



**ERMES DEPARTMENT STORES PLC**

**INTERIM MANAGEMENT STATEMENT  
FOR THE PERIOD 01/01/2015 – 19/05/2015**

Ermes Department Stores Plc (Ermes), member of the Shacolas Group of Companies, presents its Interim Management Statement of Ermes Group for the period from 1<sup>st</sup> January to 19<sup>th</sup> May 2015. The Interim Management Statement has been prepared in accordance with the provisions of Article 11 of the Transparency Requirements Law 2007(N.190(I)/2007) and has not been audited by the external auditors of the Company

The interim statement incorporates the results and activities of:

- The subsidiary companies Superhome Center (DIY) Ltd, C.W.Artopolis Ltd, Fashionlink S.A., Scandia Company Ltd
- The associated company ITTL Trade Tourist and Leisure Park Plc (since 15<sup>th</sup> July 2014)

The principal activities of the Group for the period in review, which remain the same as last year, include the retail and wholesale trade in Cyprus and Greece, through department stores and specialized stores.

The main events and developments incurred during the period and their impact on the financial statements are presented below:

- i. The renovations for the improvement of the space usage at The Mall of Engomi have been completed and two new fashion stores commenced operation, Uber (young fashion) and Next Kids, as well as Coffee & More café.
- ii. All the relevant permits for the construction of a new large Superhome Center (DIY) store at Spyros Kyprianou avenue, opposite Debenhams Zenon department store in Larnaca, have been granted and construction works have already commenced. It is expected that the operation of this new store will begin before the end of 2015.
- iii. The Group would like to express its satisfaction, with the Government's referral to the Supreme Court of the law regarding the retail establishments operating hours, as well as the issuance of a ministerial decree to allow all retail establishments to operate on Sundays all over Cyprus; having realized the very real benefits to the economy, the retail industry, business at large, the state, as well as the qualitative improvement of service to families and Tourism. This is very important and beneficial.

iv. The results for the quarter ended 31 March 2015, compared to the corresponding period of 2014 are as follows:

- Turnover amounted to €32.631.000 compared to €32.978.000 in the corresponding period of 2014, showing a decrease of 1,1%.
- Gross Profit and Other Income amounted to €10.300.000 compared to €11.483.000 in 2014, showing a decrease of 10,3%, resulting from a decrease of the gross profit margins due to the continuous economic crisis and competition.
- Following the deduction of operating expenses, depreciation and finance expenses, the loss from operating activities of the Group for the first quarter of 2015 amounted to €2.695.000, compared to loss of €2.611.000 in the corresponding period of 2014. Due to profit of €10.205.000 derived in 2014 as a result of the sale of the investment of the Group in CTC-ARI Airports Ltd, the company which controls and operates the Commercial Operations of the two airports in Larnaca and Paphos and its investment in Cyprus Airports (F&B) Ltd, the company that manages the food and beverage activities in Larnaca and Paphos airports, the results of the Group show a net loss after tax of €2.720.000 compared to net profit after tax €7.594.000 in 2014.

The Easter period was not in line with the expectations and the trend of the sales up to the end of the first quarter of the year. Unfortunately, turnover continued to decline compared to last year.

The Board of Directors and the Management of the Group, note that the overall situation in the economy remains difficult and uncertain, and they will continue with the same care and diligence as before, to manage the events taking place in the economy. It is noted that the Group continuously evaluates new opportunities and cooperations, upgrades its stores and increases the variety of products offered to the public, which adds to the consumers more variety and quality choices at best price.

Ermes Department Stores Plc  
Nicosia 19<sup>th</sup> May 2015