015 are based on the result attributable to equity shareholders in the year and the weighted average number of equity shares outstanding during the year calculated as follows:

	2016 €'000	2015 €'000
Result attributable to equity shareholders	<u>9,159</u>	<u>4,125</u>
	2016	2015
	<i>In thousands of shares</i>	
Weighted average number of ordinary shares outstanding at beginning of year	583,265	583,265
New shares issued (weighted average)	<u>5,327</u>	-
Weighted average number of ordinary shares outstanding at end of year	<u>588,592</u>	<u>583,265</u>
Basic result per share (euro cent)	<u>1.56</u>	<u>0.71</u>

Diluted result per share

The calculations of diluted result per share for the years ended 31 December 2016 and 31 December 2015 are based on the result attributable to equity shareholders in the year divided by the weighted average number of equity shares and options with a dilutive effect outstanding during the year.

	2016 €'000	2015 €'000
Result attributable to equity shareholders	<u>9,159</u>	<u>4,125</u>
	2016	2015
	<i>In thousands of shares</i>	
Weighted average number of ordinary shares outstanding at end of year	588,592	583,265
Share options with a dilutive effect	<u>22,436</u>	<u>22,436</u>
	<u>611,028</u>	<u>605,701</u>
Diluted result per share (euro cent)	<u>1.50</u>	<u>0.68</u>

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

21 Net asset value per share

The calculations of net asset value per share at 31 December 2016 and 31 December 2015 are based upon the total equity attributable to the shareholders of the company at 31 December 2016 and 31 December 2015 and the number of ordinary shares outstanding at 31 December 2016 and 31 December 2015 as follows:

	2016 €'000	2015 €'000
Total equity attributable to shareholders of company	36,669	19,689
	2016 <i>In thousands of shares</i>	2015
Total number of ordinary shares outstanding at year end	777,687	583,265
Net asset value per share (euro cent)	4.72	3.38

22 Leases

In accordance with IAS 40, a property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the group holds it to earn rent or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value. At 31 December 2016, the market value of land and property assets held under operating leases classified as investment property was €22,784,000 (2015: €30,032,000). Further geographical analysis of the group's properties is provided in note 2 to the consolidated financial statements.

Operating leases with tenants

The group leases out certain of its investment properties. The average term to expiry of leases is 3 years (2015: 3 years). The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2016 €'000	2015 €'000
Less than one year	7,224	7,456
Between one and five years	12,988	10,425
More than five years	8,591	4,743
	28,803	22,624

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

22 Leases *(continued)*

Obligations under operating leases

Certain of the group's investment properties are held under long term leasehold arrangements, under which the group pays annual ground rents under head leases ranging from 63 years to 979 years. The total amounts due under these operating lease agreements are as follows:

	Minimum lease payments	Minimum lease payments
	2016 €'000	2015 €'000
Less than one year	29	33
From one to five years	114	133
From five to 25 years	571	663
After 25 years	1,635	1,839
	<u>2,349</u>	<u>2,668</u>

The present value of future lease payments is €245,000 for the group (2015: €285,000), discounted at 6% per annum (2016: 6%), which was the weighted average effective yield of the leases at their inception.

23 Financial instruments

Financial risk management objectives and policies

The group's activities are exposed to a variety of financial and market risks including interest rate risk, foreign currency risk, liquidity risk and credit risk. These risks are managed by the group under policies approved by the board of directors and are explained below.

Interest rate risk

The group's exposure to market risk for changes in interest rate arises from its floating rate borrowings. The group's policy is to review each acquisition that it makes and to finance it in a manner most appropriate to the strategic objectives of that investment. There has been no amendment to the group's policy in the current financial year.

The group reviews and considers interest rate alternatives with financial institutions on a regular basis.

The interest rate applicable to the variable rate loans are re-priced on a periodic basis to ensure the interest rate being charged is consistent with the market.

Available cash and cash equivalents are placed on higher interest deposits for periods of less than 3 months, depending on cash demands for the group and market conditions.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Interest rate profile

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

	Carrying Amount 2016 €'000	Carrying Amount 2015 €'000
Variable rate instruments		
Cash and cash equivalents	4,311	7,910
Financial liabilities	(54,951)	(88,475)
	<u>(50,640)</u>	<u>(80,565)</u>

Fair value sensitivity analysis for fixed rate instruments

The group does not have any fixed rate financial assets and liabilities. Therefore, the impact of a change in interest rates at the reporting date on fixed rate instruments would not affect profit or loss for the year or shareholders' equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) the result by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2015.

	Profit or loss		Other equity	
	100 bp increase €'000	100 bp decrease €'000	100 bp increase €'000	100 bp decrease €'000
31 December 2016				
Cash and cash equivalents	61	(61)	-	-
Financial liabilities	(759)	759	-	-
Cash flow sensitivity	<u>(698)</u>	<u>698</u>	<u>-</u>	<u>-</u>
31 December 2015				
Cash and cash equivalents	20	(20)	-	-
Financial liabilities	(885)	885	-	-
Cash flow sensitivity	<u>(865)</u>	<u>865</u>	<u>-</u>	<u>-</u>

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Foreign currency risk

The group operates in sterling and euro and has significant property assets in the U.K. partly financed by sterling denominated borrowings.

Board policy is to match, to a significant extent, sterling rentals and sterling interest costs, while also financing a significant portion of the UK portfolio by borrowing in sterling.

The group's exposure to foreign currency risk for financial instruments was as follows:

	31 December 2016	31 December 2015
	Stg	Stg
	£'000	£'000
Trade and other receivables	545	366
Cash and cash equivalents	11,904	10,512
Loans to equity accounted investees	300	300
Loans and borrowings (see note 16)	(48,254)	(62,935)
Trade and other payables	-	(1,900)
Accruals	(854)	(822)
Other taxation and social security	(3,478)	(221)
Gross balance sheet exposure	(39,837)	(54,700)
Add investment property	43,325	52,403
Net balance sheet exposure	3,488	(2,297)
Gross rental & related income	1,881	2,605
Property outgoings	(591)	(422)
Net rental income exposure	1,290	2,183
Net interest expense	(1,405)	(1,376)
Net profit & loss exposure	(115)	807

The following significant exchange rates applied during the year:

	Spot Rate		Average Rate	
	2016	2015	2016	2015
GBP 1:	1.17	1.36	1.24	1.35

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Sensitivity analysis

A 10 per cent strengthening of the euro against sterling would have increased/(decreased) equity and profit (or loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

	Other equity €'000	Profit or loss €'000
31 December 2016		
GBP	35	(373)
31 December 2015		
GBP	41	(354)

The other equity impact balance above relates to the foreign currency risk on translation of equity accounted investees. The profit and loss impact balance above includes the foreign exchange risk on retranslation of properties held in sterling.

A 10 per cent weakening of the euro would have had the equal but opposite effect, on the basis that all other variables remain constant.

Liquidity risk

The group's policy on funding capacity is to ensure that the group has sufficient own funding and bank facilities in place to meet foreseeable requirements.

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

At 31 December 2016

Financial liabilities:	Carrying amount €'000	Contractual cash flows €'000	6 months or less €'000	6 – 12 months €'000	1 – 2 years €'000	2 – 5 years €'000	More than 5 years €'000
Secured loan	90,991	94,082	395	395	1,047	92,245	-
Secured Euro floating loan (subsidiaries)	29,223	50,453	41,367	657	8,429	-	-
Secured GBP floating note (subsidiaries)	2,024	2,201	180	180	351	1,008	482
Other non-current payables	561	561	561	-	-	-	-
Accruals	3,429	3,429	3,429	-	-	-	-
Finance lease liabilities	245	2,349	14	15	29	87	2,204
Other taxation and social security	4,239	4,239	4,239	-	-	-	-
Trade and other payables	51	51	51	-	-	-	-
Total	130,773	157,365	50,236	1,247	9,856	93,340	2,686

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Liquidity risk *(continued)*

At 31 December 2015

Financial liabilities:	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Secured loan	125,496	130,466	770	770	20,131	108,795	-
Secured Euro floating loan (subsidiaries)	36,283	51,743	419	9,902	41,422	-	-
Secured GBP floating note (subsidiaries)	2,725	2,240	160	160	315	905	700
Other non-current payables	549	549	549	-	-	-	-
Accruals	3,283	3,283	3,283	-	-	-	-
Finance lease liabilities	285	2,669	16	17	33	100	2,503
Other taxation and social security	808	808	808	-	-	-	-
Trade and other payables	3,290	3,290	3,290	-	-	-	-
Total	172,719	195,048	9,295	10,849	61,901	109,800	3,203

Credit risk

The group has two significant tenants from which it derived a total of 33% of its revenue in rental income in the current year (2015: 30%). See note 26 to the consolidated financial statements for further details.

The group has a concentration of credit risk in relation to its cash and cash equivalents which are cash and short term bank deposits, the majority of which are invested with institutions with a minimum credit rating of A.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is set out below, in addition to guarantees given as outlined in note 24 to the consolidated financial statements.

	Carrying amount	
	2016	2015
	€'000	€'000
Trade and other receivables	553	420
Loans to equity accounted investees	3,457	3,795
Cash and cash equivalents	27,590	21,172
Total	31,600	25,387

All of the group's trade receivables relate to rental and related income.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Credit risk *(continued)*

The maximum exposure to credit risk for financial assets at the reporting date by geographic region was:

	Carrying amount	
	2016	2015
	€'000	€'000
Ireland	21,374	15,072
Continental Europe	4,477	4,046
United Kingdom	5,749	6,269
Total	31,600	25,387

The amount owed by the group's two most significant tenants at 31 December 2016 was €Nil (2015: €108,000).

The ageing of trade and other receivables at the reporting date was:

	Carrying amount	
	2016	2015
	€'000	€'000
Not past due	456	387
Past due 0-30 days	46	(29)
Past due 31-120 days	4	48
Past due >120 days	47	14
Total	553	420

The balance of past due >120 days relates to amounts due from tenants in the normal course of business.

Impairment

The charge arising in the year included a provision of €73,000 (2015: €90,000) against a receivable balance.

Based on past experience, the group believes that no further provisions are necessary in respect of trade receivables.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Fair values

The fair values of financial assets and liabilities, together with carrying amounts shown in the balance sheet, are as follows:

	31 December 2016		31 December 2015	
	Carrying Amount €'000	Fair Value €'000	Carrying Amount €'000	Fair Value €'000
<i>Loans and receivables</i>				
Trade and other receivables	2,106	-	2,447	-
Loans to equity accounted investees	3,457	-	3,795	-
<i>Cash and cash equivalents:</i>				
GBP current account	9,592	-	6,412	-
GBP deposit	4,312	-	7,910	-
Euro current account	13,686	-	6,850	-
<i>Other liabilities at amortised cost (all level 3)</i>				
<i>Bank loans:</i>				
Euro secured loan	(36,656)	(31,664)	(42,472)	(35,208)
GBP secured loan	(54,335)	(49,316)	(83,024)	(74,614)
Euro secured floating loan (subsidiaries)	(8,858)	(8,600)	(9,483)	(9,151)
GBP secured floating loan (subsidiaries)	(2,024)	(1,839)	(2,725)	(2,506)
Other non-current payables	(560)	-	(549)	-
Trade and other payables	(51)	-	(3,290)	-
Finance lease liabilities	(245)	-	(285)	-
Accruals	(3,429)	-	(3,283)	-
Other taxation and social security	(4,239)	-	(808)	-
<i>Loans at fair value through profit and loss (level 3):</i>				
Euro floating loan subsidiaries	(20,375)	(20,375)	(26,800)	(26,800)

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

Loans and borrowings at amortised cost

For the majority of loans, fair value is calculated based on discounted expected future principal and interest cash flows. The discount rate used was 5%. This rate is an estimated market borrowing rate as at the balance sheet date and does not reflect the group's external borrowing costs which are outlined in note 16 to these financial statements.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

23 Financial instruments *(continued)*

Fair values *(continued)*

Loans and borrowings measured at fair value

Certain of the group's loans are carried at fair value as their cash flows are secured solely on cash flows arising from associated investment property assets measured at fair value through profit and loss. In this case, fair value has been determined based on third party valuations of the associated assets, adjusted for any other relevant creditor market factors. Key assumptions used to drive these valuations were expected market rental income and capitalisation of yields (see note 10 to the consolidated financial statements).

Sensitivity analysis

An increase/decrease in the value of the underlying investment properties of 1% increases/decreases the fair value of the loan. The resulting impact on the profit for the period is a decrease/increase of €203,000 (2015: €268,000).

Other

The majority of the group's remaining financial assets and liabilities are relatively short-term in nature and accordingly have carrying amounts which approximate their fair value.

24 Contingencies and guarantees

The main group contingencies and guarantees are as follows:

- (a) Balmoral International Land Limited has provided a maximum guarantee of €1.5 million in respect of the bank borrowings of certain subsidiaries in relation to the financing of the properties in the Netherlands. Certain amounts of expenditure were permitted to be offset against this guarantee thereby reducing the remaining maximum exposure to €0.5 million at year end (2015: €0.7 million).
- (b) South East Edinburgh Development Company ("SEEDCo") acquired a substantial parcel of land south of Edinburgh during 2007. In 2010, the group acquired the remaining 50% of this company that it did not previously own. Additional consideration may become payable to the vendor, calculated as 50% of the open market value, net of all costs, of the land when planning consents have been received. Balmoral International Land Limited has provided a guarantee in respect of the capital and interest on the bank borrowings of SEEDCo.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

25 Capital commitments

At 31 December 2016, the company had no unprovided capital commitments.

26 Related parties

The group has related party relationships with its subsidiaries and equity accounted investees, with its directors, with Fyffes plc and Total Produce plc.

Transactions with key management personnel

Key management personnel who comprise the executive and non-executive directors of the group received total compensation of €1,152,000 (2015: €1,222,000) for the year ended 31 December 2016. Total remuneration is included in "Administration expenses" (see note 6 to the consolidated financial statements). Outside of the director group, no other members of the management team are considered to be key in the context of this disclosure.

Key management personnel compensation (including non-executive directors' fees) is analysed as follows:

	2016 €'000	2015 €'000
Short term employee benefits	1,108	1,194
Post-employment benefits	-	19
Share-based payment charge	44	9
	<u>1,152</u>	<u>1,222</u>

Further details of director compensation are provided in the corporate governance statement on pages 21 and 22.

Other company related party transactions

Fyffes plc

Fyffes plc is a 30% shareholder in the company and during the year there was also one common non-executive director. It is therefore considered a related party for the purposes of IAS 24 *Related Party Disclosures*.

During the year ended 31 December 2016, the group recognised the following rental income and expenses with Fyffes plc.

	2016 €'000	2015 €'000
Rental income & service charges	1,677	1,938
Expenses	<u>90</u>	<u>71</u>

Expenses charged by Fyffes plc relate to costs incurred by Fyffes plc on behalf of the group, including recharges in respect of administration expenses.

The amount owed by Fyffes plc at the year-end was €Nil (2015: €Nil) and the amount owed to Fyffes plc was €Nil (2015: €Nil).

Balmoral International Land Holdings plc

Notes to the consolidated financial statements (continued)

26 Related parties (continued)

Total Produce plc

Total Produce plc and the group have one director (C. McCann) in common and therefore they are considered a related party for the purposes of IAS 24 *Related Party Disclosures*. During the year, the group recognised the following rental income and expenses from transactions with Total Produce plc.

	2016 €'000	2015 €'000
Rental income (including service charges)	1,354	1,614
Expenses	224	222

Expenses charged by Total Produce plc relate to costs incurred by Total Produce plc on behalf of the group, including recharges in respect of administration expenses and a portion of the employment costs of and other payments to the Chairman.

The amount owed by Total Produce at the year-end was €Nil (2015: €108,000) and the amount owed to Total Produce was €64,000 (2015: €63,000).

The group has an investment in a 50:50 joint venture company with Total Produce. Balmoral's investment in this joint venture company in 2016 was €17,000 (2015: €148,000). The group share of operating losses of this joint venture in 2016 was €17,000 (2015: €148,000). The carrying value of the investment in this joint venture at 31 December 2016 was €Nil (2015: €Nil).

Transactions with subsidiaries and equity accounted investees

Information on the group's significant subsidiaries and equity accounted investees is set out in note 28 to the consolidated financial statements. For additional information surrounding transactions with equity accounted investees, see note 12 to the consolidated financial statements.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

27 Accounting estimates and judgements

Preparation of financial statements pursuant to EU IFRS requires a significant number of judgemental assumptions and estimates to be made. These impact on the income and expenses contained within the income statement and the valuation of the assets and liabilities in the balance sheet. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances and are subject to continual re-evaluation. It should be noted that the impact of valuation in some assumptions and estimates can have a material impact on the reported results.

- Judgements made in relation to the assessment of going concern for the group are set out in the basis of preparation and estimates policy in note 1(a) to the consolidated financial statements.
- Critical accounting policies and estimates related to the group's investment property portfolio are set out in note 1(d) to the consolidated financial statements and are also outlined further in note 10 to the consolidated financial statements.
- Judgements made in assessing the carrying value of the group's various equity accounted investees which also contain investment property risk have been set out in note 12 to the consolidated financial statements.
- Judgements made in relation to the accounting for contingencies and guarantees are reviewed on an on-going basis as outlined in the basis of preparation and estimates policy in note 1(a) to the consolidated financial statements.
- An assessment of other financial risks is set out in note 23 to the consolidated financial statements and in particular this deals with key estimates relating to the fair value of certain liabilities.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

28 Group entities

The group controls a number of subsidiary entities, registered in various jurisdictions, as more fully set out below. It also has an interest in certain equity accounted investees as also set out below.

Significant subsidiaries

	Registered office	Group share %	Principal activity
^Δ Balmoral International Land No1 Ltd	1	100	Holding company
Balmoral International Land Ltd	6	100	Holding company
Balmoral Land Holding Ltd	1	100	Investment holding company
Swords Property Investments Ltd	1	100	Property investment
Swords Property Developments Ltd	1	100	Property investment
Optiplex Ltd	1	100	Property investment
Balmoral Land Beresford Ltd	1	100	Property investment
Balmoral Land Naul Ltd	1	100	Land dealing & development
Balmoral Land Swords (P) Ltd	1	100	Property investment
Ramparts Property Ltd	1	100	Property investment
Vida Properties Limited	1	100	Holding company
BL Balmoral Ltd	2	100	Property investment
Balmoral Land Brickhill Ltd	2	100	Property investment
Balmoral Land Continental Ltd	2	100	Investment holding company
BL St. Albans Ltd	2	100	Property investment
Balmoral Land Jersey Ltd	2	100	Investment holding company
Overton Farm Development Ltd	7	100	Property development company
BL West Farm Commercial Ltd	7	100	Property development company
BL West Farm Residential Ltd	7	100	Property development company
Balmoral International Land UK Ltd	3	100	Property management
South East Edinburgh Development Company Ltd	7	100	Property development
Balmoral International Land Property Holdings BV	4	100	Investment holding company
Balmoral International Land Group Finance B. V.	4	100	Finance holding company
[#] Afaia Sarl	5	90	Investment holding company

^Δ Denotes subsidiary owned directly by Balmoral International Land Holdings plc.

[#] The group's shareholding in Afaia Sarl, a company registered and operating in Belgium, carries 90% of the total voting rights and control of the board; the non-controlling interest holds 10% of the total voting rights. Balmoral therefore has control of Afaia Sarl and consolidates it as a subsidiary. The net assets consolidated into the group's balance sheet at 31 December 2016 amounted to €156,000 and the profit for the year then ended consolidated into the group's results amounted to €523,000.

Balmoral International Land Holdings plc

Notes to the consolidated financial statements *(continued)*

28 Group entities *(continued)*

Significant equity accounted investees

	Registered office	Group share %	Principal activity
Rolat Ltd	1	50	Land dealing and development
Duo Capital Sarl	5	50	Investment holding company

1) 29 North Anne Street, Dublin 7, Ireland

2) Barette Commercial Centre, Route du Mont Mado, St. John, Jersey, JE3 4DS, Channel Islands

3) Suite 5, Silverstone House, 46 Newport Road, Woolstone, Milton Keynes, MK15 0AA, United Kingdom

4) Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands

5) 16 Allée Marconi, L2120 Luxembourg

6) 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland

7) 5 South Charlotte Street, Edinburgh, EH2 4AN, Scotland

A full list of subsidiaries and equity accounted investees is included with the company's annual return filed with the Companies Registration Office, Dublin, Ireland.

29 Post balance sheet events

Subsequent to the year end, the group disposed of two property assets valued at €5.7 million at the year end.

30 Approval of financial statements

These financial statements were approved by the board on 23 May 2017.

Balmoral International Land Holdings plc

Company statement of changes in equity

	Attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings	Share based payment reserve	Other reserve	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000
<i>for the year ended 31 December 2016</i>						
Balance at 31 December 2015	39	-	(14,675)	9	24,639	10,012
Total comprehensive income	-	-	(167)	-	-	(167)
Share issue	2	7,775	-	-	-	7,777
Share-based payment charge	-	-	-	44	-	44
Balance at 31 December 2016	41	7,775	(14,842)	53	24,639	17,666
	Attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings	Share based payment reserve	Other reserve	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000
<i>for the year ended 31 December 2015</i>						
Balance at 31 December 2014	39	-	(23,207)	-	24,639	1,471
Total comprehensive income	-	-	8,532	-	-	8,532
Share-based payment charge	-	-	-	9	-	9
Balance at 31 December 2015	39	-	(14,675)	9	24,639	10,012

Balmoral International Land Holdings plc

Company balance sheet

at 31 December 2016

	Notes	2016 €'000	2015 €'000
Assets			
Non-current assets			
Investment in subsidiary	C	10,032	10,032
Total non-current assets		10,032	10,032
Current assets			
Cash and cash equivalents		7,977	201
Total current assets		7,977	201
Total assets		18,009	10,233
Equity			
Issued share capital	E	41	39
Reserves	E	17,625	9,973
Total equity - all attributable to equity shareholders		17,666	10,012
Liabilities			
Current liabilities			
Trade and other payables	F	343	221
Total current liabilities		343	221
Total liabilities		343	221
Total liabilities and equity		18,009	10,233

On behalf of the board

Carl McCann
Chairman

Catherine Ghose
Finance Director

23 May 2017

Balmoral International Land Holdings plc

Company statement of cash flows

for the year ended 31 December 2016

	2016 €'000	2015 €'000
Result before tax	(167)	8,532
<i>Adjustments for:</i>		
Reversal of provision for impairment of investment in subsidiary	-	(8,543)
Share-based payment charge	44	9
Operating result before changes in working capital	(123)	(2)
Increase/(decrease) in trade and other payables	122	202
Net cash inflow/(outflow) from operating activities	(1)	200
Cash flows from financing activities		
Proceeds from rights issue	7,777	-
Net cash outflow from financing activities	7,777	200
Net increase/(decrease) in cash and cash equivalents	7,776	200
Cash and cash equivalents at beginning of year	201	1
Cash and cash equivalents at end of year	7,977	201

Balmoral International Land Holdings plc

Notes to the company financial statements

A) Result for the year

The result attributable to equity shareholders in the financial statements of the company was a loss of €167,000 (2015: gain of €8,532,000). In accordance with Section 304(1) and 304(2) of the Companies Act 2014, the company is availing of the exemption from presenting its individual income statement which forms part of the approved financial statements of the company to the Annual General Meeting and from filing it with the Registrar of Companies.

B) Employees

The company had no employees in the period and incurred no employee costs.

C) Investment in subsidiary

	2016 €'000	2015 €'000
Balance at beginning of year	10,032	1,489
Reversal of provision for impairment of investment in subsidiary	-	8,543
Balance at end of year	<u>10,032</u>	<u>10,032</u>

During 2015, as part of a group re-organisation, the company acquired 100% of the issued share capital of its previously indirectly held subsidiary, Balmoral International Land No.1 Limited for a cash consideration of €1. As part of the same group re-organisation, the company disposed of its 100% shareholding in Balmoral International Land Limited (BIL) to its subsidiary Balmoral International Land No. 1 Limited for the consideration of the issue to the company of 1 ordinary share of €1 in Balmoral International Land No. 1 Limited. The carrying value of the investment in BIL at that date was €10,032,000, taking into account a reversal of impairment of the carrying value of this investment of €8,543,000 prior to the reorganisation, to reflect the underlying value of BIL and its subsidiaries.

D) Financial instruments and risk management

The company's financial assets and liabilities, comprising cash and cash equivalents and trade and other payables are short term in nature and accordingly, have carrying amounts that are reflective of fair value.

Balmoral International Land Holdings plc

Notes to the company financial statements *(continued)*

E) Share capital and share premium

For details, please see note 15 to the consolidated financial statements.

Other reserve

During 2011, the company acquired 100% of the share capital of Balmoral International Land plc (“BIL”) as part of a group reorganisation. On the date of acquisition the carrying value of the net assets of BIL was €27,555,000 with a market capitalisation of the BIL at that date of €2,916,000. The company issued ordinary shares to the existing shareholders of BIL with a nominal value of €5,833 and the difference arising between the nominal value of the shares issued and the market capitalisation of BIL of €2,910,000 at the date of acquisition was accounted for in retained earnings within equity. At the date of acquisition, other reserves comprised the difference between the market capitalisation of BIL and the carrying value of its net assets of €24,639,000.

Share option reserve

This reserve comprises amounts expensed in the income statement in connection with share option grants less any exercises of such share options. See note 17 to the consolidated financial statements for further information.

F) Trade and other payables

	2016	2015
	€'000	€'000
Accruals	315	200
Amounts owed to group companies	28	21
	343	221

All amounts above are due within one year.

G) Approval of financial statements

These financial statements were approved by the board on 23 May 2017.

Balmoral International Land Holdings plc

Five year summary of group results

	Year ended Dec 2016 €m	Year ended Dec 2015 €m	Year ended Dec 2014 €m	Year ended Dec 2013 €m	Year ended Dec 2012 €m
Operating profit before net gain on investment	3.7	3.9	5.4	5.6	7.7
Net property valuation movement	(7.4)	7.0	(11.0)	(4.0)	(11.6)
Result from operating activities	(3.7)	10.9	(5.6)	1.6	(3.9)
Net finance income/(expense)	13.9	(11.5)	2.6	(1.1)	(6.6)
Share of result of equity accounted investees	(0.3)	4.7	11.3	-	(1.0)
Result before tax	9.9	4.1	8.3	0.5	(11.5)
Basic result per share (euro cent)	1.56	0.71	1.15	0.08	(2.41)
<hr/>					
Total property assets	136.5	166.8	184.8	188.0	190.9
Equity shareholders' funds	36.7	19.7	8.4	1.5	1.1
Net asset value per share (euro cent)	4.72	3.38	1.45	0.25	0.18

