

Grand Harbour Marina p.l.c.

Annual Report

2007

Grand Harbour Marina p.l.c.

Annual Report

2007

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**Directors' and
Other Statutory Reports**

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Grand Harbour Marina p.l.c.

Chairman's Statement

For the Year Ended 31 December 2007

It gives me great pleasure to report that management has built on the success of 2006. Turnover increased to Lm4,798,267 in 2007 from Lm1,520,808 in 2006, a three-fold increase. This translates into a post tax profit of Lm1,675,032, which compares positively to the figure of Lm711,000 forecast by the Company in its prospectus dated 7 February 2007. This increase is largely due to the successful achievement of three long-term super-yacht berth licence agreements. The Company informed the public of the conclusion of such agreements by way of a company announcement on the 3 December 2007.

Marina Facilities; Achieving the Vision

The second half of 2007 saw a number of milestones being reached in our capital expenditure program and an increased impetus towards reaching our stated aim of providing truly world class facilities.

The much anticipated new capitainerie and washroom were completed in October 2007 and the entire Company moved office in the record time of one afternoon.

St Angelo Wharf was also brought into operation, bringing nine super-yacht berths into use in one go. This, again, was done in quick time - 10 days from scrub land to attractive functional site, in itself a notable achievement.

Regular contact with government has added continuing strength to the effective management of the area. This will bear fruit in 2008 as Xatt ir-Risq comes under more attention.

The fuelling system is entering its final stages and our obligations regarding the civil works have been completed.

Staff and Operational Performance; Adding Value for our Customers

Throughout this period of considerable physical changes has been the restructuring of Grand Harbour Marina p.l.c. (the "Company") and its operating procedures to bring it in line with C & N Marinas standards. The Company has also contributed to improvements in those very standards.

The Marina Management System has also been incorporated ensuring a greater degree of effective management of the berth space available and a more defined booking framework.

This, combined with the new invoicing procedures, has streamlined Grand Harbour Marina p.l.c.'s overall operation resulting in a saving of man hours which is now being applied to developing the business.

The strengthened Marina Agreement with C & N Marinas also heralded the introduction of a comprehensive staff development and loyalty program. This has resulted in a much more harmonious and responsive operation with individuals assuming greater responsibility towards customer satisfaction. It has also provided a number of improvements in the actual Marina infrastructure due to the contribution of operational staff during regular weekly sessions, and this in turn has reduced the demand on the maintenance schedule.

Grand Harbour Marina p.l.c.

Chairman's Statement

For the Year Ended 31 December 2007

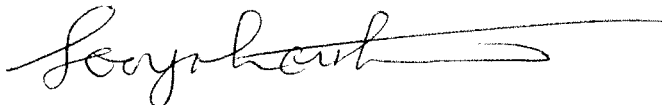
Sales and Marketing

The Marina is now enjoying a 98% take up of annual berth licences on the pontoons which equates to an income of Lm192,591. Through effective management of the marina berth spaces, the Company has been able to increase other income from the pontoons by Lm115,927, an increase of Lm29,201 over 2006.

The development of a dedicated marketing team and a defined strategy focusing on long term berth sales for the super-yacht berths has resulted in the successful conclusion of three long-term berth agreements in the last quarter of 2007 contributing Lm4,300,497 to total revenue.

Post IPO Shareholding

Following the initial purchase of 70% of the shareholding by Camper & Nicholsons Marina Investments Limited ("CNMIL") and the mandatory public offer, CNMIL now own 79.2% of the shares in Grand Harbour Marina p.l.c. On the 9 August 2007, an announcement was made to the public to the effect, that as a result of the acceptances received to the mandatory offer for all of the shares of the Company by CNMIL, the Company's free float would fall below the 25% threshold, considered by the Listing Authority, in the absence of exceptional circumstances, as the minimum for the Company to retain its listing. The Company, in line with its commitments towards shareholders, requested the Listing Authority to consider whether there were sufficient grounds for a dispensation and to maintain its listing on the Malta Stock Exchange. On the 31 August 2007, the Company announced that the Listing Authority had granted the requested dispensation.



George Kershaw
Chairman

31 March 2008

Grand Harbour Marina p.l.c.

Directors' Report

For the Year Ended 31 December 2007

The directors present their report of Grand Harbour Marina p.l.c. (the "Company") for the year ended 31 December 2007.

Board of Directors

Mr George Mitton Kershaw (Chairman) (Appointed on 22 June 2007)
Mr Nicholas Maris (Appointed on 31 August 2000)
Mr Trevor Charles Ash (Appointed on 22 June 2007)
Mr John Mulock Hignett (Appointed on 22 June 2007)
Mr Roger St John Hulton Lewis (Appointed on 22 June 2007)
Mr Lawrence Zammit (Appointed on 22 June 2007)
Mr Simon Arrol (Resigned on 22 June 2007)
Mr Walter Bonnici (Resigned on 22 June 2007)
Mr Anthony Demajo (Resigned on 22 June 2007)
Dr Pascal Demajo (Resigned on 22 June 2007)
Ms Janice Martine Maris (Resigned on 22 June 2007)
Mr David Mead (Resigned on 22 June 2007)
Mr Vincent Portelli (Resigned on 22 June 2007)

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, which 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 and 2 reviews the business of the Company for the year. The results of its operations are set out in the income statement.

The financial position at 31 December 2007, as disclosed in the balance sheet as at this date, reflects a healthy state of affairs.

Grand Harbour Marina p.l.c.

Directors' Report

For the Year Ended 31 December 2007

Business Risks and Uncertainties

The financial performance of the Company depends on the timing, number and extent of berth sales. Inevitably therefore the Company is exposed, to a certain extent, to the risks associated with the trends and future outlook of that industry as a whole. In addition, there may be matters, outside the control of the Company, which may have a negative impact on the development of the marina, namely, the development of the surrounding areas, which in turn, may adversely affect the Company's growth potential.

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 9.40.19, that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Dividend

The directors recommend the payment of a final dividend of Lm858,600 (€2,000,000) net of tax, for the approval of the shareholders at the next Annual General Meeting of the Company.

Reserves

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

Approved by the Board of Directors on 31 March 2008 and signed on its behalf by:



Nicholas Maris
Director



Lawrence Zammit
Director

Registered Office

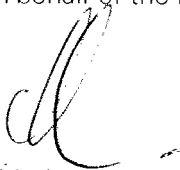
Vittoriosa Wharf
Vittoriosa
Malta

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 9.40.5, we, the undersigned, declare that to the best of our knowledge, the financial statements included in the Annual Report, and prepared in accordance with the requirements of International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit of 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 31 March 2008 by:



Nicholas Maris
Director



Lawrence Zammit
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 8.36 to 8.38 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.

The Company's securities were admitted to the official list of the Malta Stock Exchange on the 1 March 2007, accordingly this report covers the period between 1 March 2007 to the 31 December 2007, a period of approximately ten months since the initial public offering ("IPO").

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 Board of Directors of the Company (the "Board"), in preparation for the IPO in March 2007, initiated plans for the appropriate structures and measures to be put in place for the purpose of compliance with the Code.

The Company currently has a corporate decision-making and supervisory structure that is tailored to suit its requirements and designed to ensure the existence of adequate checks and balances within the Company, whilst retaining an element of flexibility, particularly in view of the size of the Company and the nature of its business. This structure is characterised by the structure of the Company's Board, which is composed of six non-executive directors.

The Board set up an audit committee, currently composed of Mr Lawrence Zammit (non-executive director of the Company), Mr Trevor Ash (non-executive director) and Mr John Zammit (independent of the Company). With respect to the period under review, the audit committee met four times. Furthermore, the Listing Authority has confirmed that, on the basis of declarations made by Mr Lawrence Zammit and Mr John Zammit, the majority of the audit committee members, as currently constituted, is deemed to be independent for the purpose of the Listing Rules. Following such declarations, Mr Lawrence Zammit is also considered to be an independent director for the purposes of the Code.

The Board is composed of six non-executive directors. The general manager and financial controller 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 general manager 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 Chairman of the Company is Mr George Kershaw, a non-executive director of the Company. The Chairman sets out the agenda for each board meeting and leads the Board. The Company is of the view that the Chairman successfully implements the recommendations of the Code.

Grand Harbour Marina p.l.c.

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

Introduction (continued)

The Directors believe that certain other committees or boards that are suggested in the Code are not 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 believes that, due to the fact that the Board is composed of non-executive directors, the need to set up a separate remuneration committee, in the context of the constitution of the Board and the small size of the Company, does not exist. 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 Lm59,238.

In general the Directors believe that, since the IPO, and 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

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.

As stated above, the Board of Directors currently comprises six directors elected by the shareholders in general meeting. For the period under review the Board has implemented its policy to meet at least once every quarter and each board member has attended every meeting of the Board. 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.

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 8.45.

Audit Committee

The Audit Committee has met four times since the admission of the Company to the official list of the Malta Stock Exchange. 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 any related party transactions falling within the ambits of the Listing Rules, and to make its recommendations to the Board of any such proposed transactions.

Grand Harbour Marina p.l.c.

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

Audit Committee (continued)

During the course of the period under review the Board adopted terms of reference for the Audit Committee designed both to strengthen this function within the Company and to widen the scope of the duties and responsibilities of this Committee. The members of the audit committee are Mr Lawrence Zammit and Mr Trevor Ash, two of the non-executive directors of the Company and Mr John Zammit. The committee also has the authority to summon any person to assist it in the performance of its duties.

Senior Executive Management

Senior executive management is presently entrusted to Mr Ben Stuart, the general manager. 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 a marina service agreement dated 1 July 2007. The general manager and the management team of the Company 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.

Each Director is made aware of the Company's on-going obligations in terms of the Companies Act, 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.

Annual General Meeting

Business at the Company's Annual General Meeting ("AGM") will cover the approval of the Annual Report and adoption of the audited Financial Statements, the declaration of a dividend, the election of Directors, the appointment of auditors and the authorisation of the Directors to set the auditors' remuneration.

Apart from the AGM, the Company intends to communicate with its shareholders by way of the Annual Report and Financial Statements, 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. In an attempt to strengthen this function, the Board shall keep under review the functions of the audit committee and intends to undertake, over the course of 2008, a business risk monitoring plan.

Grand Harbour Marina p.l.c.

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

Internal Control (continued)

Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls, which are to be monitored on a regular basis.

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

Organisation

The Company operates through the general manager and the marina manager. The management of the Company 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 Company objectives.

Risk Identification

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

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.

The Directors consider that during the financial year under review the Company has put in place appropriate structures to comply with the principles and underlying spirit of the Code. However they shall keep the situation under regular review as appropriate.

Grand Harbour Marina p.l.c.

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

Corporate Social Responsibility

The Company understands its obligation towards society at large and has put in place a number of measures aimed at implementing such obligation. The Company has supported the local community through the sponsorship and support of a number of events, including, local council community development schemes and local regatta events. Furthermore, the Company has put in place CSR principles through the donation to various charitable organisations, the Maritime Museum and Heritage Malta. The Company also strongly supports the promotion of local art and performance community through the provision of exhibition and performance space. In carrying on its business, the Company is fully aware of its obligation to preserving the environment and has, in fact, put in place a number of policies aimed at respecting the environment and avoiding unnecessary pollution of the marina.

The Company considers itself to be a good employer and promotes open communication, responsibility and personal development. The Company maintains a staff development program aimed at providing training to staff to assist their development. Through investing in its people and their professional growth, the Company believes that this will result in a positive result to both its shareholders and stakeholders.

Signed on behalf of the Board of Directors on 31 March 2008 by:



Lawrence Zammit
Director and Chairman of Audit Committee

Grand Harbour Marina p.l.c.

Shareholder Register Information

Pursuant to Listing Rule 9.40.11

No director has any beneficial or non-beneficial interest in the Company's share capital.

The following directors held beneficial/non-beneficial interests in the share capital of the Company's parent company, Camper & Nicholsons Marina Investments Limited:

	Number of shares held
George Kershaw	50,000
Nicholas Maris	975,000
John Hignett	50,000

There were no changes in the above shareholdings as at the 27 March 2008.

Pursuant to Listing Rule 9.40.12

Shareholders holding 5% or more of the equity share capital:

	31 December 2007	27 March 2008
	%	%
Camper & Nicholsons Marina Investments Limited	79.17	79.17
HSBC Bank Malta p.l.c. (for the benefit of clients)	7.92	8.20

Number of shareholders and shareholding details:

Range	No. of Shareholders 31 December 2007	No. of Shareholders 27 March 2008
1 - 1000	77	77
1001 - 5000	113	113
5001 and over	53	52
	-----	-----
	243	242
	=====	=====

All shares in issue by the Company constitute one class of shares, each share being entitled to one vote at meetings of shareholders.

Grand Harbour Marina p.l.c.

Other Disclosures in terms of the Listing Rules

Pursuant to Listing Rule 8.14

Share Capital Structure

The Company's authorised and issued share capital is €2,329,370 (Lm1,000,000), divided into ten million ordinary shares of €0.232937 (Lm0.10) 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 18 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

Grand Harbour Marina p.l.c.

Other Disclosures in terms of the Listing Rules

Pursuant to Listing Rule 8.14 (continued)

Holdings in Excess of 5% of the Share Capital

On the basis of the information available to the Company as at the 31 December 2007:

- Camper & Nicholsons Marina Investments Limited held 7,917,209 shares; and
- HSBC Bank Malta p.l.c. (for the benefit of clients) held 792,100 shares.

As at the 27 March 2008, the shareholding of Camper & Nicholsons Marina Investments Limited remained unchanged whereas HSBC Bank Malta p.l.c. held 820,546 shares.

As far as the Company is aware, no other 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 as follows:

- (a) A shareholder holding not less than 10.5% plus one share of the issued share capital of the Company having voting rights (the "Qualifying Holding") or a number of shareholders who between them hold not less than the Qualifying Holding shall be entitled to appoint one Director for every Qualifying Holding by letter addressed to the Company;
- (b) Any shareholder who elects not to appoint Directors in terms of the provisions of paragraph (a) above, and who has not aggregated his holding with those of other shareholders for the purpose of appointing a Director(s) pursuant thereto, even if so entitled to do, shall be entitled to participate and vote in an election of Directors to take place once in every year at the Annual General Meeting of the Company;
- (c) Shareholders who avail themselves of appointing Directors pursuant to the provisions of paragraph (a) above shall still be entitled to participate in the election of Directors in terms of paragraph (b) above, provided that in such an election they may only use such shares not otherwise used for the appointment of Directors pursuant to paragraph (a) above.

An election of Directors pursuant to paragraph (b) above shall take place every year, if there are vacancies on the Board which are not filled by the appointment of Directors pursuant to paragraph (a) above. For an election of Directors mentioned in paragraph (b) above, every shareholder entitled to vote thereunder shall be entitled to nominate one person to stand for the election of Directors. Such nominee must be seconded by at least such shareholder or shareholders who in aggregate hold at least 700,000 shares between them.

Further details on the appointment of Directors may be found in the memorandum and articles of association of the Company.

Grand Harbour Marina p.l.c.

Other Disclosures in terms of the Listing Rules

Pursuant to Listing Rule 8.14 (continued)

Amendments to the Memorandum and Articles of Association

In terms of the Companies Act, Cap 386 of the 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;
- (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 75% in nominal value of the shares issued by the Company represented and entitled to vote at the meeting and at least 51% in nominal value of all the shares issued by the Company and entitled to vote at the meeting.

Provided that, if one of the aforesaid majorities is obtained but not both, another meeting shall be convened within thirty days in accordance with the provisions for the calling of meetings 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 Member 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:

Grand Harbour Marina p.l.c.

Other Disclosures in terms of the Listing Rules

Pursuant to Listing Rule 8.14 (continued)

Board Member Powers (continued)

- (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).

Furthermore, the Company may, subject to such restrictions, limitations and conditions contained in the Companies Act, Cap 386 of the laws of Malta, acquire its own shares.

Pursuant to Listing Rule 9.40.6

Published Forecast for 2007

The Board notes that the results for the year ended 31 December 2007 differ from those reported in the Prospectus dated 7 February 2007, as set out below:

	Results for the Year	Published forecast	Variance
	Lm	Lm	Lm
Revenue	4,798,267	2,259,000	2,539,267
Operating expenses	(1,775,723)	(1,028,000)	(747,723)
Net finance expense	(197,547)	(138,000)	(59,547)
Profit before income tax	2,824,997	1,093,000	1,731,997
Income tax expense	(1,149,965)	(382,000)	(767,965)
Profit for the year	1,675,032	711,000	964,032
	=====	=====	=====

The variance arising with respect to the figures reported above is explained in the Chairman's Statement on page 1.

Grand Harbour Marina p.l.c.

Other Disclosures in terms of the Listing Rules

Pursuant to Listing Rule 9.40.18

Related Party Transactions

Marina Services Agreement with Camper & Nicholsons Marinas Limited

Grand Harbour Marina p.l.c. ("GHM", the "Company") entered into a Marina Service Agreement dated 1 July 2007 with Camper & Nicholsons Marinas Limited ("CNML"). 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 controller support - a rate of GBP48 per hour for actual time spent on GHM work.

Trade Mark Licence Agreement with Camper & Nicholsons (Designs) Limited

The Company had formerly entered into an agreement with CNML. The agreement dated 1 April 2004 gave right for the marina to use the name of "C&N" for its operations. CNML was entitled to branding charges of GBP1,000 per month. This agreement has been replaced by an agreement dated 1 July 2007 between GHM and Camper & Nicholsons (Designs) Limited. Under the terms of this agreement, GHM is obliged to pay Camper & Nicholsons (Designs) Limited 0.25% of turnover as royalties with a minimum amount of GBP10,000 per annum.

Pursuant to Listing Rule 9.40.20

Company Secretary:

Louis de Gabriele LL.D.

Registered Office:

Vittoriosa Wharf
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Malta

Telephone (+356) 21 800 700



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Web page <http://www.kpmg.com.mt>

Independent Auditors' Report

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

Report on the Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance

Listing Rules 8.37 and 8.38 issued by the Listing Authority, require the directors of Grand Harbour Marina p.l.c. (the "Company") to include in their annual report a statement of compliance to the extent to which they have adopted the Code of Principles of Good Corporate Governance (the "Statement of Compliance"), and the effective measures they have taken to ensure compliance with these Principles.

Our responsibility, as auditors of the Company, is laid down by Listing Rule 8.39, which requires us to include a report on this Statement of Compliance.

We read the Statement of Compliance 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 misstatements or material inconsistencies with these financial statements. Our responsibilities do not extend to considering whether this statement is consistent with other information included in the annual report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance covers all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures, nor on the ability of the Company to continue in operational existence.

In our opinion, the Statement of Compliance set out on pages 6 to 10 provides the disclosures required by Listing Rules 8.37 and 8.38 issued by the Listing Authority.

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

KPMG
Registered Auditors

31 March 2008

Partners
Joseph C Schembri
Raymond Azzopardi
Mark Bamber
Juanita Bencini
David Caruana
Alfred V Cremona
Hilary Galea-Lauri
Noel Mizzi
Eric Muscat

Anthony Pace
Pierre Portelli
André Zarb
Anthony Zarb

Associate Directors
Juanita Brockdorff
Doreen Fenech
John A Huber
Wim van Vuuren

Grand Harbour Marina p.l.c.

Financial Statements

2007

Grand Harbour Marina p.l.c.

2007

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Grand Harbour Marina p.l.c.

Directors' Responsibility for the Financial Statements

The Companies Act, 1995 (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.

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.

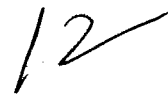
The directors, through oversight of management, are responsible to ensure that the Company establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

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:



Nicholas Marks
Director



Lawrence Zammit
Director

Grand Harbour Marina p.l.c.

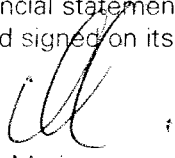
Balance Sheet


As at 31 December 2007

		2007	2006
	Note	Lm	Lm
ASSETS			
Property, plant and equipment	11	3,606,751	3,671,850
Deferred costs		204,395	164,863
Deferred tax assets	12	-	33,219
Total non-current assets		3,811,146	3,869,932
Trade and other receivables	13	1,023,107	244,958
Cash at bank and in hand		2,752,849	557,923
Total current assets		3,775,956	802,881
Total assets		7,587,102	4,672,813
EQUITY			
Share capital		1,000,000	1,000,000
Other reserve		8,966	13,150
Retained earnings		1,985,196	305,980
Total equity	14	2,994,162	1,319,130
LIABILITIES			
Loans and other borrowings	15	1,850,556	2,073,793
Deferred tax liabilities	12	3,832	-
Total non-current liabilities		1,854,388	2,073,793
Loans and other borrowings	15	265,175	471,226
Taxation payable		984,721	416,585
Trade and other payables	16	1,488,656	392,079
Total current liabilities		2,738,552	1,279,890
Total liabilities		4,592,940	3,353,683
Total equity and liabilities		7,587,102	4,672,813

The notes on pages 6 to 36 are an integral part of these financial statements.

The financial statements on pages 2 to 36 were approved by the Board of Directors on 31 March 2008 and signed on its behalf by:


Nicholas Maris
Director


Lawrence Zammit
Director

Grand Harbour Marina p.l.c.

Statement of Changes in Equity

For the Year Ended 31 December 2007

	Share Capital	Share premium	Other reserve	Retained earnings	Total
	Lm	Lm	Lm	Lm	Lm
Balance at 1 January 2006	36,769	569,231	47,135	347,443	1,000,578
Profit for the year	-	-	-	318,552	318,552
Total recognised in income and expense	-	-	-	318,552	318,552
Bonus issue	963,231	(569,231)	-	(394,000)	-
Transfer from other reserve	-	-	(33,985)	33,985	-
Balance at 31 December 2006	1,000,000	-	13,150	305,980	1,319,130
Balance at 1 January 2007	1,000,000	-	13,150	305,980	1,319,130
Profit for the year	-	-	-	1,675,032	1,675,032
Total recognised income and expense	-	-	-	1,675,032	1,675,032
Transfer from other reserve	-	-	(4,184)	4,184	-
Balance at 31 December 2007	1,000,000	-	8,966	1,985,196	2,994,162

The notes on pages 6 to 36 are an integral part of these financial statements.

Grand Harbour Marina p.l.c.

Income Statement

For the Year Ended 31 December 2007

		2007	2006
	Note	Lm	Lm
CONTINUING OPERATIONS			
Revenue	5	4,798,267	1,520,808
Personnel expenses	6	(91,515)	(83,490)
Directors' emoluments	7	(59,238)	(55,200)
Depreciation		(122,147)	(98,719)
Other expenses	8	(1,502,823)	(667,353)
Result from operating activities		3,022,544	616,046
Finance income		9,764	7,925
Finance expenses		(207,311)	(132,735)
Net finance expense	9	(197,547)	(124,810)
Profit before income tax		2,824,997	491,236
Income tax expense	10	(1,149,965)	(172,684)
Profit for the year		1,675,032	318,552
Earnings per share		0.17	0.03

The notes on pages 6 to 36 are an integral part of these financial statements.

Grand Harbour Marina p.l.c.

Cash Flow Statement

For the Year Ended 31 December 2007

		2007	2006
	Note	Lm	Lm
Cash flows from operating activities			
Profit for the year		1,675,032	318,552
Adjustments for:			
Cost of super-yacht berths expensed on licensing	11.1	402,132	244,300
Depreciation		122,147	98,719
Provision for doubtful debts		80,837	2,150
Net finance costs		215,953	151,374
Income tax expense		1,149,965	172,684
		<u>3,646,066</u>	<u>987,779</u>
Change in trade and other receivables		(858,985)	(159,466)
Change in trade and other payables		944,383	(186,529)
		<u>3,731,464</u>	<u>641,784</u>
Income tax paid		(544,778)	-
Net cash from operating activities		<u>3,186,686</u>	<u>641,784</u>
Cash flows from investing activities			
Acquisition of plant and equipment		(355,998)	(231,811)
Net cash used in investing activities		<u>(355,998)</u>	<u>(231,811)</u>
Cash flows from financing activities			
Bank loans advanced		318,196	-
Repayment of bank loans		(441,254)	(66,194)
Net interest paid		(206,474)	(145,331)
Net cash used in financing activities		<u>(329,532)</u>	<u>(211,525)</u>
Net increase in cash and cash equivalents		<u>2,501,156</u>	<u>198,448</u>
Cash and cash equivalents at 1 January		213,310	14,862
Cash and cash equivalents at 31 December	17	<u>2,714,466</u>	<u>213,310</u>
		=====	=====

The notes on pages 6 to 36 are an integral part of these financial statements.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

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Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

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 the provisions of the Companies Act, 1995 enacted in Malta (the "Act"), which requires adherence to International Financial Reporting Standards (IFRSs).

The Act specifies that in the event that any one of its provisions is in conflict or not compatible with IFRSs or its application is incompatible with the obligation for the financial statements to give a true and fair view, that provision shall be departed from in order to give a true and fair view.

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 Maltese Liri (Lm), which is the Company's functional currency.

On 1 January 2008, Malta adopted the euro (€) as its currency, at which date the Maltese Lira was converted at the irrevocable fixed conversion rate of Lm0.4293 to €1.

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.

Other than the uncertainty surrounding the estimation of the income tax provision as explained in note 20.2, in the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as significant and critical in terms of the requirements of IAS 1 (revised).

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 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 functional currency of the Company 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 period. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.2 Financial instruments

3.2.1 *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash held on deposit, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits. 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. Accounting for finance income and expenses is discussed in note 3.10.

3.2.2 *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.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

3 Significant accounting policies (continued)

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

The cost of super-yacht berths that have been completed but not yet licensed and items of plant and equipment are measured at cost less accumulated depreciation (see below) and any impairment losses (see accounting policy 3.5.2). Super-yacht berths in the course of construction are not depreciated.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment. The Company recognises, in the carrying amount of an item of plant and equipment, the cost of replacing part of such an item when that cost is incurred and it is probable that the resulting future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense when incurred.

As part of its operating activities, the Company licenses out super-yacht berths over longer periods, 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 (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.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net in profit or loss.

3.3.2 Subsequent costs

The cost of replacing an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of the plant and equipment are recognised in profit or loss as incurred.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

3 Significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

3.3.3 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Assets under the course of construction are not depreciated.

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
• other equipment	5 years

In relation to the super-yacht berths, depreciation is provided 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, as well as residual values, are reassessed at the reporting date.

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. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. 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 on the entity's balance sheet but are accounted for as discussed in note 3.9.

3.5 Impairment

3.5.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

3 Significant accounting policies (continued)

3.5 Impairment (continued)

3.5.1 Financial assets (continued)

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 original effective interest rate.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in 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.

The recoverable amount of an asset 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. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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.

3.6 Employee benefits

The Company contributes towards the State pension in accordance with local legislation. Obligations for such contributions are recognised as an expense in profit or loss when they are due.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

3 Significant accounting policies (continued)

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 the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.8 Revenue

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

3.8.1 *Licensing of long-term super-yacht berths*

Revenue from such licensing (see accounting policy 3.3.1) is recognised in profit or loss on the signing of the licensing contracts with the berth-holders.

3.8.2 *Other berthing licences and pontoon fees and revenue from ancillary services*

Such revenue is recognised in profit or loss in the year in which the services to which they relate have been rendered.

3.9 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.

3.10 Finance income and expenses

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings and foreign currency losses. All borrowing costs are recognised in profit or loss using the effective interest method.

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

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

3 Significant accounting policies (continued)

3.11 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income 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 using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the 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 to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.12 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 period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.13 Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing related services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Company's business segment only since all services are provided from Malta, from where it conducts its business.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

3 Significant accounting policies (continued)

3.14 Unrealised profits

Part II of the Third Schedule to the Act requires that only profits realised at the balance sheet date may be included as part of retained earnings available for distribution. Any unrealised profits at this date, initially taken to the credit of the income statement, are transferred to non-distributable reserves within equity.

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 2007, none of which are expected to have any application or impact on the Company's financial statements in the period of initial application.

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 these financial statements.

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.

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.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

4 Financial risk management (continued)

4.2 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.

4.2.1 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 sales the Company is in the process of implementing a new credit policy whereby berth-holders are analysed into three: 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.

Trade and other receivables relate mainly to the Company's berth-holders to whom services are rendered. The Company does not require collateral in respect of such receivables.

4.2.2 Cash at bank

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

4.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

4 Financial risk management (continued)

4.3 Liquidity risk (continued)

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, such as natural disasters. In addition, the Company maintains the following lines of credit:

- Secured general banking facility amounting to Lm750,000. Interest is payable at the rate of 6.75 per cent per annum (note 15); and
- A secured bank loan amounting to Lm1,977,348 subject to interest payable at the rate of 6.85 per cent per annum (note 15). A second secured loan amounting to Lm318,196 was repaid during the year.

4.4 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 financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

4.4.1 Currency risk

The Company is exposed to currency risk on expenses that are denominated in a currency other than the Company's functional currency, primarily the Great British Pound (£Stg) 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.

4.4.2 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 margins over the base rate established by the European Central Bank.

4.5 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. 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 over its years of operation. The Company is not subject to externally imposed capital requirements.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

5 Revenue

Segmental reporting

	2007	2006
	Lm	Lm
Category of activity		
Licensing of long-term super-yacht berths	4,300,497	1,163,390
Other berthing licences and pontoon fees	308,518	210,664
Ancillary services	189,252	146,754
	4,798,267	1,520,808
	=====	=====

6 Personnel expenses

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

	2007	2006
	Lm	Lm
Wages and salaries	85,251	78,093
Compulsory social security contributions	6,264	5,397
	91,515	83,490
	=====	=====

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

	2007	2006
	No.	No.
Operating	9	7
Management and administration	2	2
	11	9
	=====	=====

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

7 Directors' emoluments

	2007	2006
	Lm	Lm
Remuneration	9,633	-
Fees	14,605	55,200
Other	35,000	-
	<u>59,238</u>	<u>55,200</u>
	=====	=====

8 Other expenses

8.1 These expenses include auditors' remuneration amounting to Lm15,025 and operating lease payments as detailed in note 8.2.

8.2 Operating leases

8.2.1		2007	2006
	Note	Lm	Lm
Sub-groundrent on immovable property	11.2	10,737	8,552
Lease for the assignment of marina rights	8.2.2	147,500	116,752
Rent for use of premises	8.2.3	18,075	-
		<u>176,312</u>	<u>125,304</u>
		=====	=====

8.2.2 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.

8.2.3 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. This arrangement is subject to the payment of a yearly rent amounting to Lm18,075, payable as from the current year, following the completion of specified works. These premises are to be used by the Company for marina related services.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

9 Finance income and expense

	2007	2006
	Lm	Lm
Interest income	9,764	6,929
Exchange gain	-	996
	<u>9,764</u>	<u>7,925</u>
Finance income	<u>9,764</u>	<u>7,925</u>
Interest expense	(225,717)	(158,303)
Interest capitalised within plant and equipment	33,488	25,568
Exchange loss	(15,082)	-
	<u>(207,311)</u>	<u>(132,735)</u>
Finance expenses	<u>(207,311)</u>	<u>(132,735)</u>
Net finance expense recognised in profit or loss	<u>(197,547)</u>	<u>(124,810)</u>
	=====	=====

10 Income tax expense

10.1		2007	2006
	Note	Lm	Lm
Current tax expense			
Current period	20.2	1,095,815	169,229
Tax underprovided for in prior periods		15,634	-
Final withholding tax at 15%		1,465	-
		<u>1,112,914</u>	<u>169,229</u>
Deferred tax expense			
Movement in temporary differences	12.2	37,051	3,455
Income tax expense for the year		<u>1,149,965</u>	<u>172,684</u>
		=====	=====

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

10 Income tax expense (continued)

10.2 Reconciliation of income tax

The tax expense for the year and the result of the accounting profit multiplied by the tax rate applicable in Malta, the Company's country of incorporation, are reconciled as follows:

	2007	2006
	Lm	Lm
Profit for the year	1,675,032	318,552
Total income tax expenses	1,149,965	172,684
Profit excluding income tax	2,824,997	491,236
Income tax using the Company domestic tax rate of 35%	988,749	171,932
Tax effect of:		
• expenses not deductible for tax purposes	163,645	752
• different tax rates on bank interest received	(1,953)	-
Tax underprovided for in prior periods	15,634	-
Adjustment to opening deferred taxation	(16,110)	-
Income tax expense for the year	1,149,965	172,684
	=====	=====

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

11 Property, plant and equipment

11.1

	Total	Improvements to car park and office premises				Assets in the course of construction			
		Super-yacht berths	Pontoons	Motor vehicles	Other equipment	Super-yacht berths and pontoons	Office premises		
	Lm	Lm	Lm	Lm	Lm	Lm	Lm	Lm	Lm
Cost									
Balance at 1 January 2006	4,189,108	1,412,113	1,362,989	6,755	36,123	1,363,400	730		
Additions	81,245	22,340	9,901	-	5,300	39,873	3,831		
Reallocations	-	565,992	-	-	-	(565,992)	-		
Deferred costs	(47,739)	(47,739)	-	-	-	-	-		
Expensed	(244,300)	(244,300)	-	-	-	-	-		
Balance at 31 December 2006	3,978,314	1,708,406	1,372,890	6,755	41,423	837,281	4,561		
Balance at 1 January 2007	3,978,314	1,708,406	1,372,890	6,755	41,423	837,281	4,561		
Additions	491,958	136,585	5,999	-	31,826	36,404	(4,561)		
Reallocations	-	-	-	-	-	-	-		
Deferred costs	(40,132)	(40,132)	-	-	-	-	-		
Expensed	(402,132)	(402,132)	-	-	-	-	-		
Retired assets	(6,998)	-	-	-	-	-	-		
Balance at 31 December 2007	4,021,010	1,402,727	1,378,889	6,755	73,249	873,685	-		

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

11 Property, plant and equipment (continued)

11.1 (continued)

	Total	Improvements to car park and office premises					Assets in the course of construction		
		Super-yacht berths	Pontoons	Motor vehicles	Other equipment	Super-yacht berths and pontoons	Office premises		
	Lm	Lm	Lm	Lm	Lm	Lm	Lm	Lm	Lm
Depreciation									
Balance at 1 January 2006	213,561	28,242	155,857	4,053	18,411	-	-	-	-
Depreciation charge for the year	98,719	34,168	54,916	1,351	8,284	-	-	-	-
Deferred costs Expensed	(951) (4,865)	(951) (4,865)	-	-	-	-	-	-	-
Balance at 31 December 2006	306,464	56,594	210,773	5,404	26,695	-	-	-	-
Balance at 1 January 2007	306,464	56,594	210,773	5,404	26,695	-	-	-	-
Depreciation charge for the year	122,147	27,126	55,156	1,351	14,650	-	-	-	-
Deferred Costs Expensed	(600) (6,754)	(600) (6,754)	-	-	-	-	-	-	-
Retired assets	(6,998)	-	-	-	-	(6,998)	-	-	-
Balance at 31 December 2007	414,259	76,366	265,929	6,755	41,345	-	-	-	-

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

11 Property, plant and equipment (continued)

11.1 (continued)

	Total Lm	Assets in the course of construction						
		Super-yacht berths Lm	Pontoons Lm	Improvements to car park and office premises Lm	Motor vehicles Lm	Other equipment Lm	Super-yacht berths and pontoons Lm	Office premises Lm
Carrying amounts								
At 1 January 2006	3,975,547	1,383,871	1,207,132	-	2,702	17,712	1,363,400	730
At 31 December 2006	3,671,850	1,651,812	1,162,117	-	1,351	14,728	837,281	4,561
At 1 January 2007	3,671,850	1,651,812	1,162,117	-	1,351	14,728	837,281	4,561
At 31 December 2007	3,606,751	1,326,361	1,112,960	261,841	-	31,904	873,685	-

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

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-groundrent (note 8.2.1).

This property is hypothecated in favour of the Company's lenders as security for funds borrowed (note 15.4).

12 Deferred tax assets and liabilities

12.1 Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2007	2006	2007	2006	2007	2006
	Lm	Lm	Lm	Lm	Lm	Lm
Plant and equipment	-	40,299	(32,877)	-	(32,877)	40,299
Exchange differences	-	-	-	(7,080)	-	(7,080)
Provision for doubtful debts	29,045	-	-	-	29,045	-
	<u>29,045</u>	<u>40,299</u>	<u>(32,877)</u>	<u>(7,080)</u>	<u>(3,832)</u>	<u>33,219</u>
	=====	=====	=====	=====	=====	=====

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

12 Deferred tax assets and liabilities (continued)

12.2 Movement in temporary differences during the year

	Balance 1 January 06	Recognised in profit or loss	Balance 31 December 06
	Lm	Lm	Lm
Plant and equipment	62,054	(21,755)	40,299
Provision for exchange differences	(25,380)	18,300	(7,080)
	<u>36,674</u>	<u>(3,455)</u>	<u>33,219</u>
	=====	=====	=====

	Balance 1 January 07	Recognised in profit or loss	Balance 31 December 07
	Lm	Lm	Lm
Plant and equipment	40,299	(73,176)	(32,877)
Exchange differences	(7,080)	7,080	-
Provision for doubtful debts	-	29,045	29,045
	<u>33,219</u>	<u>(37,051)</u>	<u>(3,832)</u>
	=====	=====	=====

13 Trade and other receivables

13.1		2007	2006
	Note	Lm	Lm
Trade receivables		156,112	90,835
Amounts due from related party	13.2	3,029	46,149
VAT receivable from berth-holders	16.3	767,331	-
Vat recoverable		14,975	-
Other debtors		1,815	-
Prepayments		79,845	107,974
		<u>1,023,107</u>	<u>244,958</u>
		=====	=====

13.2 The amount due from the related party is interest free and repayable on demand.

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

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

14 Equity

14.1	Share capital	2007	2006
		Lm	Lm
	Authorised share capital		
	10,000,000 ordinary shares of Lm0.10 each	1,000,000	1,000,000
		=====	=====
	Issued share capital		
	On issue at 1 January		
	10,000,000 ordinary shares of Lm0.10 each	1,000,000	-
	15,692 ordinary 'A' shares of Lm1 each	-	15,692
	12,000 ordinary 'B' shares of Lm1 each	-	12,000
	3,077 ordinary 'C' shares of Lm1 each	-	3,077
	46,154 preference shares of Lm0.13 each	-	6,000
		1,000,000	36,769
	Movements during the year		
	<i>Conversion of preference shares into ordinary shares:</i>		
	46,154 preference shares of Lm0.13 each	-	(6,000)
	6,000 ordinary shares of Lm1 each	-	6,000
	<i>Redesignation of shares issued:</i>		
	15,692 ordinary 'A' shares of Lm1 each	-	(15,692)
	12,000 ordinary 'B' shares of Lm1 each	-	(12,000)
	3,077 ordinary 'C' shares of Lm1 each	-	(3,077)
	30,769 ordinary shares of Lm1 each	-	30,769
	<i>Bonus shares:</i>		
	963,231 ordinary shares of Lm1 each	-	963,231
	<i>Consolidation of shares:</i>		
	1,000,000 ordinary shares of Lm1 each	-	(1,000,000)
	10,000,000 ordinary shares of Lm0.10 each	-	1,000,000
		1,000,000	1,000,000
		=====	=====
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 <i>pari passu</i> with respect to any distribution, whether of dividends or capital, in a winding up or otherwise.		
14.3	The other reserve, which is not distributable, represents unrealised exchange differences, net of related deferred taxation.		

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

14 Equity (continued)

14.4 Dividends

On 31 March 2008, a final dividend amounting to Lm858,600 (€2,000,000) was proposed by the directors for 2007 for shareholders' approval, representing a payment of Lm0.08 (€0.20) per ordinary share.

This dividend has not been provided for in the financial statements and there are no income taxes consequences.

15 Loans and other borrowings

15.1	2007	2006
	Lm	Lm
Bank loan	1,977,348	2,100,406
Bank overdraft	38,383	344,613
Loan due to related party	100,000	100,000
	2,115,731	2,545,019
	=====	=====
Non-current liabilities		
Bank loan	1,850,556	1,973,793
Loan due to related party	-	100,000
	1,850,556	2,073,793
	=====	=====
Current liabilities		
Bank loan	126,792	126,613
Bank overdraft	38,383	344,613
Loan due to related party	100,000	-
	265,175	471,226
	=====	=====

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

15 Loans and other borrowings (continued)

15.2 Terms and debt repayment schedule

				Face value and carrying amount	
	Currency	Nominal interest rate	Year of maturity	2007 Lm	2006 Lm
Secured bank loan	Euro	6.85%	2012	1,977,348	2,100,406
Bank overdraft	Lm	6.75%	On demand	38,383	344,613
Loan due to related party	Lm	7.50%	2008	100,000	100,000
				2,115,731	2,545,019
				=====	=====

15.3 General banking facility

The Company enjoys a general banking facility up to an amount of Lm750,000 for working capital and bridging finance requirements in connection with the completion and operation of the marina. This facility incorporates the issuance of two Performance Bonds in favour of the Director of Lands and Malta Environmental and Planning Authority for Lm250,000 and Lm15,000, respectively.

In the event that the Company is in default in the performance of any of its obligations as contemplated under the agreement referred to in note 8.2.2, and the Government of Malta calls upon the performance bond up to an amount beyond Lm250,000, the Company shall be obliged to reimburse the consortium any excess beyond that amount so paid to the Government of Malta.

15.4 Security:

- the bank borrowings are secured by:
 - a first general hypothec for Lm750,000 on overdraft basis and for Lm1,977,348 (originally for Lm2,840,000) on loan basis over all the Company's assets, present and future; and
 - a first special hypothec for Lm750,000 on overdraft basis and for Lm1,977,348 (originally for Lm2,840,000) on loan basis on land held by the Company under title of temporary sub-emphyteusis (note 11.2); and
 - a floating charge over cash balances held with HSBC Bank (Malta) p.l.c.; and
 - other security which does not attach to the Company's assets.
- the related company loan is secured by a general hypothec on all the Company's property up to Lm100,000 and interest thereon and a special hypothec up to the same amount and interest thereon, on the temporary subtile dominia of immovable property held in the Company's name (note 11.2).

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

16 Trade and other payables

16.1		2007	2006
	Note	Lm	Lm
Trade payables		28,171	8,635
Amounts owed to related parties	16.2	137,145	-
VAT payable	16.3	767,331	-
Other payables		3,451	6,702
Accruals and deferred income		552,558	376,742
		1,488,656	392,079
		=====	=====

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

16.3 Value Added Tax ("VAT") payable represents VAT at 18% arising on the long-term super-yacht berths licensed during the year. An equivalent amount in total has been recognised as a receivable (note 13.1), since such VAT is recoverable from the berth-holders, in accordance with the terms of the licence agreements concluded with the Company.

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

17 Cash and cash equivalents

17.1		2007	2006
	Note	Lm	Lm
Cash in hand		885	186
Term deposit bank account	17.2	1,978,859	557,737
Other bank balances		773,105	-
Cash and cash equivalents		2,752,849	557,923
Bank overdraft used for cash management purposes	15.1	(38,383)	(344,613)
Cash and cash equivalents in the statement of cash flows		2,714,466	213,310
		=====	=====

17.2 The Company holds this amount on a 30-day term deposit account, renewable for further periods of 30 days unless it instructs otherwise, which is pledged. By virtue of the pledge agreement, the Company benefits from a lower interest rate on the bank loan it has availed of from its bankers (note 15.2). Funds pledged in this way are only withdrawn by the Company by giving notice in advance of the lapse of the 30-day period.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

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 credit exposure to credit risk at the reporting date was:

	Carrying amount	
	2007	2006
	Lm	Lm
Trade receivables	156,112	90,835
VAT receivable from berth-holders	767,331	-
Other receivables	4,844	46,149
	<u>928,287</u>	<u>136,984</u>
	=====	=====

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

		Carrying amount	
		2007	2006
	Note	Lm	Lm
Individual		106,685	26,425
Legal entities		90,057	38,107
Agents		42,357	28,453
		<u>239,099</u>	<u>92,985</u>
Amounts provided for	18.1.1	(82,987)	(2,150)
		<u>156,112</u>	<u>90,835</u>
		=====	=====

The Company's most significant customers relate to around five agents.

Trade receivables that are less than thirty days past due are not considered impaired. As of 31 December 2007, trade receivables amounting to Lm126,916 (2006: Lm79,484) were past due but not impaired. These relate to a number of berth-holders which are considered as slow-payers but still recoverable. The ageing analysis of these trade receivables is as follows:

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

18 Financial instruments (continued)

18.1 Credit risk (continued)

18.1.1 Exposure to credit risk (continued)

	2007	2006
	Lm	Lm
1 to 2 months	50,386	13,972
2 to 4 months	43,779	25,358
Over 4 months	32,751	40,154
	<u>126,916</u>	<u>79,484</u>
	=====	=====

As of 31 December 2007, receivables from berth-holders for berthing services provided by the Company amounting to Lm82,987 (2006: Lm2,150) were impaired and provided for. The ageing of these receivables is as follows:

	2007	2006
	Lm	Lm
4 to 12 months	46,097	-
12 to 24 months	29,903	-
Over 24 months	6,987	2,150
	<u>82,987</u>	<u>2,150</u>
	=====	=====

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

	2007	2006
	Lm	Lm
Balance at 1 January	2,150	-
Impairment loss recognised	80,837	2,150
	<u>82,987</u>	<u>2,150</u>
	=====	=====

Impairment losses at 31 December 2007 relate to various short-term berth-holders that were slow-payers and based on historic default rates, management believes that an impairment allowance is necessary.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

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
31 December 2006						
Secured bank loan	2,100,406	(2,391,552)	(129,863)	(129,863)	(1,008,852)	(1,122,974)
Bank overdraft	344,613	(344,613)	(344,613)	-	-	-
Loan due to related party	100,000	(126,215)	(26,215)	-	(100,000)	-
	<u>2,545,019</u>	<u>(2,862,380)</u>	<u>(500,691)</u>	<u>(129,863)</u>	<u>(1,108,852)</u>	<u>(1,122,974)</u>
	=====	=====	=====	=====	=====	=====
31 December 2007						
Secured bank loan	1,977,348	(2,391,552)	(129,863)	(129,863)	(1,008,852)	(1,122,974)
Bank overdraft	38,383	(38,383)	(38,383)	-	-	-
Loan due to related party	100,000	(135,997)	(135,997)	-	-	-
	<u>2,115,731</u>	<u>(2,565,932)</u>	<u>(304,243)</u>	<u>(129,863)</u>	<u>(1,008,852)</u>	<u>(1,122,974)</u>
	=====	=====	=====	=====	=====	=====

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

18 Financial instruments (continued)

18.3 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 in view of the minimal changes in the intervention rate issued by the Central Bank of Malta. Following balance sheet date, the Company is subject to changes in base interest rates as may be announced by the European Central Bank from time to time.

18.4 Exposure to currency risk

The Company's exposure to foreign currency risk was as follows, based on notional amounts:

	31 December 2007		31 December 2006	
	GBP	USD	GBP	USD
Cash at bank	-	99,221	-	1,153
Amounts owed to related parties	226,694	-	35,121	-
	=====	=====	=====	=====

18.5 Fair values

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

19 Capital commitments

	2007	2006
	Lm	Lm
Authorised and contracted for:		
Plant and equipment	-	70,600
Costs incidental to acquisition	50,000	-
	=====	=====
	50,000	70,600
Authorised but not contracted for:		
Plant and equipment	31,768	-
Marina berthing facilities	431,446	-
Onshore facilities	104,749	-
Costs incidental to acquisition	10,303	-
	=====	=====
	578,266	-
	=====	=====

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

20 Contingencies

20.1 Litigation and claims

At balance sheet date, the Company had various claims totalling Lm84,329 for contracts works carried out by third parties at the marina, which it is disputing. While liability is not admitted, if defence against these actions is unsuccessful, the amounts could become due. The directors do not expect the Company to be found liable.

Another claim for restoration of alleged damages, caused by the Company as a result of works it carried out in the marina area, is also in dispute. The amount which the Company may incur in such restoration, will only be quantified on the signing of an agreement to be reached with the plaintiff.

On the basis that the outcome of such claims cannot be determined, no provision towards additional amounts which may become payable has been made in the financial statements.

20.2 Income tax provision

During the year, as part of its operating activities, the Company concluded, by virtue of public deeds, three long-term super-yacht berth licensing agreements, the effect of which, based on notarial advice, was the transfer from the Company of real rights over immovable property. Such transfers have been subject to a final withholding tax of 12% on the consideration received, paid on the registration of the deeds.

It is still uncertain whether such transactions give effect to transfers of real or personal rights. Should the view taken be such that these represent the transfer of personal rights, the Company will become taxable at the rate of 35%, on its taxable income for the year.

Provision has been made in the financial statements for the estimated amount of taxation at the rate of 35% on the taxable income for the year (note 10.1), on the basis that such transfers are not subject to the final withholding tax of 12%. In the event that the amount of actual tax due differs from the amount provided for, the difference will impact the taxation charge for the period when the tax treatment is determined, the financial effect of which is estimated to reduce such charge by Lm584,261, and create a deferred tax credit amounting to Lm51,923 on the resulting unrelieved tax loss.

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

21 Related parties

21.1 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 Fort Management Services Limited, 31-33 Le Pollet, St Peter Port, Guernsey GY1 1WQ. CNMI prepares the consolidated financial statements of the Group of which Grand Harbour Marina p.l.c. forms part. These financial statements are filed and available for public inspection at the Financial Services Centre in Guernsey. CNMI is considered to be the ultimate controlling party of the Company.

21.2 Key management personnel

Key management compensation is disclosed in note 7.

21.3 Other transactions with key management personnel

Details of shareholding held by the directors are set out in the Shareholder Register Information included in the Annual Report.

21.4 Other related party transactions

During the year, the Company entered into the following transactions with related parties, effective 1 July 2007 with respect to the current year figures:

	2007	2006
	Lm	Lm
Camper & Nicholsons Marinas Limited		
As per Marina Services Agreement:		
• Recruitment, operational services and auditing (2.5% of revenue subject to a minimum fee of GBP18,000 per annum)	114,881	-
• Sales and marketing (fixed fee of GBP3,200 per month)	11,169	7,862
• Commissions payable on licensing of long-term super-yacht berths (2.5% on amounts received)	105,998	29,910
• Management, finance and other related services	63,633	20,935
	295,681	58,707
carried forward	295,681	58,707

Grand Harbour Marina p.l.c.

Notes to the Financial Statements

For the Year Ended 31 December 2007

21 Related parties (continued)

21.4 Other related party transactions (continued)

	2007	2006
	Lm	Lm
brought forward	295,681	58,707
Camper & Nicholson's (Designs) Limited		
As per Trade Mark Licence Agreement:		
• Royalty fees (0.25% of revenue subject to a minimum amount of GBP10,000 per annum)	11,488	-
Interest payable on loan due to a related party (note 15.2)	7,609	6,944
Expensed	314,778	65,651



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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 2 to 36, which comprise the balance sheet as at 31 December 2007 and the statement of changes in equity, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

As described on page 1, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Companies Act 1995 enacted in Malta (the "Act") and may not be appropriate for any other purpose.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial statements 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 principles 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 opinion.

Partners
Joseph C Schembri
Raymond Azzopardi
Mark Bamber
Juanita Bencini
David Caruana
Alfred V Cremona
Hilary Galea-Lauri
Noel Mizzi
Eric Muscat

Anthony Pace
Pierre Portelli
André Zarb
Anthony Zarb

Associate Directors
Juanita Brockdorff
Doreen Fenech
John A Huber
Wim van Vuuren



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Independent Auditors' Report (continued)

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

We also report to you our opinion as to whether the financial statements are properly prepared in accordance with the Act. In addition, we report to you if, in our opinion:

- the information given in the Directors' Report is not consistent with the financial statements; or
- the Company has not kept proper accounting records; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit, or if the information specified by Article 31(O) of the Third Schedule to the Act regarding any directors' emoluments is not disclosed, in which case we are required to include a statement in our report giving the required particulars.

We read the Directors' and Other Statutory Reports and consider the implications for our report if we become aware of any material misstatements of fact within them.

Opinion

In our opinion, the financial statements have been properly prepared in accordance with the Companies Act 1995 enacted in Malta.

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

KPMG
Registered Auditors

31 March 2008

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