ANNUAL REPORT 2016

Cyprus Trading Corporation Plc

CONTENTS

BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS

Lifetime Honorary Chairman	NICOLAS K. SHACOLAS
Board of Directors	MARIOS N. SHACOLAS – **EXECUTIVE CHAIRMAN**
	STAVROS AGROTIS
	CHRISTAKIS CHARALAMBOUS
	DEMETRIS DEMETRIOU
	YIANNIS IOANNIDES (APPOINTED ON 29 MARCH 2016)
	GEORGE LOUCA
	MARIOS LOUCAIDES
	MARIOS PANAYIDES
	CHRYSOULA N. SHACOLA
	ELENI N. SHACOLA
	MENELAOS CONST. SHACOLAS
	STEPHOS STEPHANIDES
Secretary	GEORGE P. MITSIDES

OFFICERS AND OTHER ADVISORS

CHIEF FINANCIAL OFFICER	YIANNIS PETSAS
INTERNAL AUDIT OFFICER	ROVERTOS YIOUSELLIS
INDEPENDENT AUDITORS	KPMG LIMITED
LEGAL ADVISORS	IOANNIDES DEMETRIOU LLC
	TASSOS PAPADOPOULOS & ASSOCIATES LLC
REGISTERED OFFICE	SHACOLAS HOUSE
	Old Nicosia - Limassol Road
	Athalassa, Nicosia

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS **2016**

DECLARATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER COMPANY OFFICIALS RESPONSIBLE FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

In accordance with Article 9, section 3(c) and (7) of the Transparency Requirements (Traded Securities in Regulated Market) Law of 2007 (the "Law"), we the members of the Board of Directors and the other officials responsible for the preparation of the financial statements of Cyprus Trading Corporation Plc for the year ended 31 December 2016, on the basis of our knowledge, declare that:

(a) the annual consolidated and separate financial statements that are presented on pages 22 to 89:

(i) have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and in accordance with the requirements of Article 9, section (4) of the Law, and

(ii) give a true and fair view of the assets and liabilities, the financial position and the profit or losses of Cyprus Trading Corporation Plc and the entities included in the consolidated financial statements as a whole, and

(b) the report of the Board of Directors provides a fair overview of the developments and the performance, as well as the financial position of Cyprus Trading Corporation Plc and the entities included in the consolidated financial statements as a whole, together with the description of the main risks and uncertainties that they face.

MEMBERS OF THE BOARD OF DIRECTORS

MARIOS N. SHACOLAS	Executive Chairman
STAVROS AGROTIS	Non executive Director
CHRISTAKIS CHARALAMBOUS	Non executive Director
DEMETRIS DEMETRIOU	Non executive Director
YIANNIS IOANNIDES	Non executive Director
GEORGE LOUCA	Executive Director
MARIOS LOUCAIDES	Executive Director
MARIOS PANAYIDES	Non executive Director
CHRYSOULA N. SHACOLA	Executive Director
ELENI N. SHACOLA	Executive Director
MENELAOS CONST. SHACOLAS	Non executive Director
STEPHOS STEPHANIDES	Non executive Director
CHRISTAKIS CHARALAMBOUS	Non executive Director

RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Yiannis Petsas	Chief Financial Officer

Nicosia, 27 April 2017

MANAGEMENT REPORT

The Board of Directors of Cyprus Trading Corporation Plc (CTC Plc) presents its Annual Report together with the audited consolidated and separate financial statements of CTC Plc (The Company) for the year ended 31 December 2016 together with its subsidiaries, which collectively are referred to as the Group.

FINANCIAL STATEMENTS AND FINANCIAL RESULTS

The consolidated financial statements of the Group for the year ended 31 December 2016 incorporate the results of the subsidiary Groups Ermes Department Stores Plc and Woolworth (Cyprus) Properties Plc, the results of the subsidiary companies Argosy Trading Company Limited, Cassandra Trading Limited, CTC Automotive Limited, HOB House of Beauty Limited, and Artview Co. Limited.

PRINCIPAL ACTIVITIES

During 2016, the principal activities of the Group continued to include the import, distribution and trading of a substantial number of consumer products, motor vehicles and heavy machinery, retail trade through department stores and other specialised stores and the ownership and management of immovable property.

The Group, through its participation in the related company Hermes Airports Limited, has undertaken, together with other parties, the construction and operation of Larnaca and Paphos airports until 11 May 2031.

Ermes Department Stores Plc (Ermes)

Ermes Group concentrates all the retail activities of the Group. Ermes Group is the biggest and most diversified retail organisation in Cyprus (66,99% participation).

The activities of Ermes Group are analysed as follows:

- Ermes Department Stores Plc manages 7 Debenhams department stores with fashion, cosmetics, homeware and food sections, 1 Glow cosmetics store, 6 Next stores, 2 Oviesse, 1 Armani Exchange, 1 Forever 21, 1 Navy & Green, 1 Uber and 28 Zako stores, with well-known and exclusive brands.
- Retail trade in Greece through Fashionlink S.A., which operates Next, Oviesse and Peacocks stores in 4 towns.
- Through C.W.Artopolis Limited, it operates in the sector of coffee shops, bakery and pastry products.
- Through Superhome Center (D.I.Y.) Limited, it operates the well-known Do It Yourself stores with presence in Nicosia (2 stores), Limassol (1 store), Larnaca (1 store) and Paphos (1 store).
- Through Scandia Company Limited (and its subsidiary company Novario Holdings Ltd), it is engaged in the import, distribution, wholesale and retail of electrical and electronic appliances through the Scandia and Mega Electric chain of stores.

Woolworth (Cyprus) Properties Plc

Woolworth (Cyprus) Properties Plc is engaged in the ownership, development and management of immovable property (77,81% participation).

Woolworth (Cyprus) Property Plc owns indirectly 46,73% of the share capital of Cyprus Limni Resorts and GolfCourses Plc, which owns a large plot of land in Polis Chrysochous, and has obtained the required planning permits for its development. The Resort Limni Bay, will include amongst others, two golf courses, a five-star hotel, a significant number of residential units and other associate developments. The shares of Cyprus Limni Resorts and GolfCourses Plc are traded on the Emerging Companies Market (E.C.M.) of the Cyprus Stock Exchange.

The results of Woolworth include the results of the associate company Akinita Lakkos Mikeli Ltd, which is the owner of immovable properties in the entrance of Nicosia, next to EAC (35% participation).

Argosy Trading Company Limited

The largest distributor of well-known fast moving consumer goods in the Cyprus market, servicing the whole spectrum of the retail market, including supermarkets, grocery stores and kiosks (100% participation).

MANAGEMENT REPORT

PRINCIPAL ACTIVITIES (continued)

Cassandra Trading Limited

Import and distribution of Philip Morris tobacco products (100% participation).

CTC Automotive Limited

Trading all kinds of vehicles, saloon cars, trucks, buses and heavy machinery, with showrooms in all towns. Moreover, the company is trading the Hilti professional tools and the Philips lighting products (100% participation).

HOB House of Beauty Limited

HOB House of Beauty Limited, is the largest importer and distributor of luxury cosmetics and fragrances in Cyprus (50% participation).

Artview Co. Limited

The company is the exclusive importer and distributor of Dior luxury cosmetics and fragrances (100% participation).

Hermes Airports Limited

The Company participates in the Hermes Airports Limited consortium, which has undertaken the construction, development and operation of Larnaca and Paphos airports until 11 May 2031, using the B.O.T. method (11,34% participation).

EXAMINATION OF THE DEVELOPMENTS, POSITION AND PERFORMANCE OF THE OPERATIONS OF THE GROUP

The total turnover of the Group for 2016 amounted to €302.805.445 compared to €291.826.365 in 2015, an increase of 3,8%.

	2016	2015
	€	€
Profit/(loss) before tax from continuing operations	**5.442.419**	(32.392.702)
Tax expense	**(3.266.182)**	(150.372)
Profit/(loss) for the year from continuing operations	**2.176.237**	(32.543.074)
Loss after tax from discontinuing operations	**(2.307.057)**	(12.934.303)
Loss for the year	**(130.820)**	(45.477.377)
Attributable to:		
Owners of the Company	**(534.902)**	(35.373.755)
Non-controlling interests	**404.082**	(10.103.622)
Loss for the year	**(130.820)**	(45.477.377)
(Losses)/earnings per share		
Continuing operations	**1,08**	(28,75)
Discontinuing operation	**(1,65)**	(9,19)
Basic and fully diluted (losses)/earnings per share of €0,85 (cents)	**(0,57)**	(37,94)

The Cyprus economy has evolved in 2016 by noting positive growth rates and improvement in almost all fiscal parameters. This new developing era was supported with the successful completion by the government of the Economic Adjustment Programme with its international lenders in March 2016, the continuation of the structural reforms and with the reduction in taxes imposed in the previous years. However, the main driver was tourism that recorded its best year in both arrivals and revenues. Simultaneously, recovery was noted in the banking sector with further deleverage and a noticeable increase in new loan agreements at a period of low interest rates. Furthermore, unemployment declined further, which resulted in a small but noticeable increase in consumption.

The Group of Cyprus Trading Corporation Plc, implementing its policies for strategic readjustments and healthy and constructive development, improved its performance and its operating results.

EXAMINATION OF THE DEVELOPMENTS, POSITION AND PERFORMANCE OF THE OPERATIONS OF THE GROUP (continued)

Within this context, the subsidiary company Ermes renovated and redesigned the retail areas of the department store Debenhams Zenon in Larnaca and ceased the operations of the department stores Debenhams Ledra in Nicosia and Debenhams Kinyras in Paphos. It has also enhanced and enriched its retail outlets with the launch of new brands and services, achieving therefore better performance and reduced operating expenses. At the same time, Ermes invested in technological advancement and proceeded in redesigning its outlets and with further actions, part of which have been materialised in early 2017, proceeded in the opening of the shops Armani Exchange and Forever 21 at the Mall of Cyprus. Equally important is also the first success in the sector of strategic alliances, as stipulated by the CTC Group, with the merger of Scandia and Mega Electric that operate in the industry of electrical and electronic appliances. Furthermore, the subsidiary Argosy Trading Company Ltd proceeded through existing and new suppliers in importing and distributing new products and brands, commencing for the first time distribution agreements with Cypriot companies, marking the era of new prospects in its operations. Additionally, the subsidiary Woolworth (Cyprus) Properties Plc, proceeded in renting the building operated by Debenhams Ledra to the famous retail chain store H&M, increasing its revenues and improving the value of its property. Finally, the subsidiary CTC Automotive Ltd, registered the CTC Auto Leasing Ltd, that will operate from 2017 in the car leasing industry.

INTRINSIC VALUE OF SHARES

The intrinsic value of the Company's shares at 31 December 2016 was €1,15 (2015: €1,16) per share of €0,85.

DIVIDEND

The Board of Directors does not recommend the payment of a dividend, however it will re-examine the distribution of an interim dividend before the end of the current year.

MAJOR RISKS AND UNCERTAINTIES

The Group and the Company have a wide range of activities and investments and do not depend exclusively on a small number of associates or factors or operations. Their main risks are:

- Significant reliance on agencies.
- Changes in the retail market.
- Fluctuations in real estate prices.
- Fluctuations in tourism.
- Financial risks, as stated in Note 6 of the consolidated and separate financial statements.
- Other non-financial risks, as stated in Note 7 of the consolidated and separate financial statements.
- Risks arising from the economic environment in Cyprus where the Group and the Company operate, which are stated in Note 2 of the consolidated and separate financial statements.

FUTURE DEVELOPMENTS

The Cyprus economy is expected to continue to improve and have positive growth rates within 2017 as well, with tourism being the driving force. Further development is also expected, in the real estate sector, in the productive units and in private consumption. Nonetheless, dangers and risks continue to exist and should not be underestimated. The prolonged high unemployment despite its decreasing trend, remains as the prime reference point, as well as the correct restructuring of the banking portfolios. Care should also be taken due to possible repercussions deriving from Britain's exit from the European Union and the rise in oil prices.

For the CTC Group, growth is expected to continue. The investments and reorganisations that have taken place and continue in all areas, are expected to produce the required returns, and within the year further cooperations are expected.

The Board of Directors and the Management welcome the efforts made for the improvement of the economy, note the positive outlook, stress out however, that the challenges remain and that prudent and careful management is still needed in all sectors and by all that are involved.

For the CTC Group, the strategy and objectives remain unchanged, which is to maintain its position in its areas of activity, the continuous reorganization and improvement of its functions, the disposal of mature investments with the simultaneous development and addition of new activities and products.

The impact of the current economic crisis, the strong competition and the unavailability of liquidity in the market, represent the most significant risks faced by the Group. Considering the above, management is confident that the Group has the ability to adequately address these risks.

MANAGEMENT REPORT

BRANCHES

The Group operates showrooms, department stores and distribution points in all cities. In addition, it operates the National Distribution Centre for consumer goods, which is located in the industrial area of Pera Chorio Nisou. A comprehensive list of all the addresses of the stores and services provided is included in the products' catalogue which accompanies the Annual Report.

EQUITY

During the year ended 31 December 2016 there was no change in equity.

EQUITY SHARES

During the year ended 31 December 2016 there was no change in shares.

ENVIRONMENTAL RESPONSIBILITY

The Company's and the Group's policy is to strictly comply with the laws of the State whilst at the same time being sensitive to environmental issues. In relation to these, the Company was amongst the first companies in Cyprus to be actively involved in the following areas:

a) *Management of safety, health and environment in the workplace*

Since December 2003, under the guidance of specialised advisors, the Company started developing an effective Safety, Health and Environment Management System in the workplace.

Under this framework, the following activities are promoted and at the same time, meetings and seminars take place at regular intervals, in all the divisions of the Group:

- Formation and operation of safety committees
- Risk management
- Adoption of rules and procedures of safe operation
- Setting of an emergency action plan
- Research of required needs
- Training
- Report and research of incidents
- Analysis of incidents
- Application of individual protection measures
- Safety of equipment and installation
- Inspections and testing
- Safety of associates and subcontractors
- Application of road safety regulations
- Health management
- Application of fire safety and fire protection Regulations

b) *Management of materials and packing material waste, according to European Union Directive 94/62*

The Company was one of the first companies which, under the auspice of CCCI, contributed to the creation of a collective system, based on which a central institution undertakes the collection, recovery and recycling of waste. This institution is Green Dot (Cyprus) Public Co. Limited, which was founded in 2004. Since then, the Company is a shareholder and a member of this company, taking part in the collective system.

c) *Management of electrical/electronic products and batteries*

In conforming with the provisions of the 'The Solid and Dangerous Waste Law Number 125 of 2002' law, the subsidiary company IDEEA Distribution of Appliances Limited together with other companies formed a collective system company called WEEE Electrocyclosis Cyprus Limited. WEEE Electrocyclosis Cyprus Limited was licensed and began collection of electronic equipment in 2009.

The subsidiary company Argosy Trading Company Limited is also one of the founders of A.F.I.S. Cyprus Limited, a collective system for managing batteries and accumulators. According to ACE law 125/2009, the European Union Directive 2006/66/EC and its license, on 30 March 2009, A.F.I.S. Cyprus Limited began to operate the system in June 2009.

d) *Management of vehicles at the end of their useful life*

On 1 July 2005, the Company signed an agreement with an authorised company for the collection of vehicles at the end of their useful life, as well as for the collection and management of metal waste, in accordance with the "The Vehicles at the End of their Life Cycle Law 157 of 2003".

MANAGEMENT REPORT

SOCIAL CONTRIBUTION

Shacolas Group of companies in cooperation with Ministry of Education, continued during the academic year of 2015-2016 their social contribution by offering breakfast to indigent children of primary schools and of some high schools. By the end of the academic year 2015-2016, the total contribution exceeded the amount of €1.500.000. At the same time, in cooperation with Municipalities, Communities and associations, they provide significant financial support to families with many children and other citizens in need.

BOARD OF DIRECTORS

The members of the Board of Directors at the date of this report are presented on page 3.

In accordance with the Company's Articles of Association, Messes Marios N. Shacolas, Marios Loucaides, Chrysoula N. Shacola and George Louca resign and, being eligible, offer themselves for re-election.

The interest of the members of the Board of Directors in the Company's share capital as at 31 December 2016 and at the date of this report is presented in Note 37 of the consolidated and separate financial statements.

The remuneration of the members of the Board of Directors is presented in Note 39 of the consolidated and separate financial statements.

The shareholders that own more than 5% of the share capital of the Company are presented in Note 39 of the consolidated and separate financial statements.

EVENTS AFTER THE REPORTING DATE

The significant events after the reporting date are listed in Note 42 of the consolidated and separate financial statements.

INDEPENDENT AUDITORS

The Independent Auditors of the Company, KPMG Limited, have expressed their willingness to continue offering their services. A resolution proposing their reappointment and giving authority to the Board of Directors to fix their remuneration will be submitted at the Annual General Meeting.

By order of the Board of Directors,

Marios N. Shacolas
Executive Chairman

Nicosia, 27 April 2017

MANAGEMENT REPORT ON CORPORATE GOVERNANCE

PART A

The Board of Directors, recognising the importance of the Corporate Governance Code for the proper and prudent management of the Company, as well as for the continuous safeguarding of the Shareholders' interests, has adopted the Corporate Governance Code and applies its principles. The Code is also applied by the subsidiary public companies Ermes Department Stores Plc and Woolworth (Cyprus) Properties Plc.

The shares of the Company are traded at the Alternative Market of the Cyprus Stock Exchange and the application of the Corporate Governance Code is voluntary.

PART B

The Board of Directors confirms that all of the principles of the Corporate Governance Code are adhered.

BOARD OF DIRECTORS AND DIRECTORS' REMUNERATION

Duties and Responsibilities of the Directors

The Company is managed by the Board of Directors, which comprise of 12 individuals, 7 of them are Non-Executive and 4 of them are Independent.

Mr. Marios N. Shacolas, succeeding Mr. Nicolas K. Shacolas, is the Executive Chairman of the Board of Directors, since 28 April 2015. Mr Nicolas K. Shacolas was declared unanimously by the Board of Directors as the Lifetime Honorary Chairman of the Company. In addition, Mr. Marios N. Shacolas holds the position of the Chief Executive Officer of CTC.

The duties of the Executive Chairman, who chairs the meetings of the Board of Directors and the General Meetings of the Company, relate to the Company's strategy and policy and the introduction of issues for decision by the Board of Directors, as well as the management of its operating activities.

The Company's Board of Directors after receiving timely, complete and reliable information, meets at regular intervals to consider and take decisions which are documented in the Company's records. During 2016, six meetings were held. The Board of Directors has set out a formal matters agenda of on which decisions can only be taken by the Board. Some of these matters can be referred to special committees of the Board of Directors, without this meaning that the members of the Board of Directors are exempted from their collective responsibility. The responsibility of the different categories of the members of the Board of Directors does not vary from category to category.

The Company's Secretary is responsible to offer timely, complete and reliable information to all the members of the Board of Directors. The Chairman of the Board of Directors has the responsibility to ensure that all the members of the Board are appropriately informed for the matters that are discussed in the meetings.

All the Directors may consult the Executive Chairman, the Secretary of the Company, as well as the External and Internal Auditors of the Company. Every newly appointed Director receives adequate briefing upon appointment as well as during his/her service when this is deemed necessary. All the Directors exercise independently and impartially their judgement during the execution of their duties and, when deemed necessary, obtain independent professional advice at the Company's expense.

On the date of this report, the Board of Directors comprised of the Directors shown in Table 1 below. All the Directors were members of the Board throughout 2016 except of Mr. Yiannis Ioannides, who was appointed on 29 March 2016.

On 28 August 2015, the Board of Directors, unanimously declaired Mr. Nicos K. Shacolas Lifetime Honorary President of the Company.

According to the Company's Articles of Association, at each Annual General Meeting, one third of the members of the Board of Directors with the longest period of service as well as those appointed after the last Annual General Meeting.

At the next Annual General Meeting, Messrs Marios N. Shacolas, Marios Loucaides, Chrysoula N. Shacola and George Louca resign and, being eligible, offer themselves for re-election.

As required by the Code, short biographical details of those Directors who resign and offer themselves for re-election are provided below.

Board Of Directors And Directors' Remuneration (continued)

Marios N. Shacolas - Studied Business Administration in the United States of America and has a masters degree. He is the Executive Chairman of N.K. Shacolas (Holdings) Limited, Executive Director of Ermes Department Stores Plc, Woolworth (Cyprus) Properties Plc, Cyprus Limni Resorts and Golfcourses Plc and other companies.

Marios Loucaides - Has a degree in B.Sc. in Mathematics and Physics from University College and M.Sc. Computing from Oxford University. He was a professor of Mathematics and Computer Science at a college. For 10 years he worked at managerial positions in the IT Sector. In 1994 he was appointed General Manager of CTC Argosy, in 2000 he was promoted as General Manager of CTC and from September 2003 until August 2015 he was the Managing Director of the CTC Group. He was the Chairman of CTC - ARI Airports Ltd from June 2009 to June 2014.

Chrysoula N. Shacola – Has a degree in Social Sciences and Administration of the University of London. Since 1981, she is part of the executive management of the Shacolas Group and Executive Director of N. K. Shacolas (Holding) Limited, Cyprus Trading Corporation Plc since its incorporation, Ermes Department Stores Plc, Cyprus Limni Resorts & GolfCourses Plc, and other companies.

George Louca - Studied Mechanical Engineering at Purdue University, USA, and is a Chartered Accountant FCA. He worked at Deloitte in the audit department, he was Financial Director of Infotel Ltd (Germanos), Head of Finance and Information Technology of CTC-ARI Airports Ltd, which operates the retail stores in the airports of Cyprus, Chief Financial Officer of the Group of Cyprus Trading Corporation Plc and from 2014 is Head of Finance and Information Technology of the Shacolas Group of Companies. He is Executive Chairman of CTC Automotive Ltd, Director of Cyprus Trading Corporation Plc, of Ermes Department Stores Plc and of other companies.

Independence of Directors

The structure of the Board of Directors and the assignment of the Directors to categories are presented in Table 1 below:

Table 1: The Company's Board of Directors

EXECUTIVE DIRECTORS	NON EXECUTIVE DIRECTORS	
Marios N. Shacolas	Demetris Demetriou	
Marios Loucaides	Marios Panayides	
Chrysoula N. Shacola	Menelaos Const. Shacolas - Independent (see note below)	
George Louca	Stavros Agrotis	Independent
Eleni N. Shacola	Stephos Stephanides	Independent
	Christakis Charalambous	
	Yiannis Ioannides	(from 29 March 2016), Independent

Notes:

1) Despite the fact that Mr. Menelaos Const. Shacolas has already completed nine years as a Director of the Company, the Board of Directors considers him independent due to his objectivity and independent and unbiased judgment demonstrated during his service a Director and member of other committees.

2) Mr. Menelaos Konst. Shacolas is also a non-Executive Independent Member of the Board of Directors of Ermes Department Stores Plc,

3) Mr. Stephos Stephanides is also a member of the Board of Directors of Woolworth (Cyprus) Properties Plc and Cyprus Limni Resorts and Golfcourses Plc as a Non-Executive Independent Director.

The above classification is consistent with the independence criteria included in the Corporate Governance Code.

Board Of Directors And Directors' Remuneration (continued)

Committees of the Board of Directors

The Board of Directors of the Company, adopting the Principles of the Code, proceeded with the formation of the following Committees and the approval of their Operating Regulations, which are consistent with the Code and are available for inspection by anyone that is interested in obtaining more information on the subject matter, at the Company's Registered Office. These Committees also cover all the subsidiaries of Cyprus Trading Corporation Plc, with the exception of the listed companies Ermes Department Stores Plc and Woolworth (Cyprus) Properties Plc, which have their own committees, as follows: Nominations Committee, Remuneration Committee and Audit Committee.

a. Nominations Committee

The main purpose of the Nominations Committee is to maintain a well-defined and transparent procedure regarding the recommendations for appointment of new members to the Board of Directors, and to express its view to the Board of Directors in relation to such recommendations. The members of the Nominations Committee, the majority of which are Non-Executive Directors, are the following:

Demetris Demetriou, Chairman	- Non Executive
Chrysoula N. Shacola	- Executive
Stavros Agrotis	- Non Executive, Independent

The Nominations Committee meets at least once a year and reports to the Board of Directors. Furthermore, at least once a year, it presents in summary its activities during the previous financial year together with its recommendations, if any.

b. Remunerations Committee

The Remunerations Committee constitutes of the following Non-Executive Directors, the majority of whom are independent:

Christakis Charalambous, Chairman	- Non Executive
Menelaos Const. Shacolas	- Non Executive, Independent
Stephos Stephanides	- Non Executive, Independent

The Remunerations Committee meets at least once a year and its objective is to submit recommendations to the Board of Directors regarding the content and level of the Executive Directors' remuneration, as well as the terms of the relevant employment contracts. The Non-Executive Directors' remuneration is determined at the Annual General Meeting.

The Remuneration Committee has access to professional advice inside and outside the Company. When such services are used, in order to obtain information on market standards for remuneration systems, the Committee will ensure that the consultant with whom they will work, will not consequently give advice to the Human Resources Department or to any other Executive or Managing Board member.

c. Audit Committee

The role and responsibility of the Audit Committee relates to matters regarding the services provided by External or Internal Auditors, including the confirmation of their independence, matters relating to accounting treatments, reviewing significant transactions that may lead to conflict of interests, as well as the preparation, with the help of Compliance Officers responsible for the code, of the Management Report on Corporate Governance. The Audit Committee reports to the Board of Directors.

The Internal Audit Systems are reviewed on a continuous basis by the Internal Audit Department of the Group, which reports to the Audit Committee and review on their effectiveness.

The Audit Committee of the Company consists of the following Non-Executive Directors who meet the requirements of the Code and, the majority of whom are independent:

Demetris Demetriou, Chairman	- Non Executive
Menelaos Const. Shacolas	- Non Executive, Independent
Stephos Stephanides	- Non Executive, Independent

Board Of Directors And Directors' Remuneration (continued)

The Audit Committee meets at least four times a year. It examines, amongst others, the Company's Financial Statements and the Company's internal financial systems, the reports of the Internal Audit Department and the effectiveness of the Company's Internal Controls, as well as the risk management systems of the Company. It suggests the appointment or the termination of the Internal and External Auditors and monitors their relationship with the Company, including the balance between audit and other non-audit services, which they may provide.

The External Auditors of the Company, apart from the audit services provided in 2016, have not provided any other services apart from services relating to the interim financial statements, tax and VAT matters, which directly relate to the audit services they offer.

The Audit Committee has the power to request professional advice on matters within the scope of its own duties and, when necessary, may invite to its meetings specialists on the matters under discussion.

The Committee assesses the independence of the external auditors as well as the independence of the Internal Audit Department. The objectivity and independence of external auditors is ensured through monitoring of their relationship with the Group by the Audit Committee, including the balance between audit and similar non-audit services. The external auditors provided written assurance of their objectivity and independence in the Group. The external auditors do not provide internal audit services to the Group. The Committee examines the purchase of any non-audit services by the external auditors to determine whether their independence is affected.

The Audit Committee discussed the European Union Regulation in relation to the Public Interest Entities and the implications from the rotation of external auditors. According to the transitional provisions of the new regulatory framework, in 2023 the Company must make a mandatory change to its external auditors.

The Audit Committee may request independent professional advice on matters within the scope of its duties and, whenever deemed necessary may invite at its meetings specialists on the subject matters under discussion.

d. Capital Expenditure Committee

In addition to the above three Committees, for the purpose of strengthening the Internal Control Systems, the Capital Expenditure Committee has been set up, which consists mainly of members of the Board of Directors. Its responsibility is to examine the recommendations made by management for capital expenditure and their submission to the Board of Directors for a final decision. The members of the Committee are the following:

Marios N. Shacolas	– Executive Director – Chairman
Chrysoula N. Shacola	– Executive Director
Eleni N. Shacola	– Executive Director
George Louca	– Executive Director
Demetris Demetriou	– Non-Executive Director
Christakis Charalambous	– Non-Executive Director

Directors' Remuneration

The remuneration of the Executive Directors is determined by the Board of Directors after the recommendations of the Remunerations Committee. The Remuneration Committee acts within the framework of the Remuneration Policy, which was approved at the Annual General Meeting of the Shareholders and complies with the provisions of paragraph B.2 of the Corporate Governance Code.

None of the Directors is involved in the determination of his/her remuneration. The existing employment contracts of the Executive Directors are of indefinite duration, the notice period does not exceed one year and the provisions for compensation in case of early termination of a contract are based on the provisions of the Employment Termination Law.

The remuneration of the Directors, in their capacity as members of the Committees of the Board of Directors, is determined by the Board of Directors and it relates to the time invested on managing the Company. The remuneration of the Directors, in their capacity as members of the Board of Directors, is approved by the Shareholders at a General Meeting. The remuneration of the Non-Executive Directors is not linked to profitability, nor does it take the turn of participation in a pension or insurance scheme of the Company. The remuneration of the Directors for 2016 is outlined below and is separated between Executive and non-Executive Directors.

Board Of Directors And Directors' Remuneration (continued)

There are no plans, which provide pre-emption rights or warrants to the Directors.

The Executive Directors, who are at the same time employees of the Company, participate in the existing Benefit Schemes of the Group (Provident Fund, Medical Fund, and Insurance Plans). The terms for participating in these plans do not differ from the terms that are in effect for other employees of the Group. The current employees' Retirement Plan (Provident Fund) is a defined contribution scheme.

The remuneration of Executive Directors for the year 2016, including employers' contributions and other benefits, was as follows: Mr. Marios Loucaides € 252.896 (2015: € 228.903), Chrysoula N. Shacolas € 218.336 (2015: € 170.547) and George Louca € 152.184 (2015: € 131.223). The remaining Executive Directors benefited only from their remuneration as members of the Board of Directors and of various Committees as follows: Mr. Marios N. Shacolas € 44.700 (2015: € 20.000) and Eleni N. Shacolas € 4.000 (2015: € 1.650). The remuneration of Mrs. Eleni N. Shacolas was paid to her employer as compensation for the time spend as Executive Director of Cyprus Trading Corporation Plc. The total remuneration of Executive Directors amounted to € 672.116 (2015: € 598.423).

During the year ended 31 December 2016, the Company did not pay any additional remuneration to Non-Executive Directors, except for their annual remuneration as members of the Board of Directors and other Committees, which was approved at the last Annual General Meeting of the Company. This is analysed as follows: Mr. Demetris Demetriou € 5.870 (2015: € 5.360), Marios Panayides € 3.200 (2015: € 4.000), Menelaos Const. Shacolas € 4.280 (2015: €3.570), Stavros Agrotis €3.970 (2015: € 1,650), Stephos Stephanides € 4.480 (2015: € 1.820), Christakis Charalambous € 4.170 (2015: € 1.650) and Yiannis Ioannides € 3.400. The remuneration of Demetris Demetriou, Marios Panayides and Christakis Charalambous was paid to their employer as compensation for the time spend as Non-executive Directors of Cyprus Trading Corporation Plc. The total remuneration of Non-Executive Directors of the Company amounted to € 29.370 (2015: € 27.450).

The remuneration of the Directors is presented in Notes 10 and 39 of the Consolidated and Separate Financial Statements.

RESPONSIBILITY AND CONTROL

Internal Control System

The Board of Directors has received assurance that the Company maintains an adequate Internal Control System in order to safeguard to the greatest possible extent the Shareholders' investment and the Company's assets.

The Company's Board of Directors has reviewed the procedures and methods of validation of the correctness, completeness and accuracy of the information provided to the investors and confirms that they are effective. The Board of Directors confirms that it monitors the Internal Control System of the Company, through the Internal Audit Department of Shacolas Group, which acts and reports independently to the Audit Committee of the Company, and assures that their effectiveness is satisfactory. The review of the Internal Control and Risk Management Systems by the Internal Audit Department covers, on a sample basis, the financial, operating and software systems, including the applied control systems and security systems.

The objective of the Internal Audit Department of the Group is the provision of independent and objective Internal Audit Services and advisory services designed to add value and improve the operation of the Group companies.

The Internal Audit Department assists the Group to achieve its objectives by applying a systematic and disciplined methodology to educate and improve the Risk Management and Internal Control Systems and the application of the Corporate Governance Code. The Internal Audit Department is liable to the Board of Directors and to the Audit Committee of the Company regarding the execution of tis duties. The members of the Internal Audit Department report directly to the Audit Committee to ensure the independence of the department. Head of the Internal Audit Department is Mr. Rovertos Yiousellis, Chartered Accountant (FCCA, MBA Finance).

The Board of Directors of the Company confirms that no breach of the Cyprus Stock Exchange Law has come to its attention, except of those already known to the relevant stock exchange officials.

The main characteristics of the internal control and risk management system applied by the Company in relation to the preparation of the financial statements are as follows:

- Revision of accounting policies and policies whenever required.
- Existence of documented procedures for the issuance of financial statements.
- Existence of safeguards and development of control mechanism for the safety and reliability of the financial information used.
- Adequacy of knowledge, qualifications of involved executives by competence and area of responsibility.
- Continuous training and updating of executives on accounting and matters.
- Development and presentation of a risk management process.
- Review of the internal control and risk management system by the Board of Directors upon recommendation by the Audit Committee.

Board Of Directors And Directors' Remuneration (continued)

The Company has developed the appropriate structures, procedures and control mechanisms to evaluate and manage risks that may arise in the preparation of the financial statements.

Directors' Loans

Any loans to Directors of the Group from Group companies and information relating to potential personal interest of Directors in transactions or matters that affect the Company are disclosed in Note 39 of the Financial Statements.

Votes and Control Options

The Company has not issued any shares with special control rights and there are no restrictions on the voting rights. All the shares have the same rights.

Going Concern

The Board of Directors confirms that the Company and the Group have sufficient resources to continue their operations as a going concern for the next twelve months.

Compliance with Corporate Governance Code

The Board of Directors has appointed Messrs George Mitsides and Demetris Demetriou, who have good knowledge of the Stock Exchange Law and the requirements of the Cyprus Securities and Exchange Commission, as Compliance Officers under the Corporate Governance Code, to monitor, in cooperation with the Audit Committee, the application of the Code.

INVESTOR RELATIONS

The Directors consider an important part of their responsibilities the provision of clear, reliable and timely information to the Shareholders and the adoption of the requirements of the Corporate Governance Code regarding the constructive use of the General Meeting and the equal treatment of the Shareholders. The Shareholders, given that they represent an adequate number of shares, have the right to raise issues for discussion at the General Meetings in accordance with the requirements of the Companies Law.

The Board of Directors appointed Messrs Marios Loucaides and Demetris Demetriou as the Company's Shareholder Liaison Officers.

The Board of Directors appointed Mr. Menelaos Const. Shacolas, an Independent Non-Executive Director, as Senior Independent Director, who is available to listen to shareholders' concerns whose concerns have not been resolved through the normal communication channels of the Company.

BOARD OF DIRECTORS' REMUNERATION POLICY

The Board of Directors' Remuneration Policy has been determined and approved at the General Meeting of the Shareholders and is uploaded on the official website of the Company.

By order of the Board of Directors,

George P. Mitsides

Secretary

Nicosia, 27 April 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYPRUS TRADING CORPORATION PLC

Report on the audit of the consolidated financial statements and the separate financial statements of Cyprus Trading Corporation Plc

Opinion

We have audited the accompanying consolidated financial statements of Cyprus Trading Corporation Plc and its subsidiaries (the "Group"), and separate financial statements of Cyprus Trading Corporation Plc (the "Company"), which are presented on pages 22 to 89 and comprise the consolidated statement of financial position and the statement of financial position of the Company as at 31 December 2016, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows, and the statements of profit or loss, comprehensive income, changes in equity and cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements and the separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code), and the ethical requirements in Cyprus that are relevant to our audit of the consolidated financial statements and the separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements and the separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements and the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments at fair value through profit or loss for the Group

As disclosed in note 24 to the consolidated and separate financial statements.

Key audit matter

The Group has investments at fair value through profit or loss with carrying amount of €56.750.100 in the consolidated financial statements of the Group as at 31 December 2016, which represents 11% of the total assets of the Group. The valuation of the non-listed investment at fair value through profit or loss is a key audit matter due to the significant of the amount and the subjectivity and complexity of the calculations for the determination of the fair value of the investments.

The Group has estimated the fair value of the non-listed investment at fair value through profit or loss taking into consideration all relevant information available, including a financial appraisal report (using discounted Cash Flows) prepared by international real estate experts. The fair value depends to a large extend on Group's assessment of future cash flows and the discount rate used, and is therefore subject to considerable sensitivity for the inputs used, particularly due to the fact that the specific investments are at an early development stage.

How the matter was addressed in our audit

Our audit procedures included in the following:

- evaluation of the independence, competency and objectivity of the independent international real estate experts,
- evaluation of the appropriateness of the valuation model used by the Group, taking into consideration the fact that the specific investments are at an early development stage,
- evaluation of the future cash flows used in the calculation, in comparison with masterplan, the licenses obtained and expected to be obtained from the authorities, as well as in comparison with the general economic and specific sector expectations,
- evaluation of the parameters used in determination of the discount rate applied,
- examination of the mathematical accuracy of the fair value calculation by reperforming the calculation,
- evaluation of the parameters used in determination of the fair value, by comparison with the future general economic expectations and the specific expectation of the market,
- evaluation of the adequacy of the disclosures in the consolidated financial statements of the Group regarding the valuation of investments at fair value through profit or loss.

Valuation of investment property and land and buildings at fair value for the Group and the Company

As disclosed in notes 19 and 17 to the consolidated and separate financial statements.

Key audit matter

The Group has estimated the fair value of the Group's and the Company's investment property and land and buildings to be €201.075.445 and €31.081.079 respectively as at 31 December 2016, which represents 40% and 12% of the total assets of the Group and the Company respectively. Independent external valuations were obtained by the Group in order to support the fair values. The valuations are dependent on certain key assumptions that require significant judgement including capitalization rates and market rental rates. For these reasons the determination of the fair value of investment property and land and buildings is a key audit matter.

How the matter was addressed in our audit

Our audit procedures included in the following:

- evaluation of the independence, competency and objectivity of the independent external appraisers,
- evaluation of the mathematical accuracy, the methodologies used and the key assumptions used, in comparison with the general economic and specific sector expectations,
- examination of the completeness and accuracy of the key inputs in the valuation reports prepared by the independent external appraisers,
- evaluation of the adequacy of the disclosures in the financial statements of the Group and the Company regarding the valuation of investment property and land and buildings at fair value.

Impairment of goodwill for the Group

As disclosed in note 18 to the consolidated and separate financial statements.

Key audit matter

At 31 December 2016 the Group had goodwill amounting to €25.927.767, which represents 5% of the total assets of the Group. Goodwill is tested for impairment annually by comparing the carrying amount with the value in use. The value in use is estimated using the discounted cash flow valuation technique for each cash generating unit.

The annual goodwill impairment testing performed by the Group is considered complex and requires significant judgement with respect to future market and economic conditions, revenue growth, gross profit margins, working capital levels, capital expenditure and discount rates, which individually may have significant effect on the results of the calculation.

How the matter was addressed in our audit

Our audit procedures included in the following:

- evaluation of the methodology used by the Group for the goodwill impairment testing,
- evaluation of the key assumptions used, such as the expected gross profit margins, working capital, capital expenditure and the discount rates, in comparison with external and internal data as well as our expectations based on our knowledge of the Group and the environment in which it operates,
- evaluation of the adequacy of the disclosures in the financial statements of the Group regarding the goodwill impairment of goodwill

Valuation of inventory for the Group

As disclosed in note 27 to the consolidated and separate financial statements.

Key audit matter

The Group had inventory amounting to €46.043.681 as at 31 December 2016, which represents 9% of the total assets of the Group.

Inventory is carried at the lower of cost and net realisable value. Sales of individual product categories can be volatile with consumer demand and can change significantly based on current trends. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value. The provisions to bring down the carrying amount of inventory to its net realisable value are based on a number of factors including seasonality. This exercise require significant judgement from the Group.

How the matter was addressed in our audit

Our audit procedures included in the following:

- attendance of the year end physical inventory counts to ensure that the quantities included in the stock listing and used in the net realisable value calculation were appropriate,
- recalculation of the net realisable value of inventory and comparison with its carrying value using Computer Assisted Audit Techniques,
- evaluation of the adequacy of the Group's provisions for inventory, by selecting a sample of items to test that they were correctly measured at the lower of cost and net realisable value, which was determine by reviewing the sales after the end of the reporting period.

Impairment assessment of the investments in subsidiary companies in the separate financial statements of the Company

As disclosed in note 20 to the consolidated and separate financial statements.

Key audit matter

The investments in subsidiaries companies are carried at cost less impairment, and amount to €169.485.211 at 31 December 2016, which represents 63% of the total assets of the Company.

The carrying value of the investments in subsidiary companies is tested annually for impairment at 31 December by comparing the carrying amount with either the value in use or the fair value less cost to sell. The value in use and the fair value are measured using the discounted cash flow valuation technique for each cash generating unit. The Company's annual impairment assessment of the investments in subsidiary companies is considered complex and requires significant judgement with respect to future market and economic conditions, revenue growth, gross profit margins, working capital and capital expenditure, which individually may have a significant effect on the results of the calculation for the impairment of investments in subsidiary companies.

How the matter was addressed in our audit

Our audit procedures included in the following:

- evaluation of the methodology used by the Company for the impairment testing of investments in subsidiary companies,
- evaluation of the key assumptions used, such as the expected gross profit margins, working capital, capital expenditure and the discount rates, in comparison with external and internal data as well as our expectations based on our knowledge of the Group and the environment in which it operates,
- evaluation of the adequacy of the disclosures in the financial statements of the Company regarding the impairment assessment of the investments in subsidiary companies.

Recoverability of trade and other receivables for the Group

As disclosed in note 28 to the consolidated and separate financial statements.

Key audit matter

The Group had trade and other receivables amounting to €28.975.457 at 31 December 2016, which represents 6% of the total assets of the Group.

The significance of the specific balances for the Group, the general economic and political environment in Cyprus where the Group operates, which creates a risk as to the recoverability of the specific balances, as well as the uncertainty involved in estimating the provision for bad debts, set the recoverability of trade and other receivables as one of the key audit matters.

How the matter was addressed in our audit

Our audit procedures included in the following:

- evaluation of the operating effectiveness of the controls applicable for the recoverability of Group's trade receivables,
- examination of the cash received after the end of the reporting period,
- evaluation of the experience of the Group to develop expectations regarding the provision for bad debts,
- examination of the accuracy of the assumptions and data used in the calculation of the provision for bad debts, such as the ageing of the balances, the characteristics of the clients, the level of insurance and whether the specific amount was recovered after the end of the reporting period.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management report and the Management report on Corporate Governance, but does not include the consolidated and the separate financial statements and our auditors' report thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CYPRUS TRADING CORPORATION PLC

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Our report in this regard is presented in the "Report on other legal requirements" section.

Responsibilities of the Board of Directors for the consolidated financial statements and the separate financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements and separate financial statements that give a true and fair view in accordance

with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the separate financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the audit of the consolidated financial statements and the separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements and the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements and the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts of Law 2009, L.42(I)/2009, as amended from time to time ("Law 42(I)/2009"), we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of these books.
- The Company's consolidated financial statements and separate financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements and separate financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the Management Report on pages 6 to 10, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of our audit, we have not identified material misstatements in the management report.
- In our opinion, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, and which is included as a specific section of the Management Report, have been prepared in accordance with the requirements of the Companies Law, Cap, 113, and is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's its environment obtained in the course of our audit, we have not identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii) and (vi) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of Law 42(I)/2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditors' report is Antonis I. Shiammoutis.

Antonis I. Shiammoutis, FCA

Certified Public Accountant and Registered Auditor

For and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus
27 April 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2016

	Note	2016 €	2015 €
Continuing operations			
Turnover		302.805.445	291.826.365
Cost of Sales		(226.381.376)	(218.967.800)
Gross Profit		76.424.069	72.858.565
Other operating income	9	5.229.441	4.579.331
Distribution expenses		(51.174.062)	(50.963.648)
Administrative expenses		(15.477.403)	(14.488.991)
Operating profit before depreciation		15.002.045	11.985.257
Depreciation for the year		(5.076.427)	(5.393.723)
Operating profit	10	9.925.618	6.591.534
Finance income	12	4.322.934	2.933.202
Finance costs	12	(12.862.408)	(15.891.819)
Net finance costs		(8.539.474)	(12.958.617)
Profit/(loss) from investing activities	13	4.064.808	(26.522.477)
Share of (loss)/profit from associate companies	21	(8.533)	496.858
Profit/(loss) before tax		5.442.419	(32.392.702)
Tax expense	14	(3.266.182)	(150.372)
Profit/(loss) after tax from continuing operations		2.176.237	(32.543.074)
Discontinued operations			
Loss after tax from discontinued operations	16	(2.307.057)	(12.934.303)
Loss for the year		(130.820)	(45.477.377)
(Loss)/profit attributable to:			
Owners of the Company		(534.902)	(35.373.755)
Non-controlling interests		404.082	(10.103.622)
Loss for the year		(130.820)	(45.477.377)
Earnings/(losses) per share			
Basic and fully diluted earnings/(losses) per share of €0,85 (cents)	15		
Continuing operations		1,08	(28,75)
Discontinued operations		(1,65)	(9,19)
		(0,57)	(37,94)

The notes on pages 32 to 89 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Note	2016	2015
		€	€
Loss for the year		(130.820)	(45.477.377)
Other comprehensive income/(expenses)			
Items that will never be reclassified to profit or loss			
Revaluation of property plant and equipment	17	2.707.825	(7.917.000)
Deferred tax on revaluation of property plant and equipment	33	(2.871.805)	1.243.485
Revaluation of available for sale	23	(9.999)	(74.434)
Other comprehensive expenses for the year after tax		(173.979)	(6.747.949)
Total comprehensive expenses for the year		(304.799)	(52.225.326)
Total comprehensive expenses attributable to:			
Owners of the Company		(1.357.414)	(40.589.057)
Non-controlling interests		1.052.615	(11.636.269)
Total comprehensive expenses for the year		(304.799)	(52.225.326)

The notes on pages 32 to 89 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

	Note	2016	2015
		€	€
Assets			
Property, plant and equipment	17	**169.137.300**	186.855.942
Intangible assets	18	**26.511.842**	26.187.786
Investment property	19	**49.956.551**	26.369.684
Investments in associate companies	21	**19.460.058**	19.510.311
Investments available for sale	23	**260.227**	268.916
Investments at fair value through profit or loss	22	**485.394**	548.003
Loans receivable	24	**56.750.100**	59.150.100
Trade and other receivables	25	**93.211.588**	69.656.321
Total non-current assets		**415.773.060**	388.547.063
Inventories	27	**46.043.681**	43.792.465
Finance leases	22	**157.495**	159.420
Trade and other receivables	28	**28.975.457**	26.238.644
Restricted bank deposits	26	**5.000.000**	13.003.815
Cash and cash equivalents		**3.431.100**	6.423.067
Total current assets		**83.607.733**	89.617.411
Total assets		**499.380.793**	478.164.474
Equity			
Share capital	29	**79.261.147**	79.261.147
Share premium		**4.255.873**	4.255.873
Own shares reserve	30	**(113.817)**	(113.817)
Fair value reserves	31	**3.792.416**	4.614.928
Retained earnings		**19.508.500**	19.402.994
Difference from the conversion of share capital to Euro		**401.035**	401.035
Total equity attributable to owners of the Company		**107.105.154**	107.822.160
Non-controlling interests		**43.761.436**	45.054.851
Total equity		**150.866.590**	152.877.011
Liabilities			
Borrowings	32	**186.968.052**	164.254.733
Deferred tax liabilities	33	**6.703.267**	1.435.464
Trade and other payables	34	**1.392.084**	-
Total non-current liabilities		**195.063.403**	165.690.197
Borrowings	32	**85.454.028**	95.196.935
Trade and other payables	34	**65.787.009**	62.597.970
Current tax liabilities	35	**2.209.763**	1.802.361
Total current liabilities		**153.450.800**	159.597.266
Total liabilities		**348.514.203**	325.287.463
Total equity and liabilities		**499.380.793**	478.164.474

The financial statements were approved by the Board of Directors on 27 April 2017.

Marios N. Shacolas	George Louca
Executive Chairman	*Executive Director*

The notes on pages 32 to 89 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	ATTRIBUTABLE TO THE OWNERS OF THE COMPANY							
	Share capital	Share premium	Own shares reserve	Fair value reserves	Retained earnings	Difference from the conversion of share capital to Euro	Non-controlling interests	**Total equity**
	€	€	€	€	€	€	€	**€**
Year ended 31 December 2016								
At 1 January 2016	79.261.147	4.255.873	(113.817)	4.614.928	19.402.994	401.035	45.054.851	**152.877.011**
Total comprehensive income/(expenses) for the year								
Loss for the year	-	-	-	-	(534.902)	-	(404.082)	**(130.820)**
Other comprehensive income/(expenses) for the year								
Revaluation of investments available for sale (Note 23)	-	-	-	(9.999)	-	-	-	**(9.999)**
Revaluation of property, plant and equipment	-	-	-	1.896.648	-	-	811.177	**2.707.825**
Deferred tax on revaluation (Note 33)	-	-	-	(2.709.161)	-	-	(162.644)	**(2.871.805)**
Other comprehensive income/(expenses) for the year	-	-	-	(822.512)	-	-	648.533	**(173.979)**
Total comprehensive income/(expenses) for the year	-	-	-	(822.512)	(534.902)	-	1.052.615	**(304.799)**
Transactions with the owners of the Company								
Contributions and distributions								
Shares issued by subsidiary company	-	-	-	-	-	-	3.786.140	**3.786.140**
Special contribution to the deference fund on deemed distribution	-	-	-	-	(443.998)	-	(132.323)	**(576.321)**
Dividends paid by subsidiary companies	-	-	-	-	-	-	(4.916.441)	**(4.916.441)**
Total contributions and distributions	-	-	-	-	(443.998)	-	(1.262.624)	**(1.706.622)**
Change in ownership interests								
Decrease in the participation of the Group in a subsidiary company	-	-	-	-	1.084.406	-	(1.084.406)	**-**
Sale of share of subsidiary company without lack of control	-	-	-	-	-	-	1.000	**1.000**
Total changes in ownership interest	-	-	-	-	1.084.406	-	(1.083.406)	**1.000**
Total transactions with the owners of the Company	-	-	-	-	640.408	-	(2.346.030)	**(1.705.622)**
At 31 December 2016	79.261.147	4.255.873	(113.817)	3.792.416	19.508.500	401.035	43.761.436	**150.866.590**

The notes on pages 32 to 89 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	ATTRIBUTABLE TO THE OWNERS OF THE COMPANY							
	Share capital	Share premium	Own shares reserve	Fair value reserves	Retained earnings	Difference from the conversion of share capital to Euro	Non-controlling interests	Total equity
	€	€	€	€	€	€	€	€
Year ended 31 December 2015								
At 1 January 2015	79.261.147	4.255.873	(1.644.529)	9.830.230	65.847.831	401.035	58.648.432	216.600.019
Total comprehensive income/(expenses) for the year								
Loss for the year	-	-	-	-	(35.373.755)	-	(10.103.622)	(45.477.377)
Other comprehensive income/ (expenses) for the year								
Revaluation of investments available for sale (Note 23)	-	-	-	(74.434)	-	-	-	(74.434)
Revaluation of property plant and equipment	-	-	-	(6.099.257)	-	-	(1.817.743)	(7.917.000)
Deferred tax on revaluation (Note 33)	-	-	-	958.389	-	-	285.096	1.243.485
Other comprehensive income/ (expenses) for the year	-	-	-	(5.215.302)	-	-	(1.532.647)	(6.747.949)
Total comprehensive expenses for the year	-	-	-	(5.215.302)	(35.373.755)	-	(11.636.269)	(52.225.326)
Transactions with the owners of the Company								
Contributions and distributions								
Equity distribution to the owners of the company	-	-	1.530.712	-	(1.530.712)	-	-	-
Special contribution to the deference fund on deemed distribution	-	-	-	-	(28.401)	-	(8.334)	(36.735)
Dividends paid by subsidiary companies	-	-	-	-	-	-	(836.570)	(836.570)
Total contributions and distributions	-	-	1.530.712	-	(1.559.113)	-	(844.904)	(873.305)
Change in ownership interests								
Decrease in the participation of the Group in a subsidiary	-	-	-	-	-	-	(1.038.322)	(1.038.322)
Sale of share of subsidiar company without lack of control	-	-	-	-	(17.836)	-	67.836	50.000
Transfer to profit or loss due to lack of control to subsidiary companies	-	-	-	-	(9.536.055)	-	-	(9.536.055)
Purchase of share to subsidiary company	-	-	-	-	41.922		(141.922)	(100.000)
Total changes in ownership interests	-	-	-	-	(9.511.969)	-	(1.112.408)	(10.624.377)
Total transactions with the owners of the Company	-	-	1.530.712	-	(11.071.082)	-	(1.957.312)	(11.497.682)
At 31 December 2015	79.261.147	4.255.873	(113.817)	4.614.928	19.402.994	401.035	45.054.851	152.877.011

The notes on pages 32 to 89 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	Note	2016 €	2015 €
Cash flows from operating activities			
Profit from operations before working capital changes	36	15.299.985	15.939.804
Increase in trade and other receivables		(9.881.184)	(4.023.650)
Decrease/(increase) in inventories		(2.251.216)	144.529
Increase/(decrease) in trade and other payables		3.494.176	5.923.356
Cash generated from operating activities		6.661.761	17.984.039
Interest paid		(12.848.023)	(15.714.165)
Tax paid		(467.745)	(695.291)
Net cash (for)/from operating activities		(6.654.007)	1.574.583
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment	17	(3.044.188)	(7.769.264)
Payments for acquisition of intangible assets	18	(502.210)	(139.889)
Payments for acquisition of investment property	19	(190.985)	(1.561.356)
Payments for acquisition of investment in subsidiary company	20	-	(100.000)
Payments for acquisition of investment available for sale	23	(1.980)	-
Payments for acquisition of investments at fair value through profit or loss	24	-	(1.989)
Payments for acquisition of investments at fair value through	27	(13.000.000)	-
Investments in restricted bank deposits	26	8.003.815	(13.000.000)
Proceeds from sale of property, plant and equipment		44.783	857.708
Proceeds from sale of investments of intangible assets		5.753	-
Proceeds from sale of subsidiary companies	16	-	77.369.505
Dividends received from associate companies		41.720	83.440
Interest received		713.279	198.658
Net cash from investing activities		5.069.987	55.936.813
Cash flows for financing activities			
New borrowings	32	19.319.457	158.500
Repayment of borrowings	32	(4.348.775)	(29.842.400)
Proceeds/(repayment) of bank overdrafts and other facilities		(2.000.270)	4.575.372
Loans granted to related parties	25	(15.085.687)	(33.765.067)
New finance leases	22	(116.516)	(165.780)
Repayment of loans to related companies	25	2.349.416	-
Instalments of finance leases	22	181.050	95.024
Special contribution to the defence fund on deemed distribution		(576.321)	(36.735)
Dividends paid		(1.130.301)	(836.570)
Net cash for financing activities		(1.407.947)	(59.817.656)
Net decrease in cash and cash equivalents		(2.991.967)	(2.306.260)
Cash and cash equivalents at the beginning of the year		6.423.067	8.729.327
Cash and cash equivalents at the end of the year		3.431.100	6.423.067

The notes on pages 32 to 89 form an integral part of these consolidated and separate financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Note	2016 €	2015 €
Other operating income	9	**21.218.204**	19.329.915
Administrative expenses		**(2.895.576)**	(2.549.476)
Operating profits before depreciation		**18.322.628**	16.780.439
Depreciation for the year		**(50.312)**	(45.986)
Operating profits	10	**18.272.316**	16.734.453
Finance income	12	**2.820.588**	3.336.468
Finance expenses	12	**(7.431.918)**	(9.276.917)
Net finance costs		**(4.611.330)**	(5.940.449)
Losses from investing activities	13	**(6.151.387)**	(25.249.578)
Profits/(losses) before tax		**7.509.599**	(14.455.574)
Tax expense	14	**(902.960)**	305.897
Profits/(losses) for the year		**6.606.639**	(14.149.677)
Other comprehensive income/(expenses)			
Items that will never be reclassified to income statement			
Revaluation of property, plant and equipment	17	**105.118**	-
Deferred tax on revaluation of property, plant and equipment	33	**(3)**	(850)
Other comprehensive income/(expenses) for the year after tax		**105.115**	(850)
Total comprehensive income/(expenses) for the year		**6.711.754**	(14.150.527)
Earnings/(losses) per share			
Basic and fully diluted earnings/(losses) per share of €0,85 (cents)	16	**7,08**	(15,17)

The notes on pages 32 to 89 form an integral part of these consolidated and separate financial statements.

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

		2016	2015
Assets	Note	€	€
Property, plant and equipment	17	**5.015.033**	4.963.494
Intangible assets	18	**59.797**	2.141
Investment property	19	**26.110.773**	26.885.807
Investments in subsidiary companies	20	**169.485.211**	154.406.109
Investments available for sale	23	**94.929**	94.929
Loans receivable	25	**52.412.384**	47.797.259
Total non-current assets		**253.178.127**	234.149.739
Trade and other receivables	28	**15.419.540**	25.297.074
Cash and cash equivalents		**6.701**	4.168
Total current assets		**15.426.241**	25.301.242
Total assets		**268.604.368**	259.450.981
Equity			
Share capital	29	**79.261.147**	79.261.147
Share premium		**4.255.873**	4.255.873
Own share reserve	30	**(15.773)**	(15.773)
Fair value reserves	31	**5.408.303**	5.303.188
Retained earnings		**8.764.758**	2.158.119
Difference from the conversion of share capital to Euro		**401.035**	401.035
Total equity		**98.075.343**	91.363.589
Liabilities			
Borrowings	32	**114.937.224**	105.855.177
Deferred tax liabilities	33	**2.928.382**	2.025.419
Total non-current liabilities		**117.865.606**	107.880.596
Borrowings	32	**8.075.223**	16.991.123
Trade and other payables	34	**44.588.196**	43.215.673
Total current liabilities		**52.663.419**	60.206.796
Total liabilities		**170.529.025**	168.087.392
Total equity and liabilities		**268.604.368**	259.450.981

The financial statements were approved by the Board of Directors on 27 April 2017.

Marios N. Shacolas
Executive Chairman

George Louca
Executive Director

The notes on pages 32 to 89 form an integral part of these consolidated and separate financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Share capital	Share premium	Own shares reserve	Fair value reserve	Retained earnings	Difference from the conversion of share capital to Euro	Total equity
	€	€	€	€	€	€	€
Year ended 31 December 2016							
At 1 January 2016	79.261.147	4.255.873	(15.773)	5.303.188	2.158.119	401.035	91.363.589
Total comprehensive income for the year							
Profit for the year	-	-	-	-	6.606.639	-	6.606.639
Other comprehensive Income for the year							
Revaluation on property, plant and equipment (Note 17)	-	-	-	105.118	-	-	105.118
Deferred tax on revaluation of property, plant and equipment (Note 33)	-	-	-	(3)	-	-	(3)
Other comprehensive income for the year	-	-	-	105.115	-	-	105.115
Total comprehensive income for the year	-	-	-	105.115	6.606.639	-	6.711.754
At 31 December 2016	79.261.147	4.255.873	(15.773)	5.408.303	8.764.758	401.035	98.075.343

	Share capital	Share premium	Own shares reserve	Fair value reserve	Retained earnings	Difference from the conversion of share capital to Euro	Total equity
	€	€	€	€	€	€	€
Year ended 31 December 2015							
At 1 January 2015	79.261.147	4.255.873	(1.546.485)	5.304.038	17.838.508	401.035	105.514.116
Total comprehensive income/ (expenses) for the year							
Losses for the year	-	-	-	-	(14.149.677)	-	(14.149.677)
Other comprehensive expenses for the year							
Deferred tax on revaluation of property, plant and equipment (Note 33)	-	-	-	(850)	-	-	(850)
Other comprehensive expenses for the year	-	-	-	(850)	-	-	(850)
Total comprehensive expenses for the year	-	-	-	(850)	(14.149.677)	-	(14.150.527)
Transactions with owners of the Company							
Distribution of equity (Note 29)	-	-	1.530.712	-	(1.530.712)	-	-
At 31 December 2015	79.261.147	4.255.873	(15.773)	5.303.188	2.158.119	401.035	91.363.589

The notes on pages 32 to 89 form an integral part of these consolidated and separate financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	Note	2016 €	2015 €
Cash flows from operating activities			
Profits from operations before working capital changes	36	**(477.912)**	16.780.439
(Increase)/decrease in trade and other receivables		**6.278.338**	(12.409.133)
Decrease in trade and other payables		**(677.797)**	(660.542)
Cash from operating activities		**5.122.629**	3.710.764
Interest paid		**(7.431.918)**	(9.276.917)
Tax paid		**-**	(23.822)
Net cash for operating activities		**(2.309.289)**	(5.589.975)
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment	17	**(14.384)**	(24.855)
Payments for acquisition of intangible assets	18	**(58.904)**	(2.020)
Payments for acquisition of investment property	19	**(168.381)**	(104.446)
Payments for acquisition of investments in subsidiary company	20	**(19)**	(50.000)
Payments for acquisition of investments available for sale		**18.900**	10.920.163
Receipts from sale of property, plant and equipment		**-**	789
Proceeds from sale of subsidiary company		**4.163.000**	-
Interest received		**2.820.588**	2.895.212
Net cash from investing activities		**6.760.800**	13.634.054
Cash flows for financing activities			
New borrowings	32	**4.879.000**	33.241.103
Repayment of borrowings	32	**(1.174.676)**	(55.205.199)
Grant/(repayment) of bank overdraft and other facilities		**(3.538.177)**	3.766.510
Loans granted to related companies	25	**(7.471.419)**	(23.636.152)
Repayment of loans to related companies	25	**2.856.294**	33.734.794
Net cash for financing activities		**(4.448.978)**	(8.089.944)
Net increase/(decrease) in cash and cash equivalents		**2.533**	(54.865)
Cash and cash equivalents at the beginning of the year		**4.168**	59.033
Cash and cash equivalents at the end of the year		**6.701**	4.168

The notes on pages 32 to 89 form an integral part of these consolidated and separate financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
For the year ended 31 December 2016

1. INCORPORATION AND PRINCIPAL ACTIVITIES

General

Cyprus Trading Corporation Plc (the "Company") was incorporated in Cyprus in 1977 as a Limited Liability Company under the name Cyprian Seaways Bonded Warehouses Limited. In 1989 it became Public in accordance with the provisions of the Companies Law, after acquiring Cyprus Trading Corporation Limited which was incorporated in 1927, and adopting its name.

The registered office of the Company is at Shacolas House, Old Nicosia-Limassol Road, Athalassa, Nicosia.

Principal activities

During 2016 the principal activities of the Group continue to include the import, distribution and trading of a substantial number of consumer products, motor vehicles and heavy machinery, retail trade through department stores and other specialised stores and the ownership and management of immovable property.

2. OPERATING ENVIRONMENT OF THE COMPANY AND THE GROUP

According to the Cyprus Statistical Service, economic growth for 2016 was estimated at +2,8% compared to 2015. Even though the financial services sector showed negative growth, there has been an increase in the Gross Domestic Product which is mainly attributed to the hotels, construction, manufacturing and the wholesale and retail trade sectors. The economic growth was mainly driven by the increase in private consumption, which benefited from the reduction in unemployment and the consequent increase in disposable income. The growth was also supported by the slower pace of reductions in public spending and the increase in investments. On 17 March 2017 the credit rating of the country rose from BB to BB +.

Despite the significant steps towards economic recovery, a degree of uncertainty still exists, as certain issues remain to be resolved, such as the high index of non-performing loans, the high unemployment and the implementation of privatization and reforms of the public services sector.

The above could affect, among others, the Group's and the Company's ability to obtain new loans on favorable terms and conditions or/and its ability to achieve satisfactory turnover.

3. BASIS OF PREPARATION

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113 and the Cyprus Stock Exchange Law.

The consolidated and separate financial statements have been prepared under the historical cost convention as modified by the revaluation at fair value of property, plant and equipment, investment property, available-for-sale investments and investments measured at fair value through profit or loss.

Basis of measurement

The financial statements for the year ended 31 December 2016 consist of the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries collectively referred to as the "Group".

Going concern

The consolidated and separate financial statements have been prepared on a going concern basis.

The Board has made an assessment of the ability of the Company and the Group to continue their work as continuing operations taking into account all available information for the twelve months from the reporting date. Based on this evaluation, the Board is satisfied that the consolidated and separate financial statements can be prepared based on a going concern basis.

Basis of presentation and functional currency

The consolidated and separate financial statements are presented in Euro ('€'), which is the main currency used and presents best the substance of the transactions and activities of the Company and its subsidiary companies.

Adoption of new and revised Standards and Interpretations

As from 1 January 2016, the Company and the Group adopted all changes to International Financial Reporting Standards (IFRSs), which are relevant to their operations. The adoption of these Standards did not have a material effect on the consolidated and separate financial statements of the Company.

3. BASIS OF PREPARATION (continued)

Adoption of new and revised Standards and Interpretations (continued)

(i) Standards and Interpretations adopted by the EU

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018). IFRS 9 replaces the existing guidance in IAS 39. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

  The adoption of IFRS 9 is not expected to affect the classification of financial instruments in the consolidated and separate financial statements. The methodology used by the Group and the Company to estimate the impairment of financial assets will be revised with the adoption of the new expected credit loss model. The management of the Group and the Company has not yet completed its assessment for the quantification of the impact that the application of the new expected credit loss model will have on the consolidated and separate financial statements.

- IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

  The adoption of IFRS 15 will not have a significant impact on the separate financial statements of the Company. The Management of the Group is currently assessing the impact that the new standard might have on the consolidated financial statements.

(ii) Standards and Interpretations not adopted by the EU

- IAS 7 (Amendments) "Disclosure Initiative" (effective for annual accounting periods beginning on or after 1 January 2017). The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

  The Management of the Company and the Group is currently assessing the impact that the new amendment might have on the consolidated and separate financial statements.

- IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual accounting periods beginning on or after 1 January 2017). The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

  The adoption of the new amendment is not expected to have a significant impact on the consolidated and separate financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2017 (IFRS 12) and 1 January 2018 (IFRS 1 and IAS 28)). The annual improvements impact three standards. The amendments to IFRS 1 remove the outdated exemptions for first-time adopters of IFRS. The amendments to IFRS 12 clarify that the disclosure requirements for interest in other entities also apply to interests that are classified as held for sale or distribution. The amendments to IAS 28 clarify that the election to measure at fair value through profit or loss an investment in associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

  The adoption of the new improvements is not expected to have a significant impact on the consolidated and separate financial statements.

- IFRS 2 (Amendments) "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods beginning on or after 1 January 2018). The amendments cover three accounting areas: a) measurement of cash-settled share-based payments; b) classification of share-based payments settled net of tax withholdings; and c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurements of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards.

3. BASIS OF PREPARATION (continued)

Adoption of the new and revised standards and Interpretations (continued)

(ii) Standards and Interpretations not adopted by the EU (continued)

The adoption of the new amendments is not expected to have a significant impact on the consolidated and separate financial statements.

- IFRS 4 (Amendments) "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018). The amendments intend to address concerns about the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard (expected as IFRS 17). The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4: a) an option permitting entities to reclassify from profit or loss to other comprehensive income some of the income or expenses arising from designated financial assets (overlay approach) or b) an optional temporary exemption from applying IFRS 9 whose predominant activity is issuing contracts within the scope of IFRS 4 (deferral approach).

  The adoption of the new amendments is not expected to have a significant impact on the consolidated and separate financial statements.

- IFRS 15 (Clarifications) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018). The amendments in Clarifications to IFRS 15 address three of the five topics identified i.e. identifying performance obligations, principal versus agent considerations, and licensing. The clarifications provide some transition relief for modified contracts and completed contracts. Additionally, the IASB concluded that it was not necessary to amend IFRS 15 with respect to the collectability or measuring non-cash consideration.

  The adoption of the new clarifications is not expected to have a significant impact on the separate financial statements of the Company. The Management of the Group is currently assessing the impact that these clarifications might have on the consolidated financial statements.

- IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018). The amendments clarify when a company should transfer a property asset to, or from, investment property. A transfer is made when, and only when, there is an actual change in use i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use. A change in management intention alone does not support a transfer. In addition, it is clarified that the revised examples of evidence of a change in use in the amended version of IAS 40 are not exhaustive.

  The Management of the Group and the Company is currently assessing the impact that the new amendments might have on the consolidated and separate financial statements.

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018). The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

  The Management of the Group and the Company is currently assessing the impact that the new amendments might have on the consolidated and separate financial statements.

- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019). IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

  The Management of the Group and the Company is currently assessing the impact that the new standard might have on the consolidated and separate financial statements.

Use of estimates and judgments

The preparation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards requires from Management the exercise of judgment and the use of estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historic experience and various other factors that are deemed to be reasonable, based on the facts and the results of which determine the basis in which judgment is exercised in relation to the accounting values of assets and liabilities, which are not directly visible from other sources. Actual results may differ from such estimates.

3. BASIS OF PREPARATION (continued)

Use of estimates and judgments (continued)

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised if the estimate affects only that period, or in the period of the revision and future periods if the revision affects the current as well as future periods.

The areas that require more judgment or are more complicated or the areas where the underlying assumptions and estimates have a significant impact on the consolidated and separate financial statements are presented in Note 5.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Group and the Company to all periods presented in these consolidated and separate financial statements.Basis of consolidation

Basis of consolidation

(i) Subsidiary companies

Subsidiaries are entities (including entities of special purpose O.E.S) controlled by the Group. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control when it does not have more than 50% of the voting rights but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of other shareholders participation, give to the Group the power to govern the financial and operating policies of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed in the profit and loss as incurred. Identifiable assets acquired and liabilities including contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the fair value at the acquisition date of the interest previously held by the Group is valued again at fair value at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the Group to recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is considered as an asset or liability is recognized in accordance with IAS 39 either in the profit and loss account or as a change to other comprehensive income. Contingent consideration classified as equity is not remeasured and its subsequently accounted for within equity.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the amount of any non-controlling interests in the acquiree, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the consideration price is lower than the fair value of the net assets of subsidiaries acquired, the excess is recognized in profit or loss.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in subsidiary companies are stated in the statement of financial position of the Company at cost less accumulated impairment losses. In cases where the value of an investment is permanently impaired, the deficit is recognised in the statement of comprehensive income.

A list of the significant subsidiary companies of the Group and the Company is presented in Note 20.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

(ii) Transactions with non-controlling interests

The non-controlling interests in the profit and loss and in the equity of the subsidiaries are presented separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of financial position.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired or the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Associate companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill, identified on acquisition net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After the application of the equity method, including the recognition of the associates' losses, the carrying amount of the investment in associate which includes the goodwill arising on acquisition, is tested for impairment by comparing its recoverable amount with its carrying amount whenever there is an indication of impairment.

If the percentage of participation in an associate entity reduce but retained its significant influence, only a proportionate share of the amount previously recognized in comprehensive income is reclassified to profit and loss.

The gain or loss from the sale of subsidiaries or associated companies is calculated as the difference between the selling price and the Group's share of net assets of the subsidiary or associate entity at the date of sale , less any goodwill that has not been written off , resulting from the acquisition of the subsidiary or associate entity.

In the separate financial statements of the Company, the investments in associate companies are stated at cost less accumulated impairment losses. In cases where the value of an investment is permanently impaired, the deficit is recognised in profit or loss.

A list of the associate companies of the Group and the Company is presented in Note 21.

(iv) Transactions eliminated at consolidation

Intergroup balances and any unrealised gains and losses or income and expenses arising from intergroup transactions, are eliminated during the preparation of the consolidated financial statements. Unrealised gains arising from transactions with associate companies are eliminated to the extent of the Group's interest in the net assets of the associate company. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence for impairment.

Sale of subsidiaries, joint ventures or associate companies

In the consolidated financial statements the gain or loss from the disposal of subsidiaries, joint ventures or associate companies is calculated as the difference between the sale proceeds and the Group's share of net assets of the subsidiary, joint venture or associate company at the date of disposal less any unamortised goodwill arising from the acquisition of the subsidiary, joint venture or associate company.

In the separate financial statements of the Company the profit or loss arising from the disposal of subsidiaries and associate companies is calculated as the difference between the sale proceeds and the carrying amount of the subsidiary or associate company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

(i) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Euro at the foreign exchange rates ruling at the reporting date. Foreign exchange differences arising from the above are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are presented at historical cost and are denominated in foreign currencies are translated using the foreign exchange rates ruling at the date of the transaction.

Non-monetary assets and liabilities that are presented at fair value and are denominated in foreign currencies are translated to Euro at the foreign exchange rates ruling at the date the fair value was determined.

(ii) Financial results of foreign operations

Assets and liabilities held by foreign operations are translated to Euro using the foreign exchange rates ruling at the reporting date. Income and expenses of foreign operations are translated to Euro based on foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising from the above are posted in a specific reserve in equity.

Property, plant and equipment

(i) Owned assets

The Group's and Company's land and buildings are stated at revalued amount, less accumulated depreciation and impairment. The fair value for the current use of the revalued property, plant and equipment is determined based on valuation reports prepared by independent professional valuers, at regular intervals to ensure that the fair value of a revalued item will not be materially different from its carrying amount. The remaining items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment.

Surpluses or deficits arising from the revaluation of property, plant and equipment are recognised in the revaluation reserve. If a deficit arises which is not covered by the accumulated surpluses in the revaluation reserve for the specific asset, the deficit written off in the statement of comprehensive income.

Expenses for repairs and maintenance of property, plant and equipment are debited to the statement of comprehensive income. Expenses relating to significant improvements and renovation of property, plant and equipment are capitalised only when they increase the future economic benefits that will arise from the property, plant and equipment.

In case of sale of property, plant and equipment, the difference between the selling price and the net book value is debited or credited to the statement of comprehensive income. If the disposal relates to an asset which is stated at revalued amount, any balance from the revaluation surplus which exists in the revaluation reserve and corresponds to this asset, is transferred to retained earnings.

(ii) Leasehold assets

Leases under which the Group or the Company retains all the risks and rewards, resulting from the ownership of the related assets, are presented as finance leases. These leases are stated at the lower of their fair value and the present value of the minimum lease payments at the beginning of the lease agreement, less accumulated depreciation and impairment losses.

Leases under which the risks and rewards resulting from the ownership remain with the lessor are presented as operating leases.

(iii) Depreciation

Depreciation is provided by the Group and the Company to write off the cost or revalued amount, less the estimated residual value of property, plant and equipment, by equal annual instalments over their estimated useful economic life as follows:

	%
Buildings	1 - 4
Improvements to leasehold buildings	4
Motor vehicles	15 - 20
Machinery, plant and equipment	10 - 20
Computer equipment	20 - 33 1/3

No depreciation is provided on land or on land and buildings under construction.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

(i) Goodwill

Goodwill results from the acquisition of subsidiaries, associate companies and joint ventures and represents the excess of the consideration transferred over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the entity acquired and the fair value of minority interest of the entity acquired.

Goodwill is stated at cost, less accumulated impairment losses.

For impairment purpose, goodwill acquired in a business combination is allocated to each cash generating unit or groups of cash generating units that are expected to benefit from synergies arising from the combination. Each unit or group of units to which goodwill is allocated, represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

Goodwill impairment testing is performed annually or more frequently if events or changes in circumstances indicate possible impairment. The carrying value of goodwill is compared with its recoverable amount which is the higher of the value in use and the fair value less cost to sell. Any impairment is recognized immediately as an expense and is not reversed in future periods.

(ii) Software

Costs that are directly associated with unique software owned by the Group or the Company and are expected to generate economic benefits which exceed their cost for more than one year are recognised as intangible assets. Subsequently software is presented at cost less any accumulated amortisation and any accumulated impairment losses. Costs that enhance or extend the performance of software beyond their original specifications are capitalised.

Costs associated with the maintenance of software is charged to the statement of comprehensive income in the year occurred. Software is amortised using the straight-line method over its useful economic life, not exceeding a period of three years. Amortisation commences when the software is available for use.

Investment properties

Investment properties are held either for earning long-term rental income or for capital appreciation and are not used by the Group or the Company. Investment properties are accounted as a non-current asset and are stated at fair value, which represents the market value determined annually by the Company's and Group's management taking into consideration all relevant information available, including valuations from external independent valuers, market conditions and others. Changes in the fair value are recognised in the statement of comprehensive income.

Investments

The Group and the Company recognises investments in equity securities and other securities as follows:

(i) Classification

Investments at fair value through profits and losses

This category has two sub-categories: investments held for trading and investments designated at fair value through profit and loss at their inception. An investment is classified in the category held for trading if acquired principally for the purpose of generating a profit from short-term fluctuations in price. Investments classified at fair value through profit and loss at inception are those that their performance is evaluated based on fair value, according to the documented investment strategy of the Group. Information based on the fair value of these investments is provided internally to the senior management of the Group. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the reporting date. Investments valued at fair value through profit and loss at inception and for which there is no intention to be sold within twelve months from their inception and for which there is no intention to be sold within twelve months of the reporting date, are included in non-current assets.

Investments available for sale

Investments available for sale are investments that are either classified in this category or they have not been classified in any other category. Such investments are included in non-current assets unless management intends to sell the investments within twelve months from the reporting date.

Investments held to maturity

This category includes investments with fixed maturity for which the Group or the Company has the intention and capability to hold until maturity. These investments are accounted for based on the amortised cost using the method of real performance less any provisions for impairment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Classification (continued)

Investments (continued)

In the case where the Group or the Company fails to hold these investments until maturity, for reasons other than those provided in IAS 39, the whole category should be transferred to 'investments available for sale' for the current financial year and for the next two years, and be stated at their fair value.

The Group and the Company did not own such investments during the year.

(ii) Recognition and measurement

Acquisitions and disposals of investments based on normal delivery contracts are recognised on the date the transaction is completed, which is the date that the Group or the Company is committed to buy or sell the investments. Investments are initially recognised at fair value, plus the transaction cost for all the financial assets that are not stated at the fair value through profit and loss. Investments at fair value through profit and loss are initially recognised at fair value and transaction costs are debited to profit or loss. Investments are written off when the right to receive cash from the investment has expired, or has been transferred and the Group or the Company has transferred the significant risks and rewards of ownership. Investments at fair value through profit and loss and investments available for sale are then stated at fair value.

Unrealised gains or losses arising from changes in fair value of investments which are stated at fair value through the profit and loss, are recognised in the statement of comprehensive income within losses from investing activities.

Unrealised gains or losses arising from changes in fair value of investments available for sale are recognised in equity. When investments available for sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income.

When the fair value of the investments cannot be reliably measured because there is a significant deviation in the range of fair value estimates and the probabilities of the various estimates cannot be measured reliably then the investments are valued at cost less accumulated impairment.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Loans receivable

Loans receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. The Group's and the Company's loans receivable comprise loans to related parties.

Loans receivable are recognised initially at fair value, plus transaction costs. Loans receivable are derecognised when the rights to receive cash flows from loans receivable have expired or have been transferred and the Group and the Company have transferred substantially all the significant risks and rewards of ownership. Loans receivable are carried at amortised cost using the of effective interest rate method.

The Group and the Company assess at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A provision for impairment of loans is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of the loans. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or failure to fulfil obligations are considered indicators that a receivable is impaired. The amount of the provision is the difference between the carrying value of the receivable and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are presented at their nominal value less provision for doubtful debtors, which is estimated by examining all the outstanding balances at year end. Unrecoverable amounts are written off when identified.

The amount of provision for doubtful debts represents the difference between the carrying amount and the recoverable amount, which is equal to the present value of the estimated cash flow.

Amounts receivable in more than one year are presented in non-current assets.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories
Inventories are stated at the lower of cost and net realisable value. The cost of inventories is determined using the weighted average cost method and includes the purchase cost of inventories and all the costs incurred to enable the sale. The net realisable value is the estimated selling price during the ordinary course of business less any estimated cost of completion and selling expenses. For work in progress and finished goods manufactured by the Group, cost represents production cost which includes all direct expenditure and an appropriate proportion of indirect production overheads. A provision is made by the Group for faulty, scrap or slow moving inventory, when necessary.

Cash and cash equivalents
Cash and cash equivalents, for the purpose of preparing the statement of cash flows, comprise cash in hand and at banks and short-term deposits expiring not more than three months after the acquisition date.

Impairment of assets
The carrying amount of the Group's and Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment in the value of the assets. If such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is determined as the higher of its net selling price in an arm's length transaction and the present value of the estimated future cash flows from the continued use of the asset and its sale at the end of its useful life. When the recoverable amount of an asset is lower than its carrying amount, this decrease is recognised as an expense in the statement of comprehensive income of the year. Where assets are presented at their revalued amounts, the permanent decrease is debited to the revaluation reserve. The amount of impairment that is not covered by the accumulated surpluses in the revaluation reserve for the specific asset is recognised in the statement of comprehensive income of the year.

Any impairment amount for investments available for sale cannot be reversed through the statement of comprehensive income.

Any impairment amount for goodwill cannot be reversed.

In case that in future accounting periods the amount of impairment that corresponds to the remaining assets decreases due to events that occurred after the recognition of the impairment, the corresponding amount is reversed through the statement of comprehensive income.

Share capital

(i) Ordinary shares

Ordinary shares issued and paid are classified as equity.

Sundry costs relating to the issue of new shares, except in the case of acquisitions, are recognised as a deduction from the share premium. Share capital issue costs that relate to acquisitions are included in the acquisition cost.

(ii) Purchase of own shares

Company shares which are acquired based on the resolution for the purchase of own shares, are included in the own shares reserve at acquisition cost together with any directly attributable expenses.

(iii) Share premium

The share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be used for limited purposes which do not include the distribution of dividends and is otherwise subject to the provisions of the Cyprus Companies Law regarding the reduction of share capital.

(iv) Dividends

The distribution of dividends to the owners of the Company is recognised as a liability in the financial statements in the year in which the dividends are approved by the owners of the Company.

Borrowings
Borrowings are initially recognised at their fair value after the deduction of transaction costs. Borrowings are then measured at amortised cost. Any difference between the receipts (after the deduction of transaction costs) and the repayment amount is recognised in the statement of comprehensive income during the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the Group or the Company has the right, unconditionally, to postpone the repayment of the liabilities for at least twelve months after the reporting date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefit scheme

The Company and the subsidiary companies Ermes Department Stores Plc, Woolworth (Cyprus) Properties Plc and HOB House of Beauty Limited operate defined contribution schemes, which are financed separately and submit their own audited financial statements. Under these schemes, the members are entitled to specific benefits when they retire or prematurely terminate their employment contracts. The contributions of the Company and the subsidiary companies are debited in the statement of comprehensive income in the year during which they become payable.

Trade and other payables

Trade and other payables are initially recognised at their fair value and subsequently measured at amortised cost.

Trade and other payables are classified as current liabilities unless the Group and the Company has the right, unconditionally, to postpone the repayment of the liabilities for at least twelve months after the reporting date.

Financial guarantee contracts

Financial guarantee contracts are recognised as financial liabilities, when they are material, at the date of the issuance of the guarantee. Liabilities arising from financial guarantee contracts, including subsidiary corporate securities, through mutual guarantee contracts, are initially recognised at fair value and subsequently at the higher of the amount determined by the group's accounting policy for provisions and the amount initially recognized less depreciation. The fair value of financial guarantee contracts is determined by the net present value of the difference between the future cash flows payments under the contract and the payments that would be required without the guarantee, or the calculation of the amount that would have been payable to third parties to undertake the relevant liability.

Provisions

A provision is recognised in the statement of financial position, when the Group or the Company has a present legal or constructive obligation as a result of past events, from which it is probable that a future outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provision is not recognized for future losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase to the provision due to the passage of time is recognised as interest expense.

Restructuring provisions comprise lease termination penalties and employee termination payments and are recognised in the period in which the Group and the Company become legally or constructively committed to payment. Costs related to the ongoing activities of the Group and the Company are not provided in advance. Provisions are not recognised for future operating losses.

Revenue

(i) Goods sold and services rendered

Turnover represents amounts invoiced for goods sold and services rendered to customers during the year and is presented net of trade discounts and returns.

Income from sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards of ownership are transferred to the buyer.

Rendering of services are recognized in the accounting period in which the services are rendered by reference to the stage of completion of the specific transaction, assessed on the basis of the services provided as a proportion of the total services to be offered.

(ii) Income from rights for use of immovable property

Income from rights for use of immovable property is recognised on a straight line basis over the period of the lease.

(iii) Grants and subsidies

Government grants and subsidies are not recognised until there is reasonable assurance that they will be received and that the Group or the Company will comply with the conditions attached to them.

(iv) Rental Income

Rental income from operating leases is recognised on a straight line basis over the period of the lease.

(v) Other income

Interest receivable is recognised on an accruals basis using the effective interest method.

Dividends receivable are recognised when the right to receive payment is established.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

(i) Net finance costs

Net finance costs include interest on borrowings and bank overdrafts and foreign exchange differences and are stated after deducting interest receivable from cash and amounts due from third parties.

Borrowing costs are interest and other costs that the Group and the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance leases charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest expense.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, when it is probable that they will result in future economic benefits to the Group and the Company and the costs can be measured reliably.

Leases

Upon initial recognition of an agreement, the Group / Company determines whether the arrangement is or includes a lease.

Upon the initial recognition or reassessment of a lease agreement, the Company separates the payments and other consideration required by the agreement from those relating to the lease and those relating to other items on the basis of their relative fair values. If the Group / Company concludes that for a finance lease it is impracticable to reliably separate payments, then the asset and liability are recognized in an amount equal to the fair value of that asset. Subsequently, the liability is reduced by payments and a presumed financing cost is recognized using the revised borrowing rate of the Group / Company.

Leases are classified as finance leases when, under the terms of the lease, substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Finance leases - The Group / Company as the lessor

Amounts due from lessees in the case of a finance lease are recognized in the receivables at the amount of the net investment of the Group / Company in the lease. The income from these leases is allocated in the accounting periods to reflect a constant periodic return on the net investment of the Group / Company on the outstanding balance of the finance lease.

Rental income from operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and agreeing an operating lease are added to the carrying amount of the lease asset and are recognized on a straight-line basis over the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership remain with the lessor are classified as operating leases. Payments made for operating leases are charged to the income statement using the straight-line method over the period of the lease.

Taxation

Taxation in the statement of comprehensive income includes corporation tax, special defence contribution, capital gains tax and deferred tax.

Corporation tax is the provision on the taxable income for the year which is calculated in accordance with the legislation and the tax rates applicable in Cyprus and Greece, and includes any adjustments for previous years' tax.

The provision for special defence contribution is calculated in accordance with the legislation and the tax rates applicable in Cyprus and includes any adjustments for previous years' tax.

The provision for capital gains tax is calculated in accordance with the legislation and the tax rates applicable in Cyprus and includes any adjustments for previous years' tax.

Deferred tax is provided using the liability method on all temporary timing differences between the carrying amount of assets and liabilities and their tax base.

Deferred tax is estimated based on the tax rates expected to be applicable in the period in which the asset will be recovered or the liability will be settled. The effect on deferred tax from changes in the tax rates is presented in the statement of comprehensive income or in reserves, depending on where the original debit or credit for deferred tax was recorded.

Deferred tax assets arising from deductible temporary differences are recognised only to the extent that is probable that sufficient taxable profits will arise in the foreseeable future against which the temporary differences can be utilised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax for the year, which arises from the revaluation of property, plant and equipment, is transferred to the revaluation reserve. Where a revaluation reserve does not exist, this deferred tax is transferred to retained earnings.

Deferred tax for the year, which arises from the revaluation of investment property, is recognised in the statement of comprehensive income.

Earnings per share

The Group and the Company present the basic earnings per share for their ordinary shares. Basic earnings per share are estimated by dividing profit or loss attributed to the owners of the Company with the weighted average number of shares that were issued during the year.

Operating segments

The operating segments are disclosed according to the internal reporting provided to the decision-maker. The decision-maker is the person or group of persons responsible for the allocation of resources and the assessment of performance of the reportable segments of the Group.

Share option scheme

Ordinary shares issued from the exercise of share options, are shown in the statement of financial position at the amount of the net receipts, at the exercise date. The difference between the exercise price and the nominal value of the share capital issued is credited in share premium.

Events after the reporting date

Assets and liabilities are adjusted for events which occurred in the period between the reporting date and the date the financial statements are approved by the Board of Directors, when these events provide additional information for the estimation of amounts relating to conditions existing at the reporting date or indicate that the going concern principle for the Group or the Company or a part of them is not appropriate.

Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation adopted in the current year.

5. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting estimates and judgments are constantly evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. As a result, the accounting estimates are rarely equal to the actual results. The estimates and the assumptions that might cause material adjustment in the carrying amounts of assets and liabilities during the next financial year are presented below:

Provision for bad and doubtful debts

The Group and the Company examine if there are indications regarding the recoverability of the amounts receivable from trade and other receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. If such indication exists, the recoverable amount is estimated and a provision for bad and doubtful debts is made. The amount of the provision is recognised in the statement of comprehensive income.

The revision of the credit risk is continuous and the methodology and assumptions used for estimating the provision for bad and doubtful debts are reviewed regularly and adjusted accordingly.

Provision for obsolete and slow moving inventory

The Group examines whether there are indications regarding the sales ability of inventory and its net realisable value on disposal. The provision for inventory is based on management's past experience, taking into consideration the value of inventory as well as the movement and the level of stock for each category of inventory.

The amount of the provision is recognised in the statement of comprehensive income, in cost of sales. The review of the net realisable value of inventory is continuous and the methodology and assumptions used for estimating the provision for inventory are reviewed regularly and adjusted accordingly.

5. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Fair value of properties

The Group's and the Company's land and buildings which are presented in property, plant and equipment and investment property and revalued to their fair value. The fair value is the open-market value, determined by the management of the Group and the Company, taking into consideration all relevant information available, including valuations by the external independent valuers and taking into account market conditions and others.

Fair value is based on an active market process, adjusted, if necessary for any differences in the nature, location or condition of the specific asset. If the information is not available, the Group and the Company uses alternative valuation methods such as recent prices or less active markets or discounted cash flow projections. These valuations are reviewed annually by the management of the Group and the Company, based on valuations of independent professional valuers taking into account the market conditions. Changes in fair values are recorded in profit and loss and are included in losses from investing activities.

For all properties, their current use equates to the highest and best use. The Group's and the Company's finance department reviews the valuation performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between management and the independent valuers at regular intervals. At each reporting date the Group's and the Company's finance department:

- verifies all major inputs to the independent valuation report
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuers

Fair value hierarchy

The fair value of properties was determined using the following levels:
- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Valuation techniques underlying management's estimation of fair value

The fair value of properties was determined using the following methods:

Income approach:	The basis of the assessment is the expected net income after allowing for the owners property taxes and other direct expenses and the net income is capitalised using an appropriate yield.
Market approach:	Based on the location, the size and the quality of the properties including market conditions at the date of the valuation.
Cost approach:	Based on the official cost data as published of the Statistical Service which is amended to include the specific technical specification of the properties under review at the date of the valuation.

There were no changes to the valuation techniques during the year.

More information regarding the fair value of properties is presented in Notes 17 and 19.

Impairment of goodwill

Each year the Group examines whether the goodwill has been impaired according to the accounting policy referred to in Note 3. The recoverable amount of the cash generating units has been determined based on the value in use calculation. These calculations require the use of assumptions which are presented in Note 18.

Taxation

The Group and the Company are subject to corporation tax in accordance with the legislation and the tax rates applicable in Cyprus and in Greece. For specific transactions and calculations, the final tax computation is uncertain. The Group and the Company recognise liabilities for foreseeable tax matters based on estimates of whether additional tax will arise. Where the final tax assessment of these matters is different from the amount originally recognised, the differences will affect the provision for corporation tax and deferred tax in the period of assessment.

5. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Categorisation of investments at fair value through profit and loss

For the determination of the classification of investments in Cyprus Limni Resorts & GolfCourses Plc significant judgment is required. Specifically, although the Group holds between 20% and 50% of the voting rights in this company, bearing in mind that the other related company controls by itself more than 50% of the voting rights, it has been classified as 'Investments at fair value through profit and loss' and not an associate company in accordance with the documented investment strategy of the Group. Information on this basis of the fair value of investments is provided by the management of the Group.

Fair value of investments at fair value through profit and loss

The fair value of investments at fair value through profit and loss is determined using valuation methods. The Group exercise judgement for the selection of different valuation methods and makes assumptions which are mainly based on the market conditions at the reporting date.

More information regarding the fair value of investment at fair value through profit and loss is presented in Notes 6 and 24.

6. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group and the Company are exposed to the following risks from their financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the exposure of the Group and the Company to these risks, the objectives of the Group and the Company, the policies and the procedures followed for measuring and managing these risks, and the capital management of the Group and the Company. Additional quantitative financial disclosures are included throughout these financial statements.

The Board of Directors has the overall responsibility for the adoption and monitoring of the financial risk management framework.

Financial risk management principles are adopted to identify and analyse the risks faced by the Group and the Company, to set up appropriate risk limits and controls, to monitor these financial risks and to comply with these limits. Financial risk management principles and systems are reviewed regularly to reflect changes in market conditions and in the operations of the Group and the Company. The Group and the Company through training and procedures followed by management, aim to develop a disciplined and constructive environment in which all employees will understand their roles and responsibilities.

(a) Credit risk

Credit risk arises when the failure by counter parties to meet their obligations could reduce the amount of future cash inflows from financial assets at the reporting date. Credit risk arises mainly from trade and other receivables and investments.

Trade and other receivables

Credit risk is mainly affected by the individual characteristics of each customer. The credit risk of the Group and the Company is not concentrated to specific debtors, but there is significant geographical concentration of credit risk since almost 100% of their sales are made in Cyprus.

The Group and the Company apply policies to ensure that products are sold and services are provided to customers with credit worthiness history and they monitor on a continuous basis the chronological status of receivables. Management sets out credit limits for individual customers which represent the maximum amount for which no approval is required from the Board of Directors. For better monitoring of the credit risk, debtors are separated into groups based on their main characteristics, whether they are physical persons or legal entities, whether they are importers, distributors or retailers and in accordance with their repayment terms.

The Group and the Company do not require guarantees from trade and other receivables, except from the sales of commercial vehicles, trucks and heavy machinery, which until their full repayment are registered in the name of both the subsidiary company and its customers.

The Group and the Company create an impairment provision that represents management's assessment of losses in respect of trade and other receivables and investments. The impairment provision mainly includes specific losses which relate to significant risks and total losses that have been realised but not yet traced and relate to certain asset categories. The impairment provision is decided based on historical data that relate to assets with similar characteristics.

6. FINANCIAL RISK MANAGEMENT (continued)

FINANCIAL RISK FACTORS (continued)

(a) Credit risk (continued)

Investments

The Group and the Company invest in companies that are either controlled by the Group and the Company or the Group exercises significant influence.

These companies have solid credit history and management does not expect any failure by the counter parties to meet their obligations.

Guarantees

The policy of the Group and the Company is to provide guarantees only to related parties. The guarantees provided up to 31 December 2016 are presented in Note 39 of the consolidated and separate financial statements.

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date of the consolidated and separate financial statements was:

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Investments available for sale	**260.227**	268.916	**94.929**	94.929
Investments at fair value through profit and loss	**56.750.100**	59.150.100	**-**	-
Trade and other receivables	**28.975.457**	26.238.641	**15.419.540**	25.297.074
Loans receivable	**93.211.588**	69.656.321	**52.412.384**	47.797.259
Total	**179.197.372**	155.313.978	**67.926.853**	73.189.262

The maximum exposure to credit risk from trade receivables per category of receivables, at the reporting date of the consolidated and separate financial statements was:

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Retail	**5.003.720**	3.667.143	**-**	-
Import and distribution	**8.999.323**	10.176.602	**-**	-
Real estate	**73.764**	78.224	**-**	-
Total	**14.076.807**	13.921.969	**-**	-

Cash at bank are analysed as follows based on the external credit assessment of Moody's.

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Baa2	**-**	2.882.052	**-**	-
Caa1	**119.083**	-	**-**	-
Caa2	**851.286**	205.971	**1.169**	-
Caa3	**459.407**	1.484.461	**1.204**	1.012
Not rated	**10.440**	1.844	**-**	-
	1.440.216	4.574.328	**2.373**	1.012

6. FINANCIAL RISK MANAGEMENT (continued)

FINANCIAL RISK FACTORS (continued)

(b) Liquidity risks

Liquidity risk is the risk that arises when the maturity of assets and liabilities do not match. When the maturity dates do not match, efficiency can increase, but the risk of losses can also increase. The Group and the Company apply procedures to minimise these losses, such as maintaining sufficient amount of cash and other highly liquid assets and by maintaining an adequate amount in committed credit facilities.

Management monitors rolling forecasts of the liquidity reserves of the Group and the Company comprising undrawn borrowing facilities (Note 32) and cash and cash equivalents on the basis of expected cash flows.

The borrowings of the Group and the Company are secured by guarantees from related companies (Note 32), whereas the Group and the Company have guaranteed borrowings of related companies (Note 39).

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

The Group

31 December 2016	Book value	Contractual cash flows	Within 12 months	1-2 years	2-5 years	Over 5 years
	€	€	€	€	€	€
Bank loans	197.061.527	265.588.490	18.493.321	17.546.314	69.099.764	160.449.091
Bank overdrafts	68.586.064	68.586.064	68.586.064	-	-	-
Factoring facilities	6.172.737	6.172.737	6.172.737	-	-	-
Other loans	601.752	816.678	138.334	138.334	420.764	134.972
Trade and other liabilities	67.179.093	67.179.093	65.787.009	1.392.084	-	-
Total	339.601.173	408.343.062	159.177.465	19.083.904	69.494.997	160.586.696

31 December 2015	Book value	Contractual cash flows	Within 12 months	1-2 years	2-5 years	Over 5 years
	€	€	€	€	€	€
Bank loans	181.994.643	241.631.479	25.640.059	23.889.519	86.356.970	105.744.931
Bank overdrafts	70.969.992	70.969.992	70.969.992	-	-	-
Factoring facilities	5.789.079	5.789.079	5.789.079	-	-	-
Other loans	697.954	828.668	134.598	138.334	420.764	134.972
Trade and other liabilities	62.597.970	62.597.970	62.597.970	-	-	-
Total	322.049.638	381.799.188	165.113.698	24.027.853	86.777.734	105.879.903

The Company

31 December 2016	Book value	Contractual cash flows	Within 12 months	1-2 years	2-5 years	Over 5 years
	€	€	€	€	€	€
Bank loans	98.476.871	140.191.098	5.139.157	7.093.397	30.540.911	97.417.633
Bank overdrafts	7.028.514	7.028.514	7.028.514	-	-	-
Trade and other payables	44.588.196	44.588.196	44.588.196	-	-	-
Total	150.093.581	191.807.808	56.755.867	7.093.397	30.540.911	97.417.633

31 December 2015	Book value	Contractual cash flows	Within 12 months	1-2 years	2-5 years	Over 5 years
	€	€	€	€	€	€
Bank loans	99.767.028	138.172.964	12.744.754	12.657.712	37.509.754	75.260.744
Bank overdrafts	10.566.691	10.566.691	10.566.691	-	-	-
Trade and other payables	43.215.673	43.215.673	43.215.673	-	-	-
Total	153.549.392	191.955.328	66.527.118	12.657.712	37.509.754	75.260.744

6. FINANCIAL RISK MANAGEMENT (continued)

FINANCIAL RISK FACTORS (continued)

(c) Market risk

Market risk is the risk that the value of the financial instruments will fluctuate due to changes in market prices. Market risk mainly includes the risk from changes in foreign exchange rates, investment prices and interest rates.

Investment price risk

The financial assets available for sale and the financial assets at fair value through profit and loss are subject to market risk due to the uncertainty of the future investment prices. The Group and the Company manage market risk through diversification of investment portfolio.

Sensitivity analysis

A 5% increase in the price of shares held by the Group at 31 December 2016 would increase equity by €2.837.505 (2015: €2.970.951) and results by €2.957.505 (2015: €3.885.605). A 5% decrease would have the same but opposite impact on equity and results.

A similar increase in the price of shares held by the Company would result in an increase in equity by €4.746 (2015: €4.746). A 5% decrease would have the same but opposite impact on equity.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments fluctuates due to changes in market interest rates. Since the Group and the Company have significant interest-bearing assets, the income and operating cash flows of the Group and the Company depend substantially on changes in market interest rates. The interest rates of most interest bearing assets are fixed and expose the Group and the Company to interest rate risks relating to fair value. The majority of the interest-bearing assets relate to related companies. The interest rates are determined by the management of the Group and are reviewed at regular intervals depending on market conditions.

The Group and the Company are exposed to interest rate risk in relation to their borrowings. Borrowings with variable interest rates expose the Group and the Company to cash flow interest rate risk. Borrowings with fixed interest rates expose the Group and the Company to fair value interest rate risk.

The management of the Group and the Company monitor the interest rate fluctuations on a continuous basis and act accordingly.

At the reporting date of the consolidated and separate financial statements, the analysis of interest bearing financial instruments in relation to interest rates was:

	The Group	
	2016	2015
Financial instruments with variable interest rates	**€**	€
Financial assets	**1.440.216**	4.574.328
Financial liabilities	**(272.422.080)**	(259.451.668)
Total	**(270.981.864)**	(254.877.340)

	The Company	
	2016	2015
Financial instruments with variable interest rates	**€**	€
Financial assets	**2.373**	1.012
Financial liabilities	**(105.505.385)**	(110.333.718)
Total	**(105.503.012)**	(110.332.706)

	The Group	
	2016	2015
Financial instruments with fixed interest rates	**€**	€
Financial assets	**93.211.588**	69.656.321
Financial liabilities	**-**	-
Total	**93.211.588**	69.656.321

6. FINANCIAL RISK MANAGEMENT (continued)

FINANCIAL RISK FACTORS (continued)

(c) Market risk (continued)

Interest rate risk (continued)

	The Company	
	2016	2015
	€	€
Financial assets	**52.412.384**	47.801.427
Financial liabilities	**(17.507.062)**	(12.512.581)
Total	**34.905.322**	35.288.846

Sensitivity analysis

The increase in interest rates by 1% at 31 December 2016, would result in decrease in equity and results by the amounts shown below. This calculation assumes that all other factors, and especially foreign exchange rates, remain constant. In case of a decrease in interest rates by 1% there would be the same but opposite impact on equity and results.

With regards to financial instruments with fixed interest rates, fluctuations in interest rates are not expected to have any impact on equity and results.

The Group	Equity		Results	
	2016	2015	**2016**	2015
	€	€	**€**	€
Financial instruments with variable interest rates	**2.709.819**	2.548.773	**2.709.819**	2.548.773

The Company	Equity		Results	
	2016	2015	**2016**	2015
	€	€	**€**	€
Financial instruments with variable interest rates	**1.055.030**	1.103.337	**1.055.030**	1.103.337

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the functional currency of the Group and the Company, which is the Euro. The management of the Company monitors the foreign exchange rate fluctuations on a continuous basis and acts accordingly.

The exposure of the Group and the Company to currency risk was as follows:

The Group

31 December 2016	United States Dollar	Sterling Pound	Swedish Krona
	€	€	€
Liabilities			
Trade and other receivables	(33.196)	(3.552.599)	(521.255)
Net risk exposure	(33.196)	(3.552.599)	(521.255)

31 December 2015	United States Dollar	Sterling Pound	Swedish Krona
	€	€	€
Assets			
Trade and other receivables	63.552	-	-
Liabilities			
Trade and other payables	(10.766)	(3.159.266)	-
Net risk exposure	52.786	3.159.266	-

6. FINANCIAL RISK MANAGEMENT (continued)

FINANCIAL RISK FACTORS (continued)

(c) Market risk (continued)

The Company

The Company had no assets or liabilities denominated in foreign currencies at 31 December 2016 and 31 December 2015.

Sensitivity analysis

A 5% strengthening of the Euro against the following foreign currencies at 31 December 2016, would result in an increase/(decrease) in equity and results as shown below. This calculation assumes that all other factors, in particular interest rates, will remain constant. A 5% weakening of the Euro against the following foreign currencies, would have the same but opposite impact on results and equity.

The Group	Equity		Results	
	2016	2015	**2016**	2015
	€	€	**€**	€
United States Dollar	**1.660**	(2.639)	**1.660**	(2.639)
Sterling Pound	**177.630**	157.963	**177.630**	157.963
Swedish Krona	**26.063**	-	**26.063**	-
Total	**205.353**	155.324	**205.353**	155.324

CAPITAL MANAGEMENT

The Group and the Company manage their capital to ensure that they will be able to continue as a going concern, while maximising the return for the owners through the optimisation of the debt and equity balance. The Board of Directors monitors the return on capital as well as the level of dividends. The overall strategy of the Group and the Company in relation to capital management remains unchanged from previous year.

The Board of Directors tries to maintain the balance between the increased return that is possible through borrowings and the benefits and the security provided by a healthy capital base.

At times the Company buys back its own shares. The timing of purchase of these shares depends mainly on the price of the share on the Cyprus Stock Exchange. The Group and the Company do not have a specific plan for buying own shares but all transactions relating to own shares are based on the decisions of the Board of Directors.

The Company and its subsidiary companies are not subject to externally imposed capital requirements.

The Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

The gearing ratio at 31 December 2016 and 31 December 2015 was as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Total borrowings (Note 33)	**272.422.080**	259.451.668	**123.012.447**	122.846.300
Less: Cash and cash equivalents	**(3.431.100)**	(6.423.067)	**(6.701)**	(4.168)
Net debt	**268.990.980**	253.028.601	**123.005.746**	122.842.132
Total equity	**150.866.590**	152.877.011	**98.075.343**	91.501.977
Total capital as defined by management	**419.857.570**	405.905.612	**221.081.089**	214.344.109
Gearing ratio	**64%**	62%	**56%**	57%

6. FINANCIAL RISK MANAGEMENT (continued)

FAIR VALUES

The tables below analyse financial instruments that are measured in the statement of financial position at fair value based on the valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on non-observable market data (that is, unobservable inputs).

The following tables present the financial assets and liabilities of the Group and the Company which are measured at fair value at 31 December 2016.

	Level 1	Level 2	Level 3	Total
	€	€	€	€
The Group				
Assets				
Investments at fair value through profit and loss	-	-	56.750.100	56.750.100
Investments available for sale	156.403	-	103.824	260.227
Total assets measured at fair value	156.403	-	56.853.924	57.010.327
The Company				
Assets				
Investments available for sale	-	-	94.929	94.929
Total assets measured at fair value	-	-	94.929	94.929

The following tables present the financial assets and liabilities of the Group and the Company which are measured at fair value at 31 December 2015.

	Level 1	Level 2	Level 3	Total
	€	€	€	€
The Group				
Assets				
Investments at fair value through profit and loss	-	-	59.150.100	59.150.100
Investments available for sale	164.422	-	104.494	268.916
Total assets measured at fair value	164.422	-	59.254.594	59.419.016

	Level 1	Level 2	Level 3	Total
	€	€	€	€
The Company				
Assets				
Investments available for sale	-	-	94.929	94.929
Total assets measured at fair value	-	-	94.929	94.929

6. FINANCIAL RISK MANAGEMENT (continued)

FAIR VALUES *(continued)*

Financial Instrument - Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group and the Company is the current bid price.

Financial Instrument – Level 2 and 3

The fair value of financial instruments that are not traded in an active market (for example, unlisted equity securities) or that are traded but for which there is no active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on equity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flows analysis, are used to determine the fair value for the remaining financial instruments.

It must be noted that the amount included in Level 3 and relates to investments at fair value through profit and loss relates to securities which are not traded but they are themselves owners of equity investments in financial assets at fair value, the securities of which are traded on a non-regulated market.

The table below presents the changes to Level 3 investments for the year ended 31 December 2016:

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
At 1 January	**59.254.594**	77.816.594	**94.929**	94.929
Additions to investments at fair value through profit and loss	**-**	1.989	**-**	-
Losses recognised in the statement of comprehensive income for investments at fair value through profit or loss	**(2.400.670)**	(18.563.989)	**-**	-
At 31 December	**56.853.924**	59.254.594	**94.929**	94.929
Total losses for the period which are included in the statement of comprehensive income for investments held at the reporting date	**(2.400.670)**	(18.563.989)	**-**	-
Changes to non-realised losses for the year which are included in the statement of comprehensive income for investments held at reporting date	**(2.400.670)**	(18.563.989)	**-**	-

Further information regarding the fair values of investments at fair value through profit and loss is presented in Note 24.

7. NON FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to the following non-financial risks:

- Operational risk
- Compliance risk
- Legal risk
- Loss of reputation risk

7. NON FINANCIAL RISK MANAGEMENT (continued)

(a) Operational risk

Operational risk is the risk derived from the weakness of information technology systems and controls as well as the risk from human error and natural disaster. The systems used by the companies of the Group are continuously evaluated, maintained and upgraded.

(b) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with the laws and regulations of the State. This risk is limited to a significant extent due to the supervision exercised by the Compliance Officer, as well as by the safety controls applied by the companies of the Group.

(c) Legal risk

Legal risk is the risk of financial loss, discontinuing of the operations of the Company and the Group or any other negative situation arising from the possibility of non-execution or violation of legal contracts resulting in lawsuits. This risk is limited through the contracts used by the Group and the Company to carry out their operations.

(d) Loss of reputation risk

The loss of reputation risk arises from the negative publicity relating to the operations of the Group and the Company, whether true or false, which may result in the reduction of their clientele, a reduction in their revenue and legal cases against them. The Group and the Company apply procedures to minimise this risk.

8. OPERATING SEGMENTS

According to IFRS 8, the Group operates four main operating segments:

(a) Retail, which includes retail trading in fashion products, cosmetics, food, DIY products, household appliances, construction products and motor vehicles.

(b) Import and distribution, which include the import and distribution of widely used branded products, cosmetics and luxury perfumes.

(c) Ownership and management of immovable property which include ownership, development and management of immovable property, large projects including malls, department stores and golf courses.

(d) Investing and other activities which include the investing activities of the Group and also other operations that are not included in the above segments and do not comprise a separate reportable segment.

The results of each operating segment of the Group are monitored separately by management as part of their decision making for the allocation of resources and assessment of their performance. The performance of each segment is based on the profit or loss after taxation which is calculated in the same way as in the consolidated financial statements.

The internal transfer prices between the segments are at arm's length as with any third party transactions. The balances and the transactions between the segments are eliminated on consolidation.

The Group operates mainly in Cyprus, therefore there is no analysis of the operations between geographical segments.

8. OPERATING SEGMENTS (continued)

INFORMATION ABOUT REPORTABLE SEGMENTS

The Group

	Retail	Import and distribution	Ownership and management of immovable property	Investing and other	Eliminations due to consolidation	Total
	€	€	€	€	€	€
2016						
Turnover	184.215.263	118.590.182	-	-	-	302.805.445
(Losses)/profits for the year after tax	(1.340.597)	5.433.138	999.361	(5.222.722)	-	(130.820)
2015						
Turnover	177.358.931	114.467.434	-	-	-	291.826.365
(Losses)/profit for the year after tax	(3.606.940)	5.456.705	(40.326.458)	(6.718.643)	(282.041)	(45.477.377)

9. OTHER OPERATING INCOME

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Rights for use of immovable property	**1.536.923**	1.204.478	**1.050.559**	1.354.915
Other rights and claims	**888.298**	370.049	**-**	-
Services rendered	**417.871**	837.448	**1.367.106**	1.006.399
Rebates from suppliers	**1.984.398**	1.759.418	**-**	-
Dividends receivable	**-**	-	**18.800.539**	16.947.001
Profit from sale of property plant and equipment	**-**	34.620	**-**	-
Other income	**401.951**	373.318	**-**	21.600
Total	**5.229.441**	4.579.331	**21.218.204**	19.329.915

10. OPERATING PROFITS

Operating profits before net finance costs are stated after charging/(crediting) the following:

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Staff costs (Note 11)	**38.026.778**	35.260.419	**1.682.416**	1.379.715
Depreciation of property, plant and equipment (Note 17)	**4.904.026**	5.396.362	**49.063**	45.490
Amortisation of intangible assets (Note 18)	**172.401**	116.419	**1.248**	496
Profits/(losses) from the sale of property, plant and equipment	**28.508**	(34.620)	**-**	-
Directors' remuneration (Note 39)	**748.206**	648.823	**701.486**	625.873
Independent auditors' remuneration				
- current year	**177.597**	185.600	**91.000**	81.300
- prior years	**1.377**	(6.050)	**909**	(6.050)
Remuneration for tax advisory services	**6.800**	6.300	**6.800**	6.300
Rent payable	**7.421.323**	6.584.579	**-**	-

11. STAFF COSTS

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Salaries and wages	**34.806.740**	32.688.204	**1.520.000**	1.245.032
Social insurance and other contributions	**3.218.808**	3.155.917	**139.864**	114.929
Contributions to provident funds	**219.732**	209.604	**11.277**	9.872
Contributions to medical funds	**306.435**	262.411	**11.275**	9.882
Compensation claims	**(524.937)**	(1.055.717)	**-**	-
Total	**38.026.778**	35.260.419	**1.682.416**	1.379.715

The average number of employees of the Group during 2016 and 2015 was 2.507 and 2.224 respectively.

The average number of employees of the Company during 2016 and 2015 was 34 and 28 respectively.

12. NET FINANCE COSTS

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Interest receivable	**3.943.838**	2.600.798	**2.820.588**	3.336.468
Incentives from suppliers for early repayment	**274.979**	330.695	**-**	-
Foreign exchange differences	**104.117**	1.709	**-**	-
Finance income	**4.322.934**	2.933.202	**2.820.588**	3.336.468
Bank interest and charges	**(12.736.677)**	(15.327.790)	**(4.971.495)**	(6.044.111)
Interest on corporation tax and special defence contribution	**(5.547)**	(53.259)	**-**	-
Other interest payable	**(111.346)**	(333.116)	**(2.460.423)**	(3.232.806)
Foreign exchange differences	**(8.838)**	(177.654)	**-**	-
Finance costs	**(12.862.408)**	(15.891.819)	**(7.431.918)**	(9.276.917)
Net finance costs	**(8.539.474)**	(12.958.617)	**(4.611.330)**	(5.940.449)

13. PROFITS/(LOSSES) FROM INVESTING ACTIVITIES

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Impairment of goodwill (Note 18)	**-**	(7.549.901)	**-**	-
Impairment of investment property (Note 19)	**6.027.375**	(408.587)	**(943.415)**	-
Impairment of investment in subsidiary company (Note 20)	**-**	-	**-**	(18.150.254)
Impairment of investments at fair value through profit or loss (Note 24)	**(2.400.000)**	(18.563.989)	**-**	-
Impairment of available investments for sale	**(670)**	-	**-**	-
Profit from the merger of Ideea Distribution activities of Appliances Ltd and E & G Electriplus Ltd (Note 20)	**438.103**	-	**-**	-
Losses on sale of investment in subsidiary company (Note 20)	**-**	-	**(5.207.972)**	(7.099.324)
Total	**4.064.808**	(26.522.477)	**(6.151.387)**	(25.249.578)

14. TAX EXPENSE

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Corporation tax - current year	**813.929**	247.720	-	-
- prior years	**(6.533)**	288	-	-
Special defence contribution current year	**62.788**	98.084	-	-
Deferred taxation (Note 33)	**2.395.998**	(195.720)	**902.960**	(329.719)
Charge/(credit) for the year	**3.266.182**	150.372	**902.960**	(305.897)

Reconciliation of taxation based on the taxable income and taxation based on accounting profits/(losses):

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Accounting profits/(losses) before taxation	**5.442.419**	(32.392.702)	**7.509.599**	(14.455.574)
Tax calculated at the applicable tax rates	**98.864**	(4.049.088)	**938.700**	(1.806.947)
Adjustments to taxation for the following:				
Tax effect of expenses not deductible for tax purposes	**2.037.894**	4.124.193	**17.919**	3.184.215
Tax effect of allowances and income not subject to tax	**(1.961.944)**	(450.996)	**(2.411.410)**	(2.118.375)
Corporation tax for prior years	**(6.533)**	288	-	-
Deferred tax	**2.395.998**	(195.720)	**902.960**	(329.719)
Tax effect of Group relief	-	-	**1.454.791**	741.107
Effect of tax losses for which no provision for deferred tax was made	**639.115**	1.005.522	-	-
Effect of tax losses from prior years	-	(381.911)	-	-
Special defence contribution - current year	-	98.084	-	23.822
Charge/(credit) for the year	**3.266.182**	150.372	**902.960**	(305.897)

The profits of the Cyprus Group companies are subject to corporation tax at the rate of 12,5% (2015: 12,5%). In addition, taxable income that is covered by tax losses brought forward from the last five years is not taxed.

The taxable profits of the subsidiary company which is registered in Greece are subject to corporation tax at the rate of 26% (2015: 26%).

The taxable profits of the subsidiary company which is registered in Malta are subject to corporation tax at the rate of 30%.

Under certain conditions, interest income may be exempt from corporation tax and be subject to special defence contribution at the rate of 30%.

The effective tax rate for the Group and the Company is 28% and -% respectively. The effective tax rate of the Group has a significant difference from the direct rate. This is mainly due to transactions derecognised due to consolidation and to expenses not allowed for tax purposes.

The effective tax rate for the Company is zero due to the fact that the Company's income consists mainly of dividends that are not taxable.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special defence contribution at 17% will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profit of the relevant year during the next two years. This special defence contribution is payable on behalf of the shareholders.

15. EARNINGS/(LOSSES) PER SHARE

The Group

The calculation of losses per share as at 31 December 2016, was based on the losses attributable to the owners amounting to €534.902 (2015: profit €35.373.755) and the weighted average number of shares in issue during the year amounting to €93.248.408 (2015: 93.248.408) and was calculated as follows:

	2016	2015
	€	€
Profit/(losses) from continuing operations attributable to the owners	**1.008.232**	(26.806.814)
Losses from discontinued operations attributable to the owners	**(1.543.134)**	(8.566.941)
Losses attributable to the owners	**(534.902)**	(35.373.755)
Weighted average number of shares of €0,85 in issue during the year (excluding own shares)	**93.248.408**	93.248.408
Basic and fully diluted (losses)/earnings per share (cents)		
Continuing operations	**1,8**	(28,75)
Discontinued operations	**(1,65)**	(9,19)
	(0,57)	(37,94)

The Company

The calculation of earnings/(losses) per share as at 31 December 2016, was based on the earnings/(losses) attributable to the owners amounting to €6.606.639 (2015: losses €14.149.677) and the weighted average number of shares in issue during the year amounting to 93.248.408 (2015: 93.248.408) and was calculated as follows:

	2016	2015
	€	€
Profit/(losses) attributable to the owners	**6.606.639**	(14.149.677)
Weighted average number of shares of €0,85 in issue during the year (excluding own shares)	**93.248.408**	93.248.408
Basic and fully diluted earnings/(basic and fully diluted losses) per share (cents)	**7,08**	(15,17)

16. DISCONTINUED OPERATIONS

The loss from discontinued operations arises from the following:

	2016	2015
	€	€
ITTL Trade Tourist and Leisure Plc and Woolworth Commercial Center Plc		
Profit after tax from discontinued operations	-	5.419.410
Loss from sale of subsidiary companies	-	(17.845.157)
	-	(12.425.747)
F.W. Woolworth (Chemists) Ltd		
Loss from sale of subsidiary company (Note 20)	-	**(18.556)**
Termination of other activities		
Impairment of property, plant and equipment (Note 17)	**(1.124.831)**	-
Provision for possible compensation	**(973.065)**	(490.000)
Other	**(209.161)**	-
	(2.307.057)	(490.000)
Total	**(2.307.057)**	(12.934.303)

16. DISCONTINUED OPERATIONS (continued)

On the 23 of July 2015, following a decision of the Board of Directors, the Group proceeded to the disposal of the interest held
On the 23 of July 2015, following a decision of the Board of Directors, the Group proceeded to the disposal of the interest held in subsidiaries companies ITTL Trade Tourist and Leisure Park Plc and Woolworth Commerical Center Plc, of the order of 99.67% and 99.5% respectively. Both above percentages were formed after the transactions that were made during the year 2015 (Note. 21). Disposal of shares in Atterbury Cyprus Limited was made for the sum of €77.490.257 namely €0,6648 per share held in ITTL Trade Tourist and Leisure Park Plc and €1,123 per share held in Woolworth Commercial Center Plc.

As a result of this sale, Woolworth (Cyprus) Properties Plc, no longer holds any stake in ITTL Trade Tourist and Leisure Park Plc and Woolworth Commercial Center Plc, therefore the results of the two subsidiaries are shown as non-continuing operations. This transaction constitutes a sale with a lost of control and thus minority interest decreased to zero and the loss / gain from the sale is recognized directly in the income statement.

On 31 December 2015, after a decision of the Board of Directors, the Company and the Group proceeded with the disposal of its stake in its subsidiary company F.W. Woolworth (Chemists) Limited of the order of 100%. From the above sale, the Group made losses of €18.556.

The financial information for the sale of ITTL Trade and Leisure Plc and Woolworth Commercial Center plc for the period 23 July 2015 is set out below:

Financial data presented in the consolidated income statement and cash flow:

	2015
	€
Property use rights and other income	8.315.090
Profit before tax	6.690.708
Taxation	(1.271.298)
Profit after tax for the year from non-continuing operations	5.419.410
Loss on disposal of subsidiaries with loss of control	(24.543.331)
Transfer of profit to the profit or loss from the previous sale of shares that does not constitute a loss of control, which were reclassified from reserves	9.536.055
Loss from sale of share of the subsidiary companies without loss of control that is carried forward to the reserves	(23.151)
Reversal of revaluation in the consolidated financial statements due to disposal	336.564
	(14.693.863)
Direct transaction costs	
Commission payable	(1.548.805)
Provision for possible compensation payment	(1.486.500)
Other expenses on disposal	(183.287)
Additional purchase price as provided by the sales agreement	67.298
Loss from sale of a share of subsidiary companies	(17.845.157)
Loss after tax from discontinued operations	(12.425.747)
Total income for the year attributable to minority interest	1.206.626
Proceeds from sale of subsidiary companies	77.490.257
Minus: Bank and cash equivalents at 23 July 2015	(120.752)
Net increase in cash due to the sale of subsidiary companies	77.369.505
Cash flows from operating activities	8.523.321
Cash flows from investing activities	(3.350.514)
Cash flows for financing activities	(5.625.473)
Net decrease in cash generated by subsidiaries	(452.666)

16. DISCONTINUED OPERATIONS (continued)

The carrying value of assets and liabilities of ITTL Trade Tourist and Leisure Park Plc and Woolworth Commercial Center Plc in the consolidated financial statements at the date of sale (23 July 2015) was as follows:

	23 July 2015
	€
Property, plant and equipment (Note 17)	70.187.897
Intangible assets (Note 18)	15.932
Investment properties (Note 19)	151.420.247
Trade and other receivables	6.743.311
Cash and cash equivalents	120.752
Total assets	228.488.139
Trade and other payables	(18.580.796)
Borrowings	(93.776.020)
Current tax liabilities	(1.011.062)
Deferred tax liabilities (Note 33)	(12.025.200)
Total liabilities	(125.393.078)
Total equity	103.095.061

17. PROPERTY, PLANT AND EQUIPMENT

The Group	Land and buildings	Land and buildings under construction	Improvements to leasehold buildings	Motor vehicles	Machinery, installations & equipment	Computer equipment	Total
2016	€	€	€	€	€	€	**€**
Cost or valuation							
At 1 January	163.703.066	4.407.600	36.815.856	6.911.798	48.444.791	5.763.889	**266.047.000**
Additions	19.600	-	885.786	680.925	1.404.156	53.721	**3.044.188**
Disposals	-	-	(778.837)	(151.779)	(342.954)	(7.232)	**(1.280.802)**
Impairment	-	-	(876.776)	-	(248.055)	-	**(1.124.831)**
Revaluation	2.707.825	-	(315.211)	-	315.211	-	**2.707.825**
Transfers from investment property (Note 19)	(17.368.507)	-	-	-	-	-	**(17.368.507)**
At 31 December	149.061.984	4.407.600	35.730.818	7.440.944	49.573.149	5.810.378	**252.024.873**
Depreciation							
At 1 January	2.122.930	-	24.024.504	6.302.618	41.750.783	4.990.223	**79.191.058**
Charge for the year	227.760	-	1.911.411	434.282	2.273.222	57.351	**4.904.026**
Disposals	-	-	(768.127)	(109.729)	(322.957)	(6.698)	**(1.207.511)**
At 31 December	2.350.690	-	25.167.788	6.627.171	43.701.048	5.040.876	**82.887.573**
Net book value							
At 1 January	161.580.136	4.407.600	12.791.352	609.180	6.694.008	773.666	**186.855.942**
At 31 December	146.711.294	4.407.600	10.563.030	813.773	5.872.101	769.502	**169.137.300**

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group	Land and buildings	Land and buildings under construction	Improvements to leasehold buildings	Motor vehicles	Machinery, installations & equipment	Computer equipment	Total
2015	€	€	€	€	€	€	
Cost or valuation							
At 1 January	255.438.000	4.407.600	31.821.527	7.824.153	49.165.374	5.718.653	**354.375.307**
Additions	19.260	-	5.060.946	328.572	2.315.250	45.236	**7.769.264**
Disposals	-	-	(65.446)	(1.240.927)	(525.420)	-	**(1.831.793)**
Reduction due to sale of subsidiaries (Note 16)	(69.725.493)	-	(1.171)	-	(2.510.413)	-	**(72.237.077)**
Revaluation	(7.917.000)	-	-	-	-	-	**(7.917.000)**
Transfers from investment property (Note 19)	(14.111.701)	-	-	-	-	-	**(14.111.701)**
At 31 December	163.703.066	4.407.600	36.815.856	6.911.798	48.444.791	5.763.889	**266.047.000**
Depreciation							
At 1 January	1.899.509	-	22.107.649	6.263.366	41.633.976	4.948.081	**76.852.581**
Charge for the year	223.421	-	1.979.620	507.252	2.643.927	42.142	**5.396.362**
Reduction due to sale of subsidiaries (Note 16)	-	-	-	-	(2.049.180)	-	**(2.049.180)**
Disposals	-	-	(62.765)	(468.000)	(477.940)	-	**(1.008.705)**
At 31 December	2.122.930	-	24.024.504	6.302.618	41.750.783	4.990.223	**79.191.058**
Net book value							
At 1 January	253.538.491	4.407.600	9.713.878	1.560.687	7.531.398	770.572	**277.522.726**
At 31 December	161.580.136	4.407.600	12.791.352	609.180	6.694.008	773.666	**186.855.942**

The Company	Land and buildings	Land and buildings under construction	Motor vehicles	Machinery, installations & equipment	Computer equipment	Total
2016	€	€	€	€	€	€
Cost or valuation						
At 1 January	727.152	4.260.330	138.197	871.802	234.097	**6.231.578**
Additions	-	-	-	3.461	10.923	**14.384**
Disposals	-	-	(31.500)	-	-	**(31.500)**
Revaluation	105.118	-	-	-	-	**105.118**
At 31 December	832.270	4.260.330	106.697	875.263	245.020	**6.319.580**
Depreciation						
At 1 January	94.644	-	109.132	843.491	220.817	**1.268.084**
Charge for the year	27.650	-	9.637	7.314	4.462	**49.063**
Disposals	-	-	(12.600)	-	-	**(12.600)**
At 31 December	122.294	-	106.169	850.805	225.279	**1.304.547**
Net book value						
At 1 January	632.508	4.260.330	29.065	28.311	13.280	**4.963.494**
At 31 December	709.976	4.260.330	528	24.458	19.741	**5.015.033**

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company	Land and buildings	Land and buildings under construction	Motor vehicles	Machinery, installations & equipment	Computer equipment	Total
2015						
Cost or valuation						
At 1 January	727.152	4.260.330	138.197	853.805	227.239	**6.206.723**
Additions	-	-	-	17.997	6.858	**24.855**
At 31 December	727.152	4.260.330	138.197	871.802	234.097	**6.231.578**
Depreciation						
At 1 January	70.791	-	98.969	834.875	217.959	**1.222.594**
Charge for the year	23.853	-	10.163	8.616	2.858	**45.490**
At 31 December	94.644	-	109.132	843.491	220.817	**1.268.084**
Net book value						
At 1 January	656.361	4.260.330	39.228	18.930	9.280	**4.984.129**
At 31 December	632.508	4.260.330	29.065	28.311	13.280	**4.963.494**

The land and buildings of the Company include land amounting to €297.777 (2015: €297.777).

Land and buildings of the Company amounting to €23.536.922 (2015: €23.536.922) were given as securities for bank loans and facilities.

The value of the land and buildings of the Company, which would have been presented in the consolidated and separate financial statements under the historical cost convention, less accumulated depreciation, at 31 December 2016 amounts to €669.712 (2015: €685.999).

Land and buildings of the Group amounting to €178.052.192 (2015: €178.052.192) were given as securities for bank loans and facilities.

The value of the land and buildings of the Group, which would have been presented in these consolidated financial statements under the historical cost convention, less accumulated depreciation at 31 December 2016 amounts to €43.189.288 (2015: €43.386.085).

Information for fair value valuations
At 31 December 2016, the land and buildings of the Group and the Company were revalued at fair value. The fair value represents value in the open market as determined by the management of the Group and the Company, taking into consideration all relevant information available, including valuations by the external independent valuers, market conditions and other information.

The revaluation of the land and the buildings of the Group and the Company resulted in a surplus of € 2,707,825 and € 105,118 respectively recognized in the revaluation reserve, amounting to € 7,917,000.

Fair value hierarchy

The estimation of the fair value of land and buildings amounting to €165.987.736 for the Group and €4.892.838 for the Company falls within Level 3 of the Fair Value Hierarchy, based on the inputs to the valuation technique used.

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
At 1 January	**165.987.736**	257.946.091	**4.892.838**	4.916.691
Additions and transfers to investment property	**(17.348.907)**	(14.092.441)	**-**	-
Depreciation for the year	**(227.760)**	(223.421)	**(27.650)**	(23.853)
Reduction due to sale of subsidiaries	**-**	(69.725.493)	**-**	-
Revaluation	**2.707.825**	(7.917.000)	**105.118**	-
At 31 December	**151.118.894**	165.987.736	**4.970.306**	4.892.838

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Information for fair value estimation using significant unobservable inputs

The Group

Property	Valuation €	Valuation Technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Department Stores	96.189.104	Income approach	- Rental income per sq. metre per month	Range of rental income: €8 – €16 Rental yield (%): 5-8 Occupancy rate: 97%	Fair value will increase/(decrease) if: - Rental income increases/ (decreases) - Rental yield increases/(decreases) - Occupancy rate increases/ (decreases)
Shops	19.720.876	Income approach/ market approach and cost approach	- Rental income per sq. meter per month - Price per sq. meter - Average cost of construction	Range of rental income: €4 – €12 Rental yield (%): 5 -7,5 Occupancy rate: 92% Price per sq. meter: €85 – €1.367	Fair value will increase/(decrease) if: - Rental income increases/ (decreases) - Rental yield increases/(decreases) - Occupancy rate increases/ (decreases) - Price per sq. meter increases/ (decreases)
Offices/ Flats	7.497.078	Income approach/ market approach and cost approach	- Rental income per sq. meter per month - Price per sq. meter - Average cost of construction	Range of rental income: €4 Rental yield (%): 6 Occupancy rate: 100% Price per sq. meter: €350- €600	The fair value will increase/(de-crease) if: - Rental income increases/(de-creases) - Rental yield increases/(decreases) - Occupancy rate increases/(de-creases) - Price per sq. meter increases/ (decreases)
Warehouses/ Garages	8.039.321	Market approach	- Price per sq. metre	Price per sq. metre: €75-€475	The fair value will increase/ (decrease) if: - Price per sq.metre increases/ (decreases)
National Distri-bution Centre	13.881.080	Market approach and cost approach	- Price per sq. metre	Price per sq. metre: €110-€200	The fair value will increase/ (decrease) if: - Price per sq.metre increases/ (decreases)
Idle land and buildings	5.791.435	Market approach and cost approach	- Price per sq. metre - Average cost of construction	Price per sq. metre: €370-€650	The fair value will increase/ (decrease) if: - Price per sq.metre increases/ (decreases)
	151.118.894				

The Company

Property	Valuation €	Valuation Technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Offices	709.976	Market approach and cost approach	- Price per sq. metre - Average cost of construction	- Price per sq. metre: €370-€600	The fair value will increase/ (decrease) if: - Price per sq.metre increases/ (decreases)
National Distribution Centre	4.260.330	Market approach and cost approach	- Price per sq. metre - Average cost of construction	- Price per sq. metre: €270	The fair value will increase/ (decrease) if: - Price per sq.metre increases/ (decreases)
	4.970.306				

18. INTANGIBLE ASSETS

The Group			
2016	Computer software	Goodwill	Total
Cost	€	€	€
At 1 January	4.296.202	25.927.767	**30.223.969**
Additions	502.210	-	**502.210**
Disposals	(5.753)	-	**(5.753)**
At 31 December	4.792.659	25.927.767	**30.720.426**
Amortisation			
At 1 January	4.036.183	-	**4.036.183**
Charge for the year	172.401	-	**172.401**
At 31 December	4.208.584	-	**4.208.584**
Net book value			
At 1 January	260.019	25.927.767	**26.187.786**
At 31 December	584.075	25.927.767	**26.511.842**

	Computer software	Goodwill	Total
2015	€	€	€
Cost			
At 1 January	4.156.313	33.493.600	**37.649.913**
Additions	139.889	-	**139.889**
Reduction of goodwill due to sale subsidiaries	-	(15.932)	**(15.932)**
Impairment	-	(7.549.901)	**(7.549.901)**
At 31 December	4.296.202	25.927.767	**30.223.969**
Amortisation			
At 1 January	3.919.764	-	**3.919.764**
Charge for the year	116.419	-	**116.419**
At 31 December	4.036.183	-	**4.036.183**
Net book value			
At 1 January	236.549	33.493.600	**33.730.149**
At 31 December	260.019	25.927.767	**26.187.786**

Goodwill amounting to €25.927.767 resulted as follows:

(a) Transfer of HOB House of Beauty Limited from associate to subsidiary in 2000.

(b) Transfer of Ermes Department Stores Plc from associate to subsidiary on 1 October 2006.

(c) Acquisition of the exclusive distribution of three new cosmetics and perfumes of the range Prestige of Procter & Gamble by the subsidiary company HOB House of Beauty Limited during 2011.

18. INTANGIBLE ASSETS (continued)

IMPAIRMENT TESTING FOR GOODWILL

Goodwill is allocated to cash generating units based on business segments, for the purposes of impairment testing. The analysis of goodwill is shown in the following table:

	Import & distribution	Retail	**Total**
2016	€	€	**€**
Net book value	2.362.057	23.565.710	**25.927.767**
2015			
Net book value	2.362.057	23.565.710	**25.927.767**

The recoverable value of a cash generating unit is determined based on calculations of the value in use. These calculations for the cash generating units which concern the activities of import and distribution and retailing, use cash flow forecasts based on financial budgets covering a period of five years and which have been approved by management. Cash flows over five years are projected based on the calculated terminal growth rate as presented below. The growth rate does not exceed the long term average growth rate of the business in which the cash generating unit operates.

The main assumptions used by management for the calculation of the value in use of goodwill that arises from the import and distribution and the retail business segments are the following:

	2016	2015
Sales growth rates	(23,43%) – 6%	1% - 6%
Gross profit margin	19,26% - 48,75%	20% – 40,5%
Discounting rate	8,18% - 8,5%	8,5% – 10%

Management used the method of net assets in calculating the value in use of the cash generating unit of immovable property. In calculating this, management took into consideration the rate of growth of the fair value of properties and the present value of the future cash flows which will arise from rent and rights for use of immovable property.

At 31 December 2015, the Management used the Net Asset Method to calculate the fair value of the cash-generating unit that relates to the property ownership business. In this calculation, the Group's management took into account the rate of decrease in the fair value of the property and the present value of the future cash flows arising from the rents and rights of use. Based on the above, management believed that there was an impairment of goodwill of €7.549.901 as the net book value of goodwill was higher than the present value of the estimated future inflows from the cash generating units, after the deduction of the assets and liabilities of these units in which the goodwill is allocated.

SENSITIVITY ANALYSIS

We present below how the change of one or more of the main indicators used in the calculation of the value in use will affect the amount of goodwill from the main cash generating units:

Ermes Department Stores Plc	Sales growth rate 2017-2021 %	Gross profit margin %	Discounting rates %	Terminal growth rate %	Impairment €000
Main scenario	(2,35) – 5	39,00	8,18	2,00	-
Change in variable					
Sales growth rate	(2,35) – 3	39,00	8,18	2,00	-
Gross profit margin	(2,35) – 5	37,00	8,18	2,00	-
Discount rates	(2,35) – 5	39,00	10,00	2,00	-
Mixed scenario	(2,35) – 3	39,00	10,00	1,15	-

18. INTANGIBLE ASSETS (continued)

The Group (continued)

SENSITIVITY ANALYSIS (continued)

HOB House of Beauty Limited

	Sales growth rate 2017-2021 %	Gross Profit Margin %	Discounting Rates %	Terminal Growth Rate %	Impairment €000
Main scenario	(23) – 5	48,75	8,50	2,00	-
Change in variable					
Sales growth rate	(23)-3	48,75	8,50	2,00	1.072
Gross profit margin	(23)-5	45,00	8,50	2,00	1.644
Discount rates	(23)-5	48,75	9,00	2,00	371
Mixed scenario	(23)-3	45,00	9,00	1,50	1.906

Artview Co. Limited

	Sales growth rate 2016-2019 %	Gross Profit Margin %	Discounting Rates %	Terminal Growth Rate %	Impairment €000
Main scenario	6,00	21,00	8,50	2,00	-
Change in variable					
Sales growth rate	5,00	21,00	8,50	2,00	24
Gross profit margin	6,00	19,00	8,50	2,00	455
Discount rates	6,00	21,00	9,00	2,00	38
Mixed scenario	5,00	19,00	9,00	1,50	455

The Company

Software	**2016**	2015
Cost	**€**	€
At 1 January	**136.614**	134.594
Additions	**58.904**	2.020
At 31 December	**195.518**	136.614
Amortisation		
At 1 January	**134.473**	133.977
Charge for the year	**1.248**	496
At 31 December	**135.721**	134.473
Net book value		
At 1 January	**2.141**	617
At 31 December	**59.797**	2.141

19. INVESTMENT PROPERTY

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
At 1 January	**26.369.684**	162.188.897	**26.885.807**	26.781.361
Additions	**190.985**	1.561.356	**168.381**	104.446
Reduction due to sale of subsidiaries	**-**	(151.420.247)	**-**	-
Transfer to profit or loss due to sale of subsidiaries	**-**	336.564	**-**	-
Transfers from/(to) property, plant and equipment (Note 17)	**17.368.507**	14.111.701	**-**	-
Profit/Loss on revaluation (Note 13)	**6.027.375**	(408.587)	**(943.415)**	-
At 31 December	**49.956.551**	26.369.684	**26.110.773**	26.885.807

Information on fair value estimations
Investment properties are revalued annually on 31 December at fair value, which is the value in the open market as determined by the management of the Company and the Group, taking into account all relevant information available, including valuation by external independent valuers, market conditions and other information.

The loss on revaluation of investment property of the Group, which was debited in the statement of comprehensive income for the year ended 31 December 2016, amounts to €6.027.375 (2015: loss €408.587). The deficit from the revaluation of the Company's investment property, which was charged to the statement of comprehensive income for the year ended 31 December 2016, amounts to € 943.415 (2015: € -).

Fair value hierarchy
The estimation of the fair value of investment property amounting to €162.188.897 for the Group and €26.885.807 for the Company falls within Level 3 of the Fair Value Hierarchy based on the inputs to the valuation technique used.

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
At 1 January	**26.369.684**	162.188.897	**26.885.807**	26.781.361
Additions and transfers from property, plant and equipment	**17.559.492**	15.673.057	**168.381**	104.446
Sale of subsidiaries	**-**	(151.083.683)	**-**	-
Revaluation	**6.027.375**	(408.587)	**(943.415)**	-
At 31 December	**49.956.551**	26.369.684	**26.110.773**	26.885.807

19. INVESTMENT PROPERTY (continued)

Fair value hierarchy (continued)

Information for fair value estimations using significant unobservable inputs

The Group

Property	Valuation €	Valuation Technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Department stores	25.400.000	Income method	- Rental income per sq. meter per month	Rental income range: €8 – €16 Rental yield (%): 5-8 Occupancy rate: 97%	Fair value will increase/(decrease) if: - Rental income increases/(decreases) - Rental yield increases/(decreases) - Occupancy rate increases/((decreases)
Shops	13.040.000	Income method	- Rental income per sq. meter per month	Rental income range: €4 – €12 Rental yield (%): 5,5-7 Occupancy rate: 92%	Fair value will increase/(decrease) if: - Rental income increases/(decreases) - Rental yield increases/(decreases) - Occupancy rate increases/(decreases)
Offices	1.371.559	Comparison of sales and cost of construction	- Price per sq. meter - Average cost of construction	- Price per sq. meter: €350 – €600	Fair value will increase/(decrease) if: - Price per sq. meter increases/(decreases
Idle land and buildings	10.144.992	Comparison of sales and cost of construction	- Price per sq. metre	- Price per sq. meter: €315 – €1.450	Fair value will increase/(decrease) if: - Price per sq. meter increases/(decreases
	49.956.551				

The Company

Property	Valuation €	Valuation Technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops	2.647.879	Comparison of sales and cost of construction	Price per sq. metre	Price per sq. metre €975	The fair value will increase/(decrease) if: - Price per sq. meter increase/(decrease)
Offices	2.358.661	Comparison of sales and cost of construction	Price per sq. metre	Price per sq. metre €350 - €600	The fair value will increase/(decrease) if: - Price per sq. meter increase/(decrease)
Warehouse/ Garages	8.039.321	Comparison of sales and cost of construction	Price per sq. metre	Price per sq. metre €75 - €475	The fair value will increase/(decrease) if: - Price per sq. meter increase/(decrease)
National Distribution Centre	9.620.750	Comparison of sales and cost of construction	Price per sq. metre	Price per sq. metre €200- €1.110	The fair value will increase/(decrease) if: - Price per sq. meter increase/(decrease)
Idle land and buildings	3.444.162	Comparison of sales and cost of construction	Price per sq. metre	- Price per sq. meter: €370 – €650	The fair value will increase/(decrease) if: - Price per sq. meter increase /(decrease)
	26.110.773				

20. INVESTMENTS IN SUBSIDIARY COMPANIES

The Group

The significant subsidiary companies of the Group are as follows:

Company name	Participation in share capital 2016	2015	Principal activity
Company's subsidiaries	%	%	
HOB House of Beauty Limited	50	50	Import and trading of cosmetics and perfumes
Ermes Department Stores Plc	66,99	66,99	Retail in the sector of fashion, health, beauty, household and foods
Artview Co. Limited	100	100	Sole representative and distributor of Christian Dior cosmetics, perfumes and accessories in Cyprus
Woolworth (Cyprus) Properties Plc	77,81	77,04	Ownership, development, management and trading of immovable property
CTC Motors Limited	100	100	General representative of Volvo motor vehicles in Cyprus
Argosy Trading Company Limited	100	100	Distribution of branded consumer products
Cassandra Trading Limited	100	100	Import and distribution of Philip Morris tobacco products
CTC Automotive Limited	100	100	Trading of all types of motor vehicles, vans, buses, heavy vehicles, Hilti professional tools and Philips Lighting products
Wolim Properties Limited	100	100	Ownership of immovable property
Sep Retail Limited	100	100	Retail trade
Domex Technical Limited	100	100	Investment Activities
PLCs Limited	100	-	Investment Activities
Brightmind Limited	100	100	Investment Activities
Automotive and Engineering Imports and Exports Ltd	100	-	Import and export of vehicles and other
CTC Automotive & Engineering Holdings Limited	100	100	Investment Activities
CTC Auto Leasing Ltd	100	-	Vehicle Leasing
Subsidiaries of Ermes Department Stores Plc			
C.W. Artopolis Limited	100	100	Management of coffee shops and bakeries
Superhome Center (D.I.Y.) Limited	51	51	Operating megastores, selling products for households, workshop, school and offices in Nicosia, Limassol and Pafos
Fashionlink S.A.	100	100	Operating stores for clothing products
IDEEA Distribution of Appliances Limited	100	100	Import and distribution of electrical and electronic appliances
Scandia Company Limited	100	100	Investing activities
Novario Holdings Ltd	50 + 1 shares	-	Retailing through chain stores Scandia and Megaelectric

20. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

The Group (continued)

Company name	Participation in share capital 2016	2015	Principal activity
ZAKO Limited	**100**	100	Renting immovable property in Limassol, Larnaca and Pafos
Niola Estates Limited	**100**	100	Parent company of Estelte Limited which owns immovable property
Realtra Limited	**100**	100	Parent company of Calandra Limited which owns immovable property
Chrysochou Merchants Limited	**100**	100	Investment in Cyprus Limni Resorts & GolfCourses Plc, owner of a large area of land in Polis Chrysochous
Subsidiaries of ZAKO Limited			
Zako Estate Limited	**100**	100	Renting of immovable property in Ledras Street, Nicosia
Apex Limited	**100**	100	Exploitation of rights to use the buildings of Stoa in Ledras Street, Nicosia and of the privately owned immovable property in Latsia and managing a privately owned parking area in Ledras.

All subsidiary companies, except from Fashionlink S.A. which is registered in Greece and Automotive and Engineering Imports and Exports Ltd which is registered in Malta, are registered in Cyprus.

Minority interest
The following subsidiary companies have a significant percentage of minority interest.

Name	**Country of operation/ country of incorporation**	**Operating segments**	**Percentage holding from minority interest** 2016	2015
Woolworth (Cyprus) Properties Plc	Cyprus	Ownership and management of immovable property	22,19%	22,96%
Ermes Department Stores Plc	Cyprus	Retail commerce	30,01%	30,01%

Summarised financial information for subsidiaries with significant minority interest
Set out below is the summarised information for the subsidiary companies whose minority interest hold a significant percentage of the Company's share capital which is accounted for under the equity method in the consolidated financial statements.

	Woolworth (Cyprus) Properties Plc		Ermes Department Stores Plc	
	2016	2015	**2016**	2015
	€	€	**€**	€
Turnover	**-**	-	**152.988.359**	151.284.184
Other income	**6.539.758**	6.964.382	**1.262.694**	1.495.556
Profits/(losses) for the year from continuing operations	**5.079.481**	(27.064.034)	**(1.482.996)**	(4.206.592)
(Losses)/profits for the year from discontinued operations	**(195.042)**	775.358	**(1.673.912)**	13.655.596
Profits/(losses) for the year attributable to minority interest	**606.153**	(4.278.453)	**(489.416)**	(6.287.695)
Other comprehensive expenses for the year	**-**	-	**(409)**	(11.755)
Total comprehensive income/(expenses) for the year	**4.884.439**	(26.288.676)	(3.157.523)	(17.873.943)
Total comprehensive income/(expenses) for the year attributable to minority interest	**606.153**	(4.278.453)	(489.825)	(6.299.450)

20. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The Group (continued)

Summarised financial information for subsidiaries with significant minority interest (continued)

	Woolworth (Cyprus) Properties Plc		Ermes Department Stores Plc	
	2016	2015	**2016**	2015
	€	€	**€**	€
Current assets	**6.519.108**	1.401.287	**41.886.631**	36.943.739
Non-current assets	**284.066.582**	278.855.486	**102.339.112**	101.517.741
Current liabilities	**(9.285.752)**	(15.135.037)	**(78.438.557)**	(75.169.990)
Non-current liabilities	**(140.467.963)**	(128.737.879)	**(8.538.954)**	(1.906.434)
Net assets	**140.831.975**	136.383.857	**57.248.232**	61.385.056
Net assets attributable to minority interest	**31.384.243**	31.313.734	**9.714.008**	10.970.164
Net cash from operating activities	**4.622.333**	16.140.829	**2.527.265**	1.816.094
Net cash from investing activities	**(619.015)**	16.982.896	**(4.874.490)**	(624.036)
Net cash for financing activities	**(3.947.820)**	(33.803.027)	**4.086.801**	(4.232.853)
Increase/(decrease) in cash and cash equivalents	**55.498**	(679.302)	**1.739.576**	(3.040.795)
Dividends paid to minority interest	**-**	-	**-**	-

The above information is before any intercompany eliminations and is presented adjusted with the difference in accounting policies between the Group and the subsidiary companies.

Changes in the participation percentages in subsidiary companies

Investment in Novario Holdings Ltd
On 6 April 2016, an agreement was signed between the subsidiary company Ermes Department Stores Plc, Ideea Distribution of Appliances Ltd, the owner of the Scandia retail chain and E & G Electricplus Limited, the owner of the Megaelectric chain of stores. The agreement provides for the two companies to set up a new company to transfer all the activities of the two companies. The new company will be transferred all the staff and assets and liabilities of the two companies. Ermes Department Stores Plc will maintain control of 50% + 1 shares of the new company. The agreement provides for the payment to Ermes Department Stores Plc of the amount of €438.103 resulting from the difference in the estimates of the two activities.

Increase in shareholding in Woolworth (Cyprus) Properties Plc
Woolworth (Cyprus) Properties Plc held on December 30, 2016, it was decided to pay a dividend of €19,000,000 from the profits for the year ended December 31, 2014, provided that the net payable dividend Used for the full payment of new ordinary shares to be issued to the beneficiary shareholders by the company at their nominal value of €0.34 each. As a result, the Company proceeded with the issue of €54,187,004 ordinary shares at their nominal value of €0.34 each. The new shares were accepted and commenced trading on the Cyprus Stock Exchange on February 7, 2017. From the aforementioned transaction the participation in the company's share capital increased to 77.81%, resulting in a decrease in the minority interest of €1.084.406.

Sale of shares of the subsidiary company Woolworth Commercial Center Plc
On 30 June 2015, the subsidiary company Woolworth (Cyprus) Properties Plc sold 50.000 shares owned in the subsidiary company Woolworth Commercial Center Plc, as part of the induction procedure of the company to the "Emerging Companies Market" (E.C.M), of the Cyprus Stock Exchange, for €50.000 (€1 per share). As a result of this sale, the share of Woolworth (Cyprus) Properties Plc in Woolworth Commercial Center Plc decreases from 99,0% to 89,5%.

From the above sale the following loss has been incurred:	**2015**
	€
Proceeds from the sale of shares	**50.000**
Less: Increase in minority interest	**(67.836)**
Loss from sale transferred to reserves	**(17.836)**

20. INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The Group (continued)

Changes in the participation percentages in subsidiary companies (continued)

Acquisition of subsidiary company Woolworth Commercial Centre Plc

On 14 July 2015, the subsidiary company Woolworth (Cyprus) Properties Plc acquired 100.000 shares in Woolworth Commercial Centre Plc from Mr. Nicos Shacolas (€1 per share). As a result of this acquisition the share of Woolworth (Cyprus) Properties Plc in Woolworth Commercial Centre Plc increase by 1%.

From the above purchase the following occurred:	2015
	€
Payment for the purchase of shares	(100.000)
Less: Decrease in minority interest	141.922
Transfer to reserves	41.922

Sale of shares of subsidiary companies ITTL Trade Tourist and Leisure Park Plc and Woolworth Commercial Center Plc

Information about the sale of the subsidiary companies ITTL Trade Tourist and Leisure Park Plc and Woolworth Commercial Center Plc to the company Atterbury Cyprus Limited on 23 July 2015 are presented in Note 16 of the consolidated and separate financial statements.

The Company	2016	2015
	€	€
Cost		
At 1 January	154.406.109	190.525.850
Additions	21.727.055	50.000
Disposals	(6.647.953)	(18.019.487)
Impairment of investments in subsidiary companies	-	(18.150.254)
At 31 December	169.485.211	154.406.109

During the year ended 31 December 2016, the Company purchased 100% of the share capital of PLCs Limited for €19.

Also during the year ended 31 December 2016, the Company made additional investments in the subsidiary companies CTC Automotive Limited, Domex Technical Limited and PLCs Limited amounting to €4.000.320, €2.197.633 and €400.000 respectively. These amounts were not paid but credited to the balances with related parties.

As stated above, the subsidiary company Woolworth (Cyprus) Properties Plc proceeded during the year ended 31 December 2016 issued shares for full repayment of dividend declared from the profits for the year ended 31 December 2014. The above transaction resulted in an increase in the investment in the subsidiary company Woolworth (Cyprus) Properties Plc amounting to €14.637.539.

Finally, during the year ended 31 December 2016, the Company sold the subsidiary companies CTC Automotive Limited, Domex Technical Limited and PLCs Limited to other Group companies. The loss resulting from the sale amounted to €5,207,972 (Note 13). The proceeds from the sale were not collected but were charged to the balances with related parties.

On 1 January 2015, the Company purchased from its subsidiary company Argosy Trading Company Limited 100% of the share capital of its also subsidiary company Cassandra Trading Limited.

During the year ended 31 December 2015, the Company proceeded with an impairment of €18.150.254 in investments in subsidiary companies and specifically in Artview Company Limited, where the impairment amounts to €765.325 and in Woolworth Properties Plc where the impairment amounts to €17.384.929.

Furthermore, during the year ended 31 December 2015, the Company proceeded with the sale of its subsidiary company Amaracos Holding Ltd, to its also subsidiary company Domex Technical Ltd. The loss from the sale amounts to €7.099.324.

21. INVESTMENTS IN ASSOCIATE COMPANIES

The Group	2016	2015
	€	€
At 1 January	19.510.311	19.096.893
Share of (losses)/profits for the year after tax	(8.533)	496.858
Dividends from associate companies	(41.720)	(83.440)
At 31 December	19.460.058	19.510.311

The associate companies of the Group are:	Total issued share capital (no of shares)	Percentage of shares with voting rights		Calculation method
		2016	2015	
		%	%	
Akinita Lakkos Mikelli Limited	11.860.000	35	35	Equity method

The affiliated company is registered in Cyprus, where it is also the place of its business activity. The main activity of the affiliated company is the possession of real estate, which is reassessed annually by independent appraisers, Roy Nicolaides and Associates.

There are no contingent liabilities relating to the Group's interest in the investment in associate.

Significant restrictions

There are no significant restrictions resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with significant influence over the associate company, on the ability of the associate to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

Summarised financial information for associates

Set out below are the summarized financial information for the associate Akinita Lakkos Mikelli Limited which is accounted for using the equity method in the consolidated financial statements.

	Akinita Lakkos Mikelli Limited	
	2016	2015
Summarised Profit or Loss	€	€
Turnover	-	-
(Losses)/profits for the year before tax	(23.912)	1.612.623
Taxation	(469)	(193.026)
(Losses)/profit for the year after tax	(24.381)	1.419.597
Total comprehensive (expenses)/income for the year	(24.381)	1.419.597
Summarised financial position		
Current assets	5.929.175	5.823.944
Non-current assets	56.664.371	56.664.371
Current liabilities	(3.155.614)	(2.906.802)
Non-current liabilities	(4.758.197)	(4.758.197)
Net assets	54.679.735	54.823.316

The above information represent the amounts which are included in the financial statements of the associate company and not the Group's share

Reconciliation of summarised financial information	2016	2015
	€	€
Net assets	54.679.735	54.823.316
Interest in associate (35%)	19.137.707	19.188.160
Goodwill	322.151	322.151
Net position	19.459.858	19.510.311

The Company

The Company does not own any investments in associate companies as at 31 December 2016 and 31 December 2015.

22. FINANCE LEASES

	2016	2015
	€	€
At 1 January	**707.423**	636.667
New finance leases	**116.516**	165.780
Instalments of finance leases	**(235.812)**	(180.418)
Interest	**54.762**	85.394
At 31 December	**642.889**	707.423

Finance leases are analyzed as follows:

	2016	2015
	€	€
Non-current Assets	**485.394**	548.003
Current Assets	**157.495**	159.420
	642.889	707.423

The main features of finance leases are:

	Starting Date	Rental period in months	Net Investment
	€	€	€
Lease 1	1/10/2014	87	926.165
Lease 2	1/4/2015	60	146.800
Lease 3	1/4/2015	60	82.400
Lease 4	1/4/2016	48	70.052
Lease 5	1/8/2016	58	69.250

The minimum future lease payments arising from finance leases are:

	Future minimum lease payments	Interest	Net Investment	Future minimum lease payments	Interest	Net Investment
	2016	2016	2016	2016	2016	2016
	€	€	€	€	€	€
Within one year	132.840	43.343	176.183	133.458	25.962	159.420
Within one and five years	404.377	280.950	685.327	477.904	181.527	659.430
After five years	-	-	-	96.072	44.027	**140.180**
	537.217	324.293	861.510	707.434	251.516	**959.030**

23. INVESTMENTS AVAILABLE FOR SALE

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Listed securities	**156.403**	164.422	-	1.000
Non listed securities	**103.824**	104.494	**94.929**	93.929
Total	**260.227**	268.916	**94.929**	94.929

23. INVESTMENTS AVAILABLE FOR SALE (continued)

The movement in investments available for sale is presented below:

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
At 1 January	**268.916**	343.350	**94.929**	94.929
Additions	**1.980**	-	**-**	-
Revaluation	**(670)**	-	**-**	-
Change of fair value transfer to investments in subsidiary companies	**(9.999)**	(74.434)	**-**	-
At 31 December	**260.227**	268.916	**94.929**	94.929

24. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	The Group	
	2016	2015
	€	€
Non listed securities defined at fair value through profit and loss at initial recognition	**56.750.100**	59.150.100

Fair value changes of the investments at fair value through profit or loss are included in losses from investing activities (Note 14) in profit or loss and are analysed as follows:

	The Group	
	2016	2015
Investments designated at fair value through profit and loss on initial recognition	**€**	€
Fair value losses	**(2.400.000)**	(18.563.989)
Net loss to investments at fair value through profit and loss	**(2.400.000)**	(18.563.989)

Fair value hierarchy

The estimation of the fair value of investments at fair value through profit and loss amounting to €56.750.100 (2015: €59.150.100) for the Group falls within Level 3 of the Fair Value Hierarchy, based on the inputs to the valuation technique used.

	The Group	
	2016	2015
	€	€
At 1 January	**59.150.100**	77.712.100
Additions	**-**	1.989
Net loss from fair value adjustments of investments at fair value through profit and loss	**(2.400.000)**	(18.563.989)
At 31 December	**56.750.100**	59.150.100

The investments at fair value through the profit and loss include the investments of the subsidiary company Woolworth (Cyprus) Properties Plc in the 100% subsidiary company Chrysochou Merchants Limited which holds 11,73% of the share capital of Cyprus Limni Resorts and GolfCourses Plc and Arsinoe Investments Limited with 49,65% which holds 70,57% of Cyprus Limni Resorts and GolfCourses Plc.

Cyprus Limni Resorts and GolfCourses Plc is the owner of a large plot of land in the area of Polis Chrysochous, which has obtained the required planning permits for the development of this land at the Limni Bay Resort, which will includes, amongst others, two golf courses, a five star hotel, a significant number of residential units and other associate developments.

24. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS (continued)

Fair value hierarchy (continued)

Investments defined at fair value through profit and loss at initial recognition are those whose performance is evaluated on a fair value basis in accordance with the Group's documented investment strategy. Information based on the fair value of these investments is provided internally to the Group's key management personnel.

Cyprus Limni Resorts and GolfCourses Plc is a listed company and its shares are traded on the Emerging Companies Market (ECM) of the Cyprus Stock Exchange. In total, 300 million shares were subscribed. In doing so it facilitates the future attraction of strategic and institutional investors to the share capital of the company.

Information for fair value estimation using significant unobservable inputs (Level 3)

The estimation of the fair value was performed by using the method of discounted cash flows of the project. For the calculation of the fair value a discount rate of 10% - 11% (2015: 9%-10%) was used. The table below shows the sensitivity analysis of the fair value in relation to the discount rate used and the sales value and the capital expenditure of residential units.

According to the Management's opinion, there was no significant difference of significant assumptions that were used for the valuation of fair value during 2015 compared to the previous year.

Sensitivity of Management's estimations – 31 December 2016

			Changes in discount rate		
			-1%	0,00%	1%
Investments at fair value through profit and loss	Change in sales price	-10%	43.496.770	32.271.797	22.449.946
		0,00%	69.688.373	**56.750.100**	44.432.184
		10%	95.879.976	80.445.638	66.414.422
	Change in capital expenditure	-10%	76.703.981	62.672.765	50.512.378
		0,00%	69.688.373	**56.750.100**	44.432.184
		10%	62.672.765	50.044.670	38.819.698

Sensitivity of Management's estimations – 31 December 2015

			Changes in discount rate		
			-0,50%	0,00%	0,50%
Investments at fair value through profit and loss	Change in sales price	-10%	45.496.686	42.809.708	38.987.601
		0,00%	64.427.602	**59.150.100**	56.687.983
		10%	83.347.294	79.648.665	74.376.202
	Change in capital expenditure	-10%	68.138.391	64.881.278	60.240.687
		0,00%	64.427.602	**59.150.100**	56.687.983
		10%	60.716.813	57.588.788	53.135.280

As noted above, the fair value of the investment is very sensitive to changes in the sales price and the amount of capital expenditure.

The Company

The Company did not hold any investments at fair value through profit or loss at 31 December 2016 and 31 December 2015.

25. LOANS RECEIVABLE

	The Group		The Company	
	2016	2015	**2016**	2015
Non-current assets	**€**	€	**€**	€
Loans to subsidiary companies (Note 39)	-	-	**32.457.508**	30.206.458
Loans to other parties	**8.872.500**	8.868.000	-	-
Loans to related companies (Note 39)	**84.339.088**	60.788.321	**19.954.876**	17.590.801
Total	**93.211.588**	69.656.321	**52.412.384**	47.797.259

Loans receivable are analysed as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
Receivable	**€**	€	**€**	€
Within twelve months	-	-	-	-
Between 1 to 2 years	-	-	-	-
Between 2 to 5 years	-	-	-	-
Over 5 years	**93.211.588**	69.656.321	**52.412.384**	47.797.259
	93.211.588	69.656.321	**52.412.384**	47.797.259
Total	**93.211.588**	69.656.321	**52.412.384**	47.797.259

The repayment terms and the interest rates of the above loans are presented in note 39.

The loan to other parties bears 3% interest and is repayable over 5 years.

During the year the movement of the above loans receivable was as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
At 1 January	**69.656.321**	32.993.567	**47.797.259**	57.454.645
Grant of new loans	**15.085.687**	33.765.067	**7.471.419**	23.636.152
Repayment of loans and interest	**(2.349.416)**	-	**(5.397.233)**	(36.490.359)
Interest capitalised	**3.230.559**	2.398.325	**2.540.939**	3.196.821
Transfer from the amounts due from related parties	**7.588.437**	499.362	-	-
At 31 December	**93.211.588**	69.656.321	**52.412.384**	47.797.259

26. RESTRICTED BANK DEPOSITS

In the consolidated statement of financial position in the current assets, restricted bank deposits of €5.000.000 (2015: €13.003.815) are presented. These deposits are not classified as cash and cash equivalents since they are restricted by the bank.

The restricted bank deposits at 31 December 2015 related to a portion of the Group's proceeds from the sale of its subsidiary companies ITTL Trade and Leisure Park Plc and Woolworth Commercial Center Plc and were pledged by the bank following a court ruling on a premature termination of the rental agreement and requiring the tenant of the property to pay the entire amount of the rent until the expiry of the contract. This deposit was released by the bank during the year ended 31 December 2016. Instead, a Letter of Guarantee of €13,030,000 was issued to the Registrar of Nicosia District Court for this case, expiring on 30 June 2017 (Note 40). For this guarantee letter, the subsidiary Woolworth (Cyprus) Properties Plc pledged a deposit of €5,000,000 in favor of the bank.

This property was used by the subsidiary company Ermes Department Stores Plc since 2003, after the separation of the activities of Woolworth (Cyprus) Properties Plc and the takeover of trading activities by Ermes Department Stores Plc. The rental document was retained in the name of Woolworth (Cyprus) Properties Plc but there is mutual understanding between the two companies that Ermes Department Stores Plc will incur any liability arising from the above case.

27. INVENTORIES

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Finished goods	**46.043.681**	43.792.465	-	-

28. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Trade receivables	**18.277.244**	18.119.800	-	-
Less: Provision for bad debts	**(4.200.437)**	(4.197.831)	-	-
Net trade receivables	**14.076.807**	13.921.969	-	-
Other receivables and prepayments	**9.357.474**	5.783.066	**50.495**	520.211
Current tax receivables	**579.923**	574.960	**6.000**	6.000
Amounts due from related parties (Note 39)	**4.961.253**	5.958.649	**15.363.045**	24.770.863
Total	**28.975.457**	26.238.644	**15.419.540**	25.297.074

The concentration of credit risk in relation to amounts due by customers is limited due to the large number of customers of the Group that sell in different markets. The past experience of the Group for the collection of accounts receivable was incorporated in the provisions recorded in the books. Due to these factors, management believes that there is no additional credit risk from the amounts provided for losses from collection of the trade receivables of the Group.

The Group has recognised a loss amounting to €1.327.231 (2015: €239.474), for the impairment of its trade receivables during the year ended 31 December 2016. The loss was included in the Statement of Comprehensive Income.

Movement of the provision for bad debts:

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
At 1 January	**4.197.831**	5.407.857	-	-
Provision for bad debts	**1.327.231**	239.474	-	-
Reduction due to sale of subsidiary companies	-	(204.660)	-	-
Amount written off as not recoverable	**(1.324.625)**	(1.244.840)	-	-
At 31 December	**4.200.437**	4.197.831	-	-

The provision recognised represents the difference between the carrying amount of these trade receivables and the present value of receipts. The Group does not hold any collateral over these balances.

The Company has a provision of €4.480.000 (2015: €4.480.000) relating to amounts receivable from related parties. Additionally, the Group has a provision of €496,084 (2015: €496,084) for other doubtful debtors.

The fair value of trade and other receivables due within one year is approximately their book value at the date of the statement of financial position.

29. SHARE CAPITAL

	2016	2015
	€	€
The Group and the Company		
Authorised:		
120.000.000 ordinary shares of €0,85	**102.000.000**	102.000.000
Issued:		
93.248.408 ordinary shares of €0,85	**79.261.147**	79.261.147

	31 December 2016		31 December 2015	
	Number of ordinary shares	Share capital	Number of ordinary shares	Share capital
		€		€
Issued share capital				
At 1 January	**93.248.408**	**79.261.147**	93.248.408	79.261.147
At 31 December	**93.248.408**	**79.261.147**	93.248.408	79.261.147

Dividends

The Board of Directors does not recommend the payment of dividend but will review the distribution of interim dividends before the end of the current year.

The Board of Directors at a meeting held on 28 November 2014, decided that the same shares held by the Company would be given free of charge to all shareholders of the company, in proportion to their holdings. On 2 April 2015, the process was completed through the Cyprus Stock Exchange with the registration of the free shares to the beneficiaries' accounts, where 1.207.853 with nominal value of €0,85 were allocated in proportion of 1 bonus share for every 76 shares held.

30. OWN SHARES RESERVE

The Group and the Company

The own shares reserve of the Company includes the cost of the shares of the Company which were acquired after a decision of the Board of Directors. In addition, the own shares reserve of the Group for the year 2016 includes the cost of acquiring own shares by the subsidiary companies Woolworth (Cyprus) Properties Plc and Ermes Department Stores Plc.

As mentioned above (Note 29) during the year that ended on 31 December 2015, the Company completed the distribution of 1.207.853 treasury shares. The treasury shares held by the Company on 31 December 2016 and 31 December 2015 amounted to 12.412 and 1.220.265 respectively, with total acquisition cost €15.773 and €1.546.485 respectively.

31. FAIR VALUE RESERVES

The Group

	Revaluation Reserve	Investment revaluation reserve	Total
Year ended 31 December 2016	€	€	**€**
At 1 January	4.672.698	(57.770)	**4.614.928**
Revaluation of investment available for sale	-	(9.999)	**(9.999)**
Revaluation of property, plant and equipment	1.896.648	-	**1.896.648**
Deferred tax on revaluation	(2.709.161)	-	**(2.709.161)**
At 31 December	3.860.185	(67.769)	**3.792.416**
Year ended 31 December 2015			
At 1 January	7.648.976	2.181.254	**9.830.230**
Revaluation of investment available for sale	-	(74.434)	**(74.434)**
Revaluation of property, plant and equipment	(6.099.257)	-	**(6.099.257)**
Deferred tax on revaluation	958.389	-	**958.389**
At 31 December	2.508.108	2.106.820	**4.614.928**

The fair value reserves are not distributable.

The Company	**Revaluation reserve 2016**	Revaluation reserve 2015
	€	€
At 1 January	**5.303.188**	5.304.038
Revaluation of property, plant and equipment (Note 17)	**105.118**	-
Deferred tax on revaluation of property, plant and equipment (Note 34)	(3)	**(850)**
At 31 December	**5.408.303**	5.303.188

The fair value reserves are not distributable.

32. BORROWINGS

	The Group		The Company	
	2016	2015	**2016**	2015
Current liabilities	**€**	€	**€**	€
Bank overdrafts	**68.586.064**	70.969.992	**7.028.514**	10.566.691
Factoring facilities	**6.172.737**	5.789.079	-	-
Bank loans	**10.589.072**	18.370.891	**1.046.709**	6.424.432
Other loans	**106.155**	66.973	-	-
	85.454.028	95.196.935	**8.075.223**	16.991.123
Non-current liabilities				
Bank loans	**186.472.455**	163.623.752	**97.430.162**	93.342.596
Loans from subsidiary company (Note 39)	-	-	**17.507.062**	12.512.581
Loan from parent company (Note 39)	-	-	-	-
Other loans	**495.597**	630.981	-	-
	186.968.052	164.254.733	**114.937.224**	105.855.177
Total	**272.422.080**	259.451.668	**123.012.447**	122.846.300

32. BORROWINGS (continued)

Bank and other loans are analysed as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
Repayable:	**€**	€	**€**	€
Within twelve months	**10.695.227**	18.437.864	**1.046.709**	6.424.432
Between 1 to 2 years	**9.986.583**	17.721.352	**2.679.240**	6.814.247
Between 2 to 5 years	**100.488.160**	105.512.927	**18.289.417**	22.949.615
Over 5 years	**76.493.309**	41.020.454	**93.968.566**	76.091.315
	186.968.052	164.254.733	**114.937.223**	105.855.177
Total	**182.692.597**	115.983.933	**112.279.609**	134.243.705

The movement of the above bank and other loans during the year was as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
At 1 January	**182.692.597**	306.152.517	**112.279.609**	134.243.705
New loans	**19.319.457**	158.500	**4.879.000**	33.241.103
Repayment of capital and interest	**(13.013.292)**	(36.799.498)	**(6.100.045)**	(61.559.099)
Interest capitalised	**8.664.517**	6.957.098	**4.925.369**	6.353.900
Reduction due to sale of subsidiary companies	**-**	(93.776.020)	**-**	-
At 31 December	**197.663.279**	182.692.597	**115.983.933**	112.279.609

The loans are secured with:

The Group

- mortgages on land and buildings of the Group amounting to €172.974.892 (2015: €178.052.192).
- corporate guarantees from related parties amounting to €262.428.352 (2015: €203.575.246).
- pledge of 86.229.078 (2015: 92.069.399) shares of Woolworth (Cyprus) Properties Plc, €73.650.000 (2015: €73.650.000) shares of Ermes Department Stores Plc and 4.150.500 (2015: 4.150.500) shares of Akinita Lakkos Mikelli Limited.
- bank guarantees amounting to €22.640.000 (2015: €31.411.599).
- concession of fire insurance amounting to €10.301.785 (2015: €10.006.786) and concession of fire and earthquake insurance over the Group's properties.
- general concession of income from rights and rent receivable which will be received by the subsidiary company Woolworth (Cyprus) Properties Plc and the subsidiary companies of the Group Woolworth (Cyprus) Properties Plc, Woolworth Commercial Centre Limited, Apex Limited, Zako Limited, Estelte Limited and Calandra Limited.
- With corporate guarantees of a non-group company that is owned by the minority interest of €4.300.000 (2015: €-).
- With personal guarantees of the Board of Directors of a non- Group company that is a minority shareholder of €4.300.000 (2015: €-).
- By pledging the corporate guarantees of related companies amounting to €3.050.000 (2015: €-).
- With a floating charge of the assets of a non-owned company belonging to the minority interest of €3.050.000 (2015: €-).

32. BORROWINGS (continued)

The Company

- mortgages on land and buildings of the Company amounting to €22.682.619 (2015: €23.536.922).
- corporate guarantees from related parties amounting to €45.211.810 (2015: €44.357.510).
- pledge of €84.918.637 (2015: 84.918.637) shares of Woolworth (Cyprus) Properties Plc and 63.650.000 (2015: 63.650.000) shares of Ermes Department Stores Plc.
- bank guarantees amounting to €19.093.656 (2015: €19.093.656).
- concession of fire insurance amounting to €7.980.000 (2015: €7.980.000).

The above securities also cover the bank overdrafts of the Group and the Company.

The Group's loans mainly bear floating interest rates, which during the year ended 31 December 2015 ranged from 3.75% to 5.90% (2015: 3.8% to 5.95%).

The Company's loans mainly bear floating interest rates, which fluctuated from 4,25% to 5% (2015: 5,155% to 6,75%).

On 31 December 2016, the Group and the Company had undrawn bank overdraft facilities amounting to €15.416.462 (2015: €13.309.494) and €160.698 (2015: €122.619) respectively.

The bank overdrafts expiring within one year are subject to annual review at various dates during 2017. The Board of Directors expects that the bank overdrafts subject to review in 2017 are to be renewed at the same conditions already in place.

The carrying amount of short term bank overdrafts, bank loans and other loans is approximately the same with their fair value.

The carrying amount of the borrowings of the Group and the Company per currency is as follows:

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Euro	**272.422.080**	259.451.668	**123.012.446**	122.846.300
	272.422.080	259.451.668	**123.012.446**	122.846.300

33. DEFERRED TAX LIABILITIES

The Group	Tax losses	Temporary differences between depreciation and capital allowance	Revaluation of land and buildings and investment property	**Total**
	€	€	€	**€**
At 1 January 2016	-	(1.173.458)	2.608.922	**1.435.464**
Debit to the statement of comprehensive income (Note 14)	-	1.166.122	1.229.876	**2.395.998**
Debited to reserves	-	-	2.871.805	**2.871.805**
At 31 December 2016	-	(7.336)	6.710.603	**6.703.267**
At 1 January 2015	(134.177)	8.864.775	5.350.739	**14.081.337**
Debit to the statement of comprehensive income (Note 14)	-	(159.723)	(35.997)	**(195.720)**
Debit to disposal group sold during the year	-	342.646	475.886	**818.532**
Decrease from the sale of subsidiary companies	134.177	(10.221.156)	(1.938.221)	**12.025.200)**
Debited to reserves	-	-	(1.243.485)	**(1.243.485)**
At 31 December 2015	-	(1.173.458)	2.608.922	**1.435.464**

33. DEFERRED TAX LIABILITIES (continued)

The Group (continued)

The amount debited/(credited) to the consolidated statement of comprehensive income is as follows:

	2016	2015
	€	€
Debit/(credit) due to temporary differences between depreciation and capital allowances	**1.166.122**	(159.723)
(Credit)/debit due to revaluation to the fair value of investment property	**1.229.876**	(41.759)
Debit to disposal group sold during the year	-	818.532
Total	**2.395.998**	617.050

The amount credited to reserves is as follows:

	2016	2015
	€	€
Debit/(credit) due to revaluation of property, plant and equipment	**2.871.805**	(1.243.485)

The Company	Temporary differences between depreciation and capital allowance	Revaluation of property, plant and equipment	Revaluation of investment property	Total
	€	€	€	€
At 1 January 2016	105.573	118.815	1.801.031	**2.025.419**
Debit/(credit) to the statement of comprehensive income (Note 14)	902.902	-	58	**902.960)**
Debited to reserves (Note 31)	-	3	-	**3**
At 31 December 2016	1.008.475	118.818	1.801.089	**2.928.382**
At 1 January 2015	450.526	117.965	1.785.797	**2.354.288**
Debit/(credit) to the statement of comprehensive income (Note 14)	(344.953)	-	15.234	**(329.719)**
Credited to reserves (Note 31)	-	850	-	**850**
At 31 December 2015	105.573	118.815	1.801.031	**2.025.419**

The amount debited/(credited) to the statement of comprehensive income is as follows:

	2016	2015
	€	€
Credit due to temporary differences between depreciation and capital allowances	**902.902**	(344.953)
Debit due to revaluation of investment property to the fair valueof investment property	**58**	15.234
	902.960	(329.719)

The amount debited to reserves is as follows:

	2016	2015
	€	€
Debit due to revaluation of property, plant and equipment	**3**	850

34. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2016	2015	2016	2015
Current liabilities	€	€	€	€
Trade payables	39.613.833	38.239.827	-	-
Other payables and accrued expenses	26.129.065	24.011.559	1.231.136	921.178
Amounts due to related parties (Note 39)	44.111	346.584	43.357.060	42.877.488
	65.787.009	62.597.970	44.588.196	43.215.673
Non-current liabilities				
Trade Payables	1.392.084	-	-	-
	1.392.084	-	-	-
Total	67.179.093	62.597.970	44.588.196	43.215.673

Non-current trade and other payables are payable within one to two years.

35. CURRENT TAX LIABILITIES

	The Group		The Company	
	2016	2015	2016	2015
	€	€	€	€
Corporation tax	1.990.025	1.533.537	-	-
Special defence contribution	219.738	268.824	-	-
Current tax liabilities	2.209.763	1.802.361	-	-

36. NOTES TO THE STATEMENTS OF CASH FLOWS

Profits/(Losses) from operations before working capital changes

		The Group		The Company	
		2016	2015	2016	2015
	Note	€	€	€	€
Profits/(losses) for the year		(130.820)	(45.477.377)	6.606.639	(14.149.677)
Adjustments for:					
Depreciation: - property, plant and equipment	17	4.904.026	5.396.362	49.063	45.490
- intangible assets	18	172.401	116.419	1.248	496
Taxation	14	3.266.182	150.372	902.960	(305.897)
Tax from non-continued operations		-	1.271.298	-	-
Interest payable	12	12.848.023	15.714.165	7.431.918	9.276.917
Interest receivable	12	(3.943.838)	(2.600.798)	(2.820.588)	(3.336.468)
Dividends receivable	9	-	-	(18.800.539)	-
Foreign exchange differences		(95.279)	175.945	-	-
Share of (profits)/losses from associated companies	21	8.533	496.858)	-	-
Losses from sale of subsidiary companies	16	-	15.202.419	-	-
Profits/(losses) from sale of property, plant and equipment	10	28.508	(34.620)	-	-
Losses from discontinued operations	16	2.307.057	-		-
(Profits)/losses from investing activities	13	(4.064.808)	26.522.477	6.151.387	25.249.578
Profits from operations before working capital changes		15.299.985	15.939.804	(477.912)	16.780.439

37. DIRECTORS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY

The percentage of the Company's share capital held by members of the Board of Directors, their spouse, underage children and companies where they have a direct or indirect holding of at least 20% was:

	Fully paid shares	
	31/12/16	31/12/15
	%	%
Marios N. Shacolas	19,33	19,33
Eleni N. Shacola	19,33	19,33
Chrysoula N. Shacola	19,33	19,33

During 2016, the Group did not enter into any significant agreement in which members of the Board of Directors, their spouse or their underage children had, directly or indirectly, any significant interest.

38. SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY'S SHARE CAPITAL

At the date of this report the majority shareholder of the Company is N.K.Shacolas (Holdings) Limited, which owns 87,03% of the Company's shares.

39. RELATED PARTY TRANSACTIONS

The following transactions were carried out at arm's length with related companies (companies in which N. K. Shacolas (Holdings) Ltd has a significant interest):

(a) Sales of goods and services		The Group		The Company	
	Nature of transactions	2016	2015	2016	2015
		€	€	€	€
Parent company	Consultancy services	**59.941**	40.957	**59.941**	40.957
	Rights for use of space	**46.368**	46.368	**46.368**	46.368
		106.309	87.325	**106.309**	87.325
Subsidiary companies	Financing and interest	-	-	**1.869.954**	2.662.065
	Consultancy services	-	-	**1.193.954**	769.304
	Rights for use of space	-	-	**1.004.191**	1.308.315
	Dividends receivable	-	-	**18.800.539**	16.947.001
		-	-	**22.868.638**	21.686.685
Related companies	Sales of goods	**114.385**	408.591	-	-
	Financing and interest	**3.230.559**	2.280.200	**950.634**	674.400
	Consultancy services	**41.127**	138.575	**113.959**	114.340
	Rights for use of space	-	40.549	-	-
	Other	**396.381**	114.355	-	71.468
		3.782.452	2.982.270	**1.064.593**	860.208

39. RELATED PARTY TRANSACTIONS (continued)

(b) Purchases of goods and services

	Nature of transactions	The Group 2016	The Group 2015	The Company 2016	The Company 2015
		€	€	€	€
Parent company	Consultancy services	**780.000**	720.000	**260.000**	240.000
		780.000	720.000	**260.000**	240.000
Subsidiary companies	Financing and interest	-	-	**2.460.423**	3.232.806
		-	-	**2.460.423**	3.232.806
Related companies	Financing and interest	-	105.706	-	-
	Consultancy services	**38.289**	218.075	-	-
		38.289	323.781	-	-

(c) Year end balances arising from the above transactions

	The Group 2015	The Group 2014	The Company 2015	The Company 2014
	€	€	€	€
Amounts receivable				
Parent company	**238.017**	141.259	-	-
Subsidiary companies	-	-	**12.156.741**	20.033.344
Related companies	**1.043.000**	4.815.944	**3.206.304**	4.737.519
Associated companies	**3.680.236**	1.001.446	-	-
	4.961.253	5.958.649	**15.363.045**	24.770.863
Amounts payable				
Parent company	**20.333**	25.232	-	-
Subsidiary companies	-	-	**43.340.560**	42.205.952
Related companies	**23.778**	321.352	**16.500**	88.543
	44.111	346.584	**43.357.060**	42.294.495

(d) Loan from parent company

The loan from the holding company N.K. Shacolas (Holdings) Limited bears interest at 5% (2014: 5.75%) and on the 31 December 2013 an agreement was signed between related parties that it will not request repayment of any amount over the next four years from the date of the agreement. The loan was fully repaid during the year that ended on the 31 December 2015.

The movement of the above loan was as follows:

	The Group 2016	The Group 2015
	€	€
At 1 January	-	2.132.007
New Loan	-	150.000
Repayment	-	(2.338.238)
Interest payable	-	56.231
At 31 December	-	-

39. RELATED PARTY TRANSACTIONS (continued)

(e) Loans payable to subsidiary companies

The loans receivable from subsidiary companies include the following loans:

(i) Loan granted from the subsidiary company Ermes Department Stores Plc amounting to €6.370.190 (2015: €4.468.104), which bears interest at 5,50% until 30 June 2016 and 4,75% from 1 July 2016 and is payable in more than five years.

(ii) Loan granted from the subsidiary company Domex Technical Limited amounting to €11.136.872 (2015: €8.044.477), which bears interest at 2% and is payable in more than five years.

(f) Loans receivable from subsidiary

Loans receivable from subsidiaries include a loan to subsidiary company Woolworth (Cyprus) Properties Plc of € 32,457,508 (2015: € 30,206,458), interest at 5.50% until 30 June 2016 and 4.75% from 1 July 2016 and is repayable for more than five years.

(g) Loans receivable from related companies

Loans receivable from related companies include the following loans:

(i) Loan granted from the Company to the related company Hermes Airports Limited amounting to €5.784.120 (2015: €7.736.254). The loan bears interest at Euribor plus 6% and is repayable in more than five years. There are no guarantees and securities in relation to this loan.

(ii) Loan granted by the Company to the related company Olympos Investments Ltd amounting to €14.170.756 (2015: €9.854.547). The loan bears interest at 5.5% unitl 30 June and 4.75% from 1July 2016 and is repayable in more than five years.

(iii) Loan granted by the subsidiary company Woolworth (Cyprus) Properties Plc to the related company Cyprus Limni Resorts and GolfCourses Plc amounting to €38.620.130 (2015: €34.064.101). The loan bears interest at 5,00% until 30 July 2016 and 4,75% from 1 of July 2016 (2015: 5,00%) and is repayable in more than five years.

(iv) Loan granted by the subsidiary company Woolworth (Cyprus) Properties Plc to the related company Olymbos Investments Limited amounting to €15.494.975 (2015: €9.133.419). The loan bears interest at 5% and is repayable in more than five years.

(v) Loan granted by the subsidiary company Cassandra Trading Limited to the Cyprus Limni Resorts and GolfCourses Plc affiliate of € 10,269,107 (2015: € -). The loan brings interest equal to the basic bank rate plus a margin of 0.35% and is repayable for more than five years.

(h) Remuneration of the Board of Directors and key management personnel

	The Group		The Company	
	2016	2015	**2016**	2015
Remuneration and other short term benefits	**€**	€	**€**	€
Board of Directors	**748.206**	684.823	**701.486**	625.873
Remuneration and other short term benefits				
Key Management Personnel	**4.252.414**	3.513.947	**305.045**	313.061
Total	**5.000.620**	4.198.770	**1.006.531**	938.934

	The Group		The Company	
	2016	2015	**2016**	2015
	€	€	**€**	€
Emoluments as Executive Directors	**73.070**	94.700	**48.700**	67.750
Remuneration as Executive Directors	**579.227**	491.259	**579.227**	491.259
Emoluments as Non-Executive Directors	**51.720**	59.450	**29.370**	27.450
Employer's contributions to Executive Directors	**44.189**	39.414	**44.189**	39.414
Total	**748.206**	684.823	**701.486**	625.873

The total remuneration and other short term benefits of key management personnel are included in staff costs (Note 11).

(i) Guarantees

The Company has provided guarantees to its subsidiaries, associated and related companies amounting to €90.545.103 (2015: €121.794.406).

40. CONTINGENT LIABILITIES

The Group
At 31 December 2016 the Group had contingent liabilities in relation to the following:

Debenhams Avenue
The subsidiary company Ermes Department Stores Plc had a rental agreement for the Debenhams Avenue department store in Arch. Makariou III Avenue in Nicosia, until 2020. On 24 January 2013 the Group has decided to terminate the above agreement for commercial and economic reasons and for restructuring and to transfer the activities to the department store Debenhams Central.

The owner of the property filed a lawsuit claiming damages for illegal termination of the contract. At the same time, the Group filed a counter claim demanding from the owner company compensations for facilities, equipment and other assets as they were added to the building with its own costs.

The Board of Directors and the Group's legal advisors are not in a position to reliably estimate the outcome of the above case of which the legal proceedings are at a very early stage.

The Board of Directors will monitor the progress of the case and act accordingly.

The Company
On 31 December 2016 and 31 December 2015 there were no significant contingent liabilities. It is not expected that damages will be generated to the Company due to the breach of the terms and obligations of the agreements signed by the related parties with financial institutions.

41. CAPITAL COMMITMENTS

The Group
The Group rents various shops, offices and warehouses in accordance with the following operating leases. These leases have a variety of terms, revaluation provisions and renovation rights. Lease costs/site use fees for the year charged to profits are presented in Note 10.

At 31 December 2016, the Group has following commitments for operating leases:

(a) Debenhams Kinyras in Kato Paphos
The subsidiary company Ermes Department Stores Plc has a rental agreement for the Debenhams Kinyras store in Kato Paphos with Armonia Estates Limited, as well as for an adjacent building. The duration of the rental agreement is up to 2016. However, the company agreed with Armonia Estates Limited to terminate the lease on 30 November 2016.

(b) Superhome Center (DIY) Limited in Larnaca
The subsidiary Superhome Center (DIY) Limited has a long-term land lease agreement in which it built its Larnaca-based big store by 2049.

(c) Ideea Distribution of Appliances Limited
The subsidiary Ideea Distribution of Appliances Limited has a lease agreement for its shop in Limassol until 2018.

(d) The Mall of Engomi (ME) Plc
The subsidiary company Ermes Department Stores Plc has agreements with The Mall of Engomi (ME) Plc for the granting of a right to use or lease a space for the operation of Debenhams, Oviesse and Peacocks (terminated in 2017 and expanded to the Oviesse store) , Next and Uber in 'Mall of Engomi'. The subsidiary Superhome Center (DIY) Limited also has a rental agreement from the same company at its grand office in Engomi. The duration of the lease period is until 2025.

(e) The Mall of Cyprus (MC) Plc
The subsidiary company Ermes Department Stores Plc has agreements with The Mall of Cyprus (MC) Plc for the granting of a right to use or rent a space for the operation of a Debenhams department store and a NEXT store, Oviesse, Navy & Green, Glow, Fashion Bazzar Nicosia and various Stores managed by the subsidiary Company, CW Artopolis Ltd in 'The Mall of Cyprus' and Annex 4. The Oviesse store and part of the NEXT shop ended in 2017 and was replaced by Forever 21 and Armani Exchange. The lease term is until July 2022.

(f) CTC Automotive Limited in Paphos
The subsidiary company CTC Automotive Limited has a rental agreement for its stores in Paphos for 1 year.

(g) Other Stores
The subsidiary Ermes Department Stores Plc also has agreements with non-affiliated parties for various outlets, whose maturity period ranges from January 2017 to December 2022.

The Company
At 31 December 2016 and 31 December 2015, the Company had no significant capital commitments.

42. EVENTS AFTER THE REPORTING DATE

The subsidiary company of the Group Zaco Estates Plc, disposed its investment property which comprise of a four-floor Neoclassical building at Ledra street, on 19 April 2017, for the amount of €2.000.000. The fair value of the property as shown in the consolidated statement of financial position of the Group is €2.000.000.

There were no other material events after the end of the reporting period affecting the consolidated and separate financial statements at 31 December 2016.

DESIGN / LAYOUT/ PRODUCTION SUPERVISION: GRANDAD ADVERTISING