annual report 11

Cyprus Trading Corporation Plc

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BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS

Lifetime Honorary Chairman	NICOS K. SHACOLAS
Board of Directors	MARIOS N. SHACOLAS - **EXECUTIVE CHAIRMAN**
	STAVROS AGROTIS
	CHRISTAKIS CHARALAMBOUS
	DEMETRIS DEMETRIOU
	YIANNIS IOANNIDES
	GEORGE LOUCA
	MARIOS LOUCAIDES
	MARIOS PANAYIDES
	CHRYSOULA N. SHACOLA
	ELENI N. SHACOLA
	MENELAOS CONST. SHACOLAS
	STEPHOS STEPHANIDES
	GEORGE KOZAKOS (APPOINTED ON 3 AUGUST 2017)
SECRETARY	GEORGE P. MITSIDES

OFFICERS AND OTHER ADVISORS

CHIEF FINANCIAL OFFICER	GEORGE LOUCA (APPOINTED ON 23 FEBRUARY 2018)
INTERNAL AUDIT OFFICER	ARGYRO EFSTATHIOU (APPOINTED ON 22 JANUARY 2018)
INDEPENDENT AUDITORS	KPMG LIMITED
LEGAL ADVISORS	IOANNIDES DEMETRIOU LLC TASSOS PAPADOPOULOS & ASSOCIATES LLC KOUSHIOS KORFIOTIS PAPACHARALAMBOUS LLC
REGISTERED OFFICE	SHACOLAS HOUSE OLD NICOSIA – LIMASSOL ROAD ATHALASSA, NICOSIA

REPORT, CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS **2017**

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 2017, on the basis of our knowledge, declare that:

(a) the annual consolidated and separate financial statements that are presented on pages 30 to 138:

(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 - NON 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

GEORGE KOZAKOS - NON EXECUTIVE DIRECTOR

RESPONSIBLE FOR THE PREPARATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

GEORGE LOUCA CHIEF FINANCIAL OFFICER

Nicosia, 27 April 2018

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') and its subsidiaries (the 'Group') for the year ended 31 December 2017.

FINANCIAL STATEMENTS AND FINANCIAL RESULTS

The consolidated financial statements of the Group for the year ended 31 December 2017 incorporate the results of the Company and of the subsidiary groups Ermes Department Stores Plc and Woolworth (Cyprus) Properties Plc, along with the results of the subsidiaries of the Company, Argosy Trading Company Limited, Cassandra Trading Limited, CTC Automotive Limited, CTC Auto Leasing Ltd, HOB House of Beauty Limited, and Artview Co. Limited.

PRINCIPAL ACTIVITIES

During 2017, 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, management and operation of Larnaca and Paphos airports until 11 May 2031.

Ermes Department Stores Plc (Ermes)

The group of Ermes Department Stores Plc ('Ermes') 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:

- Through Ermes Department Stores Plc, it 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 stores.

Woolworth (Cyprus) Properties Plc

Woolworth (Cyprus) Properties Plc ("Woolworth") is engaged in the field of ownership, development and management of immovable property (78,3% participation).

Woolworth (Cyprus) Property Plc owns indirectly 46,78% 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, near the head office of EAC (35% participation).

Argosy Trading Company Limited

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

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 as well as professional tools and lighting products (100% participation).

CTC Auto Leasing Limited

Provision of long-term leasing services of motor vehicles (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 2017 amounted to €311.986.596 compared to €302.805.445 in 2016, showing an increase of 3%.

The results of the Group and of the Company for 2017 were as follows:

	Group		Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
(Loss)/profit before tax from continuing operations	**(4.757.587)**	5.442.419	**(6.965.530)**	7.509.599
Tax expense	**(216.476)**	(3.266.182)	**(322.990)**	(902.960)
(Loss)/profit for the year from continuing operations	**(4.974.063)**	2.176.237	**(7.288.520)**	6.606.639
Loss after tax from discontinued operations	**(1.347.263)**	(2.307.057)	**-**	-
(Loss)/profit for the year	**(6.321.326)**	(130.820)	**(7.288.520)**	6.606.639
Attributable to:				
Owners of the Company	**(5.859.666)**	(534.902)	**(7.288.520)**	6.606.639
Non-controlling interests	**(461.660)**	404.082	**-**	-
(Loss)/profit for the year	**(6.321.326)**	(130.820)	**(7.288.520)**	6.606.639
(Losses)/earnings per share				
Basic and fully diluted (losses)/earnings per share of €0,85 (cents)				
Continuing operations	**(5,27)**	1,08	**(7,82)**	7,08
Discontinued operations	**(1,01)**	(1,65)	**-**	-
	(6,28)	(0,57)	**(7,82)**	(7,08)

During the year 2017 there was a continued growth and improvement of the Cyprus economy in almost all fiscal parameters. The tourism sector reached a new record both in arrivals and revenues, while the real estate sector demonstrated a steady recovery and growth of prices. Moreover, unemployment declined further. At the same time, the banking sector has recorded a reduction in non-performing loans, and at the same time, due to the relaxation of loan restrictions, there has been an increase in the granting of housing and consumer loans, despite the high level of non-performing loans. In addition, there is a continuous increased demand for business loans. All of the above resulted in the improvement of the psychology of the consumer and the steady growth in consumption.

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

MANAGEMENT REPORT

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

In the context of the announced acquisition and merger strategy and following the success in the field of strategic partnerships last year with the merger of Scandia with MegaElectric, during the year 2017 the acquisition of the operations of Chrikar Trading Company ("Chrikar") by the subsidiary company Argosy Trading Company Ltd was completed. The operations of Chrikar relate principally to the food distribution in the hotel, restaurant and catering sector and the company is considered as one of the most important in this field.

In November 2017, Cassandra Trading Ltd, the representative of Philip Morris International in Cyprus, has launched the new revolutionary and potentially low-risk IQOS tobacco product that has been gaining more and more territory among smokers since 2014 when it was first released in Europe and Japan.

Within 2017, CTC AutoLeasing Ltd, has also begun its operations and is engaged in the provision of long-term motor vehicle leases, offering all the services that a vehicle needs for its operation.

In March 2017, Ermes subsidiary Company launched the first Armani Exchange store in Cyprus with affordable high end fashion while at the beginning of April 2017 it also operated the first youth fashion store Forever 21 in Cyprus. In December 2017, it also opened a new Italian fashion store Oviesse at Kings Mall in Paphos. Ermes Group is in the process of renovating a number of stores aiming at the complete upgrade of their spaces for the best and most qualitative service of the consumer.

During 2017, a strategic agreement was reached with the internationally renowned SPAR supermarket chain, with Ermes taking over its representation in the local market. The Company, through its subsidiary SPAR Distributors Ltd, has already begun implementing the required computerized systems, while the first SPAR supermarket is expected to operate in the second quarter of 2018.

In 2017, the development of the e-commerce platform infrastructure 'marketplace' has begun which is expected to also operate in the second quarter of 2018, increasing the communication potentials with the consumer community in Cyprus, offering a wide range of 'lifestyle' products at affordable prices.

Within 2018, a large-scale refurbishment of the Ermes department store at The Mall of Cyprus in Nicosia has already begun, which is expected to become a pole of attraction for the consumers of the capital, offering a wide range of products and overall a delightful and unique experience to the consumers, since it has been designed by a renowned architect/designer house in France.

Ermes is also investing in the development of a new and flexible customer reward program that will be a customer based platform focusing on the individualization of each of its customers. This new program is due to be launched in the second quarter of 2018.

Furthermore, in 2017, Zaco Estate Limited, a subsidiary of Woolworth Group, proceeded with the disposal of its immovable property, which consisted of a four-storey neoclassical building on Ledra Street in Nicosia.

INTRINSIC VALUE OF SHARES

The intrinsic value of the Company's shares at 31 December 2017 was €1,05 (2016: €1,15) 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/and operations. Their main risks are:

- Significant reliance on delegations.
- 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.

MANAGEMENT REPORT

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

FUTURE DEVELOPMENTS

According to the assessment of the International Monetary Fund, the European Union ('EU') and the Republic of Cyprus, the positive growth of the economy recorded in 2016 and 2017 is expected to continue and intensify, with tourism being the driving force. The real estate sector is also expected to continue its development, especially in regard to the high demand for residential units by international buyers/investors. Moreover, a further rise in private consumption and a further reduction in unemployment are expected . However, risks, such as the high level of non-performing loans, should not be underestimated. Care should also be taken due to the 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 to take place in all areas are expected to start having the required returns, while within the year further cooperations are expected

The Board of Directors and the Management of the Group 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 availability of mature investments with the simultaneous development and addition of new activities and products.

The impact of the volatile economic environment, 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.

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 2017 there was no change in equity.

EQUITY SHARES

During the year ended 31 December 2017 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:

α) 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

MANAGEMENT REPORT

ENVIRONMENTAL RESPONSIBILITY (Continued)

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".

SOCIAL CONTRIBUTION

Following the completion of the offering of breakfast to indigent children, which was completed in 2016, reaching to a total contribution of about €1.500.000, CTC Plc Group continued during the year 2017 its social contribution, in cooperation with Municipalities, Communities, Associations, the Church and other organized entities. This social contribution included the creation of green areas, provision of clothes to kids, help to the entrapped children of Karpasia, the Sophia Foundation for Children and other social events.

BOARD OF DIRECTORS

The members of the Board of Directors at the date of this report are presented on page 1.

In accordance with the Company's Articles of Association, Messes Demetris Demetriou, Eleni N. Shacola, Marios Panayides and Christakis Charalambous 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 2017 and at the date of this report is presented in Note 38 of the consolidated and separate financial statements

The remuneration of the members of the Board of Directors is presented in Note 40(g) 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

During January-February 2018, the sales of three properties of The Group to third parties were completed for a total consideration of €44.000.000. These properties are the Shacolas Tower in Ledra Street in Nicosia, the land and buildings of SuperHome Center DIY in Strovolos, and the property of the Debenhams Apollo department store in Limassol. A more detailed reference of the significant events after the reporting date and listed in Note 44 of the consolidated and separate financial statements.

INDEPENDENT AUDITORS

The Audit Committee discussed the European Union Regulation on Public Interest Entities and the implications in relation to the rotation of external auditors. In accordance with the transitional provisions of the new regulatory framework, the term of the company's external auditors expires in 2017 and tenders are expected to be announced for the year 2018. Existing auditors, KPMG Limited, can claim their reappointment and 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 2018

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 to.

BOARD OF DIRECTORS AND DIRECTORS' REMUNERATION

Duties and Responsibilities of the Directors

The Company is managed by the Board of Directors, which comprises of 13 individuals, 9 of them are Non-Executive and from these 4 are Independent.

Mr. Marios N. Shacolas, succeeding Mr. Nicos K. Shacolas, is the Executive Chairman of the Board of Directors, since 28 April 2015. Mr Nicos 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 day to day 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 2017, six meetings were held. The Board of Directors has set out a formal matters agenda 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 Director 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. Each 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 the expense for which is incurred by the Company.

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 2017 except of Mr. George Kozakos Ioannides, who was appointed on 3 August 2017.

On 28 August 2015, the Board of Directors, unanimously declaired Mr. Nicos K. Shacolas as 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, resign, with a right to re-election.

At the next Annual General Meeting, Messrs Demetris Demetriou, Eleni N. Shacolas, Marios Panayides, Christakis Charalambous and George Kozakos 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)

Duties and Responsibilities of the Directors (continued)

Demetris Demetriou - Chartered Accountant FCA. He worked in the United Kingdom. In 1986 he began working at Cyprus Trading Corporation Plc, where he served as Deputy General Manager. He has been the General Manager of N.K. Shacolas (Holdings) Limited since 2000. He is the Chairman of Woolworth (Cyprus) Properties Plc, Chairman of HOB House of Beauty Limited, as well as Member of the Board of Directors of Ermes Department Stores Plc, Cyprus Limni Resorts & Golfcourses Plc and other companies. Eleni N. Shacola - Studied in the United Kingdom (B.A. General) at the University of London. She is Deputy Executive Chairwoman of Ermes Department Stores Plc, Executive Director of Woolworth (Cyprus) Properties Plc and Cyprus Limni Resorts and Golfcourses Plc, as well as member of the Board of Directors of other companies.

Eleni N. Shacola - Studied in the United Kingdom (B.A. General) at the University of London. She is Deputy Executive Chairwoman of Ermes Department Stores Plc, Executive Director of Woolworth (Cyprus) Properties Plc and Cyprus Limni Resorts and Golfcourses Plc, as well as member of the Board of Directors of other companies.

Marios Panayides - Graduate of Bristol University of the United Kingdom with a BSc degree in Economics and Accounting and a Chartered Accountant (ACA). He worked at Ernst & Young in London and in various large brokerage firms in Greece and Cyprus as investment executive. He is Deputy Chief Executive Officer of NK Shacolas (Holdings) Limited, Managing Director of Woolworth (Cyprus) Property Plc and Cyprus Limni Resorts and Golfcourses Plc, as well as a member of the Board of Directors of Ermes Department Stores Plc and other companies.

Christakis Charalambous - Graduate of Economics at Westminster University in London and holder of a postgraduate degree in Business Administration from Imperial College of Science and Technology, University of London. He has been working with the Shacolas Group of Companies since 1989. He holds the position of Project & Strategic Development Manager at NK Shacolas (Holdings) Ltd. He was the General Manager of Euroinvestment & Finance Public Ltd, a listed company with a banking license supervised by the Central Bank of Cyprus, a subsidiary of the Shacolas Group until its full acquisition by Piraeus Bank of Greece. He also worked for Bank of Cyprus for the period 1987-1989.

George Kozakos - Studied in the United States of America (B.S. Management) at the Northeastern Illinois University of Chicago. He has been employed at CTC Automotive Ltd since September 1996. He had been Hyundai Brand Manager until August 2014 when he was appointed as the CEO of CTC Automotive Ltd.

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	
Chrysoula N. Shacola	Marios Loucaides	
George Louca	Marios Panayides	
Eleni N. Shacola	Menelaos Const. Shacolas	- Independent (see notes (1) & (2) below)
	Stavros Agrotis	- Independent
	Stephos Stephanides	- Independent (see note (3) below)
	Christakis Charalambous	
	Yiannis Ioannides	- Independent (since 3 August 2017)
	George Kozakos	

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

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 Director of the Company.

c. Audit Committee

The role and responsibility of the Audit Committee relates to matters regarding the services provided by the External and 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 reviews 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

The Audit Committee meets at least four times a year. During the year 2017 the Committee held 7 meetings in total. 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. The Committee examines the Report of the External Auditors and recommends its approval to the Board of Directors. 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.

BOARD OF DIRECTORS AND DIRECTORS' REMUNERATION (continued)

Committees of the Board of Directors (continued)

c. Audit Committee (continued)

The External Auditors of the Company, in addition to the audit services provided in 2017, have also provided services for tax and VAT matters (€24.200) and consulting services (€1.750).

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, the term of the Company's external auditors expires in 2017 and tenders are expected to take place for the year 2018. The existing auditors, KPMG Limited, can claim their reappointment and they have expressed their willingness to continue to provide their services.

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 2017 is outlined below and is separated between Executive and non-Executive Directors.

There are currently 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.

BOARD OF DIRECTORS AND DIRECTORS' REMUNERATION (continued)

Directors' Remuneration (continued)

The remuneration of Executive Directors from Cyprus Trading Corporation Plc for the year 2017, including employers' contributions and other benefits, was as follows: Mr. Marios Loucaides €- (2016: €252.896), Chrysoula N. Shacola €170.516 (2016: €218.336) and George Louca €169.130 (2016: €152.184). 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 €45.100 (2016: €44.700) and Eleni N. Shacola €4.200 (2016: €4.000). The remuneration of Mrs. Eleni N. Shacola was paid to her employer as compensation for the time spent as Executive Director of Cyprus Trading Corporation Plc. The total remuneration of Executive Directors amounted to €388.946 (2016: €672.116).

During the year ended 31 December 2017, 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 €6.410 (2016: €5.870), Marios Panayides €3.800 (2016: €3.200), Menelaos Const. Shacolas €4.650 (2016: €4.280), Stavros Agrotis €4.170 (2016: €3.970), Stephos Stephanides €5.390 (2016: €4.480), Christakis Charalambous €4.170 (2016: €4.170) and Yiannis Ioannides €3.200 (2016: €3.400). The remuneration of Mr. Demetris Demetriou, Marios Panayides and Christakis Charalambous was paid to their employer as compensation for the time spent as Non-executive Directors of Cyprus Trading Corporation Plc. The total remuneration of Non-Executive Directors of the Company amounted to €31.790 (2016: €29.370).

The remuneration of the Directors is also presented in Notes 11 and 40 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 assess 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. Until 11 January 2018, the head of the Internal Audit Department was Mr. Rovertos Yiousellis, Chartered Accountant (FCCA, MBA Finance), who voluntarily left for personal reasons. Since 22 January 2018, the Head of the Internal Audit Department is Mrs. Argyro Efstathiou (FCA, BA Economics).

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 mechanisms for the safety and reliability of the financial information used.
- Adequacy of knowledge, qualifications of the executives concerned, by competence and area of responsibility.
- Continuous training and updating of executives on accounting and auditing 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)

Responsibility and Control (continued)

Internal Control System (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 40 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 RELATIONSHIPS

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 at today's meeting has appointed Mr George Louca, in place of Marios Loucaides, and Demetris Demetriou as the Company's Shareholder Liaison Officers.

The Board of Directors at today's meeting appointed Mr. Stephos Stephanides, an Independent Non-Executive Director, as Senior Independent Director, who will replace Mr. Menelaos Const. Shacolas, and 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 2018

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 29 to 131 and comprise the consolidated statement of financial position and the statement of financial position of the Company as at 31 December 2017, 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 2017, 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 €53.178.312 in the consolidated financial statements of the Group as at 31 December 2017, which represents 10% of the total assets of the Group.

The Group has estimated the fair value of the investments at fair value through profit or loss using on the discounted Cash Flows method. The valuation is considered to be complex due to the significant accounting estimates and judgments that are 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 competence, and objectivity of the independent international real estate experts used to determine the fair value,
- evaluation of the methodology used and of the mathematical accuracy,
- comparison of the data used with information presented in the masterplan,
- evaluation of the appropriateness of the assumptions used in determination of the fair value, comparing with the general economic expectations and the specific expectations of the market involving also internal experts to assess whether the assumptions used were within the range of reasonably acceptable assumptions.
- 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 land and buildings and investment property at fair value of the Group and the Company

As disclosed in note 19 to the consolidated and separate financial statements

Key audit matter

Management has estimated the fair value of the Group's and the Company's land and buildings and investment property to be €149.266.848 and €31.346.729 respectively as at 31 December 2017, which represents 29% and 12% of the total assets of the Group and the Company respectively. Estimates are based on a number of key assumptions that require significant accounting estimates and judgment by management including capitalization rates and fair market rentals. Some of the estimates and calculations are subject to market conditions and may change over time.

How the matter was addressed in our audit

Our audit procedures included in the following:

- evaluation of the competence and objectivity of the independent external appraisers,
- evaluation of the mathematical accuracy and of the methodology used,
- evaluation of the appropriateness of the assumptions used in determination of the fair value, comparing with the general economic expectations and the specific expectations of the market, involving internal expects to assess whether the assumptions used were within the range of reasonable acceptable assumptions,
- evaluation of the adequacy of the disclosures in the financial statements of the Group and the Company regarding the valuation of land and buildings and investment property 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 2017 the Group had goodwill amounting to €27.799.115, which represents 5% of the total assets of the Group. The value in use is estimated using the discounted cash flow valuation technique for each cash generating unit and is considered complex since it 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 parameters and 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 mathematical accuracy,
- involvement of internal experts to evaluate the estimation models and parameters used,
- evaluation of the adequacy of the disclosures in the financial statements of the Group regarding the impairment of goodwill,

Estimation of the Group's inventories at the lower of cost and net realisable value

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

Key audit matter

The Group had inventory amounting to €51.801.650 as at 31 December 2017, which represents approximately 10% of the total assets of the Group.

Inventory is carried at the lower of cost and net realisable value. Demand for individual products is volatile in relation to the state of the economy and the current trends. As a result, there is a risk that the carrying value of inventory exceeds its net realisable value. The provisions for impairment of inventory to its net realisable value are based on a number of factors including seasonality. This task requires the exercise of significant judgment by Management.

How the matter was addressed in our audit

Our audit procedures included in the following:

- attendance in the inventory counts at the end of the year,
- recalculation of the net realisable value of inventory and comparison with its carrying value using Acumated Control Techniques,
- evaluation of the adequacy of the Group's provisions for impairment of to net realisable value by selecting a sample of inventories and evaluating the classification at the lower of cost and net realisable value.

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

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 €162.631.204 at 31 December 2017, which represents 61% of the total assets of the Company.

The fair value of the investments in subsidiary companies is measured using the discounted cash flow valuation technique for each cash generating unit or the equity method. The Company's impairment assessment of the investments in subsidiary companies is considered complex since it 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 of any 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 parameters and 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,
- involvement of internal experts to evaluate the estimation models and parameters used,
- evaluation of the adequacy of the disclosures in the financial statements of the Company regarding the impairment assessment of the cost of the investments in subsidiary companies.

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.

Our opinion on the consolidated and separate 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 and the separate financial statements, our responsibility is to read the other information, as stated above, 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.

With regards to the Management Report and the Corporate Governance Report, our report 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 financial reporting process of the Group and the Company.

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 and 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.

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

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 affect 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.

Report on Other Regulatory and Legal Requirements

Other regulatory requirements

In accordance with the requirements of Article 10 (2) of Regulation (EU) 537/2014, we provide the following information, which is required in addition to the requirements of the ISAs.

Date of our appointment and period of engagement

We were first appointed auditors of the Group and the Company by the General Meeting of the Company's members on November 17, 1989. Our appointment has been renewed annually by shareholder resolution. Our total uninterrupted period of engagement is 29 years covering the periods ending from 31 December 1989 to 31 December 2017.

Consistency of the additional report to the Audit Committee

Our audit opinion is consistent with the additional report presented to the Company's Audit Committee on April 25, 2018.

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

Provision of non-audit services (''NAS'')

We have not provided any prohibited NAS referred to in Article 5 of the EU Regulation 537/2014 as applied by Section 72 of the Auditors' Law of 2017, L.53(I)2017, as amended from time to time (''Law L.53(I)/2017'').

Other legal requirements

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the Management Report, 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 consolidated and separate 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, has been prepared in accordance with the requirements of the Companies Law, Cap, 113, and is consistent with the consolidated and separate financial statements.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) 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 69 of Law L.53(I)/2017 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 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2017

	Note	2017 €	2016 €
Continuing operations			
Turnover		**311.986.596**	302.805.445
Cost of Sales		**(231.976.173)**	(226.381.376)
Gross Profit		**80.010.423**	76.424.069
Other operating income	9	**5.995.885**	5.229.441
Distribution expenses		**(51.659.109)**	(51.174.062)
Administrative expenses		**(16.212.450)**	(15.477.403)
Operating profit before depreciation		**18.134.749**	15.002.045
Depreciation for the year		**(4.750.659)**	(5.076.427)
Operating profit	10	**13.384.090**	9.925.618
Net finance costs	12	**(7.278.464)**	(8.539.474)
(Loss)/profit from investing activities	13	**(10.741.559)**	4.064.808
Share of loss from associate companies	21	**(121.654)**	(8.533)
(Loss)/profit before tax		**(4.757.587)**	5.442.419
Tax expense	14	**(216.476)**	(3.266.182)
(Loss)/profit after tax from continuing operations		**(4.974.063)**	2.176.237
Discontinued operations			
Loss after tax from discontinued operations	16	**(1.347.263)**	(2.307.057)
Loss for the year		**(6.321.326)**	(130.820)
(Loss)/profit attributable to:			
Owners of the Company		**(5.859.666)**	(534.902)
Non-controlling interests		**(461.660)**	404.082
Loss for the year		**(6.321.326)**	(130.820)
(Losses)/earnings per share			
Basic and fully diluted (losses)/earnings per share of €0,85 (cents)	15		
Continuing operations		**(5,27)**	1,08
Discontinued operations		**(1,01)**	(1,65)
		(6,28)	(0,57)

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 2017

	Note	2017	2016
		€	€
Loss for the year		(6.321.326)	(130.820)
Other comprehensive (expenses)/income Items that will never be reclassified to profit or loss			
Revaluation of property plant and equipment	17	(600.432)	2.707.825
Deferred tax on revaluation of property plant and equipment	34	112.747	(2.871.805)
Revaluation of investment available for sale	23	(17.774)	(9.999)
Loss on impairment of investments available for sale		67.769	-
Other comprehensive expenses for the year after tax		(437.690)	(173.979)
Total comprehensive expenses for the year		(6.759.016)	(304.799)
Total comprehensive (expenses)/income attributable to:			
Owners of the Company		(6.161.010)	(1.357.414)
Non-controlling interests		(598.006)	1.052.615
Total comprehensive expenses for the year		(6.759.016)	(304.799)

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 2017

	Note	2017 €	2016 €
Assets			
Property, plant and equipment	17	**142.062.251**	169.137.300
Intangible assets	18	**28.284.350**	26.511.842
Investment property	19	**26.296.025**	49.956.551
Investments in associate companies	21	**19.317.544**	19.460.058
Investments available for sale	23	**242.453**	260.227
Finance leases	22	**1.010.676**	485.394
Investments at fair value through profit or loss	24	**53.178.312**	56.750.100
Loans receivable	25	**106.986.742**	93.211.588
Total non-current assets		**377.378.353**	415.773.060
Inventories	28	**51.801.650**	46.043.681
Finance leases	22	**178.050**	157.495
Trade and other receivables	29	**31.187.735**	28.975.457
Loans receivable	25	**4.315.581**	-
Restricted bank deposits	26	**5.000.000**	5.000.000
Cash and cash equivalents		**5.001.932**	3.431.100
Total current assets		**97.484.948**	83.607.733
Assets held for sale	27	**44.000.000**	-
		141.484.948	83.607.133
Total assets		**518.863.301**	499.380.793
Equity			
Share capital	30	**79.261.147**	79.261.147
Share premium		**4.255.873**	4.255.873
Own shares reserve	31	**(113.817)**	(113.817)
Fair value reserves	32	**3.491.072**	3.792.416
Retained earnings		**10.616.977**	19.508.500
Difference from the conversion of share capital to Euro		**401.035**	401.035
Total equity attributable to owners of the Company		**97.912.287**	107.105.154
Non-controlling interests		**41.863.858**	43.761.436
Total equity		**139.776.145**	150.866.590
Liabilities			
Borrowings	33	**191.881.082**	186.968.052
Deferred tax liabilities	34	**4.852.940**	6.703.267
Trade and other payables	35	**-**	1.392.084
Total non-current liabilities		**196.734.022**	195.063.403
Borrowings	33	**103.203.995**	85.454.028
Trade and other payables	35	**74.686.347**	65.787.009
Current tax liabilities	36	**3.311.984**	2.209.763
Total current liabilities		**181.202.326**	153.450.800
Liabilities directly attributable to assets held for sale	27	**1.150.808**	-
		182.353.134	153.450.800
Total liabilities		**379.087.156**	348.514.203
Total equity and liabilities		**518.863.301**	499.380.793

The financial statements were approved by the Board of Directors on 27 April 2018.

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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	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 2017								
At 1 January 2017	79.261.147	4.255.873	(113.817)	3.792.416	19.508.500	401.035	43.761.436	**150.866.590**
Total comprehensive expenses for the year								
Loss for the year	-	-	-	-	(5.859.666)	-	(461.660)	**(6.321.326)**
Other comprehensive income/ (expenses) for the year								
Revaluation of investments available for sale (note 23)	-	-	-	(17.774)	-	-	-	**(17.774)**
Revaluation of property plant and equipment (Note 17)	-	-	-	(429.315)	-	-	(171.117)	**(600.432)**
Deferred tax on revaluation (Note 34)	-	-	-	77.976	-	-	34.771	**112.747**
Impairment of investments available for sale	-	-	-	67.769	-	-	-	**67.769**
Other comprehensive expenses for the year	-	-	-	(301.344)	-	-	(136.346)	**(437.690)**
Total comprehensive expenses for the year	-	-	-	(301.344)	(5.859.666)	-	(598.006)	**(6.759.016)**
Transactions with the owners of the Company Contributions and distributions to the owners of the Company								
Shares issued by a subsidiary company	-	-	-	-	-	-	3.047.926	**3.047.926**
Special contribution to the deference fund on deemed distribution	-	-	-	-	(358.277)	-	(99.293)	**(457.570)**
Dividends paid	-	-	-	-	(2.601.636)	-	-	**(2.601.636)**
Dividends paid by subsidiary companies	-	-	-	-	-	-	(4.228.267)	**(4.228.267)**
Expenses for the issue of the share capital of subsidiary	-	-	-	-	(71.944)	-	(19.938)	**(91.882)**
Total contributions and distributions	-	-	-	-	(3.031.857)	-	(1.299.572)	**(4.331.429)**
Total transactions with the owners of the Company	-	-	-	-	(3.031.857)	-	(1.299.572)	**(4.331.429)**
At 31 December 2017	**79.261.147**	**4.255.873**	**(113.817)**	**3.491.072**	**10.616.977**	**401.035**	**41.863.858**	**139.776.145**

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 2017

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 34)	-	-	-	(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								
Equity distribution to the owners of the 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**
Transfer to profit or loss due to lack of control to subsidiary companies	-	-	-	-	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 CASH FLOWS
For the year ended 31 December 2017

	Note	2017 €	2016 €
Cash flows from operating activities			
Profit from operations before working capital changes	37	18.543.589	15.299.985
(Decrease)/increase in trade and other receivables		102.556	(9.881.184)
Increase in inventories		(3.886.884)	(2.251.216)
Increase in trade and other payables		4.479.609	3.494.176
Cash generated from operating activities		19.238.870	6.661.761
Interest paid		(12.475.241)	12.848.023)
Tax paid		(749.164)	(467.745)
Net cash from/(for) operating activities		6.014.465	(6.654.007)
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment	17	(6.151.416)	(3.044.188)
Payments for acquisition of intangible assets	18	(129.413)	(502.210)
Payments for acquisition of operations	18	(4.900.000)	-
Payments for acquisition of investment property	19	(1.706.603)	(190.985)
Payments for acquisition of investment available for sale	23	-	(1.980)
Investments in restricted bank deposits	26	-	8.003.815
Proceeds from sale of property, plant and equipment		265.429	44.783
Proceeds from sale of investments of intangible assets		-	5.753
Proceeds from sale of investment properties	19	2.000.000	-
Dividends received		20.860	41.720
Interest received		101.578	713.279
Net cash (for)/from investing activities		(10.499.565)	5.069.987
Cash flows for financing activities			
New borrowings	33	28.790.745	19.319.457
Repayment of borrowings	33	(14.218.781)	(4.348.775)
Proceeds/(repayment) of bank overdrafts and other facilities		7.338.682	(2.000.270)
Loans granted to related parties	25	(14.564.842)	15.085.687)
New finance leases	22	(735.097)	(116.516)
Repayment of loans to related companies	25	985.758	2.349.416
Instalments of finance leases	22	189.260	181.050
Special contribution to the defence fund on deemed distribution		(457.570)	(576.321)
Dividends paid from subsidiaries		(1.180.341)	(1.130.301)
Expenses for the issue of the share capital of a subsidiary		(91.882)	-
Net cash from/(for) financing activities		6.055.932	(1.407.947)
Net increase/(decrease) in cash and cash equivalents		1.570.832	(2.991.967)
Cash and cash equivalents at the beginning of the year		3.431.100	6.423.067
Cash and cash equivalents at the end of the year		5.001.932	3.431.100

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 2017

	Note	2017 €	2016 €
Other operating income	9	19.532.931	21.218.204
Administrative expenses		(3.029.170)	(2.895.576)
Operating profits before depreciation		16.503.761	18.322.628
Depreciation for the year		(60.370)	(50.312)
Operating profits	10	16.443.391	18.272.316
Net finance costs	12	(4.233.522)	(4.611.330)
Losses from investing activities	13	(19.175.399)	(6.151.387)
(Losses)/profits before tax		(6.965.530)	7.509.599
Tax expense	14	(322.990)	(902.960)
(Loss)/profit for the year		(7.288.520)	6.606.639
Other comprehensive expenses **Items that will never be reclassified to profit or loss**			
Revaluation of property, plant and equipment	17	188.125	105.118
Deferred tax on revaluation of property, plant and equipment	34	(45.483)	(3)
Other comprehensive expenses for the year after tax		142.642	105.115
Total comprehensive (expenses)/income for the year		(7.145.878)	6.711.754
(Losses)/earnings per share			
Basic and fully diluted (losses)/earnings per share of €0,85 (cents)	15	(7,82)	7,08

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

STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2017

		2017	2016
Assets	Σημ.	€	€
Property, plant and equipment	17	**5.015.286**	5.015.033
Intangible assets	18	**131.222**	59.797
Investment property	19	**26.429.002**	26.110.773
Investments in subsidiary companies	20	**162.631.204**	169.485.211
Investments available for sale	23	**94.929**	94.929
Loans receivable	25	**68.408.793**	52.120.916
Total non-current assets		**262.710.436**	252.886.659
Trade and other receivables	29	**4.786.471**	14.927.979
Loans receivable	25	**315.381**	291.468
Cash and cash equivalents		**292.016**	6.701
Total current assets		**5.393.868**	15.226.148
Total assets		**268.104.304**	268.112.807
Equity			
Share capital	30	**79.261.147**	79.261.147
Share premium		**4.255.873**	4.255.873
Own share reserve	31	**(15.773)**	(15.773)
Fair value reserves	32	**5.550.945**	5.408.303
Merger reserve	43	**1.608.904**	-
Retained earnings		**1.315.637**	8.764.758
Difference from the conversion of share capital to Euro		**401.035**	401.035
Total equity		**92.377.768**	98.075.343
Liabilities			
Borrowings	33	**115.867.050**	114.937.224
Deferred tax liabilities	34	**3.293.804**	2.928.382
Total non-current liabilities		**119.160.854**	117.865.606
Borrowings	33	**9.162.647**	8.075.223
Trade and other payables	35	**47.350.187**	44.096.635
Current tax liabilities	36	**52.848**	-
Total current liabilities		**56.565.682**	52.171.858
Total liabilities		**175.726.536**	170.037.464
Total equity and liabilities		**268.104.304**	268.112.807

The financial statements were approved by the Board of Directors on 27 April 2018.

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 2017

	Share Capital €	Share premium €	Own shares reserve €	Fair value reserves €	Retained earnings €	Merger Reserve	Difference from the conversion of share capital to Euro	Total equity €
Year ended 31 December 2017								
At 1 January 2017	79.261.147	4.255.873	(15.773)	5.408.303	8.764.758	-	401.035	**98.075.343**
Total comprehensive income for the year								
Losses for the year	-	-	-	-	(7.288.520)	-	-	**(7.288.520)**
Income/(expense) for the year								
Revaluation of property, plant and equipment (Note 17)		-	-	188.125	-		-	**188.125**
Deferred tax on revaluation of property, plant and equipment (Note 34)	-		-	(45.483)	-		-	**(45.483)**
Other comprehensive income for the year	-	-	-	142.642	-	-	-	**142.642**
Total comprehensive income/ (expenses) for the year	-	-	-	142.642	(7.288.520)	-	-	**(7.145.878)**
Transactions with the owner of the Companies contributions and distributions to the owners of the Company								
Dividends	-	-	-	-	(2.601.636)	-	-	**(2.601.636)**
Reserves that resulted from the merger (Note 43)	-	-	-	-	2.441.035	1.608.904	-	**4.049.939**
Total transactions with the owners of the Company	-	-	-	-	(160.601)	1.608.904	-	**1.448.303**
At 31 December 2017	**79.261.147**	**4.255.873**	**(15.773)**	**5.550.945**	**1.315.637**	**1.608.904**	**401.035**	**92.377.768**

	Share Capital €	Share premium €	Own shares reserve €	Fair value reserves €	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							
Losses for the year	-	-	-	-	6.606.639	-	**6.606.639**
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**

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 2017

	Note	2017 €	2016 €
Cash flows from operating activities			
Losses from operations before working capital changes	37	**(598.265)**	(477.912)
Decrease in trade and other receivables		**7.541.908**	6.278.338
Decrease in trade and other payables		**(1.966.339)**	(677.797)
Cash from operating activities		**4.977.304**	5.122.629
Interest paid		**(3.704.443)**	(7.431.918)
Net cash for operating activities		**1.272.861**	(2.309.289)
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment	17	**(105.678)**	(14.384)
Payments for acquisition of intangible assets	18	**(73.745)**	(58.904)
Payments for acquisition of investment property	19	**(49.623)**	(168.381)
Payments for acquisition of investments in subsidiary	20	**-**	(19)
company		**(7.520)**	18.900
Receipts from sale of property, plant and equipment		**200.000**	4.163.000
Dividends received		**-**	2.820.588
Interest received		**(36.566)**	6.760.800
Cash flows for financing activities			
New borrowings	33	**14.366.695**	4.879.000
Repayment of borrowings	33	**(698.000)**	(1.174.676)
Grant/(repayment) of bank overdraft and other facilities		**(1.114.302)**	(3.538.177)
Loans granted to related companies	25	**(14.538.844)**	(7.471.419)
Repayment of loans to related companies	25	**1.033.471**	2.856.294
Net cash for financing activities		**(950.980)**	4.448.978
Net increase in cash and cash equivalents		**285.315**	(2.533)
Cash and cash equivalents at the beginning of the year		**6.701**	4.168
Cash and cash equivalents at the end of the year		**292.016**	6.701

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

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

For the year 2017 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

The Cyprus economy has been adversely affected during the last few years by the economic crisis. The negative effects have to some extent been resolved, following the negotiations and the relevant agreements reached with the European Commission, the European Central Bank and the International Monetary Fund (IMF) for financial assistance which was dependent on the formulation and the successful implementation of an Economic Adjustment Program. The agreements also resulted in the restructuring of the two largest (systemic) banks in Cyprus through a "bail in".

The Cyprus Government has successfully completed earlier than anticipated the Economic Adjustments Program and exited the IMF program on 7 March 2016, after having recovered in the international markets and having only used €7,25 billion of the total €10 billion earmarked in the financial bailout. Under the new Euro area rules, Cyprus will continue to be under surveillance by its lenders with bi-annual post-program visits until it repays 75% of the economic assistance received.

Although there are signs of improvement, especially in the macroeconomic environment of the country's economy including growth in GDP and reducing unemployment rates, significant challenges remain that could affect the estimates of the Group and Company's cash flows and its assessment of impairment of financial and non-financial assets.

The management of the Company and the Group has assessed the assets and liabilities of the Company and the Group:

(1) Whether any impairment provisions are deemed necessary for financial assets of the Company and the Group that are recognized at amortized cost, by considering the financial position and prospects of the Company and the Group at the end of the reporting period. Provisions for trade receivables are determined using the "Damage caused" model required by the applicable accounting standards. These standards require the recognition of impairment losses for amounts receivable that arose from past events and do not allow the recognition of impairment losses that could arise from future events, regardless of their probability of occurrence.

(2) The ability of the Company and the Group to continue as continuing operations (Note 3).

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Group the Company.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment and that the Company will be able to continue operating as a going concern.

These measures include, in addition to the successful reorganisation of the Group's borrowings during 2014, 2016, 2017 and 2018, and the deleverage effort through liquidation of non-core activities, surplus assets and mature investments, limiting cost including management and staff costs, tighter working capital management and closing / restructuring of unprofitable operations.

3. BASIS OF PREPARATION

The financial statements for the year ended 31 December 2017 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".

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.

3. BASIS OF PREPARATION (Continued)

Basis of measurement

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.

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 (Note 2), and it is satisfied that the consolidated and separate financial statements can be prepared on the 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 subsidiaries.

Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU)

As from 1 January 2017, 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.

The following Standards, Amendments to Standards and Interpretations have been issued by the International Accounting Standards Based ("IASB") but are not yet effective for annual periods beginning on 1 January 2017. Those which may be relevant to the Company and the Group are set out below. The Group and the Company do not intend to adopt the following standards prior to their effective date.

(i) Standards and Interpretations adopted by the EU

- **IFRS 9 "Financial Instruments" (effective foulkr annual periods beginning on or after 1 January 2018).**
  In July 2014, the IAS issued the final version of IFRS 9, which replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss (ECL) model for calculating impairment on financial assets, and new general hedge accounting requirements. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

  Classification – Financial assets

  IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

  Based on assessments undertaken to date, the adoption of the standard is not expected to have a material impact on the Company or Group's financial statements

Impairment - Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking ECL model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.
Under IFRS 9, loss allowances will be measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the entity has chosen to apply this policy also for trade receivables and contract assets with a significant financing component. There is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to corroborate a more lagging default criterion. The methods used by the Group and the Company for the calculation of the impairment of financial assets will be reviewed by applying the new model of expected credit losses.

3. BASIS OF PREPARATION (continued)

Adoption of new and revised Standards and Interpretations (continued)

Based on assessments undertaken to date, the adoption of the standard is not expected to have a material impact on the Company or Group's 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. It provides a principles-based approach for revenue recognition, and introduces the concept of recognizing revenue for performance obligations as they are satisfied. The recognition of such revenue is in accordance with five steps to: 1) identifying the contract with the customer; 2) identifying each of the performance obligations included in the contract; 3) determining the transaction price; 4) allocating the transaction price to the performance obligations in the contract; and 5) recognising revenue as each performance obligation is satisfied.

  Based on assessments undertaken to date, the adoption of the standard is not expected to have a material impact on the Company or Group's financial statements.

- IFRS 15 (Clarifications) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018) Clarifications to IFRS 15 provide additional application guidance but do not change the underlying principles of the standard. The clarifications relate principally to identifying performance obligations (step 2), accounting for licenses of intellectual property (step 5) and agent vs principal considerations. The clarifications also introduce additional practical expedients on transition in relation to modified and completed contracts.

  Based on assessments undertaken to date, the adoption of the standard is not expected to have a material impact on the Company or Group's financial statements

- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019). 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 standard introduces a single, on-balance sheet lease accounting model for lessees. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The previous distinction between operating and finance leases is removed for lessees. Instead, 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 recognition 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.

  Based on assessments undertaken to date, the adoption of the standard is not expected to have a material impact on the Company or Group's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2018 (IFRS 1 and IAS 28).

  The amendments to IFRS 1 remove the outdated exemptions for first-time adopters of IFRS. 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. Additionally, a non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries (election can be made separately for each investment entity associate or joint venture).

  The Company and the Group are currently evaluating the expected impact of adopting the interpretation on the separate and consolidated financial statements. As such, the expected impact of the interpretation is not yet known or reasonably estimable.

- 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 can affect the classification and/or measurements of these arrangements - and potentially the timing and amount of expense recognised for new and outstanding awards.

  Based on assessments undertaken to date, the adoption of the standard is not expected to have a material impact on the Company or Group's financial statements.

3. BASIS OF PREPARATION (continued)

Adoption of new and revised Standards and Interpretations (continued)

- IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).

  The amendments clarify the requirements on transfers 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, the amendments clarify that the revised examples of evidence of a change in use in the amended version of IAS 40 are not exhaustive.

  Based on assessments undertaken to date, the adoption of the standard is not expected to have a material impact on the Company or Group's financial statements.

- IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 1 January 2019)

  In October 2017, the IASB issued "Prepayment Features with Negative Compensation (Amendments to IFRS 9)". The amendments address the issue that under pre-amended IFRS 9, financial assets with such features would probably not meet the SPPI criterion and as such would be measured at fair value through profit or loss. The IASB believes that this would not be appropriate because measuring them at amortised cost provides useful information about the amount, timing and uncertainty of their future cash flows. Financial assets with these prepayment features can therefore be measured at amortised cost or fair value through other comprehensive income provided that they meet the other relevant requirements of IFRS 9. The final amendments also contain a clarification in the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in thederecognition of the financial liability. Based on the clarification, an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange.

  The Company and the Group are currently evaluating the expected impact of adopting the interpretation on the separate and consolidated financial statements. As such, the expected impact of the interpretation is not yet known or reasonably estimable.

- 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, for the purpose of determining the exchange rate, is the date of initial recognition of 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 Company and the Group are currently evaluating the expected impact of adopting the interpretation on the separate and consolidated financial statements. As such, the expected impact of the interpretation is not yet known or reasonably estimable.

(ii) Standards and Interpretations not adopted by the EU

- IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).

  IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. The key test is whether it is probable that the tax authority will accept the chosen tax treatment, on the assumption that tax authorities will have full knowledge of all relevant information in assessing a proposed tax treatment. The uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty being either the most likely amount or the expected value. The interpretation also requires companies to reassess the judgements and estimates applied if facts and circumstances change. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements in relation to judgements made, assumptions and estimates used, and the potential impact of uncertainties that are not reflected.

  The Company and the Group are currently evaluating the expected impact of adopting the interpretation on the separate and consolidated financial statements. As such, the expected impact of the interpretation is not yet known or reasonably estimable.

- IAS 28 (Amendments) "Long-term Interest in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2019)

3. BASIS OF PREPARATION (continued)

Adoption of new and revised Standards and Interpretations (continued)

The amendments clarify that an entity applies IFRS 9 "Financial Instruments", including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture. The Group is currently evaluating the expected impact of adopting these amendments on its Financial

Based on assessments undertaken to date, the adoption of the standard is not expected to have a material impact on the Company or Group's financial statements.

- Annual Improvements to IFRSs 2015-2017 Cycle (effective for annual periods beginning on or after 1 January 2019).

  In December 2017, the IASB published Annual Improvements to IFRSs 2015–2017 Cycle, containing the following amendments to IFRSs:

  IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements". The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest in that business at fair value. The amendments to IFRS 11 clarify that when an entity maintains (or obtains) joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

  IAS 12 "Income Taxes": the amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.

  IAS 23 "Borrowing Costs": the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

  The Company and the Group are currently evaluating the expected impact of adopting the interpretation on the separate and consolidated financial statements. As such, the expected impact of the interpretation is not yet known or reasonably estimable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 accounting 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.

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.

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

(i) Subsidiary companies

Subsidiaries are all the entities (including special purpose entities) 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 the existence of control when it does not hold 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 value 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 is 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 subsequent settlement is recognised in 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 on the entity, any retained interest the Group holds in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is used as 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 imply 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.

(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 of the Group 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.

Dividends received or receivable from associate companies are recognised as a reduction in the carrying amount of the investment.

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 recognize any further losses, unless it has incurred obligations or made payments on behalf of the associate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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 is reduced but retains 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 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.

Foreign currencies

(i) Transactions and balances

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

Non-financial assets and liabilities that are presented at fair value and are denominated in foreign currencies are translated to Euro at the foreign exchange rates prevailing 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 prevailing at the reporting date. Income and expenses of foreign operations are translated to Euro based on foreign exchange rates prevailing at the date of the transaction. Foreign exchange differences arising from the above are recorded 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 fair value, less accumulated depreciation and impairment. The market 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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, it is written off in the statement of comprehensive income.

Πλεονάσματα ή ελλείμματα που προκύπτουν από επανεκτίμηση ακινήτων, εγκαταστάσεων και εξοπλισμού αναγνωρίζονται στο αποθεματικό επανεκτίμησης. Εάν προκύψει έλλειμμα το οποίο δεν καλύπτεται από τα συσσωρευμένα πλεονάσματα στο αποθεματικό επανεκτίμησης για το συγκεκριμένο στοιχείο, διαγράφεται στην κατάσταση συνολικών εσόδων.

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

Provisions are made for 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.

(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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 profit and losse

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. 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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount is recovered principally through sale rather than continued use and the sale is considered to be highly probable. They are valued at the lower of the book value and the fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investments in fair value and contractual rights from insurance rights, which are specifically exempt from this requirement.

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Merger reserve

The merger reserve was the result of the mergers of jointly controlled entities and were accounted for using the book value method. In applying the book value method, an adjustment to equity was required which reflects the difference between the acquisition cost and the equity of the acquired companies. This adjustment was recognised through the merger reserve.

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.

Employee benefit scheme

The Company and the subsidiary companies Ermes Department Stores Plc and Woolworth (Cyprus) Properties Plc 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 or 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 cost

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 Group or 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.

The provision for 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, are 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 use alternative valuation methods such as recent prices or less active markets or discounted cash flow projections. These valuations are reviewed 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 the 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
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset 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 by the Statistical Service which is amended to include specific and 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 4. 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.

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

Taxation

The Group and the Company are subject to corporation tax in accordance with the legislation and the tax rates applicable in the countries where the companies operate. 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.

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 the above menthioned 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.

6. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Trade and other receivables (continued)

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.

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 2017 are presented in Note 40 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	
	2017	2016	2017	2016
	€	€	€	€
Investments available for sale	242.453	260.227	94.929	94.929
Investments at fair value through profit and loss	53.178.312	56.750.100	-	-
Trade and other receivables	31.187.735	28.975.457	4.786.471	14.927.979
Loans receivable	111.302.323	93.211.588	68.724.174	52.412.384
Total	195.910.823	179.197.372	73.605.574	67.435.292

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	
	2017	2016	2017	2016
	€	€	€	€
Retail	7.576.695	5.003.720	-	-
Import and distribution	11.251.393	8.999.323	-	-
Real estate	68.034	73.764	-	-
Total	18.896.122	14.076.807	-	-

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

	The Group		The Company	
	2017	2016	2017	2016
	€	€	€	€
Aa1	2.862	-	2.862	-
Baa2	-	-	-	-
Caa1	2.010.671	119.083	280.784	-
Caa2	212.178	851.286	-	1.169
Caa3	74.995	459.407	-	1.204
Not rated	5.735	10.440	-	-
	2.306.441	1.440.216	283.646	2.373

6. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(b) Liquidity risk

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 33) 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 33), whereas the Group and the Company have guaranteed borrowings of related companies (Note 40).

The Group	Carrying amount	Contractual cash flows	Contractual cash flows	Within 12 months	1 2 years	Over 5 years
	€	€	€	€	€	€
31 December 2017						
Bank loans	211.839.170	348.169.595	29.053.812	24.592.093	152.924.585	141.599.105
Bank overdrafts	75.557.168	75.557.168	75.557.168	-	-	-
Factoring facilities	6.450.315	6.450.315	6.450.315	-	-	-
Other loans	1.238.424	1.382.698	322.148	325.788	734.762	-
Trade and other liabilities	74.686.347	74.686.347	74.686.347	-	-	-
Total	369.771.424	506.246.123	186.069.790	24.917.881	153.659.347	141.599.105
31 December 2016						
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	145.506	395.233	137.605
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

The Company	Carrying amount	Contractual cash flows	Contractual cash flows	Within 12 months	1 2 years	Over 5 years
	€	€	€	€	€	€
31 December 2017						
Bank loans	106.481.523	142.629.842	7.707.511	7.767.548	39.310.510	87.844.273
Loans from subsidiaries	12.633.961	15.933.444	-	-	-	15.933.444
Bank overdrafts	5.914.213	5.914.213	5.914.213	-	-	-
Trade and other payables	47.350.187	47.350.187	47.350.187	-	-	-
Total	172.379.884	211.827.686	60.971.911	7.767.548	39.310.510	103.777.717
31 December 2016						
Bank loans	98.476.871	140.191.098	5.139.157	7.093.397	30.540.911	97.417.633
Loans from subsidiaries	17.507.062	20.329.835	-	-	-	20.329.835
Bank overdrafts	7.028.514	7.028.514	7.028.514	-	-	-
Trade and other payables	44.096.635	44.096.635	44.096.635	-	-	-
Total	167.109.082	211.646.082	56.264.306	7.093.397	30.540.911	117.747.468

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.

Sensitivity analysis

A 5% increase in the price of shares held by the Group at 31 December 2017 would increase equity by €2.671.038 (2016: €2.850.516) and results by €2.658.916 (2016: €2.837.505). 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 (2016: €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.

	The Group	
	2017	2016
Financial instruments with variable interest rates	**€**	€
Financial assets	**2.306.441**	1.440.216
Financial liabilities	**(295.085.077)**	(272.422.080)
Total	**(292.778.636)**	(270.981.864)

	The Company	
	2017	2016
Financial instruments with fixed interest rates	**€**	€
Financial assets	**283.646**	2.373
Financial liabilities	**(112.395.736)**	(105.505.385)
Total	**(112.112.090)**	(105.503.012)

	The Group	
	2017	2016
Financial instruments with fixed interest rates	**€**	€
Financial assets	**111.302.323**	93.211.588
Total	**111.302.323**	93.211.588

	The Company	
	2017	2016
Financial instruments with fixed interest rates	**€**	€
Financial assets	**68.724.174**	52.412.384
Financial liabilities	**(12.633.961)**	(17.507.062)
Total	**56.090.213**	34.905.322

6. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(c) Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis

The increase in interest rates by 1% at 31 December 2017, 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 regard 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	
	2017	2016	**2017**	2016
	€	€	**€**	€
Financial instruments with variable interest rates	**2.927.786**	2.709.819	**2.927.786**	2.709.819

The Company	Equity		Results	
	2017	2016	**2017**	2016
	€	€	**€**	€
Financial instruments with variable interest rates	**1.121.121**	1.055.080	**1.121.121**	1.055.030

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 Group

31 December 2017	United States Dollar	Sterling Pound	Swedish Krona
	€	€	€
Liabilities			
Trade and other payables	(12.660)	(1.215.980)	(333.390)
Net risk exposure	(12.660)	(1.215.980)	(333.390)

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

The Company

The Company had no assets or liabilities denominated in foreign currencies at 31 December 2017 and 31 December 2016.

Sensitivity analysis

A 5% strengthening of the Euro against the following foreign currencies at 31 December 2017, 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.

6. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(c) Market risk (continued)

Currency risk (continued)

The Group	Equity		Results	
	2017	2016	**2017**	2016
	€	€	**€**	€
United States Dollar	**633**	1.660	**633**	1.660
Sterling Pound	**60.799**	177.630	**60.799**	177.630
Swedish Krona	**16.670**	26.063	**16.670**	26.063
Total	**78.102**	205.353	**78.102**	205.353

CAPITAL MANAGEMENT

The Group and the Company manage their capital to ensure that they will be able to continue to operate 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 2017 and 31 December 2016 was as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Total borrowings (Note 33)	**295.085.077**	272.422.080	**125.029.697**	123.012.447
Less: Cash and cash equivalents	**(5.001.932)**	(3.431.100)	**(292.016)**	(6.701)
Net debt	**290.083.145**	268.990.980	**124.737.681**	123.005.746
Total equity	**139.776.145**	150.866.590	**92.377.768**	98.075.343
Total capital as defined by management	**429.859.290**	419.857.570	**217.115.449**	221.081.089
Gearing ratio	**67%**	64%	**57%**	56%

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 2017.

6. FINANCIAL RISK MANAGEMENT (continued)

Fair values (continued)

	Level 1	Level 2	Level 3	Total
	€	€	€	€
The Group				
Assets				
Investments at fair value through profit and loss	-	-	53.178.312	53.178.312
Investments available for sale	138.411	-	104.042	242.453
Total assets measured at fair value	138.411	-	53.282.354	53.420.765
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 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

	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

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.

6. FINANCIAL RISK MANAGEMENT (continued)

Fair values (continued)

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

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
At 1 January	**56.853.924**	59.254.594	**94.929**	94.929
Losses recognised in the statement of comprehensive income for investments at fair value through profit or loss	**(3.571.788)**	(2.400.670)	**-**	-
At 31 December	**53.282.136**	56.853.924	**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	**(3.571.788)**	(2.400.670)	**-**	-
Changes to non-realised losses for the year which are included in the statement of comprehensive income for investments held at reporting date	**(3.571.788)**	(2.400.670)	**-**	-

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

(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, the discontinuation 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 transaction between the segments are eliminated on consolidation.

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

INFORMATION ABOUT REPORTABLE SEGMENTS

The Group

	Retail	Import and distribution	Ownership and management of immovable property	Investing and other	Total
	€	€	€	€	€
2017					
Turnover	192.965.889	119.020.707	-	-	311.986.596
(Loss)/profits for the year after tax	1.648.908	5.891.234	(9.309.313)	(4.552.155)	(6.321.326)
2016					
Turnover	184.215.263	118.590.182	-	-	302.805.445
(Loss)/profits for the year after tax	(1.340.597)	5.433.138	999.361	(5.222.722)	(130.820)

No customer of the Company and the Group exceeds in sale 10% of the total sales of the Group.

9. OTHER OPERATING INCOME

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Rights for use of immovable property	**2.023.947**	1.536.923	**1.047.273**	1.050.559
Other rights and claims	**1.087.638**	888.298	**-**	-
Services rendered	**182.165**	417.871	**1.383.632**	1.367.106
Rebates from suppliers	**1.784.721**	1.984.398	**-**	-
Dividends receivable	**-**	-	**17.094.506**	18.800.539
Profit from sale of property plant and equipment	**21.716**	-	**7.520**	-
Other income	**895.698**	401.951	**-**	-
Total	**5.995.885**	5.229.441	**19.532.931**	21.218.204

10. OPERATING PROFITS

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

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Staff costs (Note 11)	**37.317.410**	38.026.778	**1.595.002**	1.682.416
Depreciation of property, plant and equipment (Note 17)	**4.578.009**	4.904.026	**58.050**	49.063
Amortisation of intangible asset (Note 18)	**172.650**	172.401	**2.320**	1.248
Profits/losses from the sale of property, plant and equipment	**(21.716)**	28.508	**(7.520)**	-
Directors' remuneration (Note 40)	**734.758**	748.206	**420.736**	701.486
Independent auditors' remuneration				
- current year	**170.500**	177.597	**70.800**	91.000
- prior years	**-**	1.377	**-**	909
Rent payable	**6.766.851**	7.421.323	**-**	-

Also, the remuneration of the independent auditors of the group for tax services amounted to €24.100 (2016: €6.800).
The remuneration of the independent auditors of the group for advisory services amounted to €1.750 (2016: €-).

11. STAFF COSTS

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Salaries and wages	**33.315.455**	34.806.740	**1.428.003**	1.520.000
Social insurance and other contributions	**3.775.417**	3.218.808	**131.864**	139.864
Contributions to provident funds	**448.480**	219.732	**23.423**	11.277
Contributions to medical funds	**342.268**	306.435	**11.712**	11.275
Compensation claims	**(564.210)**	(524.937)	**-**	-
Total	**37.317.410**	38.026.778	**1.595.002**	1.682.416

12. NET FINANCE COSTS

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Interest receivable	**4.754.321**	3.943.838	**3.003.429**	2.820.588
Incentives from suppliers for early repayment	**399.287**	274.979	**-**	-
Foreign exchange differences	**109.478**	104.117	**-**	-
Finance income	**5.263.086**	4.322.934	**3.003.429**	2.820.588
Bank interest and charges	**(12.374.103)**	(12.736.677)	**(4.485.119)**	(4.971.495)
Interest on corporation tax and special defence contribution	**(54.409)**	(5.547)	**-**	-
Other interest payable	**(101.138)**	(111.346)	**(2.751.832)**	(2.460.423)
Foreign exchange differences	**(11.900)**	(8.838)	**-**	-
Finance costs	**(12.541.550)**	(12.862.408)	**(7.236.951)**	(7.431.918)
Net finance costs	**(7.278.464)**	(8.539.474)	**(4.233.522)**	(4.611.330)

13. PROFIT/(LOSSES) FROM INVESTING ACTIVITIES

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Impairment of goodwill (Note 18)	**(318.652)**	-	**-**	-
Revaluation of investment property (Note 19)	**(6.852.629)**	6.027.375	**(26.886)**	(943.415)
Impairment of investment in subsidiary companies (Note 20)	**-**	-	**(19.148.513)**	-
Impairment of investments at fair value through profit or loss (Note 24)	**(3.571.788)**	(2.400.000)	**-**	-
Impairment of available investments for sale (Note 23)	**-**	(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 companies (Note 20)	**-**	-	**-**	(5.207.972)
Other gains	**1.510**	-	**-**	-
Total	**(10.741.559)**	4.064.808	**(19.175.399)**	(6.151.387)

14. TAX EXPENSE

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Corporation tax - current year	**1.129.691**	813.929	**-**	-
- prior years	**(404.800)**	(6.533)	**-**	-
Special defense contribution - current year	**78.357**	62.788	**3.051**	-
Deferred taxation (Note 34)	**(586.772)**	2.395.998	**319.939**	902.960
Charge/(credit) for the year	**216.476**	3.266.182	**322.990**	902.960

14. TAX EXPENSE (continued)

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

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Accounting profits/(losses) before taxation from continuing operations	**(4.757.587)**	5.442.419	**(6.965.530)**	7.509.599
Tax calculated at the applicable tax rates	**(594.698)**	98.864	**(870.691)**	938.700
Adjustments to taxation for the following:				
Tax effect of expenses not deductible for tax purposes	**1.831.912**	2.037.894	**2.394.691**	17.919
Tax effect of allowances and income not subject to tax	**(284.631)**	(1.961.944)	**(2.196.945)**	(2.411.410)
Corporation tax for prior years	**(404.800)**	(6.533)	**-**	-
Deferred tax	**(586.772)**	2.395.998	**319.939**	902.960
Tax losses transferred to Group companies	**-**	-	**672.945**	1.454.791
Effect of tax losses for which no provision for deferred tax was made	**-**	639.115	**-**	-
Effect of tax losses from prior years	**177.088**	-	**-**	-
Special defense contribution - current year	**76.062**	62.788	**3.051**	-
- prior years	**2.315**	-	**-**	-
Charge/(credit) for the year	**216.476**	3.266.182	**322.990**	902.960

The profits of the Cyprus Group companies are subject to corporation tax at the rate of 12,5% (2016: 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% (2016: 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 defense 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 dividends paid for the relevant year over the next two years. This special defence contribution is payable by the Company on behalf of the shareholders.

15. (LOSSES)/EARNINGS PER SHARE

The Group

The calculation of losses per share as at 31 December 2017, was based on the losses attributable to the owners amounting to €5.859.666 (2016: €534.902) and the weighted average number of shares in issue during the year amounting to €93.248.408 (2016: 93.248.408) and was calculated as follows:

15. (LOSSES)/EARNINGS PER SHARE (continued)

	2017	2016
	€	€
(Losses)/profits from continuing operations attributable to the owners	**(4.913.483)**	1.008.232
Losses from discontinued operations attributable to the owners	**(946.183)**	(1.543.134)
Losses attributable to the owners	**(5.859.666)**	(534.902)
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)/basis and fully diluted earnings per share (cents)		
Continuing operations	**(5,27)**	1,08
Discontinued operations	**(1,01)**	(1,65)
	(6,28)	(0,57)

The Company

The calculation of (losses)/earnings per share as at 31 December 2017, was based on the losses attributable to the owners amounting to €7.288.520 (2016: profit of €6.606.639) and the weighted average number of shares in issue during the year amounting to 93.248.408 (2016: 93.248.408) and was calculated as follows:

	2017	2016
	€	€
(Losses)/profits attributable to the owners	**(7.288.520)**	6.606.639
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)	**(7,82)**	7,08

16. DISCONTINUED OPERATIONS

The (loss) / profit from discontinued operations arises from the following:

	2017	2016
	€	€
Woolworth (Cyprus) Properties Plc		
Tax of previous years as guaranteed by the company against the sale of subsidiary companies	**(385.947)**	-
	(385.947)	-
Ermes Department Stores		
Impairment of property, plant and equipment (Note 17)	**(318.812)**	(1.124.831)
Provision for possible compensation	**(490.000)**	(973.065)
Inventory write-off	**(152.504)**	(209.161)
	(961.316)	(2.307.057)
Total	**(1.347.263)**	(2.307.057)

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
2017	€	€	€	€	€	€	€
Cost or valuation							
At 1 January	149.061.984	4.407.600	35.730.818	7.440.944	49.573.149	5.810.378	252.024.873
Additions	183.308	-	2.130.009	1.488.641	2.233.830	115.628	6.151.416
Disposals	-	-	(20)	(539.542)	(199.226)	-	(738.788)
Impairment	-	-	(211.098)	-	(107.714)	-	(318.812)
Revaluation	(600.432)	-	-	-	-	-	(600.432)
Transfers to assets held for sale (Note 27)	(27.250.000)	-	-	-	-	-	(27.250.000)
Transfers from investment property (Note 19)	-	(235.500)	-	-	-	-	(235.500)
At 31 December	121.394.860	4.172.100	37.649.709	8.390.043	51.500.039	5.926.006	229.032.757
Depreciation							
At 1 January	2.350.690	-	25.167.788	6.627.171	43.701.048	5.040.876	82.887.573
Charge for the year	245.447	-	1.825.862	367.036	2.081.468	58.196	4.578.009
Disposals	-	-	(20)	(493.202)	(1.854)	-	(495.076)
At 31 December	2.596.137	-	26.993.630	6.501.005	45.780.662	5.099.072	86.970.506
Net book value							
At 1 January	146.711.294	4.407.600	10.563.030	813.773	5.872.101	769.502	169.137.300
At 31 December	118.798.723	4.172.100	10.656.079	1.889.038	5.719.377	826.934	142.062.251
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 Company	Land and buildings	Land and buildings under construction	Motor vehicles	Machinery, installations & equipment	Computer equipment	Total
2017	€	€	€	€	€	
Cost or valuation						
At 1 January	832.270	4.260.330	106.697	875.263	245.020	**6.319.580**
Additions	33.870	-	3.700	58.321	9.787	**105.678**
Disposals	-	-	(65.479)	-	-	**(65.479)**
Revaluation	188.125	-	-	-	-	**188.125**
Transfers to investment property (Note 19)	-	(235.500)	-	-	-	**(235.500)**
At 31 December	1.054.265	4.024.830	44.918	933.584	254.807	**6.312.404**
Depreciation						
At 1 January	122.294	-	106.169	850.805	225.279	**1.304.547**
Charge for the year	39.074	-	2.654	10.172	6.150	**58.050**
Disposals	-	-	(65.479)	-	-	**(65.479)**
At 31 December	161.368	-	43.344	860.977	231.429	**1.297.118**
Net book value						
At 1 January	709.976	4.260.330	528	24.458	19.741	**5.015.033**
At 31 December	892.897	4.024.830	1.574	72.607	23.378	**5.015.286**
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 land and buildings of the Company include land amounting to €3.318.247 (2016: €3.477.027).

Land and buildings of the Company amounting to €22.692.619 (2016: €22.692.619) 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 2017 amounts to €664.508 (2016: €669.712).

Land and buildings of the Group amounting to €168.789.886 (2016: €172.974.892) 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 2017 amounts to €43.127.149 (2016: €43.189.288).

Information for fair value valuations

At 31 December 2017, 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 for all properties 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 deficit of €600.432 (2016: surplus of € 2.707.825) and surplus of €188.125 (2016: €105.118) respectively, recognized in the revaluation reserve.

Fair value hierarchy

The estimation of the fair value of land and buildings amounting to €122.970.823 (2016: €151.118.894) for the Group and €4.917.727 (2016: €4.970.306) 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	
	2017	2016	**2017**	2016
	€	€	**€**	€
At 1 January	**151.118.894**	165.987.736	**4.970.306**	4.892.838
Additions and transfers (to)/from investment	**(27.302.192)**	(17.348.907)	**(201.630)**	-
Depreciation for the year	**(245.447)**	(227.760)	**(39.074)**	(27.650)
Revaluation	**(600.432)**	2.707.825	**188.125**	105.118
At 31 December	**122.970.823**	151.118.894	**4.917.727**	4.970.306

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
Shopping malls	71.830.000	Income approach	- Rental income per sq. meter per month	Range of rental income: €8 – €16 Rental yield (%): 5,6-6,6 Occupancy rate: 100%	Fair value will increase/(decrease) if: - Rental income increases/(decreases) - Rental yield increases/(decreases) - Occupancy rate increases/(decrease)
Shops	15.949.713	Income approach/ market approach and cost of construction	- Rental income per sq. meter per month - Price per sq. meter - Average cost of construction	Range of rental income: €0 – €126 Rental yield (%): 5,5-7 Occupancy rate: 90% Price per sq. meter: €85 – €1.367	Fair value will increase/(decrease) if: - Rental income increases/(decrease) - Rental yield increases/(decrease) - Occupancy rate increases/(decreases) - Price per sq. meter increases/(decreases)
Offices/ Flats	5.800.000	Income approach/ market approach and cost of construction	- 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/(decrease) if: - Rental income increases/(decreases) - Rental yield increases/(decreases) - Occupancy rate increases/(decreases) - Price per sq. meter increases/(decreases)
Warehouses/ Garages	9.056.250	Market approach	- Price per sq. metre	Price per sq. meter: €75- €475	The fair value will increase/(decrease) if: - Price per sq. meter increases/(decreases)
National Distribution Centre	15.007.103	Market approach and cost of construction	- Price per sq. meter	Price per sq. meter: €110-€200	The fair value will increase/(decrease) if: - Price per sq. meter increases/(decreases)
Idle land and buildings	5.327.757	Market approach and cost approach	- Price per sq. meter - Average cost of construction	Price per sq. meter: €370-€650	The fair value will increase/(decrease) if: - Price per sq. meter increases/(decreases)
	122.970.823				

The Company

Property	Valuation €	Valuation Technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Offices	892.897	Market approach and cost of construction	- Price per sq. meter - Average cost of construction	€75-€975	The fair value will increase/(decrease) if: - Price per sq. meter increases/(decreases)
National Distribution Centre	4.024.830	Market approach and cost of construction	- Price per sq. meter - Average cost of construction	€250	The fair value will increase/(decrease) if: - Price per sq. meter increases/(decreases)
	4.917.727				

18. INTANGIBLE ASSETS

The Group

2017	Computer software	Goodwill	Total
Cost	€	€	€
At 1 January	4.792.659	25.927.767	30.720.426
Additions	129.413	2.190.000	2.319.413
Disposals	(55.603)	(318.652)	(374.255)
At 31 December	4.866.469	27.799.115	32.665.584
Amortisation			
At 1 January	4.208.584	-	4.208.584
Charge for the year	172.650	-	172.650
At 31 December	4.381.234	-	4.381.234
Net book value			
At 1 January	584.075	25.927.767	26.511.842
At 31 December	485.235	27.799.115	28.284.350

The Group	Computer software	Goodwill	Total
2016	€	€	€
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

Goodwill amounting to €27.799.115 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.

(d) Acquisition of the operations of Chrikar Trading Company Ltd by the subsidiary company Argosy Trading Company Ltd. On 29 December 2017, the subsidiary company Argosy Trading Company Ltd proceeded with the acquisition of the operations of Chrikar Trading Company Ltd. The Total consideration for the purchase of the activities of the Company amounted to €6.206.780 and the goodwill to €2.190.000.

18. INTANGIBLE ASSETS (continued)

The Group (continued)

The acquisition had the following impact on the Group's assets and liabilities.

	2017
	€
Trade receivables	2.769.189
Inventories	1.871.085
Trade payables	(623.494)
Total net assets	4.016.780
Acquisition cost	6.206.780
Goodwill	2.190.000

At the reporting date, the total amount paid by the Group for the acquisition amounted to €4.900.000.

Impairment testing for goodwill

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

	Import & distribution	Retail	Total
2017	€	€	€
Net book value	4.233.405	23.565.710	27.799.115
2016			
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 the Management of the Group 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:

	2017	2016
Sales growth rates	(21,07%) – 6%	(23,43%) - 6%
Gross profit margin	19% – 55%	19,26% – 48,75%
Discounting rate	7,83% - 9,40%	8,18% – 8,5%

Group Management determines the budgeted gross profit margin and the sale and profit growth rates on the basis of past performance and market growth expectations. The weighted average growth rate used is consistent with the macroeconomic forecasts for the business sector. The discount rate used reflects specific risks associated with the cash generating unit.

At 31 December 2017, Management used the discounted cash flow method to calculate the fair value of Artview Co. Limited. Management proceeded with an impairment of goodwill of €318.652 because 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

Below is a description of 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:

18. INTANGIBLE ASSETS (continued)

The Group (continued)

Sensitivity analysis (continued)

Ermes Department Stores Plc	Sales growth rate 2018-2022	Gross profit margin	Discounting rates	Terminal growth rate	Impairment
Main scenario	5-6	38,5-39	7,83	2	-
Change in variable					
Sales growth rate	3	38,5-39	7,83	2	21.429
Gross profit margin	5-6	39	7,83	2	-
Discount rates	5-6	38,5-39	8,83	1	736.609
Mixed scenario	3	38,5-39	8,83	1	23.565

HOB House of Beauty Limited

	Sales growth rate 2018-2022	Gross profit margin	Discounting rates	Terminal growth rate	Impairment
Main scenario	(21,07) - 5	55	9,4	1,50	-
Change in variable					
Sales growth rate	(8)	55	9,4	1,50	-
Gross profit margin	(21,07) – 5	49,25	9,4	1,50	1.365
Discount rates	(21,07) – 5	54,70	10,4	1,50	-
Mixed scenario	(21,03) – 3	49,25	10,4	1,00	1.906

Artview Co. Limited

	Sales growth rate 2018-2022	Gross profit margin	Discounting rates	Terminal growth rate	Impairment
Main scenario	2 - 4	19,54 - 21	8,85	1,50	-
Change in variable					
Sales growth rate	2 - 3	19,54 - 21	8,85	1,50	137
Gross profit margin	2 - 4	19,42	8,85	1,50	137
Discount rates	2 - 4	19,54 - 21	10,96	1,50	137
Mixed scenario	2 - 3	19,42	10,96	1,00	137

The Company

Software	**2017**	2016
Cost	**€**	€
At 1 January	**195.518**	136.614
Additions	**73.745**	58.904
At 31 December	**269.263**	195.518
Amortisation		
At 1 January	**135.721**	134.473
Charge for the year	**2.320**	1.248
At 31 December	**138.041**	135.721
Net book value		
At 1 January	**59.797**	2.141
At 31 December	**131.222**	59.797

19. INVESTMENT PROPERTY

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
At 1 January	**49.956.551**	26.369.684	**26.110.773**	26.885.807
Additions	**1.706.603**	190.985	**49.623**	168.381
Investment properties arising from merger (Note 43)	**-**	-	**59.992**	-
Classification to assets held for sale (Note 27)	**(16.750.000)**	-	**-**	-
Disposals	**(2.000.000)**	-	**-**	-
Transfers from property, plant and equipment (Note 17)	**235.500**	17.368.507	**235.500**	-
Revaluation (Note 13)	**(6.852.629)**	6.027.375	**(26.886)**	(943.415)
At 31 December	**26.296.025**	49.956.551	**26.429.002**	26.110.773

On 19 April 2017, the Group and the subsidiary company Zaco Estate Limited, proceeded with the disposal of their property which comprises of a four-storey neoclassical building on Ledra Street.

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 for all the investment properties of the Group and the Company 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 2017, amounts to €6.852.629 (2016: loss €6.027.375).

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 2017, amounts to €26.886 (2016: loss €943.415).

The investment properties resulting from the merger of subsidiary company consist of land valued at €59.992, located in the buffer area.

Fair value hierarchy

The estimation of the fair value of investment property amounting to €26.296.025 (2016: €49.956.551) for the Group and €26.429.002 (2016: €26.110.773) 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	
	2017	2016	**2017**	2016
	€	€	**€**	€
At 1 January	**49.956.551**	26.369.684	**26.110.773**	26.885.807
Classification as held for sale financial assets (Note 27)	**(16.750.000)**	-	**-**	-
Additions and transfers from property, plant and equipment	**1.942.103**	17.559.492	**345.115**	168.381
Disposals	**(2.000.000)**	-	**-**	-
Loss on revaluation	**(6.852.629)**	6.027.375	**(26.886)**	(943.415)
At 31 December	**26.296.025**	49.956.551	**26.429.002**	26.110.773

19. INVESTMENT PROPERTY (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
Shopping malls	10.000.000	Income method	- Rental income per sq. meter per month	Rental income range: €6 – €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/(decrease)
Department stores	7.451.025	Income method	- Rental income per sq. meter per month	Rental income range: €3 – €32 Rental yield (%): 5,5 - 7 Occupancy rate: 92%	Fair value will increase/(decrease) if: - Rental income increases/(decrease) - Rental yield increases/(decrease) - Occupancy rate increases/(de-creases)
Offices	1.045.000	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	7.800.000	Comparison of sales and cost of construction	- Price per sq. meter: €550 – €1.450	- Τιμή ανά τετραγωνικό μέτρο: €550 – €1.450	Fair value will increase/(decrease) if: - Price per sq. meter increases/(decreases)
	26.296.025				

The Company

Property	Valuation €	Valuation Technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops	5.213.352	Comparison of sales and cost of construction	Price per sq. metre	€975	The fair value will increase/(decrease) if: - Price per sq. meter increase/(decrease)
Offices	4.137.102	Comparison of sales and cost of construction	Price per sq. metre	€350 – €600	The fair value will increase/(decrease) if: - Price per sq. meter increase/(decrease)
Warehouse/ Garages	7.222.298	Comparison of sales and cost of construction	Price per sq. metre	€75 – €475	The fair value will increase/(decrease) if: - Price per sq. meter increase/(decrease)
National Distribution Centre	9.856.250	Comparison of sales and cost of construction	Price per sq. metre	€200 – €1.100	The fair value will increase/(decrease) if: - Price per sq. meter increase/(decrease)
	26.429.002				

20. INVESTMENTS IN SUBSIDIARY COMPANIES

The Group

The significant subsidiary companies of the Group are as follows:

Company name	Participation in share capital		Principal activity
	2017	2016	
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 trade 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	**78,30**	77,81	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	Investment Activities
Automotive and Engineering Imports and Exports Ltd	**100**	100	Import and export of vehicles and other
CTC Automotive & Engineering Holdings Limited	**100**	100	Investment Activities
CTC Auto Leasing Ltd	**100**	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 Paphos
Fashionlink S.A.	**100**	100	Operating stores for clothing products
IDEEA Distribution of Appliances Limited	**100**	100	Management of coffee shops and bakeries
Scandia Company Limited	**100**	100	Investing activities
Novario Holdings Ltd	**50 + 1 share**	50 + 1 share	Retailing through chain stores Scandia and Megaelectric
Subsidiaries of Woolworth (Cyprus)Properties Plc			
F.W.W. Super Department Stores Limited	**100**	100	Renting immovable properties in Larnaca
ZAKO Limited	**100**	100	Renting immovable properties in Limassol, Larnaca and Paphos
Niola Estates Limited	**100**	100	Parent company of Estelte Limited which owns immovable property

20. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

The Group **(continued)**

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 plot of land in Polis Chrysochous
Subsidiaries of ZAKO Limited			
Zako Estate Limited	**100**	100	Renting of immovable property located at Ledras Street, Nicosia
Apex Limited	**100**	100	Exploitation of rights to use the buildings of Stoa on 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 2017	2016
Συγκρότημα Woolworth (Cyprus) Properties Plc	Cyprus	Ownership and management of immovable property	**21,70%**	22,19%
Ermes Department Stores Plc Group	Cyprus	Retail commerce	**33,01%**	30,01%

Summarised financial information for subsidiaries with significant minority interest

Below is the summarized financial information for the subsidiary companies whose minority interest hold a significant percentage of the Company's share capital of the subsidiaries.

	Woolworth (Cyprus) Properties Plc		Ermes Department Stores Plc	
	2017	2016	**2017**	2016
	€	€	**€**	€
Turnover	**-**	-	**157.418.448**	152.988.359
Other income	**7.719.860**	6.209.281	**1.814.978**	1.262.694
(Losses)/profits for the year from continuing operations	**(6.596.531)**	5.079.481	**563.156**	(1.482.996)
Losses for the year from discontinued operations	**(385.957)**	(195.042)	**(961.306)**	(1.673.912)
Profits/(losses) for the year attributable to minority interest	**-**	-	**1.177.359**	887.810
Other comprehensive expenses for the year	**-**	-	**832**	(615)
Total comprehensive (expenses) /income for the year	**(6.982.488)**	4.884.439	**(397.318)**	(3.157.523)
Total comprehensive income/(expenses) for the year attributable to minority interest	**(584.667)**	606.153	**657.831**	(489.825)

20. INVESTMENTS 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	
	2017	2016	**2017**	2016
	€	€	**€**	€
Current assets	**50.574.504**	6.519.108	**48.009.669**	41.886.631
Non-current assets	**235.794.052**	284.066.582	**106.058.660**	102.339.112
Current liabilities	**(13.282.054)**	(9.285.752)	**(87.734.170)**	(78.438.557)
Non-current liabilities	**(139.786.467)**	(140.467.963)	**(10.463.586)**	(8.538.954)
Net assets	**133.300.035**	140.831.975	**55.870.573**	57.248.232
Net assets attributable to minority interest	**-**	-	**7.116.533**	6.919.107
Net cash from operating activities	**4.639.127**	4.622.333	**2.401.181**	2.527.265
Net cash from investing activities	**(4.350.323)**	(619.015)	**(10.541.300)**	(4.874.490)
Net cash for financing activities	**(239.444)**	(3.947.820)	**5.544.112**	4.086.801
Increase/(decrease) in cash and cash equivalents	**49.360**	55.498	**(2.596.007)**	1.739.576
Dividends paid to minority interest	**3.047.926**	3.786.140	**980.341**	980.301

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 of the Ermes Department Stores Plc Group, 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. All the staff and assets and liabilities of the two companies will be transferred to the new company. Ermes Department Stores Plc will maintain control of 50% + 1 share 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

At the Extraordinary General Meeting of the shareholders of the subsidiary company Woolworth (Cyprus) Properties Plc held on December 11, 2017, it was decided to pay a dividend of €15.891.882 from the profits for the year ended December 31, 2015, provided that the net payable dividend will be used for the full payment of new ordinary shares which will 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 45.124.600 (2016: 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 15, 2018. From the aforementioned transaction, the participation in the company's share capital increased to 78,3%.

At the Extraordinary General Meeting of the shareholders of the subsidiary company 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.

20. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

The Group **(continued)**

Changes in the participation percentages in subsidiary companies (continued)

The Company	2017	2016
	€	€
Cost		
At 1 January	**169.485.211**	154.406.109
Additions	**12.294.504**	21.727.055
Addition resulting from the merger of subsidiary companies (Note 43)	**2**	-
Disposals	**-**	(6.647.953)
Impairment to the value of investments in subsidiary companies	**(19.148.513)**	-
At 31 December	**162.631.204**	169.485.211

During the year ended 31 December 2017, the subsidiary company Woolworth (Cyprus) Properties Plc issued shares for full repayment of dividend declared from the profits for the year ended 31 December 2015. The above transaction resulted in an increase in the investment in the subsidiary company Woolworth (Cyprus) Properties Plc amounting to €12.294.504 (2016: €14.637.539).

At 31 December 2017, the recoverable amount of the investment in Woolworth Cyprus Properties Plc was determined using the adjusted equity method. The recoverable amount was lower than the carrying amount of the investment of €132.429.674. As a result, an impairment loss of €19.148.513 was recognized for the year 2017 (2016: zero). The impairment loss was recognized in investments in subsidiaries and is included in the Company's Statement of Profit and Losss and Other Comprehensive Income as losses from investment activities.

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.

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.

21. INVESTMENTS IN ASSOCIATE COMPANIES

The Group	2017	2016
	€	€
At 1 January	**19.460.058**	19.510.311
Share of profits/(losses) for the year after tax	**(121.654)**	(8.533)
Dividends from associate companies	**(20.860)**	(41.720)
At 31 December	**19.317.544**	19.460.058

The associate company of the Group is the following:	Total issued share capital (no of shares)	Percentage of shares with voting rights		Calculation method
		2017	2016	
Akinita Lakkos Mikelli Limited	11.860.000	**35%**	35%	Καθαρή θέση

The associate is registered in Cyprus, which is also the place of its business activity. The main activity of the associate is the possession of real estate, which is reassessed annually by independent appraisers, Roys Nicolaides and Associates.

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

21. INVESTMENTS IN ASSOCIATE COMPANIES (continued)

The Group (continued)

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, regarding 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	
	2017	2016
Summarised Profit or Loss	€	€
Turnover	420.000	-
(Losses)/profits for the year before tax	(347.370)	(23.912)
Taxation	(213)	(469)
(Losses)/profit for the year after tax	(347.583)	(24.381)
Total comprehensive (expenses)/income for the year	(347.583)	(24.381)
Summarised financial position		
Current assets	5.184.261	5.929.175
Non-current assets	57.084.371	56.664.371
Current liabilities	(3.185.386)	(3.155.614)
Non-current liabilities	(4.810.694)	(4.758.197)
Total assets	54.272.552	54.679.735

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

Reconciliation of summarised financial information	2017	2016
	€	€
Net assets	54.272.552	54.679.735
Interest in associate (35%)	18.995.393	19.137.707
Goodwill	322.151	322.351
Net position	19.317.544	19.460.058

The Company

The Company does not own any investments in associate companies as at 31 December 2017 and 31 December 2016.

22. FINANCE LEASES

	2017	2016
	€	€
At 1 January	642.889	707.423
New finance leases	735.097	116.516
Instalments of finance leases	(290.838)	(235.812)
Interest	101.578	54.762
At 31 December	1.188.726	642.889

Finance leases are analyzed as follows:

	2017	2016
	€	€
Non-current Assets	1.010.676	485.394
Current Assets	178.050	157.495
	1.188.726	642.889

22. FINANCE LEASES (continued)

The minimum future lease payments arising from finance leases are:

	Future minimum lease payments	Interest 2017	Net Investment	Future Minimum lease payments	Interest 2016	Net Investment 2016
	€	€	€	€	€	€
Within one year	333.780	155.731	178.049	176.183	18.688	157.495
Within one and five years	1.072.940	354.400	718.540	685.327	199.932	485.394
Over five years	333.267	41.131	292.136	-	-	-
	1.739.987	551.262	1.188.725	861.510	218.620	642.889

23. INVESTMENTS AVAILABLE FOR SALE

	The Group		The Company	
	2017	2016	2017	2016
	€	€	€	€
Listed securities	138.411	156.403	-	-
Non listed securities	104.042	103.824	94.929	94.929
Total	242.453	260.227	94.929	94.929

The movement in investments available for sale is presented below:

	The Group		The Company	
	2017	2016	2017	2016
	€	€	€	€
At 1 January	260.227	268.916	94.929	94.929
Additions	-	1.980	-	-
Impairment	-	(670)	-	-
Change of fair value transferred to reserve	(17.774)	(9.999)	-	-
At 31 December	242.453	260.227	94.929	94.929

In accordance with IAS 39, 'Financial Instruments: Recognition and Measurement', investments classified as available-for-sale are measured at fair value except when the fair value cannot be reliably measured. Since inception, the Company's investment in Hermes has been measured at cost due to absence of a quoted share price in an active market, the high variability in the range of fair value estimates and because the probability of the various estimates within the range cannot be reasonably assessed. As a result, the investment in shares is measured at cost of €1.938.

24. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

	The Group	
	2017	2016
	€	€
Non listed securities defined at fair value through profit and loss at initial recognition	53.178.312	56.750.100

Fair value changes of the investments at fair value through profit or loss are included in losses from investing activities (Note 13) in profit or loss and are analysed as follows:

	The Group	
	2017	2016
Investments at fair value through profit and loss - defined at fair value through profit and loss at initial recognition	€	€
Fair value losses	(3.571.788)	(2.400.000)
Net loss to investments at fair value through profit and loss	(3.571.788)	(2.400.000)

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

Fair value hierarchy

The estimation of the fair value of investments at fair value through profit and loss amounting to €53.178.312 (2016: €56.750.100) for the Group falls within Level 3 of the Fair Value Hierarchy, based on the inputs to the valuation technique used.

	The Company	
	2017	2016
	€	€
Fair value on 1 January	**56.750.100**	59.150.100
Net loss from fair value adjustments of investments at fair value through profit and loss	**(3.571.788)**	(2.400.000)
Fair value on 31 December	**53.178.312**	56.750.100

The investments at fair value through 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 the investment in 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.

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. This 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% (2016: 10%-11%) was used. The table below shows the sensitivity analysis of the fair value in relation to the discount rate used and the sales price and the capital expenditure of residential units.

According to the Management's opinion, there was no significant diversification of the significant assumptions that were used for the valuation of fair value during 2016 compared to the previous year.

Sensitivity of Management's estimations - 31 December

			Changes in discount rate		
			-1%	0,00%	1%
Investments at fair value through profit or loss	Change in sale price	-10%	39.755.112	28.997.846	19.175.995
		0,00%	65.946.715	**53.178.312**	41.158.234
		10%	92.138.318	76.763.981	63.140.472
	Change in capital expenditure	-10%	72.962.323	59.398.814	46.770.720
		0,00%	65.996.715	**53.178.312**	41.158.234
		10%	58.913.107	46.303.013	35.078.040

Sensitivity of Management's estimations - 31 December 2016

			Changes in discount rate		
			-0,50%	0,00%	0,50%
Investments at fair value through profit or loss	Change in sale 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

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

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

The Company

The Company did not hold any investments at fair value through profit or loss at 31 December 2017 and 31 December 2016.

25. LOANS RECEIVABLE

	The Group		The Company	
	2017	2016	**2017**	2016
Loans to subsidiary companies (Note 40)	**€**	€	**€**	€
Loans to other parties	**8.866.507**	8.872.500	**-**	-
Loans to related companies (Note 40)	**102.435.816**	84.339.088	**30.211.588**	19.954.876
Total	**111.302.323**	93.211.588	**68.724.174**	52.412.384

Loans receivable are analysed as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
Receivable	**€**	€	**€**	€
Within twelve months	**4.315.581**	-	**315.381**	291.468
Between 1 to 2 years	**5.216.938**	-	**350.431**	315.381
Between 2 to 5 years	**1.304.842**	-	**1.304.842**	1.173.319
Over 5 years	**100.464.962**	93.211.588	**66.753.520**	50.632.216
	106.986.742	93.211.588	**68.408.793**	52.120.916
Total	**111.302.323**	93.211.588	**68.724.174**	52.412.384

The repayment terms and the interest rates of the loans to related parties are presented in note 40.

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	
	2017	2016	**2017**	2016
	€	€	**€**	€
At 1 January	**93.211.588**	69.656.321	**52.412.384**	47.797.259
Grant of new loans	**14.564.842**	22.674.124	**14.538.845**	7.471.419
Repayment of loans and interest	**(985.757)**	(2.349.416)	**(1.033.472)**	(5.397.233)
Interest capitalised	**4.511.650**	3.230.559	**2.806.417**	2.540.939
At 31 December	**111.302.323**	93.211.588	**68.724.174**	52.412.384

26. RESTRICTED BANK DEPOSITS

In the consolidated statement of financial position in the current assets, restricted bank deposits of €5.000.000 (2016: €5.000.000) are presented. These deposits are not classified as cash and cash equivalents since they are restricted by the bank.

The restricted bank deposits were pledged by the bank following a court decision on a premature termination of a rental agreement and requiring the tenant of the property to pay the entire amount of the rent until the expiry of the Contract. Instead, a Letter of Guarantee of €13,030,000 was issued to the Registrar of Nicosia District Court for this case, expiring on 31 May 2017 (Note 41). To guarantee this 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. ASSETS HELD FOR SALE

The following assets and liabilities were reclassified as held for sale at 31 December 2017:

The Group

	2017	2016
Assets held for sale	€	€
Investment properties (Note 19)	16.750.000	-
Property and equipment (Note 17)	27.250.000	-
	44.000.000	-
Liabilities directly attributable to assets held for sale		
Deferred tax liabilities (Note 34)	(1.150.808)	-

On 22 December 2017, the Group proceeded with the disposal of three properties to third parties. Although the contract was signed before the end of the year, the sale was completed after the end of the year when all the terms of the contract were reached, that is, the risks and benefits of ownership were transferred to the buyer, and ownership titles were transferred. Thus, these properties were classified as held for sale and the sale will be recognised in the financial statements of 2018.

The properties classified as held for sale consist of the Superhome Strovolos department stores belonging to the subsidiary of Woolworth (Cyprus) Properties Plc, Estelte Limited, Shacolas Tower in Old Nicosia which belongs to the subsidiary company of Woolworth (Cyprus) Properties Plc, Calandra Limited and the department store Apollo Limassol which belongs to the subsidiary company Woolworth (Cyprus) Properties Plc.

Included in the held for sale category are the related liabilities that consist of deferred tax liabilities.

28. INVENTORIES

	The Group		The Company	
	2017	2016	2017	2016
	€	€	€	€
Finished goods	51.801.650	46.043.681	-	-

29. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2017	2016	2017	2016
	€	€	€	€
Current assets				
Trade receivables	22.654.887	18.277.244	-	-
Less: Provision for bad debts	(3.758.765)	(4.200.437)	-	-
Net trade receivables	18.896.122	14.076.807	-	-
Other receivables and prepayments	9.155.087	9.357.474	113.534	50.495
Current tax assets	125.568	579.923	6.000	6.000
Amounts due from related parties (Note 40)	3.010.958	4.961.253	4.666.937	14.871.484
Total	31.187.735	28.975.457	4.786.471	14.927.979

29. TRADE AND OTHER RECEIVABLES (continued)

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 amounts receivable is incorporated in the provisions recorded in the books. Due to these factors, management believes that there is no additional credit risk beyond the amounts provided for losses from collection of the trade receivables of the Group.

The Group has recognised a loss amounting to €109.704 (2016: €1.327.231), for the impairment of its trade receivables during the year ended 31 December 2017. The loss was included in the Statement of Comprehensive Income.

Movement of the provision for bad debts:

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
At 1 January	**4.200.437**	4.197.831	**-**	-
Provision for bad debts	**109.704**	1.327.231	**-**	-
Amount written off as not recoverable	**(551.376)**	(1.324.625)	**-**	-
At 31 December	**3.758.765**	4.200.437	**-**	-

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.

Up to 11 December 2017, the Company had a provision of €4.480.000 (2016: €4.480.000) in relation to amounts receivable from related parties that was reversed due to the merger between the subsidiaries of the Company (Note 43). Additionally, the Group has a provision of €496,084 (2016: €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.

30. SHARE CAPITAL

The Group and the Company	**2017**	2016
	€	€
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 2017		31 December 2016	
	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.

31. 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 2017 includes the cost of acquiring own shares of the subsidiary companies Woolworth (Cyprus) Properties Plc and Ermes Department Stores Plc.

32. FAIR VALUE RESERVES

The Group

	Revaluation reserve	Investment revaluation reserve	Total
Year ended 31 December 2017	€	€	**€**
At 1 January	3.860.185	(67.769)	**3.792.416**
Revaluation of investment available for sale (Note 23)	-	(17.774)	**(17.774)**
Revaluation of property, plant and equipment	(429.315)	-	**(429.315)**
Transfer to the income statement for impairment of investments available for sale	-	67.769	**67.769**
Deferred tax on revaluation	77.976	-	**77.976**
At 31 December	3.508.846	(17.774)	**3.491.072**
Year ended 31 December 2016			
At 1 January	4.672.698	(57.770)	**4.614.928**
Revaluation of investment available for sale (Note 23)	-	(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**

The Company

	Revaluation reserve 2017	Revaluation reserve 2016
	€	€
At 1 January	**5.408.303**	5.303.188
Revaluation of property, plant and equipment (Note 17)	**188.125**	105.118
Deferred tax on revaluation of property, plant and equipment (Note 34)	**(45.483)**	(3)
At 31 December	**5.550.945**	5.408.303

33. BORROWINGS

	The Group		The Company	
	2017	2016	2017	2016
Current liabilities	€	€	€	€
Bank overdrafts	75.557.168	68.586.064	5.914.213	7.028.514
Factoring facilities	6.450.315	6.172.737	-	-
Bank loans	20.932.282	10.589.072	3.248.434	1.046.709
Other loans	264.230	106.155	-	-
	103.203.995	85.454.028	9.162.647	8.075.223
Non-current liabilities				
Bank loans	190.906.888	186.472.455	103.233.089	97.430.162
Loans from subsidiary Companies (Note 40)	-	-	12.633.961	17.507.062
Other loans	974.194	495.597	-	-
	191.881.082	186.968.052	115.867.050	114.937.224
Total	295.085.077	272.422.080	125.029.697	123.012.447

Bank and other loans are analysed as follows:

	The Group		The Company	
	2017	2016	2017	2016
Repayable:	€	€	€	€
Within twelve months	21.196.512	10.695.227	3.248.434	1.046.709
Between 1 to 2 years	10.901.453	9.986.583	3.000.224	2.679.240
Between 2 to 5 years	122.003.014	100.488.160	26.248.926	18.289.417
Over 5 years	58.976.615	76.493.309	86.617.900	93.968.567
	191.881.082	186.968.052	115.867.050	114.937.224
Total	213.077.594	197.663.279	119.115.484	115.983.933

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

	The Group		The Company	
	2017	2016	2017	2016
Την 1 Ιανουαρίου	197.663.279	182.692.597	115.983.933	112.279.609
Grant of new loans	28.790.745	19.319.457	14.366.695	4.879.000
Repayment of capital and interest	(23.589.556)	(13.013.292)	(4.402.443)	(6.100.045)
Transfer of balances to a current account	9.640.775	8.664.517	4.518.974	4.925.369
Transfer of balances to a current account	572.351	-	-	-
Loan written-off from the merger of companies (Note 43)	-	-	(11.351.675)	-
At 31 December	213.077.594	197.663.279	119.115.484	115.983.933

The loans are secured with:

The Group
- Collaterals on land and buildings of the Group amounting to €168.789.886 (2016: €172.974.892).
- corporate guarantees from related parties amounting to €357.432.046 (2016: €262.428.352),
- pledge of 89.002.238 (2016: 86.229.078) shares of Woolworth (Cyprus) Properties Plc, €75.650.000 (2016: €73.650.000) shares of Ermes Department Stores Plc and 4.150.500 (2016: 4.150.500) shares of Akinita Lakkos Mikelli Limited.
- bank guarantees amounting to €26.222.081 (2016: €22.640.000).

33. BORROWINGS (continued)

The Group (continued)

- concession of fire insurance amounting to €10.301.785 (2016: €10.301.785) and concession of fire and earthquake insurance over the Group's properties.
- general concession of income from the usage rights and the rent which will be received by the subsidiary company Woolworth (Cyprus) Properties Plc and the subsidiary companies of the Group Woolworth (Cyprus) Properties Plc, 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 €3.050.000 (2016: €4.300.000).
- With personal guarantees of the Board of Directors of a non- Group company that is a minority shareholder of €10.550.000 (2016: €4.300.000).
- By pledging the corporate guarantees of related companies amounting to €3.050.000 (2016: €3.050.000).
- With a floating charge on the assets of a non-Group company that is owned to the minority interest of €3.050.000 (2016: €3.050.000).

The Company

- collaterals on land and buildings of the Company amounting to €22.682.619 (2016: €22.682.619).
- corporate guarantees from related parties amounting to €55.279.461 (2016: €45.211.810).
- pledge of €79.078.316 (2016: 79.078.316) shares of Woolworth (Cyprus) Properties Plc and 63.650.000 (2016: 63.650.000) shares of Ermes Department Stores Plc.
- bank guarantees amounting to €18.647.081 (2016: €12.500.000).
- concession of fire insurance amounting to €8.275.000 (2016: €8.275.000).

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 2017 ranged from 3.5% to 9% (2016: 3.75% to 9%).

The Company's loans mainly bear floating interest rates, which during the year ended 31 December 2017, ranged from 3,75% to 4,75% (2016: 4.25% to 5%).

On 31 December 2017, the Group and the Company had unused bank overdraft facilities amounting to €12.384.721 (2016: €15.416.462) and €689.708 (2016: €160.698) respectively.

The bank overdrafts expiring within one year are subject to annual review at various dates during 2018. The Board of Directors expects that the bank overdrafts subject to review in 2018 are to be renewed under 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	
	2017	2016	**2017**	2016
	€	€	**€**	€
Euro	**295.085.077**	272.422.080	**125.029.697**	123.012.447
	295.085.077	272.422.080	**125.029.697**	123.012.447

34. DEFERRED TAX LIABILITIES

	Temporary differences between depreciation and capital allowance	Revaluation of land and buildings and investment property	Total
The Group	€	€	€
At 1 January 2017	(7.336)	6.710.603	**6.703.267**
Debit/(credit) to the statement of comprehensive income (Note 14)	257.339	(844.111)	**(586.772)**
Credit to reserves	-	(112.747)	**(112.747)**
Transfer to liabilities directly associated with assets held for sale (note 27)	(524.228)	(626.580)	**(1.150.808)**
At 31 December 2017	(274.225)	5.127.165	**4.852.940**
At 1 January 2016	(1.173.458)	2.608.922	**1.435.464**
Debit to the consolidated statement of comprehensive income (Note 14)	1.166.122	1.229.876	**2.395.998**
Debit to reserves	-	2.871.805	**2.871.805**
At 31 December 2016	(7.336)	6.710.603	**6.703.267**

The amount debited/(credited) to the Consolidated Statement of Comprehensive Income is as follows:

	2017	2016
	€	€
Debit due to temporary differences between depreciation and capital allowances	**257.339**	1.166.122
(Credit)/debit due to revaluation to the fair value of investment property	**(844.111)**	1.229.876
Debit to disposal group sold during the year	-	-
Total	**(586.772)**	2.395.998

The amount (credited)/debited to reserves is as follows:

Credit)/debit due to revaluation of property, plant and equipment	**(112.747)**	2.871.805

	Temporary differences between depreciation and capital allowance	Revaluation of property, plant and equipment	Revaluation of investment property	Total
The Company	€	€	€	€
At 1 January 2017	1.008.475	118.818	1.801.089	**2.928.382**
Debit to the statement of comprehensive income (Note 14)	173.793	-	146.146	**319.939**
Debited to reserves (Note 32)	-	45.483	-	**45.483**
At 31 December 2017	1.182.268	164.301	1.947.235	**3.293.804**
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 32)	-	3	-	**3**
At 31 December 2016	1.008.475	118.818	1.801.089	**2.928.382**

34. DEFERRED TAX LIABILITIES (continued)

The amount debited to the Statement of Comprehensive Income is as follows:

	2017	2016
	€	€
Debit due to temporary differences between depreciation and capital allowances	173.794	902.902
Debit due to revaluation of the fair value of investment property	146.145	58
	319.939	902.960
The amount debited to reserves is as follows:		
Debit due to revaluation of property, plant and equipment	45.483	3

35. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2017	2016	2017	2016
Current liabilities	€	€	€	€
Trade payables	45.205.753	39.613.833	-	-
Other payables and accrued expenses	26.381.047	25.794.387	859.425	896.460
Dividends payable to parent company (Note 40)	2.219.430	-	2.219.430	-
Dividends payable to other shareholders	660.467	334.678	660.467	334.678
Amounts due to related parties (Note 40)	219.650	44.111	43.610.865	42.865.497
	74.686.347	65.787.009	47.350.187	44.096.635
Non-current liabilities				
Trade Payables	-	1.392.084	-	-
	-	1.392.084	-	-
Total	74.686.347	67.179.093	47.350.187	44.096.635

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

36. CURRENT TAX LIABILITIES

	The Group		The Company	
	2017	2016	2017	2016
	€	€	€	€
Corporation tax	3.213.652	1.990.025	-	-
Special defense contribution	89.576	219.738	52.848	-
Capital gain tax	8.756	-	-	-
Current tax liabilities	3.311.984	2.209.763	52.848	-

37. NOTES TO THE STATEMENTS OF CASH FLOWS

Profits/(losses) from operations before working capital changes

		The Group		The Company	
		2017	2016	**2017**	2016
	Σημ.	**€**	€	**€**	€
(Losses)/profits for the year		**(6.321.326)**	(130.820)	**(7.288.520)**	6.606.639
Adjustments for:					
Depreciation: - property, plant and equipment	17	**4.578.009**	4.904.026	**58.050**	49.063
- intangible assets	18	**172.650**	172.401	**2.320**	1.248
Taxation	14	**216.476**	3.266.182	**322.990**	902.960
Interest payable	12	**12.475.241**	12.848.023	**7.236.951**	7.431.918
Interest receivable	12	**(4.754.321)**	(3.943.838)	**(3.003.429)**	(2.820.588)
Dividends receivable	9	**-**	-	**(17.094.506)**	(18.800.539)
Foreign exchange differences		**(11.900)**	(95.279)	**-**	-
Share of losses of associated companies	21	**121.654**	8.533	**-**	-
Profits/(losses) from sale of property, plant and equipment	10	**(21.716)**	28.508	**(7.520)**	-
Losses from discontinued operations	16	**1.347.263**	2.307.057	**-**	-
Losses/(profits) from investing activities	13	**10.741.559**	(4.064.808)	**19.175.399**	6.151.387
Profits/(losses) from operations before working capital changes		**18.543.589**	15.299.985	**(598.265)**	(477.912)

38. 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	
	28/4/17	31/12/17
	%	%
Marios N. Shacolas	**19,58**	19,58
Eleni N. Shacola	**19,58**	19,58
Chrysoula N. Shacola	**19,58**	19,58

During 2017, 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.

39. 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.

40. RELATED PARTY TRANSACTIONS

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

(a) Sales of goods and services

		The Group		The Company	
	Nature of transactions	2017	2016	2017	2016
		€	€	€	€
Parent company	Consultancy services	47.126	59.941	43.485	59.941
	Rights for use of space	46.200	46.368	46.200	46.368
	Sales of goods	3.027	-	-	-
		96.353	106.309	89.685	106.309
Subsidiary companies	Financing and interest	-	-	1.839.383	1.869.954
	Consultancy services	-	-	1.287.883	1.193.954
	Rights for use of space	-	-	1.001.073	1.004.191
	Dividends receivable	-	-	17.094.506	18.800.539
		-	-	21.222.845	22.868.638
Related companies	Sales of goods	-	114.385	-	-
	Financing and interest	2.680.368	3.230.559	1.164.046	950.634
	Consultancy services	-	41.127	52.264	113.959
	Other	69.362	396.381	-	-
		2.749.730	3.782.452	1.216.310	1.064.593

(b) Purchases of goods and services

Parent company	Nature of transactions	857.862	780.000	390.000	260.000
	Consultancy services	857.862	780.000	390.000	260.000
Subsidiary companies	Financing and interest	-	-	2.751.832	2.460.423
		-	-	2.751.832	2.460.423
Related Companies	Consultancy services	41.218	38.289	-	-
		41.218	38.289	-	-

(c) Year end balances arising from the above transactions

	The Group		The Company	
	2017	2016	2017	2016
Amounts receivable	€	€	€	€
Parent company	91.047	238.017	-	-
Subsidiary companies	-	-	3.394.480	10.164.527
Related companies	1.063.860	1.043.000	1.272.457	4.706.957
Associated companies	1.856.051	3.680.236	-	-
	3.010.958	4.961.253	4.666.937	14.871.484
Amounts payable				
Parent company	2.259.789	20.333	2.219.430	-
Subsidiary companies	-	-	43.594.365	42.848.997
Related companies	179.291	23.778	16.500	16.500
	2.439.080	44.111	45.830.295	42.865.497

40.RELATED PARTY TRANSACTIONS (continued)

(d) Loans payable to subsidiary companies

The loans payable to subsidiary companies include the following loans:

(i) Loan granted from the subsidiary company Ermes Department Stores Plc amounting to €12.633.961 (2016: €6.370.190), which bears interest at 4,75%.

(ii) On 11 December 2017, the loan granted from the subsidiary company Domex Technical Limited, which at the date of the merger amounted to €11.351.675 (2016: €11.136.872), which bears interest at 2% and is payable after more than five years.

(e) Loans receivable from subsidiaries

The loans receivable from subsidiaries include a loan to subsidiary company Woolworth (Cyprus) Properties Plc of €38.512.586 (2016: €32.457.508), interest at 4,75% is repayable after more than five years.

(f) 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 €5.126.109 (2016: €5.784.120). The loan bears interest at Euribor plus 6% and is repayable after 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 €25.085.479 (2016: €14.170.756). The loan bears interest at 4,75% unitl 30 June and 4.75% from 1 July 2016 and is repayable after 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 €42.183.314 (2016: €38.620.130). The loan bears interest at 4,75% and is repayable after more than five years.

(iv) Loan granted by the subsidiary company Woolworth (Cyprus) Properties Plc to the related company Olymbos Investments Limited amounting to €19.361.076 (2016: €15.494.975). The loan bears interest at 4,75% (2016: 4,875%) and is repayable after more than five years.

(v) Loan granted by the subsidiary company Cassandra Trading Limited to the related company Cyprus Limni Resorts and GolfCourses Plc amounting to €10.679.838 (2016: €10.269.107). The loan brings interest equal to the basic bank rate plus a margin of 0.35% and is repayable after more than five years.

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

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Remuneration and other short term benefits				
Board of Directors	**734.758**	748.206	**420.736**	701.486
Remuneration and other short term benefits Key Management Personnel	**3.406.452**	4.252.414	**293.475**	305.045
Total	**4.141.210**	5.000.620	**714.211**	1.006.531

The total remuneration of the Board of Directors was as follows:				
Emoluments as Executive Directors	**78.270**	73.070	**49.300**	48.700
Remuneration as Executive Directors	**528.748**	579.227	**315.311**	579.227
Emoluments as Non-Executive	**89.240**	51.720	**31.790**	29.370
Employer's contributions to Executive Directors	**38.500**	44.189	**24.335**	44.189
Total	**734.758**	748.206	**420.736**	701.486

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

(h) Guarantees

The Company has provided guarantees in favor of its subsidiaries, associated and related companies amounting to €90.545.103 (2016: €90.545.103).

41. CONTINGENT LIABILITIES

The Group
At 31 December 2017 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 subsidiary company decided to terminate the above agreement for commercial and economic reasons and due to 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 subsidiary company filed a counter claim demanding from the owner company compensations for the facilities, equipment and other assets it had added to the building at its own costs.

The Board of Directors and the subsidiary's legal advisor are not in a position to accurately estimate the outcome of the above case whose 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 2017 and 31 December 2016 there were no significant contingent liabilities. It is not expected that damages will be incurred to the Company due to breaches of terms and obligations of agreements signed by the related parties with financial institutions.

42. 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 2017, the Group had following commitments for operating leases:

(a) 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 until 2049.

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

(c) 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 stores in the 'Mall of Engomi'. The subsidiary Superhome Center (DIY) Limited also has a rental agreement from the same company for its big store in Engomi. The duration of the lease period is until 2025.

(d) 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 their operation in 2017 and were replaced by Forever 21 and Armani Exchange. The lease term is until July 2022.

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

(f) Other Stores
The subsidiary company Ermes Department Stores Plc also has agreements with non-related parties for various stores, whose maturity period ranges from May 2018 to February 2025.

The Company
At 31 December 2017 and 31 December 2016, the Company had no significant capital commitments.

43. REORGANISATION AND MERGER

On 11 December 2017, the Company in accordance with Articles 198-200 of the Companies Law Cap.113, entered into a reorganization and merger plan between its subsidiary companies Brightmind Enterprises Limited, Domex Technical Limited and PLCs Management Limited ('Transferring Companies'), where the companies transferred all their assets and liabilities to the Company at book value.

The assets and liabilities transferred to the Company following the merger of the aforementioned companies on 11 December 2017 were:

	PLCs Management Limited	Domex Technical Limited	Brightmind Enterprises Limited	Total
Assets	€	€	€	€
Investment properties	-	59.992	-	59.992
Investment in subsidiaries	-	2	690.000	690.002
Loans receivablea	-	11.351.675	-	11.351.676
Total non-current assets	**-**	**11.411.669**	**690.000**	**12.101.670**
Amount receivable from parent	27.058	-	-	27.058
company	-	316.702	1.005.000	1.321.702
Amount receivable from subsidiary	29	2.834	-	2.862
Cash and cash equivalents	27.087	319.536	1.005.000	**1.351.622**
Total current assets	**27.087**	**11.731.205**	**1.695.000**	**13.453.292**
Equity				
Share capital	400.019	63.758	1.710	465.487
Share premium reserve	-	1.387.528	-	1.387.528
Other reserve	-	**323.916**	-	**323.916**
Retained earnings	(374.507)	(1.963.725)	299.268	**(2.038.964)**
Total equity	**25.512**	**(188.523)**	**300.978**	**137.967**
Liabilities				
Amount payable to subsidiary	-	-	1.392.021	1.392.021
Amount payable to related company	-	1.005.000	-	1.005.000
Amounts payable to parent company	-	10.913.697	-	10.913.697
Other liabilities	1.575	1.031	2.001	4.607
Total liabilities	**1.575**	**11.919.728**	**1.394.022**	**13.315.325**
Total equity and liabilities	**27.087**	**11.731.205**	**1.695.000**	**13.453.292**

The merger resulted in a merger reserve of € 1.608.904

Additionally, retained earnings of € 2.038.964 arose through the merger and reorganization. The transfer of retained earnings has been charged with the amount of € 4.480.000 that related to the provision for impairment for a doubtful receivable from a transferring company to the Company.

44. EVENTS AFTER THE REPORTING DATE

On 22 December 2017, the Group proceeded with the signing of contracts for the disposal of three properties to third parties. Although the contracts were signed before the end of the year, the sale was completed after the end of the year when all the terms of the contracts were reached, that is, the risks and benefits of ownership were transferred to the buyer, and ownership titles were transferred. Thus, these properties were classified as held for sale on the balance sheet and the sale will be recognised in the financial statements of 2018.

No significant gain or loss is expected to be recognized at the time the sales are recognized, since the selling prices have been taken into account in determining the fair values of those properties as at 31 December 2017.

The properties classified as held for sale consist of the Superhome Strovolos department stores belonging to the subsidiary Estelte Limited, Shacolas Tower in Old Nicosia which belongs to the subsidiary company Calandra Limited and the department store Apollon Limassol which belongs to the subsidiary company Woolworth (Cyprus) Properties Plc.

Also, a capital tax of €626.580 will be paid during 2018 as a result of the disposal of the Apollo property in Limassol.

As a result of the above transactions, the Group sold investment property of €16.750.000 and land and buildings amounting to €27.250.000 respectively, and received cash that will help to further deleverage the Group's bank lending.

On 15 March 2018, the Group received the amount of € 8.618.288 against the loan receivable from other parties (Note 25) which at that date amounted to € 8.913.288.

There were no other material events after the end of the reporting period affecting the consolidated and separate financial statements at 31 December 2017.