

Registre de Commerce et des Sociétés

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CONSTELLATION HUNGARY S.A.

(anc. CHH France 2 S.A.)

Subscribed capital: EUR 31.000

15, boulevard Roosevelt

L-2450 Luxembourg

R.C.S. Luxembourg B-192.119

Financial statements as at 31 December 2015

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CONSTELLATION HUNGARY S.A.

Statement of financial positions
(expressed in EUR)

	Notes	31 December 2015 EUR	31 December 2014 EUR
ASSETS			
Non-current assets			
Investment in subsidiary	6	---	31 000
Total non-current assets		---	31 000
Current assets			
Trade and other receivables	7	62 491	31 000
Total current assets		62 491	31 000
TOTAL ASSETS		62 491	62 000
EQUITY			
Share capital	8	31 000	31 000
Retained earnings		(32 534)	(23 822)
TOTAL EQUITY		(1 534)	7 178
LIABILITIES			
Current liabilities	9	64 025	54 822
Total current liabilities		64 025	54 822
TOTAL LIABILITIES		64 025	54 822
TOTAL EQUITY AND LIABILITIES		62 491	62 000

The accompanying notes form an integral part of the financial statements.

Notes	Year end 1 January -	Period of 10 November -
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CONSTELLATION HUNGARY S.A.

Statement of comprehensive income
(expressed in EUR)

		31 December 2015 EUR	31 December 2014 EUR
Expense			
Administrative expenses	11	(8 091)	(23 288)
Other operating expense	12	(81)	
		<hr/>	<hr/>
Gross operating loss		(8 172)	(23 288)
Finance expense	13	(5)	---
		<hr/>	<hr/>
Loss before tax		(8 177)	(23 288)
Income tax expense	14	(535)	(535)
		<hr/>	<hr/>
Loss for the period		(8 712)	(23 822)
Other comprehensive income for the year/period net of tax		---	---
		<hr/>	<hr/>
Total comprehensive income for the year/period, net of tax		(8 712)	(23 822)
		<hr/>	<hr/>

The accompanying notes form an integral part of the financial statements.

CONSTELLATION HUNGARY S.A.

Statement of changes in equity
(expressed in EUR)

	Issued capital	Retained earnings	Total
	EUR	EUR	EUR
Incorporation	<u>31 000</u>	<u>---</u>	<u>31 000</u>
Comprehensive loss for the period	---	(23 822)	(23 822)
As at 31 December 2014	<u>31 000</u>	<u>(23 822)</u>	<u>7 178</u>
Comprehensive loss for the year	---	(8 712)	(8 712)
As at 31 December 2015	<u><u>31 000</u></u>	<u><u>(32 534)</u></u>	<u><u>(1 534)</u></u>

The accompanying notes form an integral part of the financial statements.

CONSTELLATION HUNGARY S.A.

Statement of cash flows
(expressed in EUR)

	Year ended 31 December 2015 EUR	Year ended 31 December 2014 EUR
Loss before tax	(8 177)	(23 288)
<i>Adjustments to reconcile loss before tax to net cash flows</i>		
Gain on disposal of subsidiary	(31 000)	---
<i>Working capital adjustments</i>		
Increase in current assets	(31 491)	(31 000)
Increase in current liabilities	8 666	54 288
Net cash flows generated by/(utilized in) operating activities	(62 000)	---
Investing activities		
Investment in subsidiary	31 000	(31 000)
Proceeds from disposal of subsidiary	31 000	---
Net cash flows generated by/(utilized in) investing activities	62 000	(31 000)
Financing activities		
Capital increase	---	31 000
Net cash flows generated by/(utilized in) financing activities	---	31 000
Cash and cash equivalents at 31 December	---	---

The Company has no bank accounts and therefore the sole shareholder transfers and receives payments on behalf of the Company.

The accompanying notes form an integral part of the financial statements.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements
as at 31 December 2015

Note 1 - General Information

CONSTELLATION HUNGARY S.A. (hereafter the "Company") was incorporated under the laws of Luxembourg on 10 November 2014 under the legal form of a "société anonyme" for an unlimited period of time (R.C.S. number B 192119) with denomination of CHH FRANCE 2 S.A. at that time. It changed its name with an Extraordinary General Meeting of shareholders to Constellation Hungary S.A. on 11 June 2015.

The registered office of the Company is established at 15, boulevard Roosevelt L-2450 Luxembourg. As of 31 December 2015, CONSTELLATION HUNGARY S.A. is a wholly-owned subsidiary of CONSTELLATION HOTELS HOLDING LTD S.C.A., a Luxembourg company incorporated on 26 March 2012. The consolidated accounts of CONSTELLATION HOTELS HOLDING LTD S.C.A. are available at its head office at 15, boulevard Roosevelt, L-2450 Luxembourg.

These financial statements cover the period from 1 January 2015 until 31 December 2015.

The purpose of the Company is the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such participations. The Company may in particular acquire by subscription, purchase and exchange or in any other manner any stock, shares and other participation, derivative products, options, securities, bonds, debentures, certificates of deposit and other debt instruments and more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin. The Company may enter into any kind of derivative agreements, forward agreements, options and swap agreements, and any other similar agreements. The Company may invest directly or indirectly in real estate whatever the acquisition modalities.

The Company may borrow in any form, except by way of public offer. It may issue, by way of private placement only, notes, bonds and any kind of debt and equity securities. The Company may lend funds including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies. The Company may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over all or some of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company may not carry out any regulated activities of the financial sector without having obtained the required authorization.

The Company may use any techniques and instruments to manage efficiently its investments and to protect itself against credit risks, currency exchange exposure, interest rate risks and other risks.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 2 - Basis for preparation

The Company has prepared these financial statements in accordance with International Financial Reporting Standards as endorsed by the EU ("IFRS"). These financial statements have been prepared on an historical cost basis and on a going concern basis.

These financial statements were approved by the Board of Directors on 2 January 2017 under Luxembourg Law.

Note 3 - Summary of significant accounting policies

3.1. Functional and presentation currency

The Company's functional currency is the Euro ("EUR"), which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in EUR. Therefore, the EUR is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Company's presentation currency is also the EUR.

3.2. Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- primarily held for the purpose of trading
- expected to be realized within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is classified as current when:

- It is expected to be settled in the normal operating cycle
- It is primarily held for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 3 - Summary of significant accounting policies (continued)

3.3. Investment in subsidiaries

Subsidiaries are entities over which the Company has control. Associates are entities over which the Company has significant influence. Subsidiaries acquired are initially recognized at cost being the fair value of the consideration given plus any directly attributable costs. Subsequently, investments in subsidiaries and associates are accounted for at the lower of cost or net realizable value.

At each reporting date, the Company examines the recoverability of investments in subsidiaries and associates when there are indications of impairment. Indications of impairment include such elements as decrease in income, profit or cash flows, significant adverse changes in economy, or in the political stability in a particular country that may indicate that the carrying value of an asset may not be recoverable. If the facts and circumstances indicate that the value of investments in subsidiaries and associates may be impaired, then the calculated discounted future cash flows related to these investments is compared to their carrying value to determine if a write-off in the value of the investments is necessary. The resulting impairment losses are recognized in the income statement.

Any dividend is recognized when the right to receive the dividend is established.

3.4. Financial assets

Financial assets in the scope of IAS 39 are classified based on their nature and their characteristics in one of the following four categories:

- financial assets at fair value through profit and loss,
- loans and receivables,
- held to maturity investments, and
- available for sale financial assets

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 3 - Summary of significant accounting policies (continued)

3.4. Financial assets (continued)

Financial assets are recognized initially at cost which represents their fair value (plus, in certain cases, directly attributable acquisition/transaction costs).

The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The following category of financial asset as defined in IAS 39 is relevant in the Company's financial statements.

3.4.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate ("EIR") method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance expenses for loans and in cost of sales or other operating expenses for receivables.

3.5. Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 3 - Summary of significant accounting policies (continued)

3.6. Financial liabilities

Financial liabilities

Financial liabilities in the scope of IAS 39 are classified based on their nature and their characteristics in one of the following three categories:

- (i) financial liabilities at fair value through profit and loss,
- (ii) loans and borrowings, and
- (iii) payables.

Financial liabilities are recognized initially at cost which represents their fair value, and in case of loans and borrowings net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement of loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance expenses in the statement of comprehensive income.

3.7. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle such asset and liability on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.8. IFRS 13 Fair Value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 3 - Summary of significant accounting policies (continued)

3.8. IFRS 13 Fair Value measurement (continued)

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.9. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 3 - Summary of significant accounting policies (continued)

3.10. Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 3 - Summary of significant accounting policies (continued)

3.10. Taxes (continued)

- and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current income tax expense consists of income taxes for the current year based on the Company's profit as adjusted in its tax returns and additional income taxes to cover potential tax assessments which are likely to occur from tax audits by the tax authorities, using the enacted or substantively enacted tax rates at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 3 - Summary of significant accounting policies (continued)

3.11. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

3.12. Interest and similar income and expense

Interest income and expense are recognized in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

3.13. Dividend

Dividend is recognized when the Company's right to receive the payment is established. Dividend is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

Note 4 - Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts recognized in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, Management has exercised judgment and estimates in determining the amounts recognized in the financial statements. The most significant uses of judgment and estimates are as follows:

Taxes

The Company is subject to income taxes in Luxembourg. Significant judgment is required to determine the total provision for current and deferred taxes.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 4 - Significant accounting judgments, estimates and assumptions (continued)

Taxes (continued)

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Board of Directors has estimated that the tax losses will not be recovered in the future. Therefore, there is no need to recognize deferred tax assets.

Investments in subsidiaries and associates and loans and receivables at amortized cost impairment tests

At each reporting date the Company assesses any potential indicative factor regarding whether investments in subsidiaries and whether loans and receivables at amortized cost have been impaired. This requires an estimation of their value in use. Estimating the value in use requires the Company to make an estimate of the expected future cash flows and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Note 5 - Standards, Interpretations and amendments issued but not yet effective

The standards and interpretations that are issued by the IASB, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. IFRS 9 has not been endorsed yet by the EU and the Group will assess the impact over its financial position and performance once it will be endorsed by the EU.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 5 - Standards, Interpretations and amendments issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. IFRS 15 has not been endorsed yet by the EU and the Group will assess the impact over its financial position and performance once it will be endorsed by the EU.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. Amendments to IAS 16 and IAS 38 has not been endorsed yet by the EU and the Company will assess the impact over its financial position and performance once it will be endorsed by the EU.

Annual improvements 2012-2014 Cycle

These improvements are effective from 1 January 2016 and are not expected to have a material impact on the Group. They include:

IFRS 5 Changes in methods of disposal

The amendment is applied prospectively and clarifies that changing from one of the two disposal methods of assets (or disposal groups) to the other, i.e. through sale or through distribution, should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. The amendment also clarifies that changing the disposal method does not change the date of classification.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 5 - Standards, Interpretations and amendments issued but not yet effective (continued)

IFRS 7 Servicing contracts

The amendment is applied prospectively and clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

IAS 19 Regional market issue

The amendment is applied prospectively and clarifies that the obligation to recognize a post-employment benefit obligation for its defined benefit plans must be discounted using market rates on high quality corporate bonds or using government bond rates if a deep market for high quality corporate bonds does not exist. Market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bonds rates must be used.

IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28

The amendments address three issues that have arisen in applying the investment entities exception under IFRS10 Consolidated Financial Statements. The amendments to IFRS10 clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The amendments to IFRS10 and IAS28 provide helpful clarifications that will assist preparers in applying the standards more consistently. However, it may still be difficult to identify investment entities in practice when they are part of a multi-layered group structure.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 6 – Investment in subsidiary

Ownership (%)	Company name	Country	Activity	31 December 2015	31 December 2014
				EUR	EUR
				carrying amounts	carrying amounts
0%	Constellation Hotels France Grand S.A.	France	Hotel business	---	31 000

The Company sold its entire holding of its subsidiary to its sister company, Constellation Hotels France Group Holding S.A.

Note 7 – Trade and other receivables

	31 December 2015	31 December 2014
	EUR	EUR
Supplier	29 083	31 000
Other current assets- related party	31 000	---
Current Tax receivables	2 408	---
Total	62 491	31 000

As a result of selling its subsidiary to its sister company, Constellation Hotels France Group Holding S.A., the Company had a receivable from this related party amounting to EUR 31.000 as at 31 December 2015.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 8 – Issued share capital and reserves

Issued share capital

On 10 November 2014 (incorporation date), the Company issued capital for an amount of EUR 31.000 represented by 310 shares with a par value of EUR 100 each. The initial share capital was fully subscribed and paid in.

As at 31 December 2015, the Company had not acquired any treasury shares.

Legal reserve

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit must be transferred to a legal reserve from which distribution is restricted. This requirement is satisfied when the reserve reaches 10% of the issued share capital.

Capital management

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to ensure the continuous smooth operation of its business activities and to maximize the shareholder's value. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to externally imposed capital requirements.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 9 – Current liabilities

	31 December 2015	31 December 2014
	EUR	EUR
Constellation Hotels Holding Ltd S.C.A.	57 733	23 287
Constellation Hotels France Group Holding	---	31 000
Other current liabilities	1 132	535
Provisions	5 160	---
Total	64 025	54 822

Note 10 – Related party transactions

All advances received from the Company's sole shareholder and from its sister company are related party transactions.

Note 11 – Administrative expenses

	31 December 2015	31 December 2014
	EUR	EUR
Consulting expenses	(7 218)	(11 788)
Other external services	(33)	(11 500)
Total	(8 091)	(23 288)

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 12 – Other operating expenses

	31 December 2015	31 December 2014
	EUR	EUR
Net Wealth tax expense	(62)	---
Other operating expense	(19)	---
Total	(81)	---

Note 13 – Finance expense

As at 31 December 2015, the Company only had account fees as its *finance expense*, amounting to EUR 5.

Note 14 – Income tax expense

	31 December 2015	31 December 2014
	EUR	EUR
Loss before tax	(8 177)	(23 288)
Tax expense at Luxembourg rate (2014-2015: 29.22%)	2 389	6 805
Net unrecognized deferred tax assets due to tax loss carry forward	(2 389)	(6 805)
Minimum tax expense	(535)	(535)
Total	(535)	(535)
Effective tax rate	-6.54%	-2.30%

Note 15 - Financial risk management objectives and policies

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include investments in subsidiaries, loans, trade and other receivables.

CONSTELLATION HUNGARY S.A.
Notes to the financial statements (continued)
as at 31 December 2015

Note 15 - Financial risk management objectives and policies (continued)

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. Due to the limited number of transactions and risks, the finance team of the Company support the Board of Directors in monitoring these risks and address

them in due time. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company has no exposure to the risk of changes in foreign exchange rates as all the operations are financed in EURO. Therefore, the Company has not put in place any specific strategy to mitigate the foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. As at 31 December 2015, the Company has no borrowing and therefore there is no exposure to the interest rate risk. The Company has not put in place any specific strategy in order to mitigate the exposures subject to interest rate risk.

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Note 15 - Financial risk management objectives and policies (continued)

Credit risk

The Company is mainly exposed to credit risk from its subsidiaries not being able to redeem their loans and related interest towards to Company. As at 31 December 2015, the Company has only an interest free shareholder advance.

Liquidity risk

The Company monitors its risk to a shortage of funds by reviewing on a regular basis the cash needs of the Company.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and intercompany loans. The Company assessed the concentration risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Liquidity analysis

		Less than 1 year	Between 1 to 5 years	More than 5 years
Short-term shareholders loan	57 732	57 732	---	---
Current tax payables	1 132	1 132	---	---

The fair value of financial assets and financial liabilities equal approximately their carrying value. All financial instruments held and issued by the Company falls into the level 3 category.

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Note 16 – Commitments and contingencies

As at 31 December 2015 the company had no commitments and contingencies.

Note 17 – Subsequent events

A cooperation agreement, dated 1 February 2016, with various parties for EUR 6.849.375 and HUF 1.200.000 who are jointly interested in the realization of a real estate development project on the Kopaszi Bay in Budapest- Hungary. The closing of the deal occurred on 19 April 2016.