K + G Complex Public Company Limited

Report and financial statements
31 December 2017

Contents

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 (resigned on 31/12/2017)
Michalis Mousiouttas (appointed on 19/1/2018)
Antonis Antoniou Latouros (appointed on 19/1/2018)

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 (N190(I) 2007) as this was amended, 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 2017 we confirm that, to the best of our knowledge:

(a) the annual consolidated and separate financial statements which are presented on pages 18 to 70:

(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)	
Michalis Mousiouttas (Director)	
Antonis Antoniou Latouros (Director)	

Responsible for the preparation of the financial statements

Name and surname	Position	Signature
Elena Stylianou	Financial Manager	

Limassol, 30 April 2018

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 its management report together with the audited consolidated financial statements of the Group and the audited separate financial statements of the Company for the year ended 31 December 2017.

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/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 31 December 2017, the Group’s turnover is reduced by 26%, from €4.436 thousand to €3.288 thousand due to decrease in plots sales. As a result of decrease in turnover, both the gross profit and operating profit are reduced in 2017 compared to 2016. The Group's net profit for the year ended 31 December 2017 amounted to €3.549 thousand compared to €4.920 thousand in 2016. The net profit for the year is reduced due to decrease in operating profit as explained above, due to the results from the associated company The Cyprus Cement Public Company Limited, which are slightly reduced in year 2017 compared to 2016, and due to decrease in other income (Note 7). On 31 December 2017 the Group's total assets were €102.838 thousand (2016: €102.899 thousand) and the total equity were €88.585 thousand (2016: €86.891 thousand).

5 During the year ended 31 December 2017, the Company’s turnover is reduced by 22%, from €4.200 thousand to €3.288 thousand due to decrease in plots sales. As a result of decrease in turnover, both gross profit and operating profit are reduced in 2017 compared to 2016. During the year 2017, the Company received dividends from its associated company The Cyprus Cement Public Company Limited and its subsidiary company Galatex Tourist Enterprises Ltd of €706 thousand and €109 thousand respectively. As a result, the Company's net profit for the year ended 31 December 2017 amounted to €2.076 thousand compared €2.536 thousand in 2016. On 31 December 2017 the total assets of the Company were €50.300 thousand (2016: €51.655 thousand) and the total equity were €33.337 thousand (2016: €33.190 thousand).

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

Management Report (continued)

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.

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 30 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 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 and fair value

12 The interest rate risk of the Group/Company is derived from interest-bearing and long-term borrowings. Fixed interest rate assets and borrowings expose the Group/Company to fair value interest rate risk.

Management Report (continued)

13 At 31 December 2017, the Group's assets bearing a fixed interest rate amounted to €9.486 thousand. The Company's assets and liabilities bearing a fixed interest rate amounted to €9.481 thousand and €3.040 thousand respectively. 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 fair value 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.

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 At 31 December 2017, the Group's/Company's credit risk arises from trade and other receivables of €46 thousand/€41 thousand, loans and other receivables from related companies amounting to €9.440 thousand/€9.440 thousand and bank balances of €3 thousand/€3 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 18, 19 20 and 21. After the evaluation of the availability of profits distribution and the liquidity of the Group/Company the shareholders approved the dividends distribution as shown below.

Dividends

20 At the Annual General Meeting of the shareholders held on 30th June 2017, the payment of a dividend from the profits of year 2016, amounting to €1.929 thousand and corresponding to €0,015 per share, was approved. The dividend was paid to the shareholders on 27 July 2017.

Share capital

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

Board of Directors

22 The members of the Board of Directors as at 31 December 2017 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 2017 except Mr. Michalis Mousiouttas and Antonis Antoniou Latouros who were appointed on 19 January 2018.

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

Also, in accordance with the Company's Articles of Association Mr. Antonis Antoniou Latouros and Michalis Mousiouttas who have been appointed by the Board of Directors of the Company on 19 January 2018, retire at the next Annual General Meeting and, being eligible, offer themselves for re-election.

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

Corporate Governance Code

25 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.

26 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.

27 Pursuant to the article 78 of the Auditors' Law of 2017, the Board of Directors of the Company has proceeded to the establishment of an Audit Committee on 19 January 2018. The Audit Committee consists of the following members:

- Mr. Antonis Latouros - President of the Committee
- Mr. Michalis Mousiouttas - Member of the Committee
- Mr. Michalis Christoforou - Member of the Committee

Management Report (continued)

Corporate Governance Code (continued)

28 The majority of Audit Committee members are Independent Non-Executive Directors. The Committee will meet with external auditors for independent discussion without the presence of Executive Directors. The Audit Committee will review a wide range of financial issues, including annual and semi-annual results, statements and accompanying reports, before submitting them to the Board of Directors, as well as overseeing the procedures for choosing accounting principles and accounting calculations for the Company's financial statements. Also, the Audit Committee advises the Board of Directors on the appointment of external auditors and their fees for audit and non-audit work. The external auditors shall carry out independent and objective audits of internal financial control procedures only to the extent they deem necessary to express an opinion in their report on the accounts. The Audit Committee discusses extensively with the auditors the findings that have arisen during the audit as well as the auditors' report.

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

29 The shareholders who held more than 5% of the issued share capital of the Company with voting rights on 30th April 2018, are as follows:

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

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

31 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.

32 The Company’s Articles of Association can be modified by the passing of a special resolution at an Extraordinary General Meeting of the shareholders.

33 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.

34 The Board of Directors consists of 5 members (until 31 December 2017) and 6 members (from 19 January 2018) 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.

Management Report (continued)

Corporate Governance Code (continued)

Directors' interest in the Company's share capital

35 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 2017 and on 30 April 2018 was as follows:

	Interest at 30 April 2018 %	**Interest at 31 December 2017 %**
George St. Galatariotis (1)	83,81	83,81
Costas St. Galatariotis (1)	-	-
Stavros G. St. Galatariotis (1)	-	-
Michalis Christoforou	-	-
Tasos Anastasiou (2)	-	-
Antonis Antoniou Latouros (3)	-	-
Michalis Mousiouttas (3)	-	-

(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.
(2) Mr. Tasos Anastasiou was resigned from member of the Board of Directors on 31 December 2017.
(3) Messrs. Antonis Antoniou Latouros and Michalis Mousiouttas were appointed as members of the Board of Directors on 19 January 2018.

Contracts with Directors and related parties

36 Other than the transactions and the balances with the Directors and related parties referred to in Note 29 of the financial statements, there were no other significant contracts with the Company, or its subsidiaries at 31 December 2017 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

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

Branches

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

Independent auditors

39 Pursuant to the provisions of the Auditors' Law of 2017 (53 (I) / 2017) and the related interpretation of the said law by the Cyprus Public Audit Oversight Board, the Company will proceed with a public tendering procedure for the selection of the independent auditors for the year 2018. The tendering procedure for the selection of independent auditors will be conducted by the Audit Committee of the Company and the independent Auditors selected, will be approved and appointed by the Annual General Meeting of Shareholders of the Company.

By Order of the Board

C.C.C. Secretarial Limited
Secretary

Limassol, 30 April 2018

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 K + G Complex Public Company Limited (the "Company") and its subsidiaries (together the "Group") and the accompanying separate financial statements of the Company give a true and fair view of the consolidated and separate financial position of the Group and Company respectively as at 31 December 2017, 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 (IFRSs) 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 18 to 76 and comprise:

- the consolidated balance sheet as at 31 December 2017;
- the balance sheet of the Company as at 31 December 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the income statement of the Company for the year then ended;
- the statement of comprehensive income of the Company for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the statement of changes in equity of the Company for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the cash flow statement of 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.

Independence

We remained independent of the Group and the Company throughout the period of our appointment 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 consolidated and separate financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

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

Key Audit Matter	***How our audit addressed the Key Audit Matter***
Fair value of land for development Refer to Notes 4 and 19 of the Consolidated and separate financial Statements. We focused on this matter due to the significance of the carrying value of the investment in associate of € 88.206 thousand 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. In particular, the significant matters that have affected the carrying value of the investment are as follows**:**	For the fair value of the land for development, we discussed with the Management and assessed the data, assumptions, valuation methodology and calculations made by the Management for the estimation of the fair value of the property based on data and assumptions of high subjectivity, particularly in relation to the separation of the property in notional zones and the available-for-sale financial assets held by the associate company. The separation of the property into notional zones was done to take into account the diversity and geographic advantages of each zone based on the Board of Director's perception.

Key Audit Matter	***How our audit addressed the Key Audit Matter***
In particular, the significant matters that have affected the carrying value of the investment are as follows**:** • *Fair value of land for development* We focused on this matter due to the size of the fair value of the land for development amounting to €238.108 thousands at 31 December 2017 and due to the complexity and high degree of subjectivity of the management's assessment of the fair value of the property, including the high degree of subjectivity in the method used to separate the property into notional zones. The fair value of the land for development was estimated by the management of the associate company on the basis of the comparative method taking into account comparable sales prices from recent transactions of similar properties adjusted on the basis of the division of the property into zones to represent the fair value of the entire property.	Internal experts of our office, with the required knowledge and skills, have been involved to support us in our assessment of the fair value measurement of the property performed by the Management, and in our assessment of the fair value measurement of the financial assets available for sale. With the support of internal experts, we examined the calculations made by the Management and the technical and mathematical accuracy of the valuation model. We also evaluated the reasonableness of the significant assumptions made by the Management through a comparison with observable market data. We as the group auditors have been involved in the audit work of the reporting unit for which the work was performed by component auditors to conclude whether sufficient appropriate audit evidence in relation to our assessment of the fair value measurement of the investment has been obtained. Our involvement in that work included, amongst others, review of the audit work in the files of component auditors in scope and frequent communications with component audit teams to ensure that our audit plan was appropriately executed.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
• *Fair value of available-for-sale financial assets* We focused on this matter because of the size of the fair value of available-for-sale financial assets of €20.703 thousands at 31 December 2017 and because of the complexity and high degree of subjectivity involved in the Associate's Management assessment of the fair value of the investment. The fair value of the investment was estimated by the Group's management based on the discounted cash flow method for the valuation of the residential apartments building and the EBITDA multiple method for the valuation of the hotel complex. The fair value of the investment was estimated by the Group's Management at €20.703 thousands at 31 December 2017.	In addition, we evaluated the sensitivity analysis in relation to: • The effect on the fair value of the property on the profits of the associated company from the change in the separation of the property into notional zones and • we evaluated the sensitivity analysis of the Management in relation to the effect on the fair value of the available-for-sale financial assets in the other comprehensive income of the associate company from the change in the key assumptions. Finally, we evaluated the adequacy of the disclosures made in Note 19 of the consolidated and separate financial statements in relation to the data, key assumptions and sensitivity analysis on these key assumptions. The results of the above procedures were satisfactory for the purposes of our audit.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Declaration of the Board of Directors and other Company officials responsible for the financial statements and in the Management Report, but 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 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, 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 and those charged with governance 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 the 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's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group and the 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 the 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 judgement 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 and the Company'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 and 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 a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company in 1996 by the Board of Directors for the audit of the financial statements for the year ended 31 December 1996. Our appointment has been renewed annually, by shareholder resolution representing a total period of uninterrupted engagement appointment of 12 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated and separate financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 30 April 2018 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group and the Company and which have not been disclosed in the consolidated and separate financial statements or the management report.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report 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 light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.

- In our opinion, based on the work undertaken in the course of our audit, 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 and separate financial statements.

- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

- In light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have 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. We have nothing to report in this respect.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent 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
[City House, 6 Karaiskakis Street,
CY-3032 Limassol, Cyprus

Limassol, 30 April 2018

Consolidated income statement for the year ended 31 December 2017

	Note	**2017 €000**	2016 €000
Sales	6	**3.288**	4.436
Cost of sales	8	**(566)**	(988)
Gross profit		**2.722**	3.448
Administrative expenses		**(583)**	(487)
Selling and marketing expenses		**(223)**	(187)
Other income	7	**220**	647
Operating profit		**2.136**	3.421
Finance costs	12	**(579)**	(718)
Share of profit of investment in associates	19	**2.130**	2.315
Profit before tax		**3.687**	5.018
Tax	13	**(138)**	(98)
Profit for the year		**3.549**	4.920
Profit per share (cents per share):			
- Basic and fully diluted	14	**2,76**	3,83

The notes on pages 28 to 70 are an integral part of these financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2017

	Note	**2017 €000**	2016 €000
Profit for the year		**3.549**	4.920
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Share of movement of reserves of associates	19	**74**	(15)
Total comprehensive income for the year		**3.623**	4.905

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 13.

The notes on pages 28 to 70 are an integral part of these financial statements.

Company's income statement for the year ended 31 December 2017

	Note	**2017 €000**	2016 €000
Sales	6	**3.288**	4.200
Cost of sales	8	**(566)**	(826)
Gross profit		**2.722**	3.374
Administrative expenses		**(530)**	(472)
Selling and marketing expenses		**(223)**	(187)
Other losses	10	**(278)**	-
Other income	7	**1.224**	742
Operating profit		**2.915**	3.457
Finance costs	12	**(682)**	(846)
Profit before tax		**2.233**	2.611
Tax	13	**(157)**	(75)
Profit for the year		**2.076**	2.536

The notes on pages 28 to 70 are an integral part of these financial statements.

Company's statement of comprehensive income for the year ended 31 December 2017

	2017 €000	2016 €000
Profit for the year	**2.076**	2.536
Other comprehensive income for the year	**-**	-
Total Profit for the year	**2.076**	2.536

The notes on pages 28 to 70 are an integral part of these financial statements.

Consolidated balance sheet at 31 December 2016

	Note	2017 €000	2016 €000
Assets			
Non-current assets			
Investments in associates	19	**88.206**	86.704
Non-current receivables	21	**-**	2.793
		88.206	89.497
Current assets			
Inventories	22	**5.136**	5.639
Current receivables	23	**9.486**	7.649
Tax refundable		**7**	93
Cash and cash equivalents	24	**3**	21
		14.632	13.402
Total assets		**102.838**	102.899
Equity and liabilities			
Capital and reserves			
Share capital	25	**21.860**	21.860
Share premium	25	**1.757**	1.757
Reserve of changes in equity of associate company		**490**	416
Reserve arising on translation of share capital into Euro		**86**	86
Retained earnings		**64.392**	62.772
Total equity		**88.585**	86.891
Non-current liabilities			
Borrowings	26	**-**	15.206
Deferred income tax liabilities	27	**-**	20
		-	15.226
Current liabilities			
Trade and other payables	28	**353**	350
Borrowings	26	**13.898**	432
Tax liabilities		**2**	-
		14.253	782
Total liabilities		**14.253**	16.008
Total equity and liabilities		**102.838**	102.899

On 30 April 2018 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 28 to 70 are an integral part of these financial statements.

Company's balance sheet at 31 December 2017

	Note	2017 €000	2016 €000
Assets			
Non current assets			
Investments in subsidiaries	20	**2.722**	3.000
Investments in associates	19	**32.958**	32.954
Non-current receivables	21	**-**	2.793
		35.680	38.747
Current assets			
Inventories	22	**5.136**	5.639
Trade and other receivables	23	**9.481**	7.162
Tax refundable		**-**	86
Cash and cash equivalents	24	**3**	21
		14.620	12.908
Total assets		**50.300**	51.655
Equity and liabilities			
Capital and reserves			
Share capital	25	**21.860**	21.860
Share premium	25	**1.757**	1.757
Reserve arising on translation of share capital into Euro		**86**	86
Retained earnings		**9.634**	9.487
		33.337	33.190
Non current liabilities			
Borrowings	26	**3.040**	18.019
			18.019
Current liabilities			
Trade and other payables	28	**25**	20
Borrowings	26	**13.896**	426
Current income tax liabilities		**2**	-
		13.923	446
Total liabilities		**16.963**	18.465
Total equity and liabilities		**50.300**	51.655

On 30 April 2018 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 28 to 70 are an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2017

	Share capital €000	Share premium [(2)] €000	Reserve arising on translation of share capital into Euros[(2)] €000	Reserve of changes in equity of associated company [(2)] €000	Retained earnings [(1)] €000	Total €000
Balance at 1 January 2016	**21.860**	**1.757**	**86**	**431**	**57.852**	**81.986**
Profit for the year	-	-	-	-	4.920	4.920
Other comprehensive income						
Share of reserves of associates (Note 19)	-	-	-	(15)	-	(15)
Total comprehensive profit for the year 2016	-	-	-	(15)	4.920	(15)
Balance at 31 December 2016/ 1 January 2017	**21.860**	**1.757**	**86**	**416**	**62.772**	**86.891**
Profit for the year	-	-	-	-	3.549	3.549
Other comprehensive income						
Share of reserves of associates (Note 19)	-	-	-	74	-	74
Total comprehensive income for the year 2017	-	-	-	74	3.549	3.623
Transactions with owners						
Dividend paid from the profits of 2016 (Note 15)	-	-	-	-	(1.929)	(1.929)
Total transactions with owners	-	-	-	-	(1.929)	(1.929)
Balance at 31 December 2017	**21.860**	**1.757**	**86**	**490**	**64.392**	**88.585**

(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 28 to 70 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 2017

	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 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/ 1 January 2017	**21.860**	**1.757**	**86**	**9.487**	**33.190**
Profit for the year	-	-	-	2.076	2.076
Total comprehensive profit for the year 2017	-	-	-	2.076	2.076
Transactions with owners					
Dividend paid from the profits of 2016 (Note 15)	-	-	-	(1.929)	(1.929)
Total transactions with owners	-	-	-	(1.929)	(1.929)
Balance at 31 December 2017	**21.860**	**1.757**	**86**	**9.634**	**33.337**

(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 28 to 70 are an integral part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December 2017

	Note	**2017 €000**	2016 €000
Cash flows from operating activities			
Profit before tax		**3.687**	5.018
Adjustments for:			
Impairment charge /Depreciation of property, plant and equipment	18	**-**	21
Interest expense	12	**579**	718
Interest income	7	**(205)**	(459)
Share of profit of associates	19	**(2.130**	(2.315)
		1.931	2.983
Changes in working capital:			
Inventories		**503**	953
Trade and other receivables		**325**	188
Trade and other payables		**399**	(188)
Cash generated from operations		**3.158**	3.936
Tax paid		**(72)**	(98)
Net cash generated (used in)/from operating activities		**3.086**	3.838
Cash flows from investing activities			
Loans granted to related parties	29 (vii)	**(527)**	(522)
Repayments of loans from related parties	29 (vii)	**-**	1.856
Interest received		**53**	5
Net cash generated from investing activities		**(474)**	1.339
Cash flows from financing activities			
Repayments of bank loan		**(1.353)**	(2.622)
Interest paid		**(579)**	(718)
Dividend paid to the shareholders	15	**(311)**	-
Net cash used in financing activities		**(2.243)**	(3.340)
Net increase in cash, cash equivalents and bank overdrafts		**369**	1.837
Cash, cash equivalents and bank overdrafts at the beginning of the year		**(411)**	(2.248)
Cash, cash equivalents and bank overdrafts at the end of the year	24	**(42)**	(411)

For non-cash transactions refer to note 24.

The notes on pages 28 to 70 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 2017

	Note	2017 €000	2016 €000
Cash flows from operating activities			
Profit/(Loss) before tax		**2.233**	2.611
Adjustments for:			
Impairment charge/depreciation of property, plant and equipment	18	**-**	21
Impairment of investment in subsidiary company	10	**278**	-
Interest income	7	**(397)**	(459)
Interest expense	12	**682**	846
Dividend Income	29 (iii)	**(815)**	(95)
		1.981	2.924
Changes in working capital:			
Inventories		**503**	798
Trade and other receivables		**35**	177
Trade and other payables		**401**	(188)
Cash generated from operations		**2.920**	3.711
Tax paid		**(71)**	(75)
Net cash generated from operating activities		**2.849**	3.711
Cash flows from investing activities			
Loans granted to related parties	29 (vii)	**(527)**	(522)
Proceeds from repayment of loans from related parties	29 (vii)	**-**	1.856
Interest received		**53**	3
Net cash generated from investing activities		**(474)**	1.337
Cash flows from financing activities			
Proceeds from loans granted from related parties	29 (vi)	**273**	213
Repayment of loans from related parties	29 (vi)	**(40)**	(20)
Repayment of bank loan		**(1.353)**	(2.622)
Interest paid		**(579)**	(718)
Dividend paid	15	**(311)**	-
Net cash used in financing activities		**(2.010)**	(3.146)
Net increase in cash, cash equivalents and bank overdrafts		**365**	1.827
Cash, cash equivalents and bank overdrafts at the beginning of the year		**(405)**	(2.232)
Cash, cash equivalents and bank overdrafts at the end of the year	24	**(40)**	(405)

For non-cash transactions refer to note 24.

The notes on pages 28 to 70 are an integral part of these financial statements.

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

The Cypriot economy after overcoming the economic downturn of the last years has recorded a positive growth in 2016 and 2017. Overall, prospects for the Cyprus economic remain positive, however, there are still downside risks of recession resulting from high levels of non-performing loans, the sovereign debt ratio and the and the likely deterioration of Cyprus's external environment.

This operating environment, could affect Company's/Group's business and its financial position. The Group's and the Company's management is taking all the necessary measures to maintain the viability of the Group and the Company business, but the future impact of the current financial position is difficult to predict, and the current management's forecasts could differ from the real results.

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 disclosed in the financial statements, are deemed necessary.

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), and the requirements of the Cyprus Companies Law, Cap. 113.

2 Summary of significant accounting policies (continued)

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 2017 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.

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.

Going concern

The consolidated and separate financial statements have been prepared on a going concern basis, which provides the realization of assets and fulfilment of liabilities in the normal course of business.

During the year ended 31 December 2017, the Group realized profit for the year of €3.549 thousand (2016: €4,920), and on 31 December 2017, the Group's total net current assets amounted to €379 thousand (2016: €12.620 thousand).

During the year ended 31 December 2017, the Company realized profit for the year of €2.076 thousand (2016: 2.536 thousand), and on 31 December 2017 the Company’s net current assets amounted to €697 thousand (2016: €12.462 thousand).

At 31 December 2017, there is a loan of €13.853 thousand, which is repayable in August 2018. The Group/Company has proceeded with a request to Alpha bank Cyprus Ltd for loan restructuring. The bank confirmed its intention to proceed with the restructuring of the loan.

The Group and the Company, take all measures to develop/improve the land it owns, and intensify the efforts to dispose this land to interested buyers, in order to proceed with the repayment of bank loan.

In view of the above, the Board of Directors of the Group and the Company considers that the restructuring of the loan will be finalized soon, and considers that there are no any factors indicating the existence of uncertainty about the Group and the Company ability to continue as going concern, and that the preparation of these consolidated and separate financial statements on a going concern basis is appropriate.

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs

During the current year the Company and the Group 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 2017. This adoption did not have a material effect on the accounting policies of the Company/the Group, except the following set out below:

- Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017). As a result of this amendment, the Company and the Group disclose a reconciliation of movements in liabilities arising from financing activities. (Note 24)

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2017, 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 amortized cost, those to be measured subsequently at fair value through other comprehensive income and those to be measured subsequently at fair value through profit or loss.

  (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 amortized 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.

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

(v) 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.

(vi) 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.

(vii) 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.

- 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.

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

2 Summary of significant accounting policies (continued)

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.

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 acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2 Summary of significant accounting policies (continued)

Consolidated financial statements (continued)

(1) Subsidiaries (continued)

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.

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.

2 Summary of significant accounting policies (continued)

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.

(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:

2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

(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.

(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

(i) Functional and presentation currency

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 functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other (losses)/gains – net".

2 Summary of significant accounting policies (continued)

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.

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.

Dividend distribution

Dividend distribution to the Group’s/Company’s shareholders is recognised as a liability in the Group's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Group/Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Group’s/Company’s shareholders.

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.

2 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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.

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.

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(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.

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.

2 Summary of significant accounting policies (continued)

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.

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.

2 Summary of significant accounting policies (continued)

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.

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.

2 Summary of significant accounting policies (continued)

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.

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**

  Fair value and cash flow interest rate risk

  The Company's and Group's interest rate risk arises from interest-bearing assets and long-term borrowings. Interest-bearing assets represent loan receivables from related parties and cash to the bank. Long-term borrowings represents loans payable to related parties. Interest-bearing assets and borrowing issued at variable interest rates expose the Group and the Company to cash flow interest rate risk. Interest-bearing assets and borrowings issued at a fixed Interest rates expose the Group and the Company to a fair value interest rate risk.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

The Group's and Company's exposure fair value and cash flow interest rate risk is not significant.

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

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties are accepted. The management assesses the credit quality of the counterparties, taking into consideration their financial position, past experience and other factors. See Note 15 for further disclosures on credit risk.

The Board of Directors does not expect any losses from non-performance by these counterparties.

- **Liquidity risk**

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 26) and cash and cash equivalents (Note 24) on the basis of expected cash flow.

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

	The Group		**The Company**	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Floating rate:				
- Within one year	**2.617**	2.846	**2.600**	2.834

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

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.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

The Group

	Less than 1 year €000	Between 1 and 2 years €000	Between 2 to 5 years €000
At 31 December 2016			
Borrowings	1.038	15.559	-
Trade and other payables	350	-	-
	1.388	15.559	-
At 31 December 2017			
Borrowings	14.219	-	-
Trade and other payables	353	-	-
	14.572	-	-

The Company

	Less than 1 year €000	Between 1 and 2 years €000	Between 2 to 5 years €000
At 31 December 2016			
Borrowings	1.164	18.383	-
Trade and other payables	20	-	-
	1.184	18.383	-
At 31 December 2017			
Borrowings	14.219	-	3.333
Trade and other payables	25	-	-
	14.255	-	3.333

(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.

3 Financial risk management (continued)

(ii) Capital risk management (continued)

The gearing ratios at 31 December 2017 and 2016 were as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Total borrowings (Note 26)	**13.898**	15.638	**16.936**	18.445
Less: cash and cash equivalents (Note 24)	**(3)**	(21)	**(3)**	(21)
Net debt	**13.895**	15.617	**16.933**	18.424
Total equity	**88.585**	86.891	**33.337**	33.190
Total capital as defined by the board	**102.480**	102.508	**50.270**	51.614
Gearing ratio	**14%**	15%	**34%**	36%

The reduction in the gearing ratio during 2017 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**

Significant judgments and estimates are required in determining the corporate tax provision. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company / Group recognizes liabilities for anticipated tax audit issues based on estimates and calculations as to whether additional tax will arise. Where the final tax outcome of these matters differs from the amounts that were initially recognized, such differences will affect the current and deferred tax assets and liabilities in the period in which such determination is made.

4 Critical accounting estimates and judgments (continued)

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

- **Fair value of investment property of €237.271 thousand (2016: €273.971 thousand) at associated company**

  The fair value of the investment property is based on observable comparable information of the market, including expected selling prices. Where observable comparable information are not available, the fair values are determined through significant judgements by the Company's management who have the relevant expertise, knowledge and recent experience that are necessary in the valuation of the investment property.

  At 31 December 2017 and 31 December 2016, the fair value estimates of the investment property, were based on valuation methods which incorporate comparative observable selling prices, where these are available, adjusted to reflect properties specific nature, size, uniqueness and their urban planning features.

  The main assumptions used for the valuation of the investment property are disclosed in Note 19.

  Therefore, Company's management believes that the fair value of investment property is subject to a significant level of subjectivity and an increased likelihood that the value of the property will be different.

  Any negative changes in the above keys assumptions would lead to a significant decrease in the fair value of the investment property (Note 19).

- **Fair value of available-for-sale financial assets at associated company**

  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

  At 31 December 2017 and 31 December 2016, the fair value of the available for sale investment, has been determined by using the expected operating profit (known as "EBITDA") and the discounted cash flow method (DCF). 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.

  The Company's management assessed the different techniques and selected the fair value method which was based on the operational profit (EBITDA multiple), as the most appropriate taking into account the characteristics and particularities of the investment, the available information and the maximization of the observable data used in the estimation.

4 Critical accounting estimates and judgments (continued)

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

In estimating future cash flows and operating profitability, the Group should make assumptions about future cash flows and expected operating profitability. These assumptions are based on historical trends as well as on future expectations. Although the Management believes that the assumptions used to calculate the fair value of the investment are reasonable and appropriate, these assumptions may be largely subjective. The principal assumptions used to estimate the fair value of financial assets and the sensitivity analysis of these key assumptions are disclosed in Note 19 of the financial statements.

- **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 2017, 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 recognised an impairment charge of €278 thousand for the investments in subsidiary company (Note 20).

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) Hotel and tourism
(3) Investment property
(4) Cement - strategic investment in Vassiliko Cement Work Public Company Limited
(5) Holding of investments

5 Segment information (continued)

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.

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 2017

	Development and sale of land €000	Holding of investments €000	Total €000
Revenue	3.288	-	3.288
Profit before interest, taxes, and depreciation	1.930	205	2.136
Tax charge	(138)	-	(138)
Total segment assets	5.192	97.646	102.838
Total assets include:			
Investments in associates	-	88.206	88.206
Total segment liabilities	355	13.898	14.253

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

5 Segment information (continued)

Reconciliation of segment results

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

	2017 €000	2016 €000
Profit before interest, taxes, and depreciation	**2.136**	3.442
Depreciation and impairment	**-**	(21)
Operating profit	**2.136**	3.421
Finance costs	**(579)**	(718)
Share of profit of associates	**2.130**	2.315
Profit before tax	**3.687**	5.018

6 Revenue

	The Group		The Company	
	2017 €000	2016 €000	**2017 €000**	2016 €000
Sale of plots and shops	**3.288**	4.436	**3.288**	4.200

7 Other income

	The Group		The Company	
	2017 €000	2016 €000	**2017 €000**	2016 €000
Interest income:				
Loans to related parties (Note 29 (ii))	**344**	457	**344**	457
Other interest income	**53**	2	**53**	2
Write off interest on trade receivable recognised in prior years	**(192)**	-	**-**	-
Total interest income	**205**	459	**397**	459
Dividend income (Note 29 (iii))	**-**	-	**815**	95
Other income	**15**	188	**12**	188
	220	647	**1.224**	742

8 Cost of sales

	The Group		The Company	
	2017 €000	2016 €000	**2017 €000**	2016 €000
Cost of sales	**566**	988	**566**	826

9 Expenses by nature

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Impairment charge/depreciation of property, plant and equipment (Note 18)	**-**	21	**-**	21
Tax and licences	**7**	13	**7**	13
Legal and professional fees	**44**	4	**4**	1
Management and other administrative services fees (Note 29 (i))	**442**	351	**436**	345
Directors' fees (Note 29 (iv))	**2**	2	**2**	2
Staff and related costs (Note 11)	**33**	33	**33**	33
Auditor's remuneration	**19**	19	**17**	18
Other expenses	**36**	44	**31**	39
Selling and distribution expenses	**223**	187	**223**	187
Total cost of sales, selling costs and administrative expenses	**806**	674	**753**	659

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 31 December 2017 amounted to €19 thousand/€17 thousand (2016: €19 thousand/€18 thousands). There were no other services charged by the statutory audit firm during the year ended 31 December 2017 and 31 December 2016.

10 Other losses

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Impairment of investment in subsidiary company (Note 20)	**-**	-	**278**	-

11 Staff costs

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Salaries	**32**	32	**32**	32
Employer's contributions	**1**	1	**1**	1
Total (Note 29 (iv)	**33**	33	**33**	33
Average number of staff during the year	**1**	1	**1**	1

12 Finance costs

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Interest expense:				
Bank borrowings and overdrafts	**578**	718	**578**	717
Loan from subsidiary company (Note 29 (ii))	**-**	-	**103**	129
Other	**1**	-	**1**	-
	579	718	**682**	846

13 Income tax expense

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Current tax charge:				
Income tax	**142**	98	**141**	75
Defence tax	**16**	-	**16**	-
Deferred tax adjustment	**(20)**	-	**-**	-
Tax charge	**138**	98	**157**	75

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

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Profit before tax	**3.687**	5.018	**2.233**	2.611
Tax calculated at the applicable corporation tax rate of 12,5%	**461**	627	**279**	326
Tax effect of expenses not deductible for tax purposes	**56**	5	**39**	5
Tax effect of allowances and income not subject to tax	**(42)**	(5)	**(109)**	(16)
Tax effect on share of profit from associated companies	**(266)**	(289)	**-**	-
Special contribution for defence	**16**	-	**16**	-
Tax effect from tax losses currying forward	**-**	(240)	**-**	(240)
Tax of previous years	**1**	-	**-**	-
Deferred tax adjustment	**(20)**	-	**-**	-
Tax effect of Group relief	**(68)**	-	**(68)**	-
Tax charge	**138**	98	**157**	75

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.

13 Income tax expense (continued)

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					
	2017			2016		
	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	**74**	**-**	**74**	(15)	-	(15)
Other comprehensive income	**74**	**-**	**74**	(15)	-	(15)

14 Earnings per share

	2017	2016
Profit attributable to the equity holders of the Company (€000)	**3.549**	4.920
Weighted average number of ordinary shares in issue	**128.586.161**	128.586.161
Profit per share - Basic and diluted (cent per share)	**2,76**	3,83

15 Dividend per share

At the Annual General Meeting of the shareholders held on 30th June 2017, the payment of a dividend from the profits of year 2016, amounting to €1.929 thousand and corresponding to €0,015 per share, was approved. The dividend was paid to the shareholders on 27 July 2017.

16 Financial instruments by category

The Group

	Loans and receivables €000	Total €000
31 December 2017		
Assets as per consolidated balance sheet		
Current receivables	9.486	9.486
Cash and bank balances	3	3
Total	9.489	9.489

	Financial liabilities €000	Total €000
31 December 2017		
Liabilities as per consolidated balance sheet		
Borrowings	13.898	13.898
Trade and other payables	353	353
Total	14.251	14.251

16 Financial instruments by category (continued)

	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	10.463	10.463

	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	15.988	15.988

The Company

	Loans and receivables €000	Total €000
31 December 2017		
Assets as per balance sheet		
Current receivables	9.481	9.481
Cash and bank balances	3	3
Total	9.484	9.484

	Financial liabilities €000	Total €000
Liabilities as per balance sheet		
Borrowings	16.936	16.936
Trade and other payables	25	25
Total	16.961	16.961

	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	9.976	9.976

	Financial liabilities €000	Total €000
Liabilities as per balance sheet		
Borrowings	18.445	18.445
Trade and other payables	20	20
Total	18.465	18.465

17 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:

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Trade receivables				
Parties without external credit assessment				
Group 3	**46**	529	**41**	44
Loans and other receivables which are not overdue or impaired				
Group 1	**9.440**	7.118	**9.440**	7.118
Group 2	**-**	2.793	**-**	2.793
	9.440	9.911	**9.440**	9.911

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Cash at bank and short term bank deposits (Moody's)				
Caa3	**3**	21	**3**	21

Group 1 – Parent company and ultimate parent company with no defaults in the past.

Group 2 – Related companies with no defaults in the past.

Group 3 – Trade and other receivables with no defaults in the past.

None of the financial assets are overdue or impaired and or have been renegotiated in the last year.

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

18 Property, plant and equipment

The Group

	Furniture and office equipment €000	Total €000
At 1 January 2016		
Cost	95	**95**
Accumulated depreciation	(74)	**(74)**
Net book amount	21	**21**
Year ended 31 December 2016		
Opening net book amount	21	**21**
Impairment charge (Note 9)	(21)	**(21)**
Closing net book amount	-	**-**
At 31 December 2016		
Cost	95	**95**
Accumulated depreciation	(95)	**(95)**
Net book amount	-	**-**
Year ended 31 December 2017		
Opening net book amount	-	**-**
Impairment charge (Note 9)	-	**-**
Closing net book amount	-	**-**
At 31 December 2017		
Cost	44	**44**
Write off cost	(51)	**(51)**
Write off accumulated depreciation	51	**51**
Accumulated depreciation and impairment charge	(44)	**(44)**
Net book amount	-	**-**

18 Property, plant and equipment (continued)

The Company

	Furniture and office equipment €000	**Total €000**
At 1 January 2016		
Cost	95	**95**
Accumulated depreciation	(74)	**(74)**
Net book amount	21	**21**
Year ended 31 December 2016		
Opening net book amount	21	**21**
Impairment charge (Note 9)	(21)	**(21)**
Closing net book amount	-	**-**
At 31 December 2016		
Cost	95	**95**
Accumulated depreciation	(95)	**(95)**
Net book amount	-	**-**
Year ended 31 December 2017		
Opening net book amount	-	**-**
Impairment charge (Note 9)	-	**-**
Closing net book amount	-	**-**
At 31 December 2017		
Cost	44	**44**
Write off cost	(51)	**(51)**
Write off accumulated depreciation	51	**51**
Accumulated depreciation and impairment charge	(44)	**(44)**
Net book amount	-	**-**

The impairment charge of €21 thousand in 2016 was charged to "administrative expenses" in the profit or loss of consolidated and separate financial statements.

19 Investments in associates

	The Group		The Company	
	2017 €000	2016 €000	**2017 €000**	2016 €000
At beginning of year	**86.704**	84.403	**32.954**	32.953
Additions	**4**	1	**4**	1
Share of profit after tax	**2.130**	2.315	**-**	-
Share of changes in reserves	**74**	(15)	**-**	-
Dividends (Note 7)	**(706)**	-	**-**	-
At end of year	**88.206**	86.704	**32.958**	32.954

19 Investments in associates (continued)

Set out below are the associates of the Company and the Group, as at 31 December 2017. The associates listed below have share capital consisting exclusively of ordinary shares, held directly by the Company and the Group; the country of incorporation or registration is the 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					
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
2017					
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 management and administrative services.

Note 2: The principal activities of The Cyprus Cement Public Company Limited are the development/exploitation of land and the undertaking of strategic investments in companies operating in hotel and tourism industry and in the production and sale of cement and related business.

As a 31 December 2017, 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 €20.744 thousand (2016: €14.652 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 investment property at 31 December 2017, was based on the adjusted fair value as estimated by the associated company's management at 31 December 2016, which was then increased by 3%, to reflect improved market conditions at 31 December 2017 relative to the transaction date.

For the purpose of the comparative method performed by Group's management for the valuation of the property, 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 and adjustments were made for the valuation of the remaining zones using the zoning method.

19 Investments in associates (continued)

The area of each notional zone and the price per square meter has been determined by the management as follows:

At 31 December 2017, fair value of investment of €237.271 thousand as follows:

Notional Zone	Area (square meters '000/ %)	Price per square meter (€)
Zone A	175 / 17%	494
Zone B	82 / 8%	247 (1/2 of Zone A's price)
Zone C	799 / 75%	165 (1/3 of Zone A's price)

The valuation of the 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 2017

Property	Valuation (€000)	Valuation method	Non-observable inputs	Change in input	Sensitivity
Land for development In Cyprus	237.271	Comparative method	Area allocation into notional zones ('000/ %)	Zone A – 106/ 10% Zone B – 106/ 10% Zone C – 844/ 80%	€20.946 thousands decrease
				Zone A – 106/ 10% Zone B – 53/ 5% Zone C – 897/ 85%	€25.287 thousands decrease

(2) The fair value of the available for sale investment, has been determined by using the expected operating profit (known as "EBITDA") and the discounted cash flow method (DCF). The associated 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	Fair value method 2017	Non – observable data 2017	Connection between non – observable data and fair value 2017
Hotel operations:	Fair value method based on operating profit (EBITDA multiple)	Multiplier: 16 Expected operating profit(EBITDA): €10.000.000	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 between €10.000 and €17.000 per square meter Discount rate: *7,48%*	The higher the sale price per square meter is, the greater the fair value.

19 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 2017 €000**
Operating profit method (Hotel complex)	
Increase by *10%* in the expected operating profit (EBITDA)	3.597
Decrease by *10%* in the expected operating profit (EBITDA)	(3.597)
Increase by *1* unit in the multiplier	2.248
Decrease by *1* unit in the multiplier	(2.248)
Discounted cash flow method (Luxury apartments)	
Increase by *10%* in expected sale price	1.960
Decrease by *10%* in expected sale price	(1.960)
Increase by *10%* in discount rate	(82)
Decrease by *10%* in discount rate	82

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

19 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	
	2017 €000	2016 €000	**2017 €000**	2016 €000	**2017 €000**	2016 €000
Current Assets						
Cash and cash equivalents	**-**	-	**1.343**	1	**1.343**	1
Other current assets	**269**	259	**9.259**	894	**9.528**	1.153
Total current assets	**269**	259	**10.602**	895	**10.871**	1.154
Financial liabilities (excluding trade payables)	**(79)**	(77)	**(2)**	(2.776)	**(81)**	(2.853)
Other current liabilities (including trade payables)	**(186)**	(160)	**(54)**	(210)	**(240)**	(370)
Total current liabilities	**(265)**	(237)	**(57)**	(2.986)	**(321)**	(3.223)
Non-current Assets	**38**	14	**316.724**	352.254	**316.762**	352.268
Financial liabilities	**-**	-	**-**	(18.909)	**-**	(18.909)
Other liabilities	**-**	-	**(45.513)**	(54.125)	**(45.513)**	(54.125)
Total non-current liabilities	**-**	-	**(45.513)**	(73.034)	**(45.513)**	(73.034)
Net assets	**42**	36	**281.757**	280.878	**281.799**	277.165
Net assets distributed to shareholders	**42**	36	**274.973**	270.331	**275.015**	270.367

19 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	
	2017 €000	2016 €000	**2017 €000**	2016 €000	**2017 €000**	2016 €000
Revenue	**1.430**	1.230	**393**	627	**1.823**	1.857
Depreciation	**(12)**	(16)	**(9)**	(25)	**(21)**	(41)
Finance costs	**(2)**	(3)	**(335)**	(1.080)	**(337)**	(1.083)
(Loss)/ profit before tax	**12**	10	**(2.292)**	7.767	**(2.280)**	7.777
Tax charge	**(6)**	(4)	**6.624**	(564)	**6.618**	(568)
Profit for the year	**6**	6	**4.332**	7.203	**4.338**	7.209

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 currying amount of Investments in Associates that are measure using the equity method in the Consolidated Financial Statements of the Group are as follows:

	C.C.C. Secretarial Limited As at 31 December		The Cyprus Cement Public Company Limited As at 31 December		Total As at 31 December	
	2017 €000	2016 €000	**2017 €000**	2016 €000	**2017 €000**	2016 €000
Summarised financial information						
Opening net assets 1 January	**36**	36	**270.331**	263.162	**270.367**	263.198
Profit for the year	**6**	6	**4.348**	7.215	**4.354**	7.221
Other comprehensive income	**-**	(6)	**2.518**	(46)	**2.524**	(52)
Dividend distribution	**-**	-	**(2.202)**	-	**(2.202)**	-
Closing net assets attributable to shareholders	**42**	36	**274.995**	270.331	**275.043**	270.367
Interests in associates (2017: 30%, 32,07%) (2016: 20%, 32,07%)	**13**	7	**88.191**	86.697	**88.206**	86.704

20 Investments in subsidiaries

	2017 €000	2016 €000
At the beginning of the year	**3.000**	3.000
Impairment charge of investment (Note 10)	**(278)**	-
At the end of the year	**2.722**	3.000

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	Participation	Country of incorporation	Principal activities
Galatex Tourist Enterprises Limited	100%	Cyprus	Property development

At 31 December 2017, the company recognized an impairment charge of €278 thousand in relation to its investment in a subsidiary since its accounting value on 31 December 2017 exceeded its recoverable amount.

21 Non-current receivables

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Non- current receivables				
Receivables from related companies (Note 29(vii))	-	2.793	-	2.793

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.

Non-current loans to in related parties, related to loans to the related company, The Cyprus Cement Public Company Limited. According to the assignment agreement signed in March 2017, the above loan of €3.194 thousand (2016: €2.793 thousand) has been transferred to parent company (Note 29 (vii)).

22 Inventories

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Land and development costs	**5.136**	5.639	**5.136**	5.639
	5.136	5.639	**5.136**	5.639

22 Inventories (continued)

The cost of inventories recognized as expense and included in the cost of sales amounts to €566 thousand (2016: €988 thousand) and €566 thousand (2016: €826 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 26).

23 Current receivables

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Trade receivables	**44**	529	**39**	42
Loans to related parties (Note 29 (vii))	**9.440**	7.085	**9.440**	7.085
Receivables from related parties (Note 29 (v))	**-**	33	**-**	33
Other receivables	**2**	2	**2**	2
	9.486	7.649	**9.481**	7.162

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 2017, the Company had trade receivables of €39 thousand (2016: €42 thousand) which were past due but not impaired. The trade receivables of the Group that were past due but not impaired amounted to €44 thousand (2016: €529 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	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Over 3 months	**44**	529	**39**	42

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	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Euro	**9.486**	7.649	**9.481**	7.162

24 Cash and cash equivalents

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Cash at bank and in hand	**3**	21	**3**	21
	3	21	**3**	21

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

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Cash and bank balances	**3**	21	**3**	21
Less:				
Bank overdrafts (Note 26)	**(45)**	(432)	**(43)**	(426)
	(42)	(411)	**(40)**	(405)

All cash and cash equivalents are denominated in Euro.

Non-cash transactions

The non-cash transactions of the Group were the following:

- The repayment of loan to related company of €3.194 thousand, which was assigned to parent company (Note 29 (vii)).
- The payment of dividend of €1.616 thousand, which was set off against loan receivable from the parent company (Note 29 (vii)).
- Loan granted to parent company, through the assignment of dividend payment of €706 thousand from the related company (Note 29 (vii)).

The Company

Reconciliation of obligations arising from financing activities:

	Bank loans €000	Loans from related parties €000	Total borrowings from financing activities €000
Balance at 1 January 2017	15.206	2.813	18.019
Cash transactions:			
Proceeds from borrowings	-	273	273
Repayment of borrowings	(1.353)	(40)	(1.393)
Interest paid	(572)	-	(572)
Interest expenses	572	103	675
Non-cash transactions:			
Set off against other balances (Note 29 (vi))	-	(109)	(109)
Balance at 31 December 2017	13.853	3.040	16.893

24 Cash and cash equivalents (continued)

The Group

Reconciliation of obligations arising from financing activities:

	Bank loans €000	Loans from related parties €000	Total borrowings from financing activities €000
Balance at 1 January 2017	15.206	-	15.206
Cash transactions:			
Repayment of bank loan (capital)	(1.353)	-	(1.353)
Interest paid	(572)	-	(572)
Interest expenses	572	-	572
Balance at 31 December 2017	13.853	-	13.853

25 Share capital and share premium

	Number of shares	Share capital €000	Share premium €000	**Total €000**
At 1 January 2016/31 December 2016/ 31 December 2017	128.586.161	21.860	1.757	**23.617**

The total authorized number of ordinary shares is 500.000.000 shares (2016: 500.000.000 shares) with a par value of €0,17 per share (2016: €0,17 per share).

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

26 Borrowings

	The Group		**The Company**	
	2017 €000	2016 €000	**2017 €000**	2016 €000
Current				
Bank overdrafts (Note 24)	**45**	432	**43**	426
Bank borrowings	**13.853**	-	**13.853**	426
	13.898	432	**13.896**	426
Non-current				
Bank borrowings	**-**	15.206	**-**	15.206
Borrowings from subsidiary company (Note 29 (vi))	**-**	-	**3.040**	2.813
	-	15.206	**3.040**	18.019
Total borrowings	**13.898**	15.638	**16.936**	18.445
Maturities on non-current borrowings				
Between 1 to 2 years	**-**	15.206	**-**	18.019
Between 2 to 5 years	**-**	-	**3.040**	-
	-	15.206	**3.040**	18.019

26 Borrowings (continued)

The Company and The Group

Bank loan of €13.853 thousand (2016: €15.206 thousand) is repayable on August 2018. The Company has already proceed with a request to Alpha bank Cyprus Ltd for loan restructuring.

The Company and the subsidiary have signed a new agreement, regarding the repayment date of loan. The loan of €3.040 thousand (2016: €2.813 thousand) is repayable until 2020, and bearing interest 3.50% (2016: 4.70%). The loan is unsecured.

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 29 (viii)).

(ii) By mortgage on the Company's land for the amount of €20 million (Note 22).

(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:

	2017	2016
	%	%
Borrowings from subsidiary	**3,50**	4,70
Bank borrowings	**4,00**	4,00
Bank overdrafts	**4,63**	4,70

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 (Note 3).

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:

	The Group		**The Company**	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
6 months or less	**13.898**	15.638	**16.936**	18.445
	13.898	15.638	**16.936**	18.445

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:

	The Group		**The Company**	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Euro	**13.898**	15.638	**13.898**	18.445

26 Borrowings (continued)

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

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Floating rate:				
- Expiring within one year	**2.617**	2.846	**2.600**	2.834

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

27 Deferred tax liabilities

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

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
At beginning/end of year	**-**	20	**-**	-

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 2016/31 December 2016	20	**20**
At 31 December 2017	-	**-**

28 Trade and other payables

	The Group		The Company	
	2017	2016	**2016**	2016
	€000	€000	**€000**	€000
Trade payables	**328**	327	**1**	1
Other payables and accrued expenses	**25**	23	**24**	19
	353	350	**25**	20

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

29 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

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Management services (Note 9)	**442**	351	**436**	345
Selling and marketing costs	**218**	182	**218**	182
	660	533	**654**	527

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.

(ii) Interest on balances with related companies

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Interest payable (Note 12):				
Subsidiary company	**-**	-	**103**	129
	-	-	**103**	129
Interest receivable from loans and balances (Note 7):				
Ultimate parent company, associated company and parent company	**344**	457	**344**	457
Associate company	**21**	145	**21**	145
Parent company	**106**	38	**106**	38
Ultimate parent company	**217**	274	**217**	274
	344	457	**344**	457

(iii) Dividends receivable

	The Company	
	2017	2016
	€000	€000
Dividends receivable:		
Subsidiary company	**109**	95
Associate company	**706**	-
	815	95

29 Related party transactions (continued)

(iv) Key management personnel and Directors compensation

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

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Director Fees (Note 9)	**2**	2	**2**	2
Emoluments in their executive capacity (Note 11)	**33**	33	**33**	33
	35	35	**35**	35

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 2017				
Executive Directors (1)	32	1	2	35
Total	32	1	2	35
Year ended 31 December 2016				
Executive Directors (1)	32	1	2	35
Total	32	1	2	35

(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

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Receivables from related parties (Note 23):				
Associated companies	**-**	33	**-**	33
	-	33	**-**	33

29 Related party transactions (continued)

(vi) Loans from related parties

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Borrowings from subsidiary company:				
At beginning of year	-	-	**2.813**	2.587
Loans granted during the year	-	-	**273**	213
Loans repaid during the year	-	-	**(40)**	(20)
Loans offset against balance from dividends (Note 29 (iii))	-	-	**(109)**	(95)
Interest charged (Note 12)	-	-	**103**	129
At end of year (Note 26)	-	-	**3.040**	2.813

The loan from the subsidiary entity amounted to €3.040 thousand bears annual interest rate at 3,50% (2016: 4,70%), is unsecured and is repayable until 2020.

(vii) Loans to related parties

	The Group		The Company	
	2017	2016	**2017**	2016
	€000	€000	**€000**	€000
Loans granted to the parent company, ultimate parent company and associated company:				
At beginning of year	9.878	10.755	9.878	10.755
Loans granted during the year	528	522	528	522
Assignment of loan receivable from related company	3.194	-	3.194	-
Transfer of balance of dividend receivable	706	-	706	-
Loan set off against dividend payable	(1.616)	-	(1.616)	-
Loans repaid during the year	-	(1.856)	-	(1.856)
Balance transferred to parent company	(400)	-	(400)	-
Assignment of loan receivable to parent company	(3.194)	-	(3.194)	-
Interest credit (Note 7)	344	457	344	457
At end of year (Notes 21 and 23)	9.440	9.878	9.440	9.878

The loan to the ultimate parent company of €6.438 thousand (2016: 6.093 thousand), is secured by corporate guarantee from Galatariotis Enterprises Ltd, is repayable on demand and bears annual interest rate of 3,50% (2016: 4,70%),

The loan to the parent company, C.C.C. Holdings & Investment Limited of €3.002 thousand (2016: €992 thousand), is secured with corporate guarantee, is repayable on demand and bears annual interest rate of 3,50% (2016: 4,70%).

(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 26).

30 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.

31 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 10 to 17.