GRAND HARBOUR MARINA
VITTORIOSA MALTA

Grand Harbour Marina p.l.c.

Annual Report 2010

Company Registration Number: C 26891

Grand Harbour Marina p.l.c.

Annual Report 2010

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GRAND HARBOUR MARINA
VITTORIOSA * MALTA

Grand Harbour Marina p.l.c.

Chairman's Statement

For the Year Ended 31 December 2010

2010 marked an important step forward in the growth and future development of your Company, Grand Harbour Marina p.l.c., in the marina sector.

The successful issue of €12,000,000 of 10-year Bonds, has afforded the Company the capacity to evaluate investment opportunities. During 2010 a number of such investment possibilities were considered and evaluated. Post year-end the first of such investments has been agreed upon, resulting in the approval of the acquisition of the 45% beneficial interest held by Camper & Nicholsons Marina Investments Limited ("CNMI") in the recently completed 373-berth Cesme Marina in the Izmir region of Turkey ("IC Cesme"). The consideration will be €4.4 million, of which €1.9 million will be for the equity and the balance in subordinated shareholders' loans. The transfer of the beneficial ownership is expected to take place during March 2011. The transfer of the legal ownership is subject to the approval of the competent authorities in Turkey and the bank financing IC Cesme.

Turning to the year's trading, total revenues rose by 14% over 2009 to €2.34 million as a result of management's focus on increasing occupancy, tariff rises, and increased ancillary revenues. No berth sales were realised in the year. Recurring operating expenses amounted to €2.0 million (2009: €1.9 million). Costs were incurred in relation to evaluating and bidding on investment opportunities and these totalled €0.07 million in the year.

EBITDA increased to €0.3 million from the 2009 level of €0.1 million. Finance costs increased to €0.663 million from the 2009 level of €0.224 million as a result of bond interest charges. This has contributed to an after tax loss of €0.771 million.

Whilst in the short term results will be affected by the costs of evaluating and concluding acquisitions, we consider the future benefits of the investments will prove attractive to our shareholders.

Berth rentals and operations

We are pleased to announce that our pontoon berths remain fully occupied with a waiting list. There has been a modest rate increase for pontoon berths, with a higher rate increase for visiting foreign yachts. In 2010, visitor revenues rose by 3% to €0.45 million, when compared to 2009.

In 2010 the marketing approach was restructured and marketing for berth rentals was placed under the direct control of the General Manager. Our marketing activities in Southern France were refocused to further improve results. The directors expect to start seeing the benefits of this exercise in the summer of 2011 and the winter of 2011 / 2012.

Given the increasing scope and scale of activities following the bond issue, Claudia Abela has joined as full time Chief Financial Officer.

We continue to investigate means of increasing the lettable water area within the existing boundaries of the marina.

Grand Harbour Marina p.l.c.

Chairman's Statement (continued)

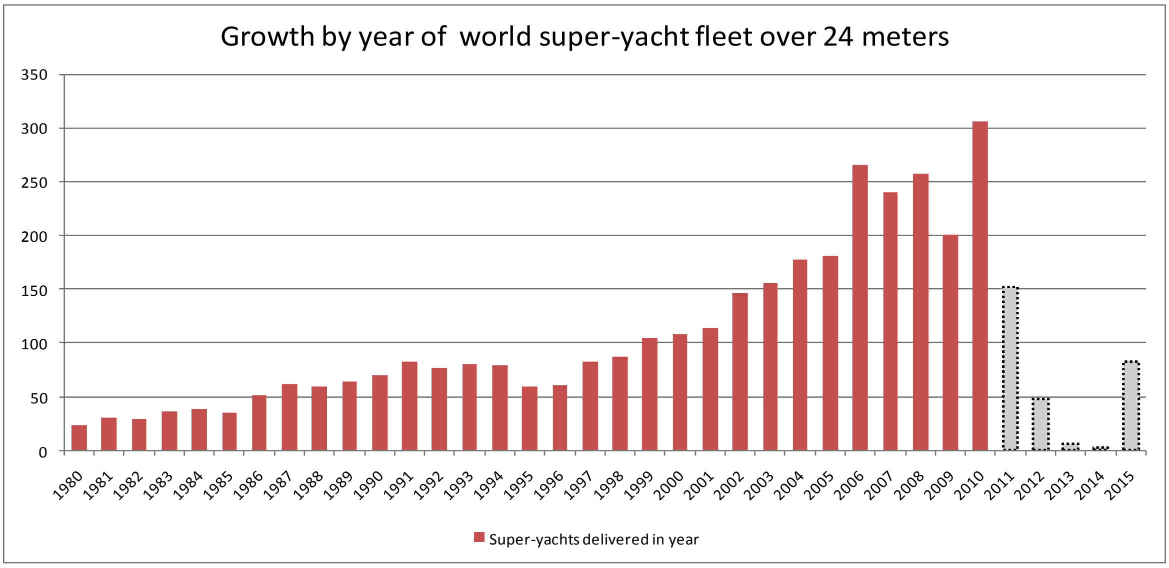
For the Year Ended 31 December 2010

Super-yacht berth sales

We were disappointed not to realise any berth sales in the 2010 year. Unusually two transactions were taken to the full contract stage, one with a refundable deposit, but these were not finally concluded. In keeping with the general world economic climate, buyer sentiment remains cautious although we see continued serious enquiries.

Malta offers many advantages to the prospective berth buyer which include a reasonable tax environment, good support facilities, particularly now that the Malta Super-yacht facility has been acquired by the Palumbo Group, a strategic location, and in Grand Harbour Marina, a magnificent environment and world class service standards. Grand Harbour Marina's pricing is very competitive and title to the berth, an issue in some countries, is clear. Despite the recession and a reduction in activity, the world super-yacht fleet has continued to grow and new orders continue to be taken by yards.

With this in mind we remain confident that the securing of berth sales is a matter of timing.



Sales and marketing

We have continued, through our association with Camper & Nicholsons under the management agreement, to aggressively market Grand Harbour Marina internationally. This has included participation in Monaco, Düsseldorf, Fort Lauderdale, Genoa, and the Mets (Amsterdam) boat shows.

We were pleased once again to host the Rolex Middle Sea Race. This year's event saw 76 yachts from around the world, including some of the most famous in the current professional circuit such as Ran and Leopard, compete in what is becoming an established date on their racing calendar. The race started at the entrance to the Marina and coverage was significant throughout. The Company recognises the PR value in associating itself with a Rolex Middle Sea Race event.

Bond funds

In January 2010 the Company issued 12,000,000 Euros of bonds, including an over-allotment option of 2,000,000 Euros, bearing an interest at 7%, redeemable in 2020 and subject to an early redemption option that may be exercised by the Company between 2017 and 2020. As stated in the Bond Prospectus we prepaid bank debt totalling €3.8 million so replacing shorter term floating rate debt with longer term fixed rate debt.

Also in keeping with our stated intentions we have evaluated and bid on other marinas. Our endeavours on Malta have not materialised and we are one of three short-listed bidders for the Mandraki Marina in Rhodes, Greece. Political developments in Greece have delayed the determination of this tender. Further investment possibilities continue to be evaluated inside Malta and elsewhere.

Investment in Cesme Marina

In reviewing investment opportunities we considered the Cesme Marina in Turkey, 45% of which is beneficially owned by CNMI (who hold 79% of the shares of Grand Harbour Marina p.l.c.) through a Joint Venture with subsidiaries of the respected Turkish company Ibrahim Çeçen Investment Holding AS.

Turkey has weathered the recession well, returning to growth of close to 8% in 2010. Per capita G.D.P. which correlates well with yacht ownership has risen rapidly from about $9,000 in 2000 to nearly $14,000 in 2008. The population of over 70 million means that, as per capita G.D.P. rises, yacht ownership follows. The size of the yacht fleet grew significantly as evidenced by the 50% growth from 41,700 in 2006 to over 62,000 in 2009.

There are around 11,500 berths in roughly 55 Turkish Marinas, which number includes many minor or seasonal facilities. Berth numbers have grown in Turkey but at a slower rate than the number of yachts, leading in many areas to berth price increases.

Investment in Cesme Marina (continued)

Cesme Marina itself is located less than one hour's drive by motorway from Turkey's third largest city, which has an international airport with year round international links, and multiple daily flights to Ankara and Istanbul, the capital and largest city respectively.

As a result Cesme and its surrounding area is a premier resort amongst Turkish citizens, characterized by a large numbers of villas.

Cesme Marina is held under a 25-year BOT (build, operate and transfer) contract. Following the design and final permitting phases, construction work was completed in July of 2010. The marina comprises some 373 berths with a total of some 31,700 square meters of lettable berth area. In addition, it has some 6,000 square meters of retail and restaurants, it also has a boatyard and travel lift. The 55 retail units are fully let to a range of national and international retailers. At 11 March of 2011, 237 of the 373 berths were let or contracted under seasonal or annual contracts. During the summer months up to 15,000 people a day visited the marina and its retail village.

The Marina was valued by CB Richard Ellis, independent external experts, in November of 2010 at €18 million. It has in place a 10-year €9.25 million loan. Consequently the investment required from the Company comprises an equity investment of €1.93 million plus the assumption of a cash pledge to support a subordinated loan which at 15 March 2011 totalled €2.478 million. Costs are estimated at €0.25 million bringing the total investment to circa €4.8 million.

The transaction also met CNMI's objectives of funding the continued growth of their important 3rd party management business which now includes consultancy work in Italy, Cyprus, St. Vincent and the Grenadines, China, Turkey and the United Arab Emirates.

We consider this to be an outstanding investment in a premium asset in an important and growing market, where CNMI has taken all the risks relating to regulatory, permits and construction aspects. It will also leave the Company with around €3 million for further investment and other purposes.

Grand Harbour Marina p.l.c.

Chairman's Statement (continued)

For the Year Ended 31 December 2010

Corporate social responsibility

Grand Harbour Marina has continued to work with the Cottonera Community in various ways. We have maintained our commitment to ensure that the harbour area is well maintained and work closely with the Local Councils of the area to achieve this objective. As such, we fully support the infrastructural works commissioned by Government to embellish the land area around Dock One. We have also continued to support the Vittoriosa Football Nursery.

The Company is also aware of the immense value of the area to the country as site of historical heritage. For this reason we are supporting Heritage Malta in its conservation work.

Outlook

Your Board has confidence that the approval of the acquisition of our parent company's 45% beneficial interest in Cesme Marina will accelerate the growth of Grand Harbour Marina which, coupled with improved performance from operations, will generate increasing value for all our shareholders.

Tabled at the Board of Directors' Meeting held on 15 March 2011.

Lawrence Zammit
Chairman

Grand Harbour Marina p.l.c.

Directors' Report

For the Year Ended 31 December 2010

The directors present their report of Grand Harbour Marina p.l.c. (the "Company") for the year ended 31 December 2010.

Board of directors

Mr Lawrence Zammit (Chairman)
Mr Nicholas Maris
Mr John Mulock Hignett
Mr Roger St John Hulton Lewis
Sir Christopher Lewinton (Appointed on 30 June 2010)
Mr Franco Azzopardi (Appointed on 30 June 2010)
Mr Trevor Charles Ash (Resigned on 30 June 2010)

Principal activities

The principal activities of the Company are largely the development, operation and management of marinas. The Company is geared towards providing a high quality service to yachts, with a particular emphasis on super-yachts, which, by their very nature, demand high-level marina related services. Currently the Company operates only one marina, the Grand Harbour Marina. The Marina is operated and managed in association with the internationally well-known company Camper & Nicholsons Marinas Limited, a company largely involved in the management and operation of marinas worldwide.

The principal activity of the Company is therefore to seek prospective customers to berth their vessels within its facilities at the Grand Harbour Marina in Vittoriosa, Malta, and to service its existing customers by providing the high quality service required by both yacht owners and their crews.

Review of business development and financial position

The Chairman's Statement on pages 1 to 5 reviews the business of the Company for the year. The results of its operations are set out in the statement of comprehensive income.

The financial position at 31 December 2010, as disclosed in the statement of financial position as at this date, reflects a healthy state of affairs.

Future developments

The directors remain confident that the securing of long-term berth sales is a matter of timing. They also continue to investigate means of increasing the lettable water area with the existing boundaries of Grand Harbour Marina.

The successful issue of €12,000,000 of 10-year Bonds, has afforded the Company the capacity to evaluate investment opportunities. The Chairman's Statement included in this Annual Report expands further on such opportunities.

Business risks and uncertainties

The performance of the Company's marinas may be affected by the timing, number and extent of berth sales, general economic conditions, including changes in interest rates and inflation, and by conditions and pricing within the markets in which the Company operates. It may also be affected by changes in the political and economic climate in the countries or regions within which the Company's assets are situated.

Operating income and capital values may also be affected by other factors specific to the marina industry, such as competition from other marina owners, the perceptions of berth holders (and prospective berth holders) of the attractiveness, convenience and safety of marinas, and increases in operating costs, such as labour, maintenance, insurance etc.

Going concern

The directors have reviewed the Company's operational and cash flow forecasts. On the basis of this review, after making enquiries, and in the light of the current financial position, the existing banking facilities and other funding arrangements, the directors confirm, in accordance with Listing Rule 5.62, that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Dividend

The directors do not recommend the payment of a dividend.

Reserves

The movements on reserves are as set out in the statement of changes in equity.

Disclosures in terms of the Listing Rules

Pursuant to Listing Rule 5.64

Share capital structure

The Company's authorised and issued share capital is two million three hundred and twenty nine thousand three hundred and seventy euro (€2,329,370) divided into ten million ordinary shares of €0.232937 per share. All of the issued shares of the Company form part of one class of ordinary shares in the Company, which shares are listed on the Malta Stock Exchange. All shares in the Company have the same rights and entitlements and rank *pari passu* between themselves. The following are highlights of the rights attaching to the shares:

Dividends	The shares carry the right to participate in any distribution of dividend declared by the Company;
Voting rights	Each share shall be entitled to one vote at meetings of shareholders;
Pre-emption rights	Subject to the limitations contained in the Memorandum and Articles of Association, shareholders in the Company shall be entitled, in accordance with the provisions of the Company's Memorandum and Articles of Association, to be offered any new shares to be issued by the Company a right to subscribe for such shares in proportion to their then current shareholding, before such shares are offered to the public or to any person not being a shareholder;
Capital distributions	The shares carry the right for the holders thereof to participate in any distribution of capital made whether on a winding-up or otherwise;
Transferability	The shares are freely transferable in accordance with the rules and regulations of the Malta Stock Exchange, applicable from time to time;
Other	The shares are not redeemable and not convertible into any other form of security;
Mandatory takeover bids	Chapter 11 of the Listing Rules, implementing the relevant Squeeze-Out and Sell-Out Rules provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The shareholders of the Company may be protected by the said Listing Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Listing Rules may be viewed on the official website of the Listing Authority - www.mfsa.com.mt

Disclosures in terms of the Listing Rules (continued)

Pursuant to Listing Rule 5.64

Holdings in excess of 5% of the share capital

On the basis of the information available to the Company as at the 31 December 2010, Camper & Nicholsons Marina Investments Limited holds 7,917,209 shares in the Company, equivalent to 79.17% of its total issued share capital. As far as the Company is aware, no persons hold any indirect shareholding in excess of 5% of its total issued share capital.

Appointment and replacement of directors

In terms of the Memorandum and Articles of Association of the Company, the directors of the Company shall be appointed by the shareholders in the annual general meeting as follows:

(a) Any shareholder/s who in the aggregate hold not less than 100,000 shares having voting rights in the Company shall be entitled to nominate a fit and proper person for appointment as a director of the Company. The directors themselves or a committee thereof may make recommendations and nominations to the shareholders for the appointment of directors at the next following annual general meeting.

(b) The shareholders are granted a period of 14 days to nominate candidates for the appointment as directors. Such notice may be given by the publication of an advertisement in at least two daily newspapers. All such nominations, including the candidates acceptance to be nominated as director, shall on pain of nullity, be made on the form to be prescribed by the directors and are required to reach the registered office (or such other place determined by the directors) not later than 14 days after the publication of the said notice (the "Submission Date"). Such Submission Date shall not be less than 14 days prior to the date of the meeting appointed for such election. Nominations to be made by the directors or any sub-committee of the directors shall also be made by not later than the date established for the closure of nominations to shareholders.

(c) In the event that there are either less nominations than there are vacancies on the Board or if there are as many nominations made as there are vacancies on the Board, then each person so nominated shall be automatically appointed a director.

(d) In the event that there are more nominations made, then an election shall take place. After the date established as the closing date for nominations to be received by the Company for persons to be appointed directors, the directors shall draw the names of each candidate by lot and place each name in a list in the order in which they were drawn. The list shall be signed by the Chairman and the Company Secretary for verification purposes.

(e) On the notice calling the annual general meeting at which an election of directors is to take place there shall be proposed one resolution for the appointment of each candidate in the order in which the names were drawn, so that there shall be as many resolutions as there are candidates. The directors shall further ensure that any Member may vote for each candidate by proxy.

Disclosures in terms of the Listing Rules (continued)

Pursuant to Listing Rule 5.64

Appointment and replacement of directors (continued)

(f) At the general meeting at which the election of directors is to take place the Chairman shall propose the name of each candidate as a separate resolution and the shareholders shall take a separate vote for each candidate (either by a show of hands or through a poll). Each shareholder shall be entitled, in the event of a poll, to use all or part only of his votes on a particular candidate.

(g) Upon a resolution being carried, the candidate proposed by virtue of that resolution shall be considered elected and appointed a director. No further voting shall take place once enough resolutions have been passed to ensure that all vacancies on the Board have been filled, even if there are still candidates with respect to whom a resolution has not yet been called.

(h) Shareholders may vote in favour or against the resolution for the appointment of a director in any election, and a resolution shall be considered carried if it receives the assent of more than 50% of the shareholders present and voting at the meeting.

(i) Unless a shareholder demands that a vote be taken in respect of all or any one or more of the nominees, in the event that there are as many nominations as there are vacancies or less, no voting will take place and the nominees will be deemed appointed directors.

(j) Subject to the above, any vacancy among the directors may be filled by the co-option of another person to fill such vacancy. Such co-option shall be made by the Board and shall be valid until the conclusion of the next annual general meeting.

Amendment to the Articles of Association

In terms of the Companies Act, 1995 (Chapter 386, Laws of Malta), the Company may by extraordinary resolution at a general meeting alter or add to its Memorandum or Articles of Association. An extraordinary resolution is one where:

(a) it has been taken at a general meeting of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principle purpose thereof has been duly given; and

(b) it has been passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting and at least fifty one per cent (51%) in nominal value of all the shares issued by the Company and entitled to vote at the meeting.

Disclosures in terms of the Listing Rules (continued)

Pursuant to Listing Rule 5.64

Amendment to the Articles of Association (continued)

If one of the aforesaid majorities is obtained but not both, another meeting shall be duly convened within 30 days to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than 75% in nominal value of the shares issued by the Company represented and entitled to vote at the meeting. However, if more than half in nominal value of all the shares issued by the Company having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice.

Board members' powers

The directors are vested with the management of the Company, and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the Company in general meeting.

In particular, the directors are authorised to issue shares in the Company with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the directors may from time to time determine, as long as such issue of equity securities falls within the authorised share capital of the Company. Unless the shareholders otherwise approve in a general meeting, the Company shall not, in issuing and allotting new shares:

(a) allot any of them on any terms to any person unless an offer has first been made to each existing shareholder to allot to him at least on the same terms, a proportion of the new shares which is as nearly as practicable equal to the proportion in nominal value held by him of the aggregate shares in issue in the Company immediately prior to the new issue of shares; and

(b) allot any of them to any person upon the expiration of any offer made to existing shareholders in terms of (a) above. Any such shares not subscribed for by the existing shareholders may be offered for subscription to the general public under the same or other conditions, which however cannot be more favourable to the public than offer made under (a).

Grand Harbour Marina p.l.c.

Directors' Report (continued)

For the Year Ended 31 December 2010

Furthermore, the Company may, subject to such restrictions, limitations and conditions contained in the Companies Act, 1995 (Chapter 386, Laws of Malta) acquire its own shares.

Save as otherwise disclosed herein, the provisions of Listing Rules 5.64.2, 5.64.4 to 6.64.7, 5.64.10 and 5.64.11 are not applicable to the Company.

Approved by the Board of Directors on 15 March 2011 and signed on its behalf by:

Lawrence Zammit	Nicholas Maris
Chairman	Director

Registered Office
Vittoriosa Wharf
Vittoriosa
Malta

Grand Harbour Marina p.l.c.

Statement by the Directors on the Financial Statements and Other Information included in the Annual Report

Pursuant to Listing Rule 5.68, we, the undersigned, declare that, to the best of our knowledge, the financial statements included in this Annual Report, and prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of Grand Harbour Marina p.l.c. ("the Company"), and that this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the Board of Directors on 15 March 2011 by:

Lawrence Zammit Chairman	Nicholas Maris Director

Grand Harbour Marina p.l.c.

Directors’ Statement of Compliance with the Code of Principles of Good Corporate Governance

Introduction

Pursuant to Listing Rules 5.97 issued by the Listing Authority, Grand Harbour Marina p.l.c. (the “Company”) is hereby reporting on the extent of its adoption of the “Code of the Principles of Good Corporate Governance” (hereinafter the “Code”) appended to the said Listing Rules[1] with respect to the period under review.

Compliance with the Code

The Company acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. However, the directors strongly believe that such practices are in the best interests of the Company and its shareholders and that compliance with principles of good corporate governance is not only expected by investors but also evidences the directors' and the Company's commitment to a high standard of governance.

The Directors believe that certain other committees or boards that are suggested in the Code are not necessarily required by the Company, namely the remuneration committee and evaluation committee. In terms of the Code, the primary role of a remuneration committee is to devise the appropriate packages intended to attract, retain and motivate executive directors. The Board is of the view that the composition of the Board and the size of the Company, a separate remuneration committee is not required.

To comply with the requirements of the Code in respect of the disclosure of Directors’ remuneration, the Board has opted to disclose an aggregate figure. For the financial year under review the aggregate remuneration of all Directors of the Company amounted to €47,945.

In general the Directors believe that, in the context of its size and nature of its business, the Company has adopted appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of checks and balances in line with the Company’s requirements.

Board of Directors, Non-Executive Directors and Board related matters

Pursuant to generally accepted practices, as well as the Company's Articles of Association, the appointment of Directors to the Board is reserved exclusively to the Company's shareholders.

The Board of Directors currently comprises six directors elected by the shareholders in general meeting, the majority of which are non-executive directors. For the period under review, the Board has implemented its policy to meet at least once every quarter. With respect to the period of review the Board met six times. As a matter of practice, each board meeting to be held throughout the year is scheduled well in advance. Board meetings concentrate mainly on strategy, operational performance and financial performance of the Company. The Board also delegates specific responsibilities to the management team of the Company and the Audit Committee, which operates under its formal terms of reference.

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[1] The reference to the Code refers to such Code prior to their amendment on 16 November 2010, which amendments do not apply to the Annual Report of the Company for the financial year ended 31 December 2010.

Board of Directors, Non-Executive Directors and Board related matters (continued)

Each Director is made aware of the Company's on-going obligations in terms of the Companies Act, 1995 (Chapter 386, Laws of Malta), the Listing Rules and other relevant legislation. Directors have access to the advice and services of the Company Secretary who is also the legal counsel to the Board and the Company.

Director	Capacity	No of meetings attended
Mr Lawrence Zammit	Chairman and Non-Executive Director	6
Mr Nicholas Maris	Executive Director	6
Mr John Hignett	Non-Executive Director	3
Mr Roger Lewis	Non-Executive Director	6
Sir Christopher Lewinton[2]	Non-Executive Director	3
Mr Franco Azzopardi[3]	Non-Executive Director	3
Mr Trevor Ash[4]	Non-Executive Director	2

Chairman and Chief Executive

The Chairman (Mr Lawrence Zammit) sets out the agenda for each board meeting and leads the Board. The Company is of the view that the recommendations pertinent to the Chairman were successfully implemented during the period under review.

The Chief Executive Officer (Mr Nicholas Maris) also acts as director of the Company and therefore attends meetings of the Board. The General Manager and Chief Financial Officer of the Company attend meetings of the Board as and when requested. The Board is responsible for setting the business strategy and overall corporate governance of the Company. The attendance of the Chief Executive Officer during Board meetings is designed to ensure that all the Directors have direct access to the day-to-day management of the Company's business. This is intended to, *inter alia,* ensure that the policies and strategies adopted by the Board are successfully implemented by the Company. The management team operates within clear reporting lines and delegation of powers granted by resolution of the Board.

Directors' dealings

Directors and Senior Officers are informed and are aware of their obligations on dealings in securities of the Company within the established parameters of the law and the Listing Rules. Each such Director and Senior Officer has been provided with the Code of Dealing required in terms of Listing Rule 5.104.

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[2] Sir Christopher Lewinton was appointed as director by the shareholders on the 30 June 2010
[3] Mr Franco Azzopardi was co-opted by the Board of Directors on the 30 June 2010
[4] Mr Trevor Ash resigned from the Board of Directors on the 30 June 2010

Grand Harbour Marina p.l.c.

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

Audit Committee

The Audit Committee has met four times during the period under review. Its principal role is the monitoring of internal systems and controls and risk management and conflicts of interest. In addition, unless otherwise dealt with in any other manner prescribed by the Listing Rules, the Audit Committee has the responsibility to monitor and scrutinise related party transactions, if any, falling within the ambits of the Listing Rules and to make its recommendations to the Board of any such proposed transactions.

The terms of reference for the Audit Committee are designed both to strengthen this function within the Company and to widen the scope of the duties and responsibilities of this committee. The Committee also has the authority to summon any person to assist it in the performance of its duties.

Member	No of meetings attended
Mr Lawrence Zammit (Chairman of Audit Committee)	4
Mr John Hignett	2
Mr Franco Azzopardi[5]	3
Mr Trevor Ash[6]	1

The Board considers Mr Franco Azzopardi to be independent and competent in accounting and / or auditing. Mr Azzopardi qualified as an accountant in 1985 and received a Masters of Science in Finance from the University of Leicester in 2006.

Senior Executive Management

Senior executive management of the Company is presently entrusted to Mr Nicholas Maris (Chief Executive Officer) and Mr Ben Stuart (General Manager). The Chief Executive Officer, assisted by the General Manager, is responsible for the implementation of the strategies set by the Board, management of the business of the Company and to deliver the results. In addition, the management of the Grand Harbour Marina is entrusted to Camper & Nicholsons Marinas Limited pursuant to the Marina Service Agreement dated 1 July 2007. The Chief Executive Officer and the General Manager report directly to the Board of the Company. The Company's senior management is appointed by the Board who also determine their terms of appointment and remuneration.

The Company recognises the need for a succession plan for the senior management of the Company. The value added by having a marina services agreement with Camper & Nicholsons Marinas Limited is the possibility for the Company to tap in on any additional resources it may require from time to time. This serves the purpose of also ensuring the continuity of operations of the marina.

[5] Mr Franco Azzopardi was appointed member of the Audit Committee on the 30 June 2010.
[6] Mr Trevor Ash resigned from the Audit Committee on the 30 June 2010

Annual General Meeting

Business at the Company's Annual General Meeting ("AGM") generally covers the approval of the Annual Report, the declaration of a dividend, the election of directors, the appointment of auditors, the authorisation of the Directors to set the auditors' remuneration and any other matter which requires the approval of the shareholders.

The Company gives priority to its relationship with its shareholders. Apart from the AGM, the Company communicates with its shareholders by way of the Annual Report, by publishing its results on a six-monthly basis during the year and by company announcements to the market in general. The Company recognises the importance of maintaining a dialogue with its shareholders to ensure that its strategies and performance are well understood.

Internal control

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss. The Board reviews the effectiveness of the Company's system of internal controls.

The key features of the Company's system of internal control are as follows:

Organisation

The Company operates through the Chief Executive Officer and the management team of the Company. Such team operate within clear reporting lines and delegation of powers granted by resolution of the Board.

Control environment

The Company is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.

The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve its objectives.

Risk identification

Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business.

Grand Harbour Marina p.l.c.

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

Information and communication

Company executives participate in periodic strategic reviews, which include consideration of long-term projections and the evaluation of business alternatives. Regular budgets and strategic plans are prepared. Performance against these plans is actively monitored and reported to the Board. Communication with shareholders is effected in line with statutory and regulatory requirements. Company announcements are also made through the Malta Stock Exchange, as required by the Listing Rules.

Signed on behalf of the Board of Directors on 15 March 2011 by:

Franco Azzopardi
Director and Member of Audit Committee

Grand Harbour Marina p.l.c.

Other Disclosures in terms of the Listing Rules

Pursuant to Listing Rule 5.70

5.70.1 Material contracts in relation to which the Directors of Grand Harbour Marina p.l.c. ("the Company") were directly or indirectly interested

Marina Services Agreement with Camper & Nicholsons Marinas Limited ("CNML")

On the 1 July 2007, the Company entered into a Marina Services Agreement with Camper & Nicholsons Marinas Limited.

The agreement is for an initial period of 3 years and shall continue in force thereafter. CNML is entitled to receive from the Company the following fees / charges:

- in respect of recruitment, operational services and auditing - 2.5% on the sum of the total amounts (gross receipts) from the marina operations with a minimum payment of GBP18,000 per annum;
- sales and marketing - GBP3,200 per month and 2.5% on licences in excess of one year;
- commissioning - sums shall be agreed from time to time in connection with projects undertaken;
- project services - charges are agreed from time to time; and
- financial control support - a rate of GBP48 per hour for actual time spent on GHM work.

Royalty Agreement with Camper & Nicholsons Marinas International Limited ("CNMIL")

On 19 December 2008, the Company entered into an agreement with Camper & Nicholsons Marinas International Limited, replacing similar agreements entered into in earlier years with other companies forming part of the same group of companies. The agreement gives right for the marina to use the name of "C&N" for its operations. Under the terms of this agreement, the Company is obliged to pay CNMIL 0.25% of revenue, excluding direct costs of utilities, as royalties.

The following directors of the Company are also directors of CNML and CNMIL and / or other companies forming part of the same group of companies: Mr Nicholas Maris, Mr John Hignett, Mr Roger Lewis and Sir Christopher Lewinton.

5.70.2	**Company Secretary**	Dr Louis de Gabriele LL.D.
	Registered Office of Company	Vittoriosa Wharf Vittoriosa BRG 1721 Malta
	Telephone	(+356) 21 800 700

Grand Harbour Marina p.l.c.

Directors' Responsibility for the Financial Statements

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

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

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

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

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

Signed on behalf of the Board of Directors by:

Lawrence Zammit Chairman	Nicholas Maris Director

Grand Harbour Marina p.l.c.

Statement of Financial Position

As at 31 December 2010

	Note	**2010**	2009
		€	€
ASSETS			
Property, plant and equipment	11	**7,740,641**	8,054,865
Deferred costs		**524,156**	528,695
Total non-current assets		**8,264,797**	8,583,560
Trade and other receivables	13	**431,979**	500,818
Cash at bank and in hand	17	**8,601,207**	2,090,810
Total current assets		**9,033,186**	2,591,628
Total assets		**17,297,983**	11,175,188
EQUITY			
Share capital	14.1	**2,329,370**	2,329,370
Retained earnings		**1,536,074**	3,057,516
Total equity		**3,865,444**	5,386,886
LIABILITIES			
Bonds in issue	15	**11,586,647**	-
Bank borrowings	15	**-**	3,260,147
Total non-current liabilities		**11,586,647**	3,260,147
Bank borrowings	15	**84,934**	602,055
Trade and other payables	16	**1,760,958**	1,813,193
Taxation payable		-	112,907
Total current liabilities		**1,845,892**	2,528,155
Total liabilities		**13,432,539**	5,788,302
Total equity and liabilities		**17,297,983**	11,175,188

The notes on pages 25 to 59 are an integral part of these financial statements.

The financial statements on pages 21 to 59 were approved and authorised for issue by the Board of Directors on 15 March 2011 and signed on its behalf by:

Lawrence Zammit
Chairman

Nicholas Maris
Director

Grand Harbour Marina p.l.c.

Statement of Changes in Equity

For the Year Ended 31 December 2010

	Share capital	Retained earnings	Total
	€	€	€
Balance at 1 January 2009	2,329,370	2,234,303	4,563,673
Total comprehensive income for the year			
Profit	-	823,213	823,213
Balance as at 31 December 2009	2,329,370	3,057,516	5,386,886
Balance as at 1 January 2010	**2,329,370**	**3,057,516**	**5,386,886**
Total comprehensive income for the year			
Loss	**-**	**(771,442)**	**(771,442)**
Transactions with owners, recognised directly in equity			
Dividends to owners	**-**	**(750,000)**	**(750,000)**
Total distribution to owners	**-**	**(750,000)**	**(750,000)**
Balance as at 31 December 2010	**2,329,370**	**1,536,074**	**3,865,444**

The notes on pages 25 to 59 are an integral part of these financial statements.

Grand Harbour Marina p.l.c.

Statement of Comprehensive Income

For the Year Ended 31 December 2010

	Note	2010 €	2009 €
CONTINUING OPERATIONS			
Revenue	5	**2,342,648**	2,053,407
Personnel expenses	6	**(328,122)**	(316,988)
Directors' emoluments		**(47,945)**	(44,984)
Depreciation	11.1	**(353,037)**	(343,850)
Other operating expenses	7	**(1,651,173)**	(1,538,833)
Results from operating activities		**(37,629)**	(191,248)
Finance income		**139,076**	43,152
Finance costs		**(801,753)**	(267,532)
Net finance costs	8	**(662,677)**	(224,380)
Business acquisition related costs		**(71,136)**	-
Loss before income tax		**(771,442)**	(415,628)
Tax over-provided for in prior periods	9.2	**-**	1,233,367
Other net income tax credit items		**-**	5,474
Income tax credit	9	**-**	1,238,841
(Loss) / profit from continuing operations		**(771,442)**	823,213
Total comprehensive income for the year		**(771,442)**	823,213
(Loss) / earnings per share	10	**(0.08)**	0.08

The notes on pages 25 to 59 are an integral part of these financial statements.

Grand Harbour Marina p.l.c.

Statement of Cash Flows

For the Year Ended 31 December 2010

	Note	**2010**	2009
	Note	**€**	€
Cash flows from operating activities			
(Loss) / profit for the year		**(771,442)**	823,213
Adjustments for:			
Cost of super-yacht berths (reversed) / expensed	11.1	**(27,980)**	6,088
Depreciation	11.1	**353,037**	343,850
Profit on disposal of plant and equipment		**(1,400)**	-
Provision for doubtful debts		**19,876**	(61,947)
Net finance costs		**658,484**	236,745
Business acquisition related costs		**71,136**	-
Income tax credit	9.1	**-**	(1,238,841)
		301,711	109,108
Change in trade and other receivables		**82,542**	150,345
Change in trade and other payables		**(64,825)**	209,330
Cash generated from operations		**319,428**	468,783
Income tax paid		**(112,907)**	-
Net cash from operating activities		**206,521**	468,783
Cash flows from investing activities			
Acquisition of plant and equipment		**(265,163)**	(199,701)
Proceeds from disposal of plant and equipment		**1,400**	-
Investment on nine-month term deposit		**(2,300,000)**	-
Business acquisition related costs		**(66,840)**	-
Interest received		**105,494**	25,557
Net cash used in investing activities		**(2,525,109)**	(174,144)
Cash flows from financing activities			
Proceeds from issue of bonds (net of transaction costs)		**11,559,661**	-
Repayment of bank loan		**(3,780,369)**	(492,334)
Interest paid		**(503,408)**	(210,464)
Dividends paid		**(750,000)**	-
Net cash from / (used in) financing activities		**6,525,884**	(702,798)
Net increase / (decrease) in cash and cash equivalents		**4,207,296**	(408,159)
Cash and cash equivalents at 1 January		**2,008,977**	2,417,136
Cash and cash equivalents at 31 December	17	**6,216,273**	2,008,977

The notes on pages 25 to 59 are an integral part of these financial statements.

1 Reporting entity

Grand Harbour Marina p.l.c. (the "Company") is a public limited liability company domiciled and incorporated in Malta.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU ("the applicable framework"). All references in these financial statements to IAS, IFRS or SIC / IFRIC interpretations refer to those adopted by the EU. They have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta), to the extent that such provisions do not conflict with the applicable framework.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult to reach, subjective or complex to a degree which would warrant their description as significant and critical in terms of the requirements of IAS 1, *Presentation of Financial Statements* (2007).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.2 Financial instruments

3.2.1 Non-derivative financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

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

The Company's non-derivative financial assets mainly comprise trade and other receivables and cash and cash equivalents.

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses (see accounting policy 3.5.1).

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

3 Significant accounting policies (continued)

3.2 Financial instruments (continued)

3.2.2 Non-derivative financial liabilities

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

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

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

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

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

3.2.3 Share capital

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

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

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

Items of property, plant and equipment are measured at cost less accumulated depreciation (see accounting policy 3.3.3) and any accumulated impairment losses (see accounting policy 3.5.2).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs as these relate to qualifying assets.

3 Significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

3.3.1 Recognition and measurement (continued)

As part of its operating activities, the Company licenses out super-yacht berths, typically for periods ranging between 25 to 30 years. The cost of such berths is apportioned between that part attributable to the initial licensing period, which is recognised immediately in profit or loss, and that part (the residual amount) attributable to the time period which extends beyond the initial licensing period. The method of cost apportionment used represents a fair reflection of the pattern of future economic benefits estimated to accrue from the licensing of such berths. The residual amount is classified in the balance sheet as ‘deferred costs’ and included with non-current assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net in the statement of comprehensive income.

3.3.2 Subsequent costs

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

3.3.3 Depreciation

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

3 Significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

3.3.3 Depreciation (continued)

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

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

Super-yacht berths are depreciated from the date of full construction up to the point in time when the long-term licensing contract is signed with the licensee, at which time the carrying amount of such berths is apportioned and accounted for as explained in 3.3.1 above.

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

3.4 Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The lease of land with an indefinite economic life where title is not expected to pass to the Company by the end of the lease term, is treated as an operating lease.

Other leases are operating leases and are not recognised in the Company's statement of financial position but are accounted for as discussed in accounting policy 3.10.

3.5 Impairment

3.5.1 Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3 Significant accounting policies (continued)

3.5 Impairment (continued)

3.5.1 Non-derivative financial assets (continued)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.5.2 Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU).

Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3 Significant accounting policies (continued)

3.6 Employee benefits

The Company contributes towards the State pension in accordance with local legislation.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle that obligation.

3.8 Revenue

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

The Company generates revenue from licensing of long-term super-yacht berths, other berthing licenses and pontoon fees and ancillary services.

3.8.1 Licensing of long-term super-yacht berths

Revenue from such licensing (see accounting policy 3.3.1) is recognised in the statement of comprehensive income on the signing of the licensing agreements with the berth-holders.

3.8.2 Other berthing licenses and pontoon fees and revenue from ancillary services

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

3.9 Deferred income

Deferred income is recognised within trade and other payables in the statement of financial position and relates to revenue received for services not yet rendered at the reporting date.

3.10 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.11 Net finance costs

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

3 Significant accounting policies (continued)

3.11 Net finance costs (continued)

Finance costs comprise interest expense on borrowings, amortised bond issue costs and foreign currency losses.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset (see accounting policy 3.3.1) are recognised in the statement of comprehensive income.

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

3.12 Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

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

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

3.13 Earnings per share

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

3 Significant accounting policies (continued)

3.14 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components (see note 5.1).

3.15 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these financial statements. None of these will have an effect on the financial statements of the Company.

4 Financial risk management

4.1 Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout the notes to the financial statements.

4.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4 Financial risk management (continued)

4.2 Risk management framework (continued)

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

4.3 Credit risk

Credit risk is the risk of financial loss to the Company if a berth-holder or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from berth-holders.

4.3.1 Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each berth-holder. Credit risk with respect to receivables from short-term berth-holders is limited due to the spread of the number of berth-holders comprising the Company's debtor base. Amounts receivable with respect to the licensing of long-term berths are secured upon the signing of the relative agreement with the berth-holder.

In relation to short-term berth licenses, the Company has a credit policy in place whereby berth-holders are analysed into three categories: individuals, legal entities and agents. The credit terms offered to agents include a thirty-day credit period, whereas individuals and legal entities have no credit terms.

The Company does not require collateral in respect of any receivables.

4.3.2 Cash at bank

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

4.4 Liquidity risk

Liquidity risk is the risk that the Company encounters difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its cash flow requirements on a weekly basis and ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. In addition, the Company maintains a secured general banking facility amounting to €1,747,030.

4 Financial risk management (continued)

4.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

4.5.1 Currency risk

The Company's exposure to currency risk is limited to expenses that are denominated in a currency other than the Company's functional currency, primarily the Great British Pound (GBP) and the United States Dollar (USD). The Company does not hedge against exchange gains or losses which may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

4.5.2 Interest rate risk

The Company adopts a policy of ensuring that its exposure to changes in interest rates on interest-bearing borrowings is limited by entering into financial arrangements subject to fixed interest rates and other arrangements with a fixed interest margin over the base rate established by the bank's base rate.

4.6 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business capital consists of share capital and retained earnings. The Board of Directors monitors the return on capital, which the Company defines as the profit for the year divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

5 Revenue

5.1 Segmental reporting

Under the "management approach" to segmental reporting, the Company believes that, while it has different categories of revenue, there is one reportable segment to its business which has common resources and capital requirements. This segment relates to its operations at the Grand Harbour Marina, in Vittoriosa, Malta. Its operations comprise the licensing and operation of marina facilities and providing berthing and ancillary services for yachts, with a particular emphasis on super-yachts.

	2010	2009
	€	€
Category of activity arising from reportable segment:		
Licensing of long-term super-yacht berths	**-**	-
Other berthing licenses and pontoon fees	**1,479,852**	1,310,577
Ancillary services	**862,796**	742,830
Revenue from external customers	**2,342,648**	2,053,407

5.2 Seasonality of operations

The Company derives its income from different types of revenue streams, including annual, seasonal and visitor berthing fees. During the summer months, revenue generation is higher, and while it may be relatively smaller in relation to the overall level of revenue, it makes a significant contribution to the profitability of the Company. The timing of long-term super-yacht berth sales, which are neither seasonal by nature nor capable of accurate prediction, can have a more significant impact on the level of both sales and net results.

6 Personnel expenses

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

	2010	2009
	€	€
Wages and salaries	**305,217**	295,029
Compulsory social security contributions	**22,905**	21,959
	328,122	316,988

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

	2010	2009
	No.	No.
Operating	**14**	15
Management and administration	**2**	2
	16	17

7 Other operating expenses

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

	Total	Included in other operating expenses	Netted against proceeds from bonds in issue (note 15.2)
	€	€	€
Auditors' remuneration	**31,050**	31,050	-
Other assurance services	**9,000**	9,000	-
Tax advisory services	**8,919**	8,919	-
Other non-audit services	**24,848**	6,548	18,300
	73,817	55,517	18,300

7 Other operating expenses (continued)

7.2 Operating leases

7.2.1

	Note	2010	2009
		€	€
Sub-ground rent on immovable property	11.2	**22,760**	22,760
Lease for the assignment of marina rights	7.2.2	**316,491**	278,638
Rent for use of premises	7.2.3	**46,623**	43,811
Other operating lease expenses	7.2.4	**22,229**	16,879
		408,103	362,088

7.2.2 By virtue of the other part of the deed of sub-emphyteusis referred to in note 11.2, the Company was assigned the right to develop, construct and install, own, operate, manage, control and promote a marina and ancillary facilities, including the right to grant mooring and berthing rights to third parties under such terms and conditions as it deems fit. Under the terms of a Development and Operations Agreement dated 30 June 2000 entered into with the consortium (the other party to the agreement), the Company is required to pay the consortium a yearly fee equivalent to 10% per annum of revenue, subject to minimum and maximum limits.

The Company has the option to terminate the Development and Operations Agreement during the 29th year from the date of the publication of the deed of sub-emphyteusis (being the year 2030) by giving the consortium at least 12 months' prior written notice. The minimum and maximum future rental payments under the lease agreement are analysed below:

	2010	2009
	€	€
Minimum		
Less than one year	**139,762**	139,762
Between one and five years	**984,743**	870,022
More than five years	**4,707,943**	4,962,427
	5,832,448	5,972,211
Maximum		
Less than one year	**349,406**	349,406
Between one and five years	**2,461,857**	2,175,052
More than five years	**11,769,870**	12,406,080
	14,581,133	14,930,538

7 Other expenses (continued)

7.2 Operating leases (continued)

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

7.2.4 The Company leases a garage which is used for storage purposes. On 24 April 2009 the Company also concluded another lease agreement for the storage of fuel at the marina.

8 Net finance costs

	2010	2009
	€	€
Interest income	**139,076**	30,787
Foreign exchange gain	**-**	12,365
Finance income	**139,076**	43,152
Interest expense on financial liabilities measured at amortised cost	**(753,939)**	(267,532)
Amortisation of bond issue costs (note 15.2)	**(26,986)**	-
Foreign exchange loss	**(4,193)**	-
Other finance costs	**(16,635)**	-
Finance costs	**(801,753)**	(267,532)
Net finance costs recognised in the statement of comprehensive income	**(662,677)**	(224,380)

9 Income tax

9.1 Income tax for the year

Current tax is recognised at the rate of 35% on the taxable profit for the year from the marina business activity, excluding the profit attributable to the licensing of long-term super-yacht berths. During the year ended 31 December 2010 and for the comparative year, the Company did not conclude any licensing agreements of long-term super-yacht berths. The conclusion of such agreements by the Company give effect to transfers of rights over immovable property and are therefore taxed separately by way of a final withholding tax of 12% on the consideration received (note 9.2). Similarly, deferred tax charges and credits relate only to the marina business activity.

9 Income tax (continued)

9.1 Income tax for the year (continued)

	Note	2010 €	2009 €
Current tax			
Current tax expense		**7,403**	4,356
Tax benefit of capital allowances for prior periods	12.1	**(7,403)**	(4,356)
		-	-
Tax over-provided for in prior periods	9.2	**-**	1,233,367
Deferred tax			
Net originating taxable temporary differences		**(145,758)**	(601,841)
Recognised deferred tax asset to the extent of taxable temporary differences	12.1	**145,758**	607,315
		-	5,474
Income tax credit		**-**	1,238,841

9.2 Change in estimate

As part of its operating activities, the Company enters into long-term super-yacht berth licensing agreements. On the basis that it was uncertain as to whether agreements entered into in prior years were subject to a final withholding tax of 12% on the consideration received on the signing of such agreements, the Company made provision in its financial statements up to and including the year ended 31 December 2008, for the estimated amount of taxation payable at the rate of 35% on the full taxable income for the relevant years.

In December 2009, it was confirmed by the Inland Revenue that such transactions which took place on or after 1 November 2005, and which give effect to transfer of rights over immovable property, are subject to a final withholding tax of 12% on the consideration received. This resulted in a reduction amounting to €1,233,367 in the tax liability of the Company for the years to 31 December 2008.

9 Income tax (continued)

9.3 Reconciliation of income tax credit

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

	Note	**2010** €	2009 €
(Loss) / profit for the year		**(771,442)**	823,213
Total income tax		**-**	(1,238,841)
Loss before income tax		**(771,442)**	(415,628)
Income tax credit at the domestic tax rate of 35%		**270,004**	145,470
Tax effect of:			
• expenses not deductible for tax purposes		**(125,635)**	(66,321)
• unrelieved tax losses and unabsorbed capital allowances not recognised		**(144,369)**	(428,176)
Current tax over-provided for in prior periods	9.2	**-**	1,233,367
Adjustment to opening deferred tax asset resulting from the change in estimate of prior periods' current tax		**-**	354,501
Income tax credit for the year		**-**	1,238,841

10 (Loss) / earnings per share

The calculation of basic (loss) / earnings per share is based on the loss attributable to the ordinary shareholders of €771,442 (2009: profit €823,213) and the number of shares in issue, amounting to 10,000,000 shares.

11 Property, plant and equipment

11.1

	Total	Super-yacht berths	Pontoons	Improvements to car park and office premises	Motor vehicles	Other equipment	Assets in the course of construction (super-yacht berths)
	€	€	€	€	€	€	€
Cost							
Balance at 1 January 2009	9,566,274	5,241,975	3,389,406	682,604	15,735	236,554	-
Additions	119,569	14,959	37,205	-	-	54,192	13,213
Super-yacht berths sold in prior periods:							
Additional costs incurred	7,013	7,013	-	-	-	-	-
Deferred costs	(925)	(925)	-	-	-	-	-
Expensed	(6,088)	(6,088)	-	-	-	-	-
Balance at 31 December 2009	9,685,843	5,256,934	3,426,611	682,604	15,735	290,746	13,213
Balance at 1 January 2010	**9,685,843**	**5,256,934**	**3,426,611**	**682,604**	**15,735**	**290,746**	**13,213**
Additions	**38,813**	**(36,136)**	**15,053**	**322**	**24,711**	**23,332**	**11,531**
Super-yacht berths sold in prior periods:							
Costs over-provided for in prior years	**(32,524)**	**(32,524)**	**-**	**-**	**-**	**-**	**-**
Deferred costs now reversed	**4,544**	**4,544**	**-**	**-**	**-**	**-**	**-**
Amounts expensed now reversed	**27,980**	**27,980**	**-**	**-**	**-**	**-**	**-**
Disposal	**(15,735)**	**-**	**-**	**-**	**(15,735)**	**-**	**-**
Balance at 31 December 2010	**9,708,921**	**5,220,798**	**3,441,664**	**682,926**	**24,711**	**314,078**	**24,744**

11 Property, plant and equipment (continued)

11.1 (continued)

	Total	Super-yacht berths	Pontoons	Improvements to car park and office premises	Motor vehicles	Other equipment	Assets in the course of construction (super-yacht berths)
	€	€	€	€	€	€	€
Depreciation							
Balance at 1 January 2009	1,287,128	282,725	755,024	112,382	15,735	121,262	-
Depreciation charge for the year	343,850	105,139	137,062	56,797	-	44,852	-
Balance at 31 December 2009	1,630,978	387,864	892,086	169,179	15,735	166,114	-
Balance at 1 January 2010	**1,630,978**	**387,864**	**892,086**	**169,179**	**15,735**	**166,114**	**-**
Depreciation charge for the year	**353,037**	**104,416**	**137,667**	**56,826**	**4,942**	**49,186**	**-**
Disposal	**(15,735)**	**-**	**-**	**-**	**(15,735)**	**-**	**-**
Balance at 31 December 2010	**1,968,280**	**492,280**	**1,029,753**	**226,005**	**4,942**	**215,300**	**-**

11 Property, plant and equipment (continued)

11.1 (continued)

	Total	Super-yacht berths	Pontoons	Improvements to car park and office premises	Motor vehicles	Other equipment	Assets in the course of construction (super-yacht berths)
	€	€	€	€	€	€	€
Carrying amounts							
At 1 January 2009	8,279,146	4,959,250	2,634,382	570,222	-	115,292	-
At 31 December 2009	8,054,865	4,869,070	2,534,525	513,425	-	124,632	13,213
At 1 January 2010	**8,054,865**	**4,869,070**	**2,534,525**	**513,425**	**-**	**124,632**	**13,213**
At 31 December 2010	**7,740,641**	**4,728,518**	**2,411,911**	**456,921**	**19,769**	**98,778**	**24,744**

11 Property, plant and equipment (continued)

11.2 Land held under title of temporary sub-emphyteusis

On the 2 June 1999, the Government of Malta entered into a deed of emphyteusis with a consortium, by virtue of which, the consortium was granted rights over parcels of land measuring 1,410 square metres and situated at Cottonera Waterfront Vittoriosa, Malta, for a period of 99 years thereon.

On the 4 September 2001, a deed of sub-emphyteusis was entered into between the Company and the consortium, whereby, by virtue of one part of this deed, the Company acquired, by the same title, immovable rights over such property for the unexpired period of the 99 years, subject to the payment of an annual sub-ground rent (note 7.2.1).

This property is hypothecated in favour of the Company's lenders as security for funds borrowed (note 15.5). In addition, this property is subject to a special legal hypothec in favour of the consortium, in respect of the payment of annual and temporary ground rent (for the unexpired period) imposed on the property, arising by virtue of the said deed of sub-emphyteusis.

12 Deferred tax assets and liabilities

12.1 Unrecognised deferred tax assets

The unrecognised deferred tax asset at the reporting date amounting to €557,919 (2009 : €428,176) is attributable to unrelieved tax losses and unabsorbed capital allowances as these relate to the marina business activity, which amounts can only be offset against future taxable profits from, and / or taxable temporary differences relating to, such activity. The deferred tax benefit on such losses and capital allowances has been recognised only to the extent of available taxable temporary differences (note 12.2), as set out below:

		2010	2009
	Note	**€**	€
Unrelieved tax losses		**300,483**	300,483
Unabsorbed capital allowances		**1,270,084**	994,583
		1,570,567	1,295,066
Recognised to the extent of available net taxable temporary differences	12.2	**(1,012,648)**	(866,890)
Unrecognised deferred tax asset		**557,919**	428,176

12 Deferred tax assets and liabilities (continued)

12.1 Unrecognised deferred tax assets (continued)

	Note	**2010**	2009
		€	€
Unrecognised at 1 January		**428,176**	375,137
Adjustment to prior years		**(4,390)**	-
Capital allowances available for year		**287,294**	664,710
Capital allowances absorbed against current tax	9.1	**(7,403)**	(4,356)
Recognised against net originating taxable temporary differences	9.1	**(145,758)**	(607,315)
Unrecognised at 31 December		**557,919**	428,176

Tax losses do not expire under current tax legislation.

12.2 Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2010	2009	**2010**	2009	**2010**	2009
	€	€	**€**	€	**€**	€
Plant and equipment	**-**	-	**(1,178,580)**	(988,945)	**(1,178,580)**	(988,945)
Provision for doubtful debts	**17,438**	10,481	**-**	-	**17,438**	10,481
Operating lease charges	**148,494**	111,574	**-**	-	**148,494**	111,574
Unrelieved tax losses and unabsorbed capital allowances (note 12.1)	**1,012,648**	866,890	**-**	-	**1,012,648**	866,890
	1,178,580	988,945	**(1,178,580)**	(988,945)	**-**	-

12 Deferred tax assets and liabilities (continued)

12.3 Movement in temporary differences during the year

	Balance 1 January 09	Recognised in profit or loss	Balance 31 December 09
	€	€	€
Plant and equipment	(371,866)	(617,079)	(988,945)
Provision for doubtful debts	32,163	(21,682)	10,481
Operating lease charges	74,654	36,920	111,574
Unrelieved tax losses and unabsorbed capital allowances	259,575	607,315	866,890
	(5,474)	5,474	-

	Balance 1 January 10	**Recognised in profit or loss**	**Balance 31 December 10**
	€	**€**	**€**
Plant and equipment	**(988,945)**	**(189,636)**	**(1,178,581)**
Provision for doubtful debts	**10,481**	**6,958**	**17,439**
Operating lease charges	**111,574**	**36,920**	**148,494**
Unrelieved tax losses and unabsorbed capital allowances	**866,890**	**145,758**	**1,012,648**
	-	**-**	**-**

13 Trade and other receivables

13.1

	Note	2010	2009
		€	€
Trade receivables		**188,905**	134,092
Other receivables		**18,438**	4,479
Prepayments		**224,636**	202,726
Bond issue costs	13.2	**-**	159,521
		431,979	500,818

13 Trade and other receivables (continued)

13.2 This amount represents transaction costs incurred in relation to the issuance of Bonds by the Company. These costs were deducted from the proceeds of the bonds in issue on their initial recognition in 2010, and are being amortised over the term of the bonds (note 15.2).

13.3 The Company's exposures to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 18.

14 Equity

14.1 Share capital

	2010	2009
	€	€
Authorised share capital		
10,000,000 ordinary shares of €0.232937 each	**2,329,370**	2,329,370
	========	========
Issued share capital		
On issue at 1 January and 31 December		
10,000,000 ordinary shares of €0.232937 each	**2,329,370**	2,329,370
	========	========

14.2 Shareholders are entitled to vote at meetings of the Company on the basis of one vote for each share held. They are entitled to receive dividends as declared from time to time and rank *pari passu* with respect to any distribution, whether of dividends or capital, in a winding up or otherwise.

14.3 Dividends

On the 15 July 2010 dividends amounting to €750,000 (€0.075 per qualifying share) (2009: €Nil) were paid to the Company's shareholders.

15 Loans and other borrowings

15.1 This note provides information about the contractual terms of the Company interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's exposure to liquidity and interest rate risks, see note 18.

	Note	2010	2009
		€	€
Unsecured bonds in issue	15.2	**11,586,647**	-
Bank loan		**-**	3,780,369
Bank overdraft	17.1	**84,934**	81,833
		84,934	3,862,202
Non-current liabilities			
Unsecured bonds in issue		**11,586,647**	-
Bank loan		**-**	3,260,147
Current liabilities			
Bank loan		**-**	520,222
Bank overdraft		**84,934**	81,833
Bank borrowings		**84,934**	602,055

15.2 Unsecured bonds in issue

	2010	2009
	€	€
Proceeds on issue	**12,000,000**	-
Transaction costs (net of amount expensed during the year, note 8)	**(413,353)**	-
	11,586,647	-

During the year, the Company issued €10,000,000 bonds, with an over-allotment option of €2,000,000, bearing an interest rate of 7%, redeemable in 2020 and subject to an early redemption option that may be exercised by the Company between 2017 and 2020. The Company has used part of these funds to repay its bank loan (note 15.3).

15 Loans and other borrowings (continued)

15.3 Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value and carrying amount 2010 €	2009 €
Unsecured bonds in issue	Euro	7.00%	2017-2020	**11,586,647**	-
				========	=======
Secured bank loan	Euro	5.25%	2016	**-**	3,780,369
Bank overdraft	Euro	5.00%	On demand	**84,934**	81,833
				-------------------	----------------
Bank borrowings				**84,934**	3,862,202
				========	=======

15.4 General banking facility

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

15.5 Security

The bank borrowings are secured by:

- a first general hypothec for €1,747,030 on overdraft basis over all the Company's assets, present and future; and

- a first special hypothec for €1,747,030 on overdraft basis on land held by the Company under title of temporary sub-emphyteusis (note 11.2).

16 Trade and other payables

16.1

	Note	2010	2009
		€	€
Trade payables		**127,921**	169,566
Amounts owed to related parties	16.2	**87,922**	71,700
VAT payable		**9,048**	32,577
Other payables		**57,940**	81,815
Capital creditors		**75,789**	334,663
Deferred income		**397,506**	418,440
Accrued expenses		**1,004,832**	704,432
		1,760,958	1,813,193

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

16.3 The Company's exposure to currency and liquidity risks related to trade and other payables is disclosed in note 18.

17 Cash and cash equivalents

17.1

	Note	2010	2009
		€	€
Cash in hand		**2,000**	1,500
Term deposit bank accounts	17.2	**7,951,336**	1,800,000
Other bank balances		**647,871**	289,310
Cash at bank and in hand		**8,601,207**	2,090,810
Investment on nine-month term deposit	17.2	**(2,300,000)**	-
Bank overdraft used for cash management purposes	15.1	**(84,934)**	(81,833)
Cash and cash equivalents in the statement of cash flows		**6,216,273**	2,008,977

17.2 The Company holds €5,651,336 on a three-month term deposit account and €2,300,000 on a nine-month term deposit account, which are renewable for further periods unless the Company instructs otherwise.

17 Cash and cash equivalents (continued)

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

18 Financial instruments

18.1 Credit risk

18.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date was:

		Carrying amount	
		2010	2009
	Note	**€**	€
Trade receivables	13.1	**188,905**	134,092
Other receivables	13.1	**18,438**	4,479
Cash at bank		**8,599,207**	2,089,310
		8,806,550	2,227,881

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

		Carrying amount	
		2010	2009
	Note	**€**	€
Individuals		**74,508**	51,774
Legal entities		**95,488**	45,711
Agents		**68,733**	66,555
		238,729	164,040
Impairment losses	18.1.2	**(49,824)**	(29,948)
		188,905	134,092

18 Financial instruments (continued)

18.1 Credit risk (continued)

18.1.2 Impairment losses

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

	2010	2009
	€	€
Not past due	**50,215**	18,879
1 to 2 months	**31,615**	28,879
2 to 4 months	**101,056**	81,367
Over 4 months	**55,843**	34,915
	238,729	164,040

As of 31 December 2010, receivables from berth-holders for berthing services provided by the Company amounting to €49,824 (2009: €29,948) were impaired. The ageing of these receivables was as follows:

	2010	2009
	€	€
Not past due	**-**	-
1 to 2 months	**-**	-
2 to 4 months	**-**	-
Over 4 months	**49,824**	29,948
	49,824	29,948

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

	2010	2009
	€	€
Balance at 1 January	**29,948**	91,895
Impairment loss / (reversal) recognised	**19,876**	(61,947)
Balance at 31 December	**49,824**	29,948

18 Financial instruments (continued)

18.2 Liquidity risk

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

Financial liabilities	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	€	€	€	€	€	€	€
31 December 2010							
Unsecured bonds in issue	**11,586,647**	**19,980,000**	**(420,000)**	**(420,000)**	**(840,000)**	**(2,520,000)**	**(15,780,000)**
Bank overdraft	**84,934**	**84,934**	**(84,934)**	**-**	**-**	**-**	**-**
	11,671,581	**20,064,934**	**(504,934)**	**(420,000)**	**(840,000)**	**(2,520,000)**	**(15,780,000)**
31 December 2009							
Secured bank loan	3,780,369	4,416,703	(350,000)	(350,000)	(700,000)	(2,100,000)	(916,703)
Bank overdraft	81,833	81,833	(81,833)	-	-	-	-
	3,862,202	4,498,536	(431,833)	(350,000)	(700,000)	(2,100,000)	(916,703)

18 Financial instruments (continued)

18.3 Exposure to currency risk

On the basis of the current exposure of the Company to currencies other than the Euro, the impact of any fluctuations in exchange rates is not expected to have a material bearing on the results and financial position of the Company.

18.4 Interest rate risk

As at balance sheet date, the Company's exposure to changes in interest rates on bank accounts held with financial institutions and interest-bearing borrowings was limited. The Company is subject to changes in base interest rates as may be announced by the European Central Bank from time to time.

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

18.5 Fair values

At balance sheet date the carrying amount of financial assets and financial liabilities approximated their fair values.

19 Capital commitments

No capital commitments were authorised and contracted for, or yet to be contracted for, at the reporting date and at the end of the comparative date.

20 Related parties

20.1 Parent and ultimate controlling party

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

20.2 Related party relationships, transactions and balances

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

	2010	2009
	€	€
Camper & Nicholsons Marinas Limited		
Balance at 1 January	**46,356**	70,943
As per Marina Services Agreement:		
Recruitment, operational services and auditing (2.5% of revenue subject to a minimum fee of GBP18,000 per annum)	**59,142**	53,456
Sales and marketing fees (fixed fee of GBP3,200 per month)	**44,793**	43,227
Business acquisition related costs	**51,342**	-
Management, finance and other related services	**108,313**	120,880
Cash movements	**(259,774)**	(242,150)
Balance at 31 December	**50,172**	46,356

20 Related parties (continued)

20.2 Related party relationships, transactions and balances (continued)

	2010	2009
	€	€
Camper & Nicholsons Marinas International Limited		
Balance at 1 January	**25,344**	40,903
Royalty fees (0.25% of revenue excluding direct costs of utilities) as per Trade Mark License Agreement	**5,268**	4,656
Management, finance and other related services	**195,770**	226,776
Cash movements	**(188,632)**	(246,991)
Balance at 31 December	**37,750**	25,344
Camper & Nicholsons Marina Investments Limited		
Balance at 1 January	**-**	-
Management, finance and other related services	**750**	1,238
Cash movements	**(750)**	(1,238)
Balance at 31 December	**-**	-
Camper & Nicholsons (Designs) Limited		
Balance at 1 January	**-**	10,524
Cash movement	**-**	(10,524)
Balance at 31 December	**-**	-
Total amount repayable at 31 December	**87,922**	71,700

20 Related parties (continued)

20.3 Transactions with key management personnel

Other than the directors' compensation amounting to €47,945 (2009: €44,984), key management compensation amounted to €66,776 (2009: €71,544). There were no other transactions with key management personnel.

21 Contingencies

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

21.2 During the year ended 31 December 2008, the Company paid over the VAT on the sale of three berths under protest, pending the outcome of a dispute with the Commissioner of VAT as to whether such sales are subject to VAT. Although the case continued to be heard during 2010, there is currently no reliable data to provide any indication of the probable outcome of this dispute, which remains unresolved at the date of the approval of these financial statements.

22 Subsequent event

The successful issue of €12,000,000 of 10-year Bonds, has afforded the Company the capacity to evaluate investment opportunities. During 2010 a number of such investment possibilities were considered and evaluated. Post year-end the first of such investments has been agreed upon, resulting in the approval of the acquisition of the 45% beneficial interest held by Camper & Nicholsons Marina Investments Limited in the recently completed 373-berth Cesme Marina in the Izmir region of Turkey ("IC Cesme"). The consideration will be €4.4 million, of which €1.9 million will be for the equity and the balance in subordinated shareholders' loans. The transfer of the beneficial ownership is expected to take place during March 2011. The transfer of the legal ownership is subject to the approval of the competent authorities in Turkey and the bank financing IC Cesme.

KPMG
Portico Building
Marina Street
Pietà PTA 9044
Malta

Telephone (+356) 2563 1000
Fax (+356) 2566 1000
E-mail kpmg@kpmg.com.mt
Internet www.kpmg.com.mt

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements of Grand Harbour Marina p.l.c. (the "Company"), as set out on pages 21 to 59, which comprise the statement of financial position as at 31 December 2010 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement set out on page 20, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act"), and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

In addition, we read the other information contained in the Annual Report 2010 and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent material misstatements of fact or material inconsistencies with the financial statements.

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

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

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

KPMG
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Malta

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Independent Auditors' Report (continued)

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

Opinion on Financial Statements

In our opinion, the financial statements:

- give a true and fair view of the Company's financial position as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and

- have been properly prepared in accordance with the Companies Act, 1995 (Chapter 386, Laws of Malta).

Report on Other Legal and Regulatory Requirements

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

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

- proper accounting records have not been kept by the Company; or

- the Company's financial statements are not in agreement with the accounting records; or

- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we require for the purpose of our audit; or

- certain disclosures of directors' remuneration specified by the Act are not made.

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Independent Auditors' Report (continued)

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

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

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

Our responsibility as independent auditors of the Company, is laid down by Listing Rule 5.98, which requires us to issue a report on the Directors' Statement of Compliance with the Principles, which is set out on pages 14 to 18.

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

In our opinion, the Directors' Statement of Compliance set out on pages 14 to 18 provides the disclosures required by Listing Rule 5.97 issued by the Listing Authority of Malta.

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

KPMG
Registered Auditors

15 March 2011