

True translation into English from the original set of financial statements which was prepared and audited in Greek and signed off on 28 April 2017.

In the event that the Greek version of this set of financial statements and a translation of it into a language other than Greek differ, the Greek version shall prevail.

K + G Complex Public Company Limited

Report and financial statements 31 December 2016

Contents

	Page
Board of Directors and other officers	1
Declaration of Directors and other responsible officers of the Company for the preparation of the financial statements	2
Management Report	3 – 7
Independent auditor's report	8 – 15
Consolidated income statement	16
Consolidated statement of comprehensive income	17
Company's income statement and statement of comprehensive income	18
Consolidated balance sheet	19
Company's balance sheet	20
Consolidated statement of changes in equity	21
Company's statement of changes in equity	22
Consolidated statement of cash flows	23
Company's statement of cash flows	24
Notes to the financial statements	25 – 67

K + G Complex Public Company Limited

Board of Directors and other officers

Board of Directors

George St. Galatariotis, Executive Chairman
Costas St. Galatariotis, Director
Stavros G. St. Galatariotis, Director
Michalis Christoforou, Director
Tasos Anastasiou, Director

Financial Manager

Elena Stylianou

Company Secretary

C.C.C. Secretarial Limited

197 Makarios III Avenue
Gala Tower
CY-3030 Limassol
Cyprus

Auditors

PriceWaterhouseCoopers Ltd
City House
Karaiskaki 6
3032 Limassol

Registered office

197 Makarios III Avenue
Gala Tower
CY-3030 Limassol
Cyprus

K + G Complex Public Company Limited

Declaration of Directors and other responsible officers of the Company for the preparation of the financial statements

In accordance with Article 9 sections (3)(c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law of 2007 to 2014 ("Laws"), we, the members of the Board of Directors and the other responsible officers of the Company for the preparation of the consolidated and separate financial statements of K + G Complex Public Company Limited for the year ended 31 December 2016, confirm that to the best of our knowledge:

- (a) the annual consolidated and separate financial statements which are presented on pages 16 to 67:
 - (i) have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with the provisions 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 loss of K + G Complex Public Company Limited and the businesses that are included in the consolidated accounts as a total, and
- (b) the Management Report provide a fair review of the developments and the performance of the business as well as the financial position of K + G Complex Public Company Limited and the businesses that are included in the consolidated accounts as a total, together with a description of the main risks and uncertainties that they are facing.

Members of the Board of Directors

Name and surname	Signature
George St. Galatariotis (Executive Chairman)	
Costas St. Galatariotis (Director)	
Stavros G. St. Galatariotis (Director)	
Michalis Christoforou (Director)	
Tasos Anastasiou (Director)	

Responsible for the preparation of the financial statements

Name and surname	Position	Signature
Elena Stylianou	Financial Manager	

Limassol, 28th April 2017

K + G Complex Public Company Limited

Management Report

1 The Board of Directors of K + G Complex Public Company Limited (the “Company”), and its subsidiary company collectively referred to as the ‘Group’, presents to its members its Annual Report together with the audited consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2016.

Principal activities

2 The principal activities of the Company and the Group, which are unchanged from last year, are the following:

- (a) Development and sale of residential units
- (b) Development and sale of land located in the Amathus area of Limassol
- (c) Holding of investments

3 There has been no change in the structure of the Company's Group during the year. The Company / Group does not intend to make any redemption or merger.

Review of developments, position and performance of the Group's and the Company's business

4 During the year ended December 31, 2016, the Group's turnover increased by 222%, from €1.379 thousand to €4.436 thousand due to increase in plots sales. Due to increase in turnover, both gross profit and operating profit increased significantly. The Group's net profit for the year ended December 31, 2016 amounted to €4.920 thousand compared to €200 thousand in 2015. The net profit for the year is significantly improved due to increase in operating profit as explained above plus to the significantly improved results from its associated company The Cyprus Cement Public Company Limited. On 31 December 2016 the Group's total assets were €102.899 thousand (2015: €102.616 thousand) and the total equity were €86.891 thousand (2015: €81.986 thousand).

5 During the year ended December 31, 2016, the Company increased its turnover by 205%, from €1.379 thousand to €4.200 thousand due to increase in plots sales. Due to increase in turnover, both gross profit and operating profit increased significantly. As a result, the Company's net profit for the year ended December 31, 2016 amounted to €2.536 thousand compared to a loss of €152 thousand in 2015. On 31 December 2016 the total assets of the Company were €51.655 thousand (2015: €53.506 thousand) and the total equity were €33.190 thousand (2015: €30.654 thousand).

6 The financial position, development and performance of the Company and the Group as presented in these financial statements are considered as expected.

Non-financial information's

7 The Company / Group takes into account and complies with all health, safety and environmental regulations that affect the operations in which the Company / Group operates. In this context, the Board of Directors monitors on an ongoing basis non-financial Key Performance Indicators in relation to health, safety and environmental regulations. Until now, the Company / Group has not violated any of the aforementioned regulations. The Company / Group is not involved in any legal, governmental or arbitral proceedings that will result in any material obligations to the Company / Group. This is in line with the general culture and vision of the Company / Group.

K + G Complex Public Company Limited

Management Report (continued)

Principal risks and uncertainties

8 The principal risks and uncertainties faced by the Group and the Company are disclosed in Notes 1, 3, 4 and 28 of the financial statements. The activities of the Company / Group are affected by various risks and uncertainties related to the construction and tourism industry as well as the economic crisis that has prevailed over the last three years in Cyprus. These activities are influenced by a number of factors including, but not limited to, the following:

- The economic environment of Cyprus (Note 1).
- National and international economic and geopolitical factors.
- The international financial crisis that affected the tourism industry, the construction sector and the real estate sector.
- The impact of wars, terrorist acts, epidemics and illnesses that are likely to affect arrivals of tourists on the island.
- Increased internal competition as well as competition from neighbouring countries.
- Increases in staff costs and energy costs.

9 The Company / Group monitors these risks through various mechanisms and adjusts its strategy accordingly to limit as far as possible the impact of these risks.

Use of financial instruments by the Group and the Company

10 The Group's / Company's operations expose it to a variety of financial risks: market risk (including cash flow risk), credit risk and liquidity risk.

11 The Company's and the Group's risk management program focuses on the unpredictability of the financial markets and aims to reduce the potential adverse effects on the financial performance of the Company and the Group. Risk management is conducted by the Management.

Interest rate risk associated with cash flow

12 The interest rate risk of the Group / Company is derived from interest-bearing and long-term borrowings. Floating rate assets and borrowings expose the Group / Company to cash flow interest rate risk.

13 At December 31, 2016, the Group's assets and liabilities bearing a floating rate amounted to €9.878 thousand and €15.638 thousand respectively. The Company's assets and liabilities bearing a floating rate amounted to €9.878 thousand and €18.445 thousand respectively on 31 December 2016. The Group's / Company's management monitors the fluctuations in interest rates on a continuous basis and acts accordingly. The Group / Company does not apply hedge accounting for cash flow interest rate risk.

Credit risk

14 Credit risk arises from deposits with banks and financial institutions as well as from exposure to credits from sales to customers and balances with related companies, including outstanding receivables and binding transactions. The Management does not expect any damages from non-fulfilment of obligations on behalf of these parties.

K + G Complex Public Company Limited

Management Report (continued)

15 For banks and financial institutions, only organizations that are rated by independent parties are accepted. The Management estimates the customer's credit quality, taking into account his financial situation, past experience and other factors.

16 The Group's / Company's credit risk at 31 December 2016 arises from trade and other receivables of €531 thousand / €44 thousand, loans and other receivables from related companies amounting to €9.911 thousand / €9.911 thousand and bank balances of €21 thousand / €21 thousand.

Liquidity risk

17 The Management controls current liquidity on the basis of expected cash flows. Prudent liquidity risk management involves the management of sufficient cash and the availability of finance through a sufficient amount of blocked credit facilities. The Group / Company Management believes that it is successful in managing the Group / Company exposure to liquidity risk.

Future developments of the Company and the Group

18 The Board of Directors does not expect any significant changes or developments in the operations of the Group and the Company in the foreseeable future.

Results

19 The results of the Group and the Company for the year are set out on pages 16, 17 and 18. The net profit for the year for the Group and the Company is carried to reserves.

Share capital

20 There were no changes in Company's share capital.

Board of Directors

21 The members of the Board of Directors as at 31 December 2016 and at the date of this report are shown on page 1. All of them were members of the Board of Directors throughout the year 2016.

22 In accordance with the Company's Articles of Association Messrs. Costas Galatariotis and Michalis Christoforou retire at the next General Meeting and, being eligible, offer themselves for re election.

23 There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Corporate Governance Code

24 The Board of Directors has not adopted the provisions of the Corporate Governance Code. The Company is not obliged to adopt the provisions of the code as its titles are traded at the Alternative Market of the Cyprus Stock Exchange. The main reason for the non adoption of the Corporate Governance Code is that the costs to be incurred by the adoption of the Corporate Governance Code would be disproportionately higher than any anticipated benefits that may be derived from its adoption.

K + G Complex Public Company Limited

Management Report (continued)

Corporate Governance Code (continued)

25 The Board of Directors, is responsible, for the establishment of sufficient internal control procedures and risks control mechanisms, for the drafting, preparation, content and publication of all periodical information that is required for listed companies. The responsible person for the preparation of the financial statements is the Financial Manager.

26 According to Article 46 of the Auditors and Statutory audit and consolidated accounts Laws of 2009 and 2016, the Company has assigned the tasks of the Audit Committee to the Board of Directors as a body.

27 The Company has not issued any titles with special control rights and there are no restrictions on voting rights.

28 The appointment and replacement of the members of the Board of Directors is done at its Annual General Meeting in accordance with the provisions of the Company's Articles of Association. The Company's Articles of Association provides that the Board of Directors has the power to appoint, at any time, any person as Director and such person that is appointed by the Board of Directors will hold his office until the next Annual General Meeting of the Company. The Company's Articles of Association can be modified by the passing of a special resolution at an Extraordinary General Meeting of the shareholders.

29 The Board of Directors, subject to approval by the Company's shareholders, can proceed with the issue or the purchase of the Company's shares. The issue of any new shares is further subject to the provisions of the Company's Articles of Association, the prevailing law and the principle of fair treatment to all existing shareholders.

30 The Board of Directors consists of 5 members and meetings are convened at regular intervals. The Board of Directors approves the Company's and Group's strategy and supervises the adoption and realization of the Company's and Group's strategic development.

Shareholders holding more than 5% of the Company's share capital

31 The shareholders who held more than 5% of the issued share capital of the Company with voting rights on 28 April 2017, are as follows:

	% holding
C.C.C. Holdings & Investments Limited	83,81

K + G Complex Public Company Limited

Management Report (continued)

Directors' interest in the Company's share capital

32 The beneficial interest in the Company's share capital held by each Director, their spouse, children and companies in which they hold directly or indirectly at least 20% of the shares with voting rights in a general meeting, at 31 December 2016 and on 28 April 2017 was as follows:

	Interest at 28 April 2017 %	Interest at 31 December 2016 %
George St. Galatariotis (1)	83,81	83,81
Costas St. Galatariotis (1)	-	-
Stavros G. St. Galatariotis (1)	-	-
Michalis Christoforou	-	-
Tasos Anastasiou	-	-

(1) The participation percentage share held by Mr George St. Galatariotis includes his indirect participation resulting from family relationships between himself and Stavros G. St. Galatariotis and Costas St. Galatariotis and their indirect participation in C.C.C. Holdings & Investments Limited.

Contracts with Directors and related parties

33 Other than the transactions and the balances with the Directors and related parties referred to in Note 27 of the financial statements, there were no other significant contracts with the Company, or its subsidiaries at 31 December 2016 in which the Directors or related parties had a material interest. Related persons include the spouse, minor children and companies in which Directors hold directly or indirectly at least 20% of the voting rights in a general meeting.

Events after the balance sheet date

34 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Branches

35 The Company and Group did not operate through any branches during the year.

Independent auditors

36 The independent auditors, Messrs PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution for their appointment and authorizing the Board of Directors to fix their remuneration will be submitted at the Annual General Meeting.

By Order of the Board

C.C.C. Secretarial Limited
Secretary

Limassol, 28th April 2017



Independent auditor's report

To the Members of K+G Complex Public Company Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements of K+G Complex Public Company Limited ("the Company") and its subsidiaries (together "the Group") and the separate financial statements of the Company give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 31 December 2016, and of the consolidated and separate financial performance and the consolidated and separate cash flows of the Group and the Company respectively for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the consolidated and separate financial statements which are presented in pages 16 to 67 which comprise:

- the consolidated and separate balance sheet of the Company and the Group as at 31 December 2016;
- the consolidated income statement of the Group for the year then ended;
- the consolidated and separate statement of comprehensive income of the Group and the Company for the year then ended;
- the consolidated and separate statement of changes in equity of the Group and the Company for the year then ended;
- the consolidated and separate statement of cash flows of the Group and the Company for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the consolidated and separate financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus 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 *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we considered the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



Overall group materiality: €1.029.000

Overall materiality for the audit of the separate financial statements : €516.500

- We audited the complete financial information of the Company and of the components which have been assessed as significant.
 - In addition, for the components not assessed as significant, audit work over specific financial statement lines and review procedures were performed.
-

We have identified the following key audit matters in relation to the audit of the consolidated financial statements of the Group:

- Investments in associates

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.



Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated and separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated and separate financial statements as a whole.

<i>Overall materiality</i>	€ 1.029.000 for the audit of the consolidated financial statements and € 516.500 for the audit of the separate financial statements
<i>How we determined it</i>	1% of total assets
<i>Rationale for the materiality benchmark applied</i>	We have selected total assets as the benchmark, because in our view, it is the benchmark that is most commonly used by the users and it is a generally accepted benchmark, which is within the range of acceptable quantitative materiality thresholds in auditing standards.

We agreed with those charged with governance that we would report to them individual misstatements identified during our audit above € 51.400 for the audit of the consolidated financial statements and € 25.800 for the audit of the separate financial statements as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

How we tailored our audit scope

K+G Complex Public Company Limited is the parent entity of the Group. The financial information of this Group is included in the consolidated financial statements of K+G Complex Public Company Limited.

Considering our ultimate responsibility for the opinion on the Group financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we tailored the scope of our audit and determined the nature and extent of the audit procedures for the components of the Group to ensure that we perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the significance and/or risk profile of the group entities or activities, the accounting processes and controls, and the industry in which the Group operates.

The Group's operations are made up of operating businesses situated in Cyprus. For financial reporting purposes, the Group is structured into reporting units, comprising the Company and its subsidiaries.

In establishing the overall approach to the group audit, we determined the scope of work that needed to be performed for each reporting unit and whether this would be performed by us, as the group engagement team, or component auditors from other non-network firms, operating under our instructions. Accordingly, for the material reporting units which were selected either due to their size, or their risk characteristics, we performed a full scope audit of their financial information. For the remaining reporting units of the Group, specified procedures over specific financial statement lines were performed so as to ensure we obtain sufficient audit evidence on individual financial statement line items.



By performing the procedures above at components, combined with the additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the Group as a whole to provide a basis for our audit opinion on the consolidated financial statements.

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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no Key Audit Matters in our audit of the separate financial statements of the Company.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Investments in associates</p> <p>For more information refer to Note 17 of the financial statements.</p> <p>We focused on this matter because of the size of the carrying amount of the investment in associates of € 86.695 thousands compared to the total assets of the Group, given that the Group's profit is significantly affected by the share of the associate's profit as well as by the main features that affect the above.</p> <p>In particular, the major features that have affected the carrying amount of the investment are as follows:</p> <ul style="list-style-type: none"> • The fair value of the land for development due to the size of the fair value of the land for development, the complexity and the high degree of subjectivity in estimating the fair value of the property. • The fair value of available-for-sale financial assets because of the size of the fair value of available-for-sale financial assets and because of the complexity and high degree of subjectivity involved in estimating the fair value of the investment. 	<p>We discussed with the Management and evaluated the data, assumptions, valuation methodology and calculations made by the Group's Management for the estimation of the fair value of the land for development and the available-for-sale financial assets.</p> <p>Internal experts of our network, with the required knowledge and skills, have been involved to support us in our assessment of the fair value of the property as performed by the Management which is based on data and assumptions of high degree of subjectivity, especially in relation to the separation of property in notional zones and in our assessment of the fair value measurement of available-for-sale financial assets based on data and assumptions of high subjectivity.</p> <p>More specifically, with the support of internal experts of our network, we examined the calculations as performed by the Group's Management and the technical and mathematical accuracy of the valuation model. We also assessed the reasonableness of the significant assumptions made by the management by comparing them with observable market data.</p>



Other information

The Board of Directors is responsible for the other information. The other information comprises the Management report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Board of Directors is responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Board of Directors is responsible for assessing the Group and 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 the Board of Directors either intends to liquidate the Group or Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and 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 auditor's 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 and separate financial statements.



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

- Identify and assess the risks of material misstatement of the consolidated and 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 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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and 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 auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 and separate 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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



Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016, we report the following:

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



Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016 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 auditor's report is Mr Elias M. Theodorou.

Elias M. Theodorou
Certified Public Accountant and Registered Auditor
For and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 28 April 2017

K + G Complex Public Company Limited

Consolidated income statement for the year ended 31 December 2016

	Note	2016 €000	2015 €000
Sales	6	4.436	1.379
Cost of sales	8	(988)	(393)
Gross profit		3.448	986
Administrative expenses		(487)	(472)
Selling and marketing expenses		(187)	(177)
Other income	7	647	517
Operating profit		3.421	854
Finance costs	11	(718)	(897)
Share of profit of investment in associates	17	2.315	243
Profit before tax		5.018	200
Tax	12	(98)	-
Profit for the year		4.920	200
Profit per share (cents per share):			
- Basic and fully diluted	13	3,83	0,16

The notes on pages 25 to 67 are an integral part of these financial statements.

K + G Complex Public Company Limited

Consolidated statement of comprehensive income for the year ended 31 December 2016

	Note	2016 €000	2015 €000
Profit for the year		4.920	200
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Share of movement of reserves of associates	17	(15)	(630)
Total comprehensive income/(loss) for the year		4.905	(430)

The items in the above statement are presented after deducting the tax. The Tax related to each item in the statement of comprehensive income is presented in Note 12.

The notes on pages 25 to 67 are an integral part of these financial statements.

K + G Complex Public Company Limited

Company's income statement and statement of comprehensive income for the year ended 31 December 2016

	Note	2016 €000	2015 €000
Sales	6	4.200	1.379
Cost of sales	8	(826)	(393)
Gross profit		3.374	986
Administrative expenses		(472)	(462)
Selling and marketing expenses		(187)	(177)
Other income	7	742	515
Operating profit		3.457	862
Finance costs	11	(846)	(1.014)
Profit/(loss) before tax		2.611	(152)
Tax	12	(75)	-
Total Profit/(loss) and comprehensive Income/(loss) for the year		2.536	(152)

The notes on pages 25 to 67 are an integral part of these financial statements.

K + G Complex Public Company Limited

Consolidated balance sheet at 31 December 2016

	Note	2016 €000	2015 €000
Assets			
Non-current assets			
Property, plant and equipment	16	-	21
Investments in associates	17	86.704	84.403
Non-current receivables	19	2.793	4.504
		<u>89.497</u>	<u>88.928</u>
Current assets			
Inventories	20	5.639	6.592
Current receivables	21	7.649	7.003
Tax refundable		93	93
Cash and cash equivalents	22	21	-
		<u>13.402</u>	<u>13.688</u>
Total assets		<u>102.899</u>	<u>102.616</u>
Equity and liabilities			
Capital and reserves			
Share capital	23	21.860	21.860
Share premium	23	1.757	1.757
Reserve of changes in equity of associates		(8.276)	(8.261)
Reserve arising on translation of share capital into Euro		86	86
Retained earnings		71.464	66.544
Total equity		<u>86.891</u>	<u>81.986</u>
Non-current liabilities			
Borrowings	24	15.206	17.825
Deferred income tax liabilities	25	20	20
		<u>15.226</u>	<u>17.845</u>
Current liabilities			
Trade and other payables	26	350	536
Borrowings	24	432	2.248
Tax liabilities		-	1
		<u>782</u>	<u>2.785</u>
Total liabilities		<u>16.008</u>	<u>20.630</u>
Total equity and liabilities		<u>102.899</u>	<u>102.616</u>

On 28th April 2017 the Board of Directors of K + G Complex Public Company Limited authorised these financial statements for issue.

George St. Galatariotis, Executive Chairman

Costas St. Galatariotis, Director

The notes on pages 25 to 67 are an integral part of these financial statements.

K + G Complex Public Company Limited

Company's balance sheet at 31 December 2016

	Note	2016 €000	2015 €000
Assets			
Non current assets			
Property, plant and equipment	16	-	21
Investments in subsidiaries	18	3.000	3.000
Investments in associates	17	32.954	32.953
Non-current receivables	19	2.793	4.504
		<u>38.747</u>	<u>40.478</u>
Current assets			
Inventories	20	5.639	6.437
Trade and other receivables	21	7.162	6.505
Tax refundable		86	86
Cash and cash equivalents	22	21	-
		<u>12.908</u>	<u>13.028</u>
Total assets		<u>51.655</u>	<u>53.506</u>
Equity and liabilities			
Capital and reserves			
Share capital	23	21.860	21.860
Share premium	23	1.757	1.757
Reserve arising on translation of share capital into Euro		86	86
Retained earnings		9.487	6.951
		<u>33.190</u>	<u>30.654</u>
Non current liabilities			
Borrowings	24	18.019	20.411
		<u>18.019</u>	<u>20.411</u>
Current liabilities			
Trade and other payables	26	20	208
Borrowings	24	426	2.232
Current income tax liabilities		-	1
		<u>446</u>	<u>2.441</u>
Total liabilities		<u>18.465</u>	<u>22.852</u>
Total equity and liabilities		<u>51.655</u>	<u>53.506</u>

On 28th April 2017 the Board of Directors of K + G Complex Public Company Limited authorised these financial statements for issue.

George St. Galatariotis, Executive Chairman

Costas St. Galatariotis, Director

The notes on pages 25 to 67 are an integral part of these financial statements.

K + G Complex Public Company Limited

Consolidated statement of changes in equity for the year ended 31 December 2016

	Share capital €000	Share premium ⁽²⁾ €000	Reserve arising on translation of share capital into Euros ⁽²⁾ €000	Reserve of changes in equity of associates ⁽²⁾ €000	Retained earnings ⁽¹⁾ €000	Total €000
Balance at 1 January 2015	21.860	1.757	86	(7.631)	66.344	82.416
Profit for the year	-	-	-	-	200	200
Other comprehensive income						
Share of reserves of associates (Note 17)	-	-	-	(630)	-	(630)
Total comprehensive profit for the year 2015	-	-	-	(630)	200	(430)
Balance at 31 December 2015/ 1 January 2016	21.860	1.757	86	(8.261)	66.544	81.986
Profit for the year	-	-	-	-	4.920	4.920
Other comprehensive income						
Share of reserves of associates (Note 17)	-	-	-	(15)	-	(15)
Total comprehensive income for the year 2015	-	-	-	(15)	4.920	4.905
Balance at 31 December 2015	21.860	1.757	86	(8.276)	71.464	86.891

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The special contribution for defence rate increased from 15% to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and is reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

(2) The share premium reserve, the reserve of changes in equity of associates and the reserve arising on translation of share capital into Euro are not available for distribution in the form of dividends.

The notes on pages 25 to 67 are an integral part of these financial statements.

K + G Complex Public Company Limited

Company's statement of changes in equity for the year ended 31 December 2016

	Share Capital €000	Share premium ⁽²⁾ €000	Reserve arising on translation of share capital into Euro ⁽²⁾ €000	Retained earnings ⁽¹⁾ €000	Total €000
Balance at 1 January 2015	21.860	1.757	86	7.103	30.806
Loss for the year	-	-	-	(152)	(152)
Total comprehensive loss for the year 2015	-	-	-	(152)	(152)
Balance at 31 December 2015/ 1 January 2016	21.860	1.757	86	6.951	30.654
Profit for the year	-	-	-	2.536	2.536
Total comprehensive profit for the year 2016	-	-	-	2.536	2.536
Balance at 31 December 2016	21.860	1.757	86	9.487	33.190

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The special contribution for defence rate increased from 15% to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and is reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

(2) The share premium reserve, the reserve arising on translation of share capital into Euro are not available for distribution in the form of dividends.

The notes on pages 25 to 67 are an integral part of these financial statements.

K + G Complex Public Company Limited

Consolidated statement of cash flows for the year ended 31 December 2016

	Note	2016 €000	2015 €000
Cash flows from operating activities			
Profit before tax		5.018	200
Adjustments for:			
Impairment charge /Depreciation of property, plant and equipment	16	21	9
Interest expense	11	718	897
Interest income	7	(459)	(513)
Share of profit of associates	17	(2.315)	(243)
		<u>2.983</u>	<u>350</u>
Changes in working capital:			
Inventories		953	371
Trade and other receivables		188	290
Trade and other payables		(188)	29
		<u>3.936</u>	<u>1.040</u>
Cash generated from operations		3.936	1.040
Tax paid		(98)	-
		<u>3.838</u>	<u>1.040</u>
Cash flows from investing activities			
Loans granted to related parties	27(vii)	(522)	(92)
Repayments of loans from related parties	27(vii)	1.856	428
Investments in deposits with original maturity over three months		-	60
Interest received		5	3
		<u>1.339</u>	<u>399</u>
Net cash generated from investing activities		1.339	399
Cash flows from financing activities			
Repayments of bank loan		(2.622)	-
Interest paid		(718)	(918)
		<u>(3.340)</u>	<u>(918)</u>
Net cash used in financing activities		(3.340)	(918)
Net increase in cash, cash equivalents and bank overdrafts		1.837	521
Cash, cash equivalents and bank overdrafts at the beginning of the year		(2.248)	(2.769)
Cash, cash equivalents and bank overdrafts at the end of the year	22	(411)	(2.248)

The notes on pages 25 to 67 are an integral part of these financial statements.

K + G Complex Public Company Limited

Company's statement of cash flows for the year ended 31 December 2016

	Note	2016 €000	2015 €000
Cash flows from operating activities			
Profit/(Loss) before tax		2.611	(152)
Adjustments for:			
Impairment charge/depreciation of property, plant and equipment	16	21	9
Interest income	7	(459)	(511)
Interest expense	11	846	1.014
Dividends received	7	(95)	-
		<u>2.924</u>	<u>360</u>
Changes in working capital:			
Inventories		798	371
Trade and other receivables		177	287
Trade and other payables		(188)	33
		<u>3.711</u>	<u>1.051</u>
Cash generated from operations		3.711	1.051
Tax paid		(75)	-
		<u>3.711</u>	<u>1.051</u>
Net cash generated from operating activities			
Cash flows from investing activities			
Loans to related parties	27 (vii)	(522)	(93)
Repayments of loans from related parties	27 (vii)	1.856	429
Investments in deposits with original maturity over three months		-	60
Interest income		3	3
		<u>1.337</u>	<u>399</u>
Net cash generated from investing activities			
Cash flows from financing activities			
Loans to related parties	27 (vi)	213	-
Repayments of loan from related parties	27 (vi)	(20)	(9)
Repayment of bank loan		(2.622)	-
Interest paid		(718)	(918)
		<u>(3.146)</u>	<u>(927)</u>
Net cash used in financing activities			
Net increase in cash, cash equivalents and bank overdrafts			
		1.827	523
Cash, cash equivalents and bank overdrafts at the beginning of the year		(2.232)	(2.755)
		<u>(405)</u>	<u>(2.232)</u>
Cash, cash equivalents and bank overdrafts at the end of the year	22	(405)	(2.232)

The notes on pages 25 to 67 are an integral part of these financial statements.

K + G Complex Public Company Limited

Notes to the financial statements

1 General information

Country of incorporation

K+G Complex Public Company Limited (the "Company") was incorporated in Cyprus in June 1980, as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113, and in May 1981 became a public company. The Company is listed on the Cyprus Stock Exchange. Its registered office of the Company is at 197 Makarios III Avenue, Gala Tower, CY-3030 Limassol, Cyprus.

Principal activities

The principal activities of the Company and the Group, which are unchanged from last year, are the following:

- (a) Development and sale of residential units
- (b) Development and sale of land located in the Amathus area of Limassol
- (c) Holding of investments

Operating environment of the Group and the Company

After a long and relatively deep economic recession, the Cyprus economy has recorded a positive growth rate in 2015, which accelerated in 2016. The restrictive measures and capital controls which were in place since March 2013 were lifted in April 2015. Building on the dynamics of economic performance and the strong implementation of the required measures and reforms, Cyprus has left the economic adjustment program in March 2016. Recognizing of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have upgraded the creditworthiness of the Republic of Cyprus and although the assessment is still a "non-investment grade", the Cypriot government has regained access to capital markets. Prospects for the Cyprus economy remain positive in the medium term, however, there are downside risks to growth forecasts resulting from high levels of non-performing positions, uncertainty in real estate markets, and the likely deterioration of Cyprus's external environment, including the continuation of the Recession in Russia due to the prolonged decline in oil prices of weaker than expected growth in the Eurozone as a result of the deterioration in global economic conditions, slower growth in the United Kingdom and the weakening of the Sterling as a result of uncertainty about the outcome of the referendum on exit The United Kingdom by the European Union, as well as the political uncertainty in Europe with a view to the UK's exit from the European Union and Stressfulness.

This operating environment, could affect (1) the ability of the Company/ the Group to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions, (2) the ability of the Company's/ Group's trade and other debtors to repay the amounts due to the Company/ the Group (3) the ability of the Company/ the Group to sell its existing inventories or enter into contracts for the development of new (property) units, (4) the cash flow forecasts of the Company's/ Group's management in relation to the impairment assessment for financial and non-financial assets.

K + G Complex Public Company Limited

1 General information (continued)

Operating environment of the Group and the Company (continued)

The management of the Company/Group has assessed:

- (1) Whether any impairment allowances are deemed necessary for the financial assets carried at amortized cost by considering the economic situation and outlook at the end of the reporting period. Impairment of trade and other receivables is determined using the “incurred loss” model required by International Accounting Standard 39 “Financial Instruments: Recognition and Measurement”. This standard requires recognition of impairment losses for receivables that arose from past events and prohibits recognition of impairment losses that could arise from future events, no matter how likely those future events are.
- (2) Whether the net realizable value for the Group’s/Company’s inventory exceeds cost. When the net realizable value is below cost, the excess should be charged to the profit or loss for the year.

The Group’s and 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 and the Company.

On the basis of the evaluation performed, the Group’s and the Company’s management has concluded that no provisions or impairment charges, other than as included in the financial statements, are deemed necessary.

The Group’s and the Company’s Management believes that it is taking all the necessary measures to maintain the viability of the Group and the Company and the development of its business in the current business and economic environment.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The consolidated financial statements of K + G Complex Public Company Limited and its subsidiaries (together the “Group”) and the separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2016 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 “Financial Instruments: Recognition and Measurement” relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention.

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2016. This adoption did not have a material effect on the accounting policies of the Company/ the Group.

- Annual Improvements to IFRSs 2012. The improvements consist of changes to seven standards as detailed below:
 - IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported.
 - The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. This amendment did not result in any changes in the Group's/ Company's financial statements.
 - IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. This amendment did not result in any changes in the Group's/ Company's financial statements.
 - IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.
 - Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38. In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This amendment did not result in any changes in the Group's/ Company's financial statements.

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

- Annual Improvements to IFRSs 2014. The amendments impact the following standards as follows:
 - Disclosure Initiative Amendments to IAS 1. The Standard was amended to clarify the concept of materiality and explain that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS. As a result of this disclosure initiative, the Company/ the Group has applied the concept of materiality in disclosures in the financial statements.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group/ the Company, except the following set out below:

- IFRS 9 “Financial Instruments: Classification and Measurement” (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:
 - i. Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
 - ii. Classification for debt instruments is driven by the entity’s business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets’ cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
 - iii. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
 - iv. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

- v. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a ‘three stage’ approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- vi. Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.
- IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.
- IFRS 16 "Leases" (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019) *. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB)*. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.
- Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017)*. The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities.

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

- Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018)*. The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a license should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

** It states standards, interpretations and amendments that have not yet been adopted by the European Union.*

At this stage the Company and the Group assess the impact of amendments, new standards and interpretations on the financial statements.

Consolidated financial statements

The consolidated financial statements include the financial statements of K + G Complex Public Company Limited (the “Company”), its subsidiary companies, which are collectively referred to as the “Group”.

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following;

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Consolidated financial statements (continued)

(1) Subsidiaries (continued)

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and the fair value of any previous equity interest in the acquired entity at the date of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profit and losses resulting from inter-company transactions that are recognised in assets are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet.

When the Group ceases to have control over an entity, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently 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 investment are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(2) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 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 losses.

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

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Consolidated financial statements (continued)

(2) Associates (continued)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary, to ensure consistency with the accounting policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in profit or loss.

After application of the equity method, including recognising 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 and recognizes the amount adjacent to 'share of profit/(loss)' of associates in the profit or loss.

Separate financial statements of the Company

(1) Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Consolidated financial statements (continued)

(2) Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are measured at cost less impairment. Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors of the Group (the chief operating decision-maker). The Board of Directors, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for the sale of goods and services in the ordinary course of the Group's and Company's activities, net of discounts.

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's and Company's activities as described below. The Company and the Group base their estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Group and the Company are recognised on the following bases:

(i) Sales of immovable property

Sales of completed property are recognized when significant risks and rewards of ownership of the property have been transferred to the customer. This is usually when the Group and the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

(ii) Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Company/Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

(iii) Dividend income

Dividend income is recognised when the right of the Company/Group to receive payment is established. However the investment may need to be tested for impairment as a consequence.

Employee benefits

The Company/Group and the employees contribute to the Government Social Insurance Fund based on employees' salaries. The scheme is funded by payments from employees and by the Company/Group. The Company's/Group's contributions are expensed as incurred and are included in staff costs. The Company and the Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Foreign currency translation

Items included in the Group's and Company's financial statements are measured using the currency of the primary economic environment in which the Group and Company operate ("the functional currency"). The financial statements are presented in Euro (€), which is the Group's and Company's presentation currency and the Company's functional currency.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company/ the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company/ the Group where there is an intention to settle the balances on a net basis.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

Motor vehicles	%
	20
Furniture and office equipment	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group/Company and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognized in "other gains/(losses) – net" in profit or loss.

Impairment of non financial assets

Assets that have an indefinite useful life, including goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Impairment of non financial assets (continued)

Financial assets

(i) Classification

The Company/Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- **Loans and receivables**

Loans and receivables 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 balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise "loans receivable", "trade and other receivables" and "cash and bank balances" in the balance sheet.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date which is the date on which the Company/the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company/the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables are carried at amortised cost using the effective interest method.

(iii) Impairment of financial assets

The Company/Group assesses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Impairment of non financial assets (continued)

(iii) Impairment of financial assets (continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company/Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company/Group or the counterparty.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company/the Group will not be able to collect all amounts due according to the original terms of 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. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate.

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Trade receivables (continued)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in profit or loss.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

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 resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Earnings per share

Basic earnings per share are calculated as follows: The profits attributable to the Company's shareholders are divided by the weighted average number of ordinary shares issued during the year.

Provisions

Provisions are recognised when the Company/Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating 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 in the provision due to passage of time is recognised as interest expense.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

K + G Complex Public Company Limited

2 Summary of significant accounting policies (continued)

Borrowings (continued)

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowing costs are interest and other costs that the Company/Group 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 lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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 that asset, when it is probable that they will result in future economic benefits to the Company/Group and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Company/Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Financial guarantees

Financial guarantees are recognized as a financial liability when the guarantee is issued. The liability is initially measured at its fair value and subsequently greater than the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognized less accumulated depreciation, as appropriate.

The fair value of the financial guarantees is determined as the present value of the difference between the net cash flows between the contractual payments under the loan agreement and the payments that would be required without the guarantee or the estimate of the amount that would be payable to third parties for the Of the obligations.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

K + G Complex Public Company Limited

3 Financial risk management

(i) Financial risk factors

The Company's and Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk.

The risk management program of the Company and the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company and the Group. Risk management is carried out by the Board of Directors.

- **Market risk**

Cash flow interest rate risk

The Company and the Group have significant interest bearing assets, which mainly represent cash and cash equivalents which bear interest at market variable rates.

The Company's and Group's interest rate risk arises from interest-bearing assets and long-term borrowings. Borrowings issued at variable rates expose the Company and the Group to cash flow interest rate risk.

The Company's and Group's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At 31 December 2016 and 2015, if interest rates on Euro denominated borrowings fluctuated as presented below, with all other variables held constant the post tax profit/loss for the year would have been affected as presented in the table below:

	The Group		The Company	
	Interest rate- lower/ higher %	Effect on the profit for the year €000	Interest rate- lower/ higher %	Effect on the profit/loss for the year €000
2016				
Euro	0,5	25	0,5	37
		Higher/lower		Lower/higher
2015				
Euro	0,5	100	0,5	113
		Higher/lower		Lower/higher

The effect on profit/(loss) for the year after tax charge is a result of higher/lower interest expense on floating rate bank borrowings.

K + G Complex Public Company Limited

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables with related companies and committed transactions. Refer to Note 15 for further information regarding credit risk.

For banks and financial institutions, only independently rated parties are accepted. See Note 15 for further disclosures on credit risk.

The Management does not expect any losses from non-performance by these counterparties.

- **Liquidity risk**

The table below analyses the Company's and the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months (with the exception of borrowings) equal their carrying balances as the impact of discounting is not significant.

The Group

	Less than 1 year €000	Between 1 and 2 years €000	Between 2 to 5 years €000
At 31 December 2015			
Borrowings	2.992	744	18.258
Trade and other payables	536	-	-
	<u>3.528</u>	<u>744</u>	<u>18.258</u>
At 31 December 2016			
Borrowings	1.038	15.559	-
Trade and other payables	350	-	-
	<u>1.388</u>	<u>15.559</u>	<u>-</u>

The Company

	Less than 1 year €000	Between 1 and 2 years €000	Between 2 to 5 years €000
At 31 December 2015			
Borrowings	3.099	867	20.855
Trade and other payables	208	-	-
	<u>3.307</u>	<u>867</u>	<u>20.855</u>
At 31 December 2016			
Borrowings	1.164	18.383	-
Trade and other payables	20	-	-
	<u>1.184</u>	<u>18.383</u>	<u>-</u>

K + G Complex Public Company Limited

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Liquidity risk (continued)**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Board of Directors maintains flexibility in funding by maintaining availability under committed credit lines.

The Board of Directors monitors rolling forecasts of the Company's and the Group liquidity reserve (comprises undrawn borrowing facility (Note 24) and cash and cash equivalents (Note 22) on the basis of expected cash flow.

The Company and the Group have the following unused credit facilities:

	<u>The Group</u>		<u>The Company</u>	
	2016	2015	2016	2015
	€000	€000	€000	€000
Floating rate:				
- Within one year	2.846	1.076	2.834	1.075

The facilities that expire within one year are annual facilities that are subject to revision at different dates.

Liquidity risk arising from corporate guarantees with related parties is disclosed in Note 27 (ix) and in the event of default, the minimum time that may be called for repayment is within one year.

(ii) Capital risk management

The Company's and the Group's objectives when managing capital are to safeguard the Company's/Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders of the Company/Group and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company/Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company and the Group monitors 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 (including 'current and non current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

K + G Complex Public Company Limited

3 Financial risk management (continued)

(ii) Capital risk management (continued)

The gearing ratios at 31 December 2016 and 2015 were as follows:

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Total borrowings (Note 24)	15.638	20.073	18.445	22.643
Less: cash and cash equivalents (Note 22)	(21)	-	(21)	-
Net debt	15.617	20.073	18.424	22.643
Total equity	86.891	81.986	33.190	30.654
Total capital as defined by the board	102.508	102.059	51.614	53.297
Gearing ratio	15%	20%	36%	43%

The reduction in the gearing ratio during 2016 was mainly the result of repayment of bank debt during the year.

(iii) Fair value estimation

The carrying value less provision for impairment of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company/Group for similar financial instruments.

4 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Company and the Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Taxes**

High estimates are required to determine the corporate tax provision. For specific transactions and calculations, the determination of final tax is uncertain. The Company / Group recognizes liabilities for anticipated tax issues based on calculations of whether additional tax will arise. Where the final tax effect of these matters differs from the amount initially recognized, the differences affect current and deferred tax assets and liabilities in the period in which the determination was made.

K + G Complex Public Company Limited

4 Critical accounting estimates and judgments (continued)

(ii) Critical estimates in the application of the accounting policies of the Company and the Group

- **Impairment of investments in subsidiary companies**

The Company and the Group follows the guidance of IAS 36 “Impairment of assets” in determining whether a non current asset is impaired. The Company and the Group review the carrying value for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

As at 31 December 2016, the Company and the Group assessed whether the investments in subsidiary companies have been impaired, in accordance with the accounting policies disclosed in Note 2. The recoverable amounts of the assets or the cash generating units have been determined based on their fair value. The fair value calculations are based on the fair value of the subsidiary companies’ net assets. The recoverable amounts have been compared with the carrying values of the investments as at 31 December 2016. Following the impairment test, the Company and the Group did not recognise any impairment charge for the investments in subsidiary company.

5 Segment information

The revenue of Company and the Group, relates to income from the sale of immovable property in Cyprus.

As per management approach in relation to IFRS 8, operating segments are presented in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources and assessing performance of the operating segment. All operating segments used by the Group, meet the definition of a reportable segment as per IFRS 8.

The basic operating segments of the Group for which segment information is presented are as follows:

- (1) Development and sale of land
- (2) Holding of investments

The Board of Directors of the Company assesses the performance of the operating segments based on a measure of losses before interest, taxes, depreciation and amortization (EBITDA). This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring event. Interest income and expenditure are not allocated to segments. Other information presented, is accounted as per the financial statements. All the assets of the Group are situated in Cyprus.

K + G Complex Public Company Limited

5 Segment information (continued)

The segment information provided to the Board of Directors of the Company/Group for the reportable segments is as follows:

For the year ended 31 December 2016

	Development and sale of land €000	Holding of investments €000	Total €000
Revenue	4.436	-	4.436
Profit before interest, taxes, and depreciation	2.983	459	3.442
Total segment assets	6.324	96.575	102.899
Total assets include:			
Investments in associates	-	86.704	86.704
Total segment liabilities	370	15.638	16.008

For the year ended 31 December 2015

	Development and sale of land €000	Holding of investments €000	Total €000
Revenue	1.379	-	1.379
Profit before interest, taxes, and depreciation	352	512	864
Total segment assets	6.592	96.024	102.616
Total assets include:			
Investments in associates	-	84.403	84.403
Total segment liabilities	20	20.610	20.630

Reconciliation of segment results

Results before interest, taxes, depreciation and amortization differs from the profit before tax as follows:

	2015 €000	2014 €000
Profit before interest, taxes, and depreciation	3.442	864
Depreciation and impairment	(21)	(9)
Operating profit	3.421	854
Finance costs	(718)	(897)
Share of profit of associates	2.315	243
Profit before tax	5.018	200

K + G Complex Public Company Limited

6 Revenue

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Sale of plots and shops	4.436	1.379	4.200	1.379

7 Other income

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Interest income:				
Bank balances	-	1	-	1
Loans to related companies (Note 27(ii))	457	508	457	508
Other receivables	-	2	-	-
Other interest income	2	2	2	2
Total interest income	459	513	459	511
Dividend income (Note 27(iii))	-	-	95	-
Other income	188	4	188	4
	647	517	742	515

8 Cost of sales

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Cost of sales	988	393	826	393

9 Expenses by nature

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Impairment charge /depreciation of property, plant and equipment (Note 16)	21	9	21	9
Tax and licences	13	11	13	12
Legal and professional fees	4	1	1	1
Management fees (Note 27 (i))	351	341	345	335
Selling and distribution expenses	187	177	187	177
Directors' fees (Note 27 (iv))	2	2	2	2
Staff and related costs (Note 10)	33	33	33	33
Auditor's remuneration	19	18	18	16
Other expenses	55.214	78.073	53.010	74.765
Total cost of sales, selling costs and administrative expenses	674	649	659	639

The total fees charged by the statutory audit firm for the statutory audit of the annual financial statements of the Group / Company for the year ended December 31, 2016 amounted to €19 thousand / €18 thousand (2015: €18 thousand / €16 thousands). There were no other services charged by the statutory audit firm during the year ended 31 December 2015 and 31 December 2016.

K + G Complex Public Company Limited

10 Staff costs

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Salaries	32	32	32	32
Employer's contributions	1	1	1	1
Total (Note 27 (iv))	<u>33</u>	<u>33</u>	<u>33</u>	<u>33</u>
Average number of staff during the year	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

11 Finance costs

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Interest expense:				
Bank borrowings and overdrafts	718	897	717	897
Loan from subsidiary company (Note 27 (ii))	-	-	129	117
	<u>718</u>	<u>897</u>	<u>846</u>	<u>1.014</u>

12 Income tax expense

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Current tax charge:				
Income Tax	98	-	75	-
Tax charge	<u>98</u>	<u>-</u>	<u>75</u>	<u>-</u>

The tax on the Group's and the Company's profit/(loss) before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Profit/(loss) before tax	<u>5.018</u>	<u>200</u>	<u>2.611</u>	<u>(152)</u>
Tax calculated at the applicable corporation tax rate of 12,5%	627	25	326	(19)
Tax effect of expenses not deductible for tax purposes	5	4	5	4
Tax effect of allowances and income not subject to tax	(294)	(32)	(16)	(2)
Tax effect of tax losses for which no deferred tax asset was recognised	-	17	-	17
Special contribution for defence	-	-	-	-
10% additional tax	-	1	-	-
Tax effect from tax losses carrying forward	(240)	-	(240)	-
Tax effect of Group relief	-	(15)	-	-
Tax charge	<u>98</u>	<u>-</u>	<u>75</u>	<u>-</u>

K + G Complex Public Company Limited

12 Income tax expense (continued)

The Company/ Group is subject to income tax on taxable profits at the rate of 12,5%.

As from tax year 2012 brought forward losses of only 5 years may be utilised. From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% as from 1 January 2012; reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

Under the Cyprus Tax Law, the Company and its subsidiaries, of which the Company holds directly or indirectly at least 75% of the voting shares; are collectively referred to as the "Group" for tax purposes. A Company of the "Group" can set off its losses with the profits of the other companies of the Group.

The tax (charge)/credit relating to components of other comprehensive income as follows:

Tax effects of components of other comprehensive income

The Group

	Year ended 31 December					
	2016			2015		
	Before tax €000	Tax (charge)/ credit €000	After tax €000	Before tax €000	Tax (charge)/ credit €000	Before tax €000
Associated companies:						
Share of other comprehensive income	(15)	-	(15)	(630)	-	(630)
Other comprehensive income	(15)	-	(15)	(630)	-	(630)

13 Earnings per share

	2016	2015
Profit attributable to the equity holders of the Company (€000)	4.920	200
Weighted average number of ordinary shares in issue	128.586.161	128.586.161
Profit per share - Basic and diluted (cent per share)	3,83	0,16

K + G Complex Public Company Limited

14 Financial instruments by category

The Group

	Loans and receivables €000	Total €000
31 December 2016		
Assets as per consolidated balance sheet		
Non-current receivables	2.793	2.793
Current receivables	7.649	7.649
Cash and bank balances	21	21
Total	<u>10.463</u>	<u>10.463</u>

	Other financial liabilities €000	Total €000
31 December 2016		
Liabilities as per consolidated balance sheet		
Borrowings	15.638	15.638
Trade and other payables	350	350
Total	<u>15.988</u>	<u>15.988</u>

	Loans and receivables €000	Total €000
31 December 2015		
Assets as per consolidated balance sheet		
Non-current receivables	4.504	4.504
Current receivables	6.815	6.815
Total	<u>11.319</u>	<u>11.319</u>

	Other financial liabilities €000	Total €000
31 December 2016		
Liabilities as per consolidated balance sheet		
Borrowings	20.073	20.073
Trade and other payables	536	536
Total	<u>20.609</u>	<u>20.609</u>

K + G Complex Public Company Limited

14 Financial instruments by category (continued)

The Company

	Loans and receivables €000	Total €000
31 December 2016		
Assets as per balance sheet		
Non-current receivables	2.793	2.793
Current receivables	7.162	7.162
Cash and bank balances	21	21
Total	<u>9.976</u>	<u>9.976</u>

	Other financial liabilities €000	Total €000
Liabilities as per balance sheet		
Borrowings	18.445	18.445
Trade and other payables	20	20
Total	<u>18.465</u>	<u>18.465</u>

	Loans and receivables €000	Total €000
31 December 2015		
Assets as per balance sheet		
Non-current receivables	4.504	4.504
Current receivables	6.317	6.317
Total	<u>10.821</u>	<u>10.821</u>

	Other financial liabilities €000	Total €000
Liabilities as per balance sheet		
Borrowings	22.643	22.643
Trade and other payables	208	208
Total	<u>22.851</u>	<u>22.851</u>

K + G Complex Public Company Limited

15 Credit quality of financial assets

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

	<u>The Group</u>		<u>The Company</u>	
	2016	2015	2016	2015
	€000	€000	€000	€000
Trade receivables				
Group 2	529	495	42	29
Loans and other receivables				
Group 1	9.911	10.774	9.911	10.774
Group 2	2	50	2	18
	10.442	11.319	9.955	10.821

	<u>The Group</u>		<u>The Company</u>	
	2016	2015	2016	2015
	€000	€000	€000	€000
Cash at bank and short term bank deposits (Moody's)				
Caa3	21	-	21	-
	21	-	21	-

Group 1 – Companies within the Group, common control companies and associates with no defaults in the past.

Group 2 – Other receivables with no defaults in the past.

None of the financial assets that are fully performing has been renegotiated in the last year.

None of the loans and other receivables from related parties are overdue or impaired.

K + G Complex Public Company Limited

16 Property, plant and equipment

The Group

	Furniture and office equipment €000	Total €000
At 1 January 2015		
Cost	95	95
Accumulated depreciation	(65)	(65)
Net book amount	<u>30</u>	<u>30</u>
Year ended 31 December 2015		
Opening net book amount	30	30
Depreciation charge (Note 9)	(9)	(10.207)
Closing net book amount	<u>21</u>	<u>21</u>
At 31 December 2015		
Cost	95	95
Accumulated depreciation	(74)	(74)
Net book amount	<u>21</u>	<u>21</u>
Year ended 31 December 2016		
Opening net book amount	21	21
Impairment charge (Note 9)	(21)	(9.423)
Closing net book amount	<u>-</u>	<u>-</u>
At 31 December 2016		
Cost	95	95
Accumulated depreciation and impairment charge	(95)	(95)
Net book amount	<u>-</u>	<u>-</u>

K + G Complex Public Company Limited

16 Property, plant and equipment (continued)

The Company

	Furniture and office equipment €000	Total €000
At 1 January 2015		
Cost	95	95
Accumulated depreciation	(65)	(65)
Net book amount	<u>30</u>	<u>30</u>
Year ended 31 December 2015		
Opening net book amount	30	30
Depreciation charge (Note 9)	(9)	(9)
Closing net book amount	<u>21</u>	<u>21</u>
At 31 December 2016		
Cost	95	95
Accumulated depreciation	(74)	(74)
Net book amount	<u>21</u>	<u>21</u>
Year ended 31 December 2016		
Opening net book amount	21	21
Impairment charge (Note 9)	(21)	(21)
Closing net book amount	<u>-</u>	<u>-</u>
At 31 December 2016		
Cost	95	95
Accumulated depreciation and impairment charge	(95)	(95)
Net book amount	<u>-</u>	<u>-</u>

17 Investments in associates

	<u>The Group</u>		<u>The Company</u>	
	2016 €000	2015 €000	2016 €000	2015 €000
At beginning of year	84.403	84.790	32.953	32.953
Additions	1	-	1	-
Share of profit after tax	2.315	243	-	-
Share of changes in reserves	(15)	(630)	-	-
At end of year	<u>86.704</u>	<u>84.403</u>	<u>32.954</u>	<u>32.953</u>

K + G Complex Public Company Limited

17 Investments in associates (continued)

Set out below are the associates of the Company as at 31 December 2016, which, in the opinion of the Directors, are material to the Company. The associates listed below have share capital consisting solely of ordinary shares, which are held directly by the Company; the country of incorporation or registration is also their principal place of business.

Name	Country of incorporation	% of ownership interest	Nature of relationship	Measurement Method in Consolidated Financial statement	Measurement Method in Company's Financial Statement
2016 and 2015					
C.C.C. Secretarial Limited	Cyprus	20,00	Note 1	Equity Method	Cost Method
The Cyprus Cement Public Company Ltd	Cyprus	32,07	Note 2	Equity Method	Cost Method

Note 1: C.C.C. Secretarial Limited is acting as the secretary of companies and meanwhile providing other administrative services.

Note 2: The main activities of The Cyprus Cement Public Company Limited are the development and sale of land as well as providing strategic investment decisions in companies operating in the hotel and tourism sector and in the sector manufacturing and sale of cement.

As a 31 December 2016, the fair value of the Company's/Group interest in The Cyprus Cement Public Company Limited (the "associate"), which is listed on the Cyprus Stock Exchange, was €14.652 thousand (2015: €15.005 thousand). The market price listed on the stock exchange is not representative since these shares are not traded in an active market.

Important restrictions

There are no significant restrictions as a result of borrowing, regulatory requirements or contractual arrangements between investors with significant influence on affiliated companies as to the ability of affiliated companies to transfer money to the Company / the Group in the form of cash dividends or to repay loans or Advances made by the Company / the Group.

Important issues that have affected the carrying amount of the investment in the associated company The Cyprus Cement Public Company Limited

(1) The valuation of the Company's management for the investment property was based on the comparative method taking into consideration the selling price of part of the investment property as this was determined under the loan restructuring agreement entered by associated Company, as this was adjusted to represent the fair value of the whole investment property based on the current market conditions.

For the purpose of the comparative method performed by the Company's management for the valuation of the land, the land has been divided into three notional zones considering the physical characteristics of each zone. As a result, the comparative method is based on observable prices for Zone A on which Zone B's and Zone C's prices have been determined.

K + G Complex Public Company Limited

17 Investments in associates (continued)

The area of each notional zone and the price per square meter has been determined by the Company's management as follows;

Notional Zone	Area (square meters '000/ %)	Price per square meter (€)
Zone A	240 / 21%	479
Zone B	135 / 11%	240 (1/2 of Zone A's price)
Zone C	801 / 68%	160 (1/3 of Zone A's price)

The valuation of the Company's investment property has been classified as level 3 since the valuation techniques used incorporate unobservable inputs.

The table below shows the possible impact of the fair value of the investment property due to a change in the non-observable inputs (level 3).

Information in respect of valuation of investment property using non-observable inputs (Level 3) – 31 December 2016

Property	Valuation (€000)	Valuation method	Non-observable inputs	Change in input	Sensitivity
Land for development In Cyprus	273.971	Comparative method	Area allocation into notional zones ('000/ %)	Zone A – 176/ 15%	€16.998 thousands decrease
				Zone B – 176/ 15%	
				Zone C – 824/ 70%	
				Zone A – 706/ 60%	€8.736 thousands decrease
				Zone B – 470/ 40%	

(2) The fair value of available of sale investment was valued by the Company's management used the discounted cash flow method to measure the value of the residential apartments and the fair value method based on the expected operating profit (Earnings Before Interest and Depreciation, known as EBITDA) for the valuation of the hotel complex.

Information on fair value estimates using significant non-observable inputs (Level 3)

Description 31 December 2016	Fair value method	Non – observable data	Connection between non – observable data and fair value
Hotel operations:	Fair value method based on operating profit (EBITDA multiple)	Multiplier: 16 Expected operating profit(EBITDA): €9,6 million	The higher are the multiplier and the expected operating profit, the higher the fair value
Development and sale of luxury apartments:	Discounted cash flow method	Expected sale price of residential apartments €10.000 per square meter Discount rate: 7,08%	The higher the sale price per square meter is, the greater the fair value.

K + G Complex Public Company Limited

17 Investments in associates (continued)

Sensitivity

The table below shows the possible impact on the fair value of the investment from the change in significant assumptions.

Change in assumptions	Impact in other comprehensive income 2016 €000
<u>Operating profit method (Hotel complex)</u>	
Increase by 10% in the expected operating profit (EBITDA)	3.597
Decrease by 10% in the expected operating profit (EBITDA)	(3.597)
	<hr/>
Increase by 1 unit in the multiplier	2.248
Decrease by 1 unit in the multiplier	(2.248)
	<hr/>
<u>Discounted cash flow method (Luxury apartments)</u>	
Increase by 10% in expected sale price	1.377
Decrease by 10% in expected sale price	(1.377)
	<hr/>

The fair value of the investment has been classified as level 3 since the valuation techniques used incorporate unobservable inputs.

K + G Complex Public Company Limited

17 Investments in associates (continued)

Summarised balance sheet

	C.C.C Secretarial Limited As at 31 December		The Cyprus Cement Public Company Limited As at 31 December		Total As at 31 December	
	2016 €000	2015 €000	2016 €000	2015 €000	2016 €000	2015 €000
Current Assets						
Cash and cash equivalents	-	1	1	1.032	1	1.033
Other current assets	259	275	894	802	1.153	1.077
Total current assets	259	276	895	1.834	1.154	2.110
Financial liabilities (excluding trade payables)	(77)	(37)	(2.776)	(2.272)	(2.853)	(2.310)
Other current liabilities (including trade payables)	(160)	(236)	(210)	(174)	(370)	(409)
Total current liabilities	(237)	(273)	(2.986)	(2.446)	(3.223)	(2.719)
Non-current Assets	14	33	352.254	346.041	352.268	346.074
Financial liabilities	-	-	(18.909)	(21.891)	(18.909)	(21.891)
Other liabilities	-	-	(54.125)	(53.566)	(54.125)	(53.566)
Total non-current liabilities	-	-	(73.034)	(75.457)	(73.034)	(75.457)
Net assets	36	36	277.129	269.972	277.165	270.008
Net assets distributed to shareholders	36	36	270.331	263.162	270.367	263.198

K + G Complex Public Company Limited

17 Investments in associates (continued)

Summarised income statement

	C.C.C. Secretarial Limited As at 31 December		The Cyprus Cement Public Company Limited As at 31 December		Total As at 31 December	
	2016 €000	2015 €000	2016 €000	2015 €000	2016 €000	2015 €000
Revenue	1.230	1.201	627	576	1.857	1.777
Depreciation	(16)	(17)	(25)	(17)	(41)	(34)
Finance costs	(3)	(4)	(1.080)	(1.193)	(1.083)	(1.197)
Profit before tax	10	10	7.767	743	7.777	753
Income tax expense	(4)	(4)	(564)	(4)	(568)	(8)
Profit for the year	6	6	7.203	739	7.209	745

The information above reflects the amounts presented in the financial statements of the associates (and not the Company's share of those amounts) adjusted for differences in accounting policies between the Company and the associates.

Reconciliation of summarised financial information

Reconciliation of the condensed financial results are presented at the carrying amount of Investments in Associates that are measured using the equity method in the Consolidated Financial Statements of the Group are as follows:

Summarised financial information	C.C.C. Secretarial Limited As at 31 December		The Cyprus Cement Public Company Limited As at 31 December		Total As at 31 December	
	2016 €000	2015 €000	2016 €000	2015 €000	2016 €000	2015 €000
Opening net assets 1 January	36	30	263.162	265.368	263.198	265.398
Profit for the period	6	6	7.215	739	7.221	745
Other comprehensive income	(6)	-	(46)	(2.945)	(52)	(2.945)
Closing net assets attributable to shareholders	36	36	270.331	263.162	270.331	263.198
Interests in associates (20%;32,07%)	7	7	86.697	84.396	86.704	84.403

K + G Complex Public Company Limited

18 Investments in subsidiaries

	2016 €000	2015 €000
At the beginning of the year	3.000	3.000
At the end of the year	<u>3.000</u>	<u>3.000</u>

The subsidiary, which is registered in Cyprus, is presented below. Unless otherwise stated, the subsidiary company has a share capital consisting exclusively of ordinary shares held directly by the Company and the percentage of ownership rights it holds is equal to the voting rights held by the Company. The country of incorporation or registration is also its principal place of business.

The details regarding the wholly owned subsidiary undertaking, which unlisted, is as follows:

Name	Issued share capital	Country of incorporation	Principal activities
Galatex Tourist Enterprises Limited	1 750 000	Cyprus	Property development

19 Non-current receivables

	<u>The Group</u>		<u>The Company</u>	
	2016 €000	2015 €000	2016 €000	2015 €000
Non-current receivables				
Receivables from related companies (Note 27(vii))	<u>2.793</u>	<u>4.504</u>	<u>2.793</u>	<u>4.504</u>

The fair value of loans receivables from associated companies approximates their carrying amount.

The carrying amounts of the Company's and the Group's non-current receivables are denominated in Euro.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security. None of the non-current receivables is either past due or impaired.

20 Inventories

	<u>The Group</u>		<u>The Company</u>	
	2016 €000	2015 €000	2016 €000	2015 €000
Land and development costs	5.639	6.437	5.639	6.437
Completed shops and villas	-	155	-	-
	<u>5.639</u>	<u>6.592</u>	<u>5.639</u>	<u>6.437</u>

K + G Complex Public Company Limited

20 Inventories (continued)

The cost of inventories recognised as expense and included in the cost of sales amounts to €988 thousand (2015: €393 thousand) and €826 thousand (2015: €393 thousand) in Group and Company's result respectively.

Inventories are stated at cost. There were no inventories for which the net book value should decrease to the net realizable value.

The Company's/ Group's borrowings are secured on inventories for the amount of €20 million (Note 24).

21 Current receivables

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Trade receivables	529	495	42	29
Loans to related parties (Note 27 (vii))	7.085	6.251	7.085	6.251
Receivables from related parties (Note 27 (v))	33	19	33	19
Other receivables	2	238	2	206
	<u>7.649</u>	<u>7.003</u>	<u>7.162</u>	<u>6.505</u>

The fair value of trade and other receivables approximates their carrying amount.

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2016, the Company had trade receivables of €42 thousand (2015: €29 thousand) which were past due but not impaired. The trade receivables of the Group that were past due but not impaired amounted to €529 thousand (2015: €495 thousand). These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Over 3 months	<u>529</u>	<u>495</u>	<u>42</u>	<u>29</u>

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security.

The carrying amounts of the trade and other receivables of the Company and the Group are denominated in the following currencies:

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Euro	<u>7.649</u>	<u>7.003</u>	<u>7.162</u>	<u>6.505</u>

K + G Complex Public Company Limited

22 Cash and cash equivalents

	<u>The Group</u>		<u>The Company</u>	
	2016 €000	2015 €000	2016 €000	2015 €000
Cash at bank and in hand	21	-	21	-
	<u>21</u>	<u>-</u>	<u>21</u>	<u>-</u>
	<u>21</u>	<u>-</u>	<u>21</u>	<u>-</u>

Cash, cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows:

	<u>The Group</u>		<u>The Company</u>	
	2016 €000	2015 €000	2016 €000	2015 €000
Cash and bank balances	21	-	21	-
Less:				
Bank overdrafts (Note 24)	(432)	(2.248)	(426)	(2.232)
	<u>(411)</u>	<u>(2.248)</u>	<u>(405)</u>	<u>(2.232)</u>
	<u>(411)</u>	<u>(2.248)</u>	<u>(405)</u>	<u>(2.232)</u>

All cash and cash equivalents are denominated in Euro.

23 Share capital and share premium

	Number of shares	Share capital €000	Share premium €000	Total €000
At 1 January 2015/31 December 2015/ 31 December 2016	<u>128.586.161</u>	<u>21.860</u>	<u>1.757</u>	<u>23.617</u>

The total authorized number of ordinary shares is 500 000 000 shares (2015: 500 000 000 shares) with a par value of €0,17 per share (2015: €0,17 per share).

All issued shares are fully paid and carry equal voting rights.

K + G Complex Public Company Limited

24 Borrowings

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Current				
Bank overdrafts (Note 22)	432	2.248	426	2.232
	<u>432</u>	<u>2.248</u>	<u>426</u>	<u>2.232</u>
Non-current				
Bank borrowings	15.206	17.825	15.206	17.824
Borrowings from subsidiary company (Note 27 (vi))	-	-	2.813	2.587
	<u>15.206</u>	<u>17.825</u>	<u>18.019</u>	<u>20.411</u>
Total borrowings	<u>15.638</u>	<u>20.073</u>	<u>18.445</u>	<u>22.643</u>
Maturities on non-current borrowings				
Between 1 to 2 years	15.206	-	18.019	-
Between 2 to 5 years	-	17.825	-	20.411
	<u>15.206</u>	<u>17.825</u>	<u>18.019</u>	<u>20.411</u>

The Company

Bank loans of €15.206 thousand (2015: €17.824 thousand) are repayable up until July 2018. Loans from subsidiary of €2.813 thousand (2015: €2.587 thousand) are repayable up until 2018, bear interest of 4,70% (2015: 4,75%) and are not secured.

The Group

Bank loans of €15.206 thousand (2015: €17.825 thousand) are repayable up until July 2018.

The bank loans and overdrafts of the Company/Group are secured as follows:

- (i) By guarantees from the parent company C.C.C. Holdings & Investments Limited for an unlimited amount (Note 27 (viii)).
- (ii) By mortgage on the Company's land for the amount of €20 million (Note 20).
- (iii) General assignment of proceeds from sale of plots of the Group.

The weighted average effective interest rates at the balance sheet date were as follows:

	2016 %	2015 %
Borrowings from subsidiary	4,70	4,75
Bank borrowings	4,00	4,17
Bank overdrafts	4,70	5,15

K + G Complex Public Company Limited

24 Borrowings (continued)

The Company's and Group's bank borrowings and bank overdrafts are arranged at floating rates. For borrowings at floating rates the interest rate reprises on a monthly basis exposing the Company and the Group to cash flow interest rate risk.

The exposure of the Company's and Group's borrowings to interest rate changes and the contractual reprising dates at the balance sheet dates are as follows:

	<u>The Group</u>		<u>The Company</u>	
	2016 €000	2015 €000	2016 €000	2015 €000
6 months or less	15.638	20.073	18.445	22.643
	<u>15.638</u>	<u>20.073</u>	<u>18.445</u>	<u>22.643</u>

The carrying amounts of short term bank overdrafts and bank loans approximate their fair value.

The carrying amounts of the Company's and the Group's borrowings are denominated in the following currencies:

	<u>The Group</u>		<u>The Company</u>	
	2016 €000	2015 €000	2016 €000	2015 €000
Euro	15.638	20.073	18.445	22.643
	<u>15.638</u>	<u>20.073</u>	<u>18.445</u>	<u>22.643</u>

The Company and the Group have the following undrawn borrowing facilities:

	<u>The Group</u>		<u>The Company</u>	
	2016 €000	2015 €000	2016 €000	2015 €000
Floating rate:				
- Expiring within one year	2.846	1.076	2.834	1.075
	<u>2.846</u>	<u>1.076</u>	<u>2.834</u>	<u>1.075</u>

The credit facilities which expires within one year, are annual facilities and are subject to review at various dates.

25 Deferred tax liabilities

The gross movement on the deferred income tax account is as follows:

	<u>The Group</u>		<u>The Company</u>	
	2016 €000	2015 €000	2016 €000	2014 €000
At beginning/end of year	20	20	-	-
	<u>20</u>	<u>20</u>	<u>-</u>	<u>-</u>

K + G Complex Public Company Limited

25 Deferred tax liabilities (continued)

The movement in deferred tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

The Group

Deferred tax liabilities

	Difference in the recognition of gross profits, commissions payable and property tax €000	Total €000
At 1 January 2015/31 December 2015/31 December 2016	20	20

26 Trade and other payables

	<u>The Group</u>		<u>The Company</u>	
	2016	2015	2016	2015
	€000	€000	€000	€000
Trade payables	327	326	1	-
Other payables and accrued expenses	23	210	19	208
	<u>350</u>	<u>536</u>	<u>20</u>	<u>208</u>

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

27 Related party transactions

The Company is controlled by C.C.C. Holdings & Investments Limited, which is registered in Cyprus and holds 83,81% of the share capital of the Company. The remaining issued share capital is widely held. The ultimate parent company of the Group is George S. Galatariotis & Sons Limited.

The related companies are companies under common control and companies controlled by the Directors of the Company.

The following transactions were carried out with related parties:

(i) Purchase of services from associated companies

	<u>The Group</u>		<u>The Company</u>	
	2016	2015	2015	2014
	€000	€000	€000	€000
Management services (Note 9)	351	341	345	335
Selling and marketing costs	182	172	182	172
	<u>533</u>	<u>513</u>	<u>527</u>	<u>507</u>

The services are charged from C.C.C. Secretarial Limited and are based on the time spent by its employees on the affairs of the Company and office space allocated to the Company/Group.

K + G Complex Public Company Limited

27 Related party transactions (continued)

(ii) Interest on balances with related companies

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Interest payable (Note 11):				
Subsidiary company	-	-	129	117
	<u>-</u>	<u>-</u>	<u>129</u>	<u>117</u>
Interest receivable from loans and balances (Note 7):				
Ultimate parent company, associated company and parent company	457	508	457	508
	<u>457</u>	<u>508</u>	<u>457</u>	<u>508</u>
Associate company	145	228	145	228
Parent company	38	13	38	13
Ultimate parent company	274	267	274	267
	<u>457</u>	<u>508</u>	<u>457</u>	<u>508</u>

(iii) Dividends receivable

	The Company	
	2016 €000	2015 €000
Dividends receivable:		
Subsidiary company	95	-
	<u>95</u>	<u>-</u>

(iv) Key management personnel and Directors compensation

The total remuneration of the key management personnel and Directors was as follows:

	The Group		The Company	
	2016 €000	2015 €000	2016 €000	2015 €000
Director Fees (Note 9)	2	2	2	2
Emoluments in their executive capacity (Note 10)	33	33	33	33
	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>

K + G Complex Public Company Limited

27 Related party transactions (continued)

(iv) Key management personnel and Directors compensation (continued)

The Group and the Company

	Fees €000	Wages and employer's contributions €000	Employer's provident fund contributions €000	Total €000
Year ended 31 December 2016				
Executive Directors ⁽¹⁾	32	1	2	35
Total	<u>32</u>	<u>1</u>	<u>2</u>	<u>35</u>
Year ended 31 December 2015				
Executive Directors ⁽¹⁾	32	1	2	35
Total	<u>32</u>	<u>1</u>	<u>2</u>	<u>35</u>

⁽¹⁾ The Director who has a remuneration is Mr. George St. Galatariotis and the Directors who have annual fee for their services are Mr. George St. Galatariotis, Michalis Christoforou, Tasos Anastasiou, Costas Galatariotis and Stavros G. St. Galatariotis amounted to €400 each.

(v) Year end balances

	<u>The Group</u>		<u>The Company</u>	
	2016 €000	2015 €000	2016 €000	2015 €000
Receivables from related parties (Note 21):				
Associated companies	33	19	33	19
	<u>33</u>	<u>19</u>	<u>33</u>	<u>19</u>

(vi) Loans from related parties

	<u>The Group</u>		<u>The Company</u>	
	2016 €000	2015 €000	2016 €000	2015 €000
Borrowings from subsidiary company:				
At beginning of year	-	-	2.587	2.479
Amounts repaid during the year	-	-	(20)	(9)
Loans offset against balance from dividends received (Note 27 (iii))	-	-	(95)	-
Amounts advanced during the year	-	-	213	-
Interest charged (Note 11)	-	-	129	117
At end of year (Note 24)	<u>-</u>	<u>-</u>	<u>2.813</u>	<u>2.587</u>

The loan from the subsidiary entity bears average annual interest at 4,70% (2015: 4,75%), is unsecured and is repayable by 2018.

K + G Complex Public Company Limited

27 Related party transactions (continued)

(vii) Loans to related parties

	<u>The Group</u>		<u>The Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>€000</u>	<u>€000</u>	<u>€000</u>	<u>€000</u>
Loans granted to the ultimate parent company and associated company and other companies under common control:				
At beginning of year	10.755	10.611	10.755	10.611
Loans advanced during the year	522	92	522	92
Loans settled with related parties	-	(28)	-	(28)
Loans repaid during the year	(1.856)	(428)	(1.856)	(428)
Interest charged (Note 7)	457	508	457	508
	<u>9.878</u>	<u>10.755</u>	<u>9.878</u>	<u>10.755</u>
At end of year (Notes 19 and 21)	<u>9.878</u>	<u>10.755</u>	<u>9.878</u>	<u>10.755</u>

The loan with the associate company amounted to €2.793 thousand (2015: 4.504 thousand), is not secured, bears interest of 4,70% (2015: 4,75%) and is repayable in 2018 (Note 19).

The loan with the ultimate parent company amounted to €6.093 thousand (2015: €5.820 thousand), is secured with corporate guarantee from the related entity, Galatariotis Enterprises Limited, is repayable on demand and bears interest of 4,70% (2015:4,75%).

The loan granted to the parent company, C.C.C. Holdings & Investment Limited amounted to €992 thousand (2015: €431 thousand), is not secured, bears interest of 4,70% (2015: 4,75%) and is repayable on demand.

(viii) Loan guarantees from related companies

The parent company C.C.C. Holdings & Investments Limited, has guaranteed a loan provided to the Company/Group for unlimited amount (Note 24).

(ix) Loan guarantees to related Companies

The Company/Group has corporate guaranteed amounted to €12.000 thousand for loans received from related companies (Note 28).

28 Contingent liabilities

The Group and the Company is guarantor for loans received from related companies (Note 27 (ix)). The Board of Directors do not except any liability for the Group and the company concerning those guarantees.

29 Events after the balance sheet date

There were no material post balance sheet events, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 8 to 15.