ANNUAL REPORT 2017

WOOLWORTH (CYPRUS) PROPERTIES PLC

Woolworth Group

ANNUAL REPORT 2017

Woolworth Group

Contents

Board of Directors

Chairman
Demetris Demetriou (b,d)

Managing Director
Marios Panayides (a,d)

Executive Directors
George Louca (a, d)
Eleni N. Shacola (a, d)
Marios N. Shacolas (a, d)
Chrysoula N. Shacola (a, d)

Directors
Pambos Ioannides (b, d)
Nicolas Const. Shacolas (b, c)
Stephos Stephanides (b, c)
Nicolas Wilson (b, d)

Secretary
George P. Mitsides

Financial Controller
Maria Aristidou

Legal Advisors
Ioannides Demetriou
Tassos Papadopoulos & Associates

Registered Office
Shacolas Building
Old Nicosia – Limassol Road
Athalassa, Nicosia

a = executive	b = non-executive
c = independent	d = non-independent

FINANCIAL STATEMENTS

According to article 9, sections (3) (c) and (7) of the Transparency Conditions (Marketable values for negotiation in an Adjustable Market) Law of 2007 ('Law'), we the members of the Board of Directors and other Company officials responsible for the drafting of the financials statements of Woolworth (Cyprus) Properties Plc for the year ended 31 December 2017, based on our knowledge we confirm that:

(a) The Annual Consolidated and Separate Financial statements that are presented in pages 23 to 78.

(i) Are prepared according to International Financial Reporting Standards, as adopted by the European Union and according to section (4) of the Law, and

(ii) Give a true and fair view of the assets and liabilities, financial position and profit/loss of Woolworth (Cyprus) Properties Plc and the companies that are included in the Consolidated Financial Statements as a total, and

(b) the Management Report gives a fair overview of the developments and the performance as well as the financial position of Woolworth (Cyprus) Properties Plc and the companies that are included in the consolidated financial statements as a total, with a description of the principal risks and uncertainties that are encountering.

Members of the Board of Directors

Demetris Demetriou - Non-executive Director

Marios Panayides - Executive Director

Eleni N. Shacola - Executive Director

Marios N. Shacolas - Executive Director

Chrysoula N. Shacola - Executive Director

George Louca - Executive Director

Nicolas Wilson - Non-executive Director

Pambos Ioannides - Non-executive Director

Nicolas Const. Shacolas - Non-executive Director

Stephos D. Stephanides - Non-executive Director

Responsible for the drafting of the financial statements

Maria Aristidou - Financial controller

Nicosia, 23 April 2018

The Board of Directors of Woolworth (Cyprus) Properties Plc (the "Company") and its subsidiary companies, collectively referred to as the "Group", presents to its members its Annual Report together with the audited consolidated financial statements and the Company's audited separate financial statements for the year ended 31 December 2017.

ACTIVITIES

The main activity of the Company and the Group is the ownership, exploitation, management and trading of real estate property.

The consolidated results of the Group for the year 2017 include the subsidiary companies of Woolworth (Cyprus) Properties Plc that are property owners, that is, Zako Ltd, Apex Ltd, FWW Super Department Stores Ltd, Niola Estates Limited, parent company of Estelte Limited and Realtra Limited, parent company of Calandra Limited. The majority of this property is licensed/rented to Ermes Department Stores Plc, which carries its retail operations in these properties. It also includes the results from the activities of the subsidiary company Zaco Estate Limited until the 19th of April 2017, on which date the company proceeded with the disposal of its immovable property consisting of a four-storey Neoclassic building on Ledra Street.

Woolworth (Cyprus) Properties Plc also holds indirectly through Chrysochou Merchants Limited and Arsinoe Investments Limited, 11,7% and 35% respectively of the share capital of the company Cyprus Limni Resorts and GolfCourses Plc which owns a large plot of land in Polis Chrysochous.

The Group results also include the associated company Akinita Lakkos Mikelli Limited.

CHANGES IN THE GROUP

During the year, the Group set up a new subsidiary, LBSP-Limassol Beach & Seaview Properties Limited, with the aim of the reorganistation and transfer of the activities of the Olympia department store in Limassol.

REVIEW OF THE DEVELOPMENTS, PERFORMANCE, ACTIVITIES AND POSITION OF THE GROUP AND THE COMPANY

The Group's and the Company's results for the year 2017 were the following:

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
(Loss)/profit before tax from continuing operations	**(9.223.456)**	7.727.502	**(2.781.668)**	1.619.479
Corporation tax and defence contribution	**(263.012)**	(550.028)	**851.094**	(506.741)
Deferred tax	**2.889.937**	(2.097.993)	**(188.459)**	(913.944)
Loss)/profit after tax from continuing operations	**(6.596.531)**	5.079.481	**(2.119.033)**	198.794
Loss)/profit after tax from discontinued operations	**(385.957)**	(195.042)	**(385.957)**	(195.042)
Net loss/(profit) and total comprehensive income for the year attributable to the shareholders	**(6.982.488)**	4.884.439	**(2.504.990)**	3.752
Basic (losses)/earnings per share (cents)				
Continuing operations	**(3,09)**	2,38	**(0,99)**	0,09
Discontinued operations	**(0,18)**	(0,09)	**(0,18)**	(0,09)
Total	**(3,27)**	2,29	**(1,17)**	0,0

Regarding the continuing operations of the Group, the rights of use of space and other income of the Group increased by 24% compared to the results of prior year. The profit from operations of the Group, disregarding the accounting increases/decreases in the value of Investment Properties, increased by 30% and amounted to €5.055.374 compared to €3.924.990 during 2016.

The results of the year were affected mainly from unrealised losses from the change in the value of the investment and other properties of the Group. More specifically, the unrealised losses amounted to €11.184.578 during 2017 compared to €7.332.830 during prior year. The change in the fair value of these properties is due to reductions in the book values of certain properties based on valuation by independent valuers and the movement in the investment in Cyprus Limni Resorts & Golfcourses Plc.

The net finance costs were decreased to €5.690.594 during 2017, compared to €5.824.188 during prior year. This is mainly due to the reorganization of loans with most banking organizations with which the Group cooperates and the decrease in interest rates on loans from banks and related parties.

The loss after tax from continuing operations of the Group for the year 2017 amounted to €6.596.531 compared to profit of €5.079.481 during 2016. The loss after tax from continuing operations of the Company for the year 2017 amounted to €2.119.033 compared to profit of €198.794 during 2016. A credit amount of €2.889.937 and debit amount of €188.459 which are included in the taxation of Group and the Company respectively, relate to deferred tax.

The loss after tax from discontinued operations of the Group for the year 2017 amounted to €385.957 compared to loss of €195.042 during 2016.

The net loss of the Group from continuing and discontinued operations amounted to €6.982.488 (2016: profit €4.884.439). The net loss of the Company from continuing and discontinued operations amounted to €2.504.990 (2016: profit €3.752).

As at 31 December 2017, the Group's and the Company's total assets amounted to €286.368.556 and €261.153.591 respectively and its net assets amounted to €133.300.035 and €106.274.377 respectively. The financial position, developments and performance of the Group and the Company as presented in these financial statements are considered satisfactory.

It must be emphasized that for the Group and the Company, the fluctuations of the fair value of the properties represent accounting provisions and do not affect the cash flow of the Group and the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Company and the Group are disclosed in Notes 1,3 and 4 of the financial statements. The Cypriot economy showed positive growth in 2016 and 2017 after overcoming the economic downturn in recent years. Overall, the economic outlook remains favorable, but there are still risks of recession from the still high levels of non-performing loans, the sovereign debt ratio and the possible deterioration of Cyprus's external environment.

This operating environment may have a significant impact on the Company's and the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's and the Group's operations, however, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

USE OF FINANCIAL INSTRUMENTS BY THE GROUP AND THE COMPANY

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

The Company's and the Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's and the Group's financial performance. Risk management is conducted by the treasury department and the Central Chief Accounting Officer of the Cyprus Trading Corporation Plc Group, to which the Group belongs, in accordance with principles approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co operation with the Company's and the Group's operating units. The Board provides written or/and oral principles for overall risk management, as well as written or/and oral policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

CASH FLOW AND FAIR VALUE INTEREST RATE RISK

While the Company and the Group have significant interest-bearing assets, the income and the cash flow from operations of the Company and the Group depend on the changes in the market interest rates. Most of the interest-bearing assets bear fixed interest rates and expose the Group and the Company to fair value interest rate risk. Most of the interest-bearing assets are coming from related companies. The interest rates are set by the Management of the Group and they are revised on a regular basis in accordance with the market conditions.

The Company's and the Group's interest rate risk arises from long term borrowings. Borrowings at variable rates expose the Company and the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Company and the Group to fair value interest rate risk.

At 31 December 2017, the Company's and the Group's liabilities which bore variable interest rates amounted to €74.697.938.

The Company's and the Group's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Company and the Group does not apply hedge accounting for cash flow interest rate risk.

CREDIT RISK

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

For banks and financial institutions, only those which are positively evaluated, under the circumstances, by the Board of Directors are accepted, taking into account the condition of the financial sector of Cyprus as described in Note 1 of the financial statements. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. See Note 15 for further disclosure on credit risk.

The Company's and the Group's credit risk arises from trade receivables amounting to €1.267.680 and €1.406.183 respectively, non-current receivables amounting to €85.014.234 and €61.544.390 respectively and bank balances amounting to €5.087.532 and €5.149.824 respectively.

LIQUIDITY RISK

Management monitors the current liquidity position based on expected cash flows and expected revenue receipts. On a long-term basis, liquidity risk is defined based on the expected future cash flows at the time of entering into new credit facilities or leases and based on budgeted forecasts. Management of the Company and the Group believes that it is successful in managing the Company's and the Group's liquidity risk.

DIVIDEND

The Board of Directors recommended the payment of a dividend in relation to the profit for the year ended 31 December 2015 and amounting to €15.800.000. The dividend was approved by the shareholders in an Extraordinary General Meeting on 11 December 2017.

The payment of dividend was done in the form of issue of new shares in the Company at their nominal value of 34 cent per share. This decision was approved by the shareholders in the Extraordinary General Meeting and therefore those shares were listed in the stock exchange and were given to the shareholders based on their existing participation percentage, on 15 February 2018.

FUTURE DEVELOPMENTS AND PROFITABILITY

The Cypriot economy showed positive growth in 2016 and 2017, after overcoming the economic recession of previous years. It is also expected that during 2018 the recovery of the Cyprus economy will continue due to the expected further growth in tourism as well as in the real estate sector, especially regarding the demand for housing units by international buyers/investors, a fact which creates positive prospects. However, there are continuing risks from the still high levels of non-performing loans, the public debt ratio and the possible deterioration of Cyprus's external environment, and therefore it still needs prudent and careful management.

The goals of the Board of Directors of the Group remain to be the development of the properties of the Group and the maximization of their values. Alongside the further strengthening of the Group's capital structure in order to be in the position to face essentially any challenges or/and opportunities that may occur.

As a result actions are taken for disposing some of its investment properties. As mentioned above, during April 2017, the Neoclassical building on Ledra Street has been sold for an amount of €2 million. Additionally, the Group, at the beginning of 2018, proceeded to a significant sale of three investment properties for a total consideration of € 44 million, which significantly strengthens its capital structure, reduces borrowing and creates liquidity. More extensive reporting on this issue is made in Note 33 of the financial statements.

The prospects in the real estate sector due to increased interest from international investors combined with the urban incentives provided by the State create favorable conditions for some of the Group's investment properties for further exploitation. Moreover, it creates more positive conditions for the construction of the project in Limni and also on the property Lakkos Mikelli at the entrance of Nicosia. The Group's Management evaluates these data so that they can use their property to the best of their ability, if circumstances allow.

It is also noted that during 2016 the Group proceeded with the reorganization of its borrowings with almost all the banking organisations with which it cooperates ensuring the extension of the period of repayment of the loans and the decrease of the borrowing rates.

Regarding the investment in Cyprus Limni Resorts & Golfcourses Plc, this company is expected to obtain during 2018 the amended planning permissions which will allow it to proceed to substantive actions for the development of Limni Bay Resort project in Polis Chrysochous.

It is reminded that the total area of Cyprus Limni Resorts & GolfCourses Plc amounts to 3,300 decares of single land with 750 meters coastal front for the development of the resort plus 280 decares in the village of Kinousa and Lysos. Limni Bay Resort will include two golf courses, a 5-star international hotel, a significant number of residential units and other related developments. The Company continues to take action to attract investors to finance the project.

Furthermore, a very important development for the associate company Akinita Lakkos Mikelli Ltd, is the agreement for the separation of its large private property, which is situated in a privileged position at the entrance of Nicosia in plots, and the allocation of these plots between the co-owners. With this separation, the Company has the opportunity to proceed with the development or to sell the plots allocated to it, a fact which essentially makes the properties more marketable and gives emplaced prospectives of future revenues and increase of its value.

The results of the Group for the year 2018 will be significantly affected by the above sales of its investment properties. As a result the Group's operating income and profit will decrease significantly but there will also be a significant reduction in net financing costs. In contrast, the Group's actions for significant utilization of its properties and investments are expected to provide a significant benefit in the medium term.

EXISTENCE OF COMPANY AND GROUP BRANCHES

The Company and the Group do not maintain any branches either in Cyprus or abroad.

SHARE CAPITAL

In an Extraordinary General Meeting of the Company's shareholders held on 11 December 2017, it was decided that the authorized share capital of the Company will increase from €57.800.000 divided into 170.000.000 shares with nominal value of €0,34 each to €74.800.000 divided into 220.000.000 shares with nominal value of €0,34 each with the creation of additional 50.000.000 ordinary shares with nominal value of €0,34 each.

It was also decided to approve the proposal of the Board of Directors for the payment of dividend amounting to €15.800.000 from the profits of the year ended 31 December 2015 with the condition that the net payable dividend would be used for the full payment of new ordinary shares which will be issued to the entitled shareholders of the Company at the nominal value of €0,34 each. The issuance of the new shares was calculated based on the net payable dividend. Therefore, the Company proceeded with the issue of 45 124 600 ordinary shares at the nominal value of €0,34 each. The new shares were accepted and started trading at the Cyprus Stock Exchange on 15 February 2018. The total amount of the issued share capital of the Company after the above issue, amounts to 213 935 459 shares with nominal value of €0,34 each.

BOOK VALUE OF THE SHARES

The book value of the Group's share, with a nominal value of 34 Euro Cents, on 31 December 2017 according to the adjusted weighted average number of shares was €0,63. The book value of the Group's share excluding the provision for deferred tax, which constitutes a contingent liability, amounts to €0,67.

TREASURY SHARES

During 2017 the Company did not have any transactions relating to treasury shares.

SOCIAL CONTRIBUTION

After completing its big offer in June 2016 with breakfasts for the indigent children of elementary schools, with a total amount exceeding €1.5 million, the CTC Group continued its social offer during 2017 in cooperation with Municipalities, Communities, Associations, the Church and other organized bodies. Among other things, it included creation of green areas, new children's clothing, the encamped children of Karpasia, the Sofia Welfare Foundation for Children and events for culture.

BOARD OF DIRECTORS

The members of the Board of Directors 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.

Mr Nicolas Shacolas will continue to attend the Board of Directors meetings in his capacity of Honorary Lifetime Chairman without voting rights.

According to the company's Memorandum, Messrs Demetris Demetriou, Pambos Ioannides, Nicolas Const. Shacolas and Stephos Stephanides, retire and, being eligible offer themselves for re-election.

There were no other significant changes in the assignment of responsibilities or in the remuneration of the Members of the Board of Directors.

DIRECTORS' INTERESTS IN THE COMPANY'S SHARE CAPITAL

The direct and indirect interest of the members of the Board of Directors in the share capital of the Company on 31 December 2017 and at the date of this report, were as follows:

	23 April 2018	31 December 2017
	%	%
Eleni N. Shacola	**14,9**	14,9
Marios N. Shacolas	**14,9**	14,9
Demetris Demetriou	-	-
Marios Panayides	-	-
Chrysoula N. Shacola	**14,9**	14,9
George Louca	-	-
Nιcolas Wilson	-	-
Pambos Ioannides	-	-
Nicolas Const. Shacolas	-	-
Stephos Stephanides	-	-

Except for the balances and transactions disclosed in Note 32, there were no other significant contracts with the Company or its subsidiaries or associates, in which a Director or related parties had a material interest.

MAIN SHAREHOLDERS

At the date of this report, the following Shareholders held directly or indirectly over 5% of the Company's issued share capital:

	Percentage holding %
Marios N. Shacolas (through Cyprus Trading Corporation Plc)	14,9
Chrysoula N. Shacola (through Cyprus Trading Corporation Plc)	14,9
Eleni N. Shacola (through Cyprus Trading Corporation Plc)	14,9
Marina N. Shacola (through Cyprus Trading Corporation Plc)	14,9

EVENTS AFTER THE BALANCE SHEET DATE

Within the months of January-February, the sale of three properties of the Group to third parties was completed for a total consideration of €44.000.000. The specific properties are Shacolas Tower at Ledra Street in Nicosia, the land and buildings where the SuperHome Center DIY is located in Strovolos and the property where the Debenhams Apollon department store operates in Limassol. A more detailed reference is made to these operations in Note 33 of the financial statements.

CORPORATE GOVERNANCE REPORT

For information on this matter, refer to the Corporate Governance Report presented on pages 13-18.

INDEPENDENT AUDITORS

The Audit Committee discussed the European Union Regulation on Public Interest Entities and the implications for rotation of external auditors. Under the transitional provisions of the new regulatory framework, the term of the company's current external auditors expires in 2017 and is expected to proclaim a tender process for the year 2018. The existing auditors, PricewaterhouseCoopers Limited, can claim their re-appointment and have expressed their wish to continue to provide their services. A resolution authorizing the Board of Directors to set their remuneration will be submitted at the Annual General Meeting.

By Order of the Board

George P . Mitsides
Secretary

Nicosia, 23 April 2018

PART A

The Board of Directors recognising the importance of the Corporate Governance Code for the proper and prudent management of the Company and the continuous protection of the interests of all the Shareholders, has adopted as from 2004, the Code on Corporate Governance and applies its Principles.

The code is applied also in the parent, public company, Cyprus Trading Corporation Plc, and also in the associated public company, Ermes Department Stores Plc.

PART B

By decision of the Cyprus Stock Exchange, the Company's securities are transferred from the Parallel Market to the Alternative Market, with implementation date on the 20th of April 2015. The Board of Directors confirms the compliance with all the provisions of the Code on Corporate Governance.

BOARD OF DIRECTORS AND DIRECTORS' REMUNERATION

Duties and Responsibilities of the Board of Directors

The Company is managed by the Board of Directors which consists of 10 members, 5 of whom are non-executive and of whom 2 are Independent.

The position of the Chairman of the Board of Directors is held by Mr Demetris Demetriou. The Managing Director of the Company is Mr. Marios Panayides, who deals with the management of the Company as far as the day to day operations and activities of the Company are concerned.

The Company's Board of Directors after obtaining timely, complete and reliable information, meets at regular intervals to consider and take decisions, which are accurately recorded in minutes. During 2017, 6 meetings were held. The Board of Directors has set out a formal agenda of issues on which decisions must be taken only by the Board. Some of the issues can be referred to special committees of the Board of Directors, without this meaning that the members of the Board are exempted from their collective responsibility. No category of members of the Board of Directors is differentiated as to its responsibility towards any other category.

The Company's Secretary is responsible to provide timely, complete and reliable information to all the members of the Board of Directors and the Chairman of the Board of Directors has the responsibility to ensure that all members of the Board are properly informed on the issues discussed in meetings.

All the Directors may have consultations with the Chairman, the Managing Director, the Secretary as well as with the External and Internal Auditors of the Company. Every newly appointed Director receives adequate briefing upon appointment, as well as during his service, whenever considered necessary. All the Directors exercise, independently and impartially their judgement during the execution of their duties and, whenever deemed necessary, obtain independent professional advice, at the Company's cost.

The members of the Board of Directors 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.

On 16 February 2008, the Board of Directors unanimously declared Mr Nicos K. Shacolas as the Honorary Lifetime Chairman of the Company.

According to the Company's Articles of Association, at each Annual General Meeting, 1/3 of the longest serving members of the Board, as well as those appointed after the previous Annual General Meeting. During the next Annual General Meeting, Messrs Demetris Demetriou, Pambos Ioannides, Nicolas Const. Shacolas and Stephos Stephanides, retire and being eligible offer themselves for re-election.

As required by the Code, short biographical details are given below for all the Directors who retire and offer themselves for election.

Demetris Demetriou - Chartered Accountant FCA. He worked in the United Kingdom. In 1986 he started working in Cyprus Trading Corporation Plc, where he served as Deputy General Manager. Since 2000 he has been General Manager of N.K. Shacolas (Holdings) Limited. He is Chairman of Woolworth (Cyprus) Properties Plc, Executive Director of HOB House of Beauty Limited and Amaracos Holding (CTC + PG) Limited, as well as Managing Director of Ermes Department Stores Plc, Cyprus Trading Corporation Plc, Cyprus Limni Resorts & Golfcourses Plc and other private companies.

Pambos Ioannides - He studied Law at the University of Athens and the University of London. He holds a Master of Law degree from the University of London and he is a member of the Pancyprian Bar Association. He is Managing Partner of the Law Firm Ioannidis Demetriou, Legal Advisor to various organizations, banks and other businesses, as well as Managing Director of Ermes Department Stores Plc and other companies.

Stephos Stephanides - Graduate of the Hull University of England with BSc degree in Economics and Accounting and Accountant/ Chartered Accountant (FCA). He worked for 3 years at Moore Stephens in London and 34 years at PwC in Cyprus. He has been a partner / shareholder of PwC Cyprus for 31 years, and for 10 years as Head of Advisory Services and a member of the PwC Executive Board.

Nicolas Const. Shacolas - Graduate of the Imperial College of Science Technology and Medicine in London with a distinction in the fields of Civil Engineering and Mechanical Engineering and an MBA from Insead, France. He has extensive experience in managing large construction projects. He is Managing Director of the CNS Group, Managing Director of Cablenet Communication Systems Ltd, as well as a consultant of Ergo Home Group, Cyprus Phassouri Plantations Co. Public Ltd and other companies.

Independence of Directors

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

Table 1: The Company's Board of Directors

Executive Directors	Non-Executive Directors
Marios Panayides	Demetris Demetriou
Eleni N. Shacola	Pambos Ioannides
Marios N. Shacolas	Nicolas Const. Shacolas - Independent (Note 1, 2)
Chrysoula N. Shacola	Nicolas Wilson
George Louca	Stephos D. Stephanides - Independent (Note 1, 3)

Notes:

(1) According to the provision A.2.3 of the Code, the independent non-executive directors of a company listed in the Alternative Market should be at least two persons.

(2) Mr Nicolas Const. Shacolas was a member of the Board of Directors of Cyprus Limni Resorts and Golfcourses Plc as independent non-executive director up to 4 August 2015.

(3) Mr Stephos D. Stephanides is a member of the Board of Directors of the companies, Cyprus Trading Corporation Plc and Cyprus Limni Resorts and Golfcourses Plc as Independent non-executive director.

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

Committees of the Board of Directors

The Board of Directors of the Company, adopting the Principles of the Code, proceeded with the formation of the following Committees and the approval of their Operating Regulations, which are consistent with the Code and are available for inspection by anyone who may be interested to obtain more information on the subject matter, at the Company's Registered Office. These Committees also apply for all the subsidiaries of Woolworth (Cyprus) Properties Plc.

a. Nominations Committee

The main purpose of the Nominations Committee is the operation of a defined and transparent procedure when it comes to recommendations for the appointment of new members of the Board of Directors and to express its views to the Board of Directors on such recommendations. The members of the Nomination Committee, the majority of whom are Non-Executive Directors, are the following:

Demetris Demetriou, Chairman	- Non-Executive,
Marios N. Shacolas	- Executive,
Stephos D. Stephanides	- Non-Executive, Independent

The Nomination Committee meets at least once a year and reports to the Board of Directors. Furthermore, at least once a year it presents in summary its activities during the previous Financial Year as well as any recommendations it may have.

b. Remunerations Committee

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

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

The Remunerations Committee meets at least once a year and its responsibility is the submission of suggestions to the Board of Directors over the context and amount of the remuneration of the Executive Directors, as well as the terms of the relevant employment contracts. The remuneration of the Non-Executive Directors is determined by the Annual General Meeting.

The Remunerations Committee has the right of access to professional advice inside and outside of the Company. When these services will be used, with the purpose of getting information in relation to the market standards for remuneration systems, the Committee ensures that the consultant who will cooperate with, does not provide advice in the Human Resource Department or other Executive or Managing Director of the Company.

c. Audit Committee

The Audit Committee's role and responsibility relate to matters regarding the services of the External and Internal Auditors, including their independence affirmation, matters on accounting treatment, matters on review of significant transactions in which there might be a conflict of interest, as well as the preparation of the Report of the Board of Directors on Corporate Governance, with the assistance of the Compliance Officer responsible for the Code. The Audit Committee reports to the Board of Directors.

The Internal Control Systems are inspected on a continuous basis by the Group's Internal Audit Department, which reports to the Audit Committee, and reviews their effectiveness.

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

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

The Audit Committee meets at least 4 times a year. It examines, amongst other things, the financial statements and the company's internal financial systems, the reports of the Internal Audit Department and the effectiveness of the Company's internal controls and risk management systems of the Company. It also examines the Report of the External Auditors and recommends its approval to the Board of Directors.

It suggests the appointment or termination of the services of the Internal and External Auditors and it observes their relationship with the Company, including the balance between the audit and other non-audit services they may provide.

The total fees charged by the Company's statutory auditor for the statutory audit of the annual financial statements of the Group and the Company for the year ended 31 December 2017 amounted to €97.033 and €74.193 respectively (2016: Group €84.010 and Company €63.600). The total fees charged by the Company's statutory auditor for the year ended 31 December 2017 for other assurance services were as follows:

Group €121.473 (2016: €98.900), Company €101.950 (2016: €98.900) for tax advisory services, Group €12.758 (2016: €30.084), Company €3.000 (2016: €11.885) for other assurance services and Group €47.000 (2016: €Nil) and Company €47.000 (2016: €Nil) for other non-assurance services.

The Committee assess the independence of the external auditors, as well as the Internal Audit Department. The objectivity and independence of the external auditors is ensured through the monitoring of the relationship with the Group, by the Audit Committee, including the balance between the audit and similar non-audit services. The external auditors provided written assurance of their objectivity and independence to the Group. The external auditors do not provide any internal audit services to the Group. The Committee examines the purchase of any non-audit services from the External Auditors in order to determine whether the criteria of their independence are affected. The Audit Committee discussed the Regulation of the European Union in relation to the Public Interest Entities and the implication on the rotation of the external auditors. According to the transitional provisions of the new regulatory framework the term of office of the present external auditors of the Company expires in 2017.

The Audit Committee discussed the European Union Regulation on Public Interest Entities and the implications for rotation of external auditors. Under the transitional provisions of the new regulatory framework, the term of the Company's external auditors expires in 2017 and are expected to proclaim a tender process for the year 2018. Existing auditors can claim their re-appointment.

The Committee examines the Report of the External Auditors and recommends its approval to the Board of Directors.

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

d. Capital Expenditure Committee

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

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

Directors' Remuneration

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

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

The remuneration of the Directors, under their capacity as members of the Committees of the Board of Directors, is determined by the Board of Directors and is proportional to the time spent on managing the Company. The remuneration of the Directors, under their capacity as members of the Board of Directors, is approved by the Shareholders at a General Meeting. The remuneration of the Non-Executive Directors is not associated with profitability, nor does it take the form of participation in a pension or insurance scheme of the Company. The remuneration of the Directors for the year 2017 is mentioned below and is separated between the Executive and Non-Executive Directors.

The remuneration of the Executive Director Mr. Marios Panayides, for the year 2017, including the employer's contributions and other benefits was €213.600 (2016: €243.123). The remaining three Executive Directors do not receive any additional reward, apart from their remuneration as members of the Board of Directors and other committees, which are analysed for 2017 as follows: Marios N. Shacolas €4.370, Eleni N. Shacola €4.200, Chrysoula N. Shacola €3.800 and George Louca €4.200. The remuneration of Mrs Eleni N. Shacola, Chrysoula N. Shacola and George Louca has been paid to the employer as compensation for the time they spend being Executive Directors of Woolworth (Cyprus) Properties Plc. The total remuneration of the Executive Directors of the Group for the year 2017 amounted to €230.170 (2016: €259.893).

During the year ended 31 December 2017 the Company did not pay any additional remuneration to Non-Executive Directors, except for their annual remuneration as members of the Board of Directors and other committees, which was approved at last year's Annual General Meeting of the Company. This is analysed as follows: Mr. Demetris Demetriou €6.580, Pambos Ioannides €3.600, Nicolas Const. Shacolas €4.990, Nicolas Wilson €3.600 and Stephos Stephanides €5.390. The remuneration of Mr. Demetris Demetriou and Nicolas Wilson has been paid to his employer as compensation for the time spent being a Non-Executive Chairman of Woolworth (Cyprus) Properties Plc. The total remuneration of the Non-Executive Directors of the Company amounted to €24.160 (2016: €19.700).

The Directors' remuneration is also presented in Note 32 of the Consolidated and separate Financial Statements of the Group and the Company.

RESPONSIBILITY AND CONTROL

Internal Control System

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

The Board of Directors of the Company has reviewed the procedures and methods of validation of the correctness, completeness and accuracy of the information provided to the investors and confirms that they are effective.

The Board of Directors confirms that through the Internal Audit Department of the Shacolas Group of Companies, which acts independently and objectively and reports to the Audit Committee of the Company, inspects the Internal Control Systems of the Company and confirms that their effectiveness is satisfactory. The review of the Internal Control Systems and Risk Management Systems by the Internal Audit Department covers, on a sample basis, the financial, operating, and software systems, including the applied control systems and security systems.

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

The Internal Audit Department helps the Group to achieve its goals through the application of systematic and disciplined methodology in the evaluation and improvement of the Risk Management Systems, Internal Control Systems, and in the application of the Code on Corporate Governance. The Internal Audit Department, is liable to the Board of Directors and to the Audit Committee of the Company regarding the execution of its duties. In the context of its independence, its staff reports both administratively and operationally directly to the Audit Committee. The manager of the internal Audit Department was Mr. Rovertos Yousselis, Certified Auditor (FCCA, MBA Finance) up to 11 January 2018, who voluntarily resigned for personal reasons. Since 22 January 2018, the Manager of Internal Audit is Mrs. Argyro Efstathiou (FCA, BA Economics).

The Board of Directors of the Company confirms that nothing has come to its attention concerning any breach of the Cyprus Stock Exchange Laws and Regulations, except of those that are known to the relevant stock exchange officials (where applicable).

The main characteristics of the internal control system and risk management which are applied by the Company in relation to the procedure of the financial statements preparation, are the following:

- Revision of accounting principles and policies wherever this is required.
- Existence of documented procedures for the issuance of financial statements.
- Existence of safeguards and development of audit mechanism for the safety and reliability of the financial information.
- Adequacy of knowledge, qualifications of involved executives by competence and area of responsibility.
- Continuing development and updating of involved executives with accounting and audit matters.
- Development and presentation of a risk management process.
- Review of the internal control system and risk management system by the Board of Directors after suggestion of the Audit Committee.

The Company has developed the appropriate structure, procedure and audit mechanisms in order to evaluate and manage risks which may arise in relation to the preparation of the financial statements.

Loans to Directors

Any loans to Directors of the Group from Group companies and information relating to contingent interest of Directors in transactions or matters that affect the Company, are disclosed in Note 32 of the Consolidated and separate Financial Statements of the Group and the Company.

Voting and control rights

The Company has not issued any titles granting special control rights, and there are no limitations regarding voting rights. All shares have the same rights.

Going Concern

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

Compliance with the Code on Corporate Governance

The Board of Directors appointed Messrs George Mitsides and Demetris Demetriou, who are very familiar with the Stock Exchange Legislation and the regulatory nature of decisions taken by the Board and the Cyprus Securities and Exchange Commission, as Compliance Officers under the Code on Corporate Governance, to observe, in cooperation with the Audit Committee, the implementation of the Code.

RELATIONSHIPS WITH THE SHAREHOLDERS

The Directors consider an important part of their responsibilities the provision of timely, clear and reliable information to the Shareholders and the adoption of the provisions of the Code on Corporate Governance regarding the constructive use of the General Meeting and the equitable treatment of Shareholders. The shareholders, given that they represent a sufficient number of shares, have the possibility to register matters for discussion in the General Meeting of the Shareholders in accordance with the procedures provided by the Companies Law. The Board of Directors appointed Mr Marios Panayides and Mrs Maria Aristidou as the Company's Shareholder liaison officers.

The Board of Directors appointed Mr. Stephos D. Stephanides, Independent Non-Executive Director, as Senior Independent Director, who is available to listen to Shareholders' concerns, whose potential problems may have not been solved through the normal communication channels of the Company.

BOARD OF DIRECTOR'S REMUNERATION POLICY

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

By order of the Board of Directors
George P. Mitsides
Secretary

Nicosia, 23 April 2018

Our opinion

In our opinion, the accompanying consolidated and separate financial statements of Woolworth (Cyprus) Properties Plc ("the Company" and its subsidiaries (together "the Group")) give a true and fair view of the financial position of the Group and the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the consolidated and the separate financial statements which are presented in pages 23 to 78 which comprise:

- the consolidated and separate balance sheet as at 31 December 2017;
- the consolidated and separate statement of comprehensive income for the year then ended;
- the consolidated and separate statement of changes in equity for the year then ended;
- the consolidated and separate statement of cash flows for the year then ended; and
- the notes to the 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 the separated 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.

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Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Financial Assets at Fair Value Through Profit or Loss Refer to Note 2, Summary of Significant Accounting Policies, Note 3, Financial risk management Note 4, Significant Accounting Estimates and Judgements, and Note 21, Financial Assets at Fair Value through Profit or Loss. The Group and the Company have Financial Assets at Fair Value through Profit or Loss with carrying value of €53.178.312 as at 31 December 2017 in the consolidated and separate financial statements of the Group and the Company, representing approximately 19% and 20% of the Group's and the Company's total assets respectively. Management's annual valuation of Financial Assets at Fair Value through Profit and Loss is considered complex and requires significant Management judgement. Management has estimated the fair value of the financial assets at Fair Value through Profit or Loss taking into consideration all relevant information available, including a financial appraisal report (using Discounted Cash Flows) prepared by international and local real estate experts. The results of this measurement depends to a large extend on Management's assessment of future cash flows and the discount rate used, and is therefore subject to considerable sensitivity particularly as a result of the fact that the project is at an early stage of development.	Our audit procedures in relation to Management's valuation of Financial Assets at Fair Value through Profit or Loss included an evaluation of the independent international and local real estate experts' competency, capabilities and objectivity. We have also evaluated the mathematical accuracy, the methodologies used, the components of these information in comparison with the masterplan, the appropriateness of the basic assumptions used, compared with the general economic and sector specific expectations, engaging our inhouse valuation experts to evaluate whether the assumptions used were within a reasonable range of acceptable assumptions. Furthermore we evaluated the adequacy of the Group's and the Company's disclosures in the financial statements regarding the valuation of Financial Assets at Fair Value through Profit or Loss. The results of the above procedures were satisfactory.
Valuation of Investment Properties at fair value Refer to Note 2, Summary of Significant Accounting Policies, Note 4, Significant Accounting Estimates and Judgements and Note 17 Investment Properties. Management has estimated the fair value of the Group's and the Company's Investment Properties to be €101.572.896 and €69.649.112 respectively as at 31 December 2017 representing approximately 35% and 27% of the Group's and the Company's total assets respectively. The valuations are dependent on certain key assumptions that require significant management judgement including capitalisation rates and fair market rents. Some of these estimates and judgements are subject to market forces and will change over time. Independent external valuations are taken into consideration by the Management during the valuation process.	Our audit procedures in relation to Management's valuation of Investment Properties included an evaluation of the independent external valuer's and management's competency, capabilities and objectivity. We have also assessed the mathematical accuracy, methodologies used and the appropriateness of the key assumptions used, by comparing with general economic and market specific expectations and engaging our in-house valuation experts to assess whether the assumptions used were within a reasonable range of acceptable assumptions. Furthermore we evaluated the adequacy of the Group's and the Company's disclosures in the financial statements regarding the valuation of Investment Properties. The results of the above procedures were satisfactory.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report and the Corporate Governance Statement and the declaration of the members of the Board of Directors and other Company officials for the drafting of the financial statements but does not include the consolidated and the 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 the 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 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 Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company and the Group 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

As PwC, we were first appointed as auditors of the Group and the Company for the audit of the financial statements for the year ended 31 December 1998. Our appointment was renewed annually, since then, by shareholders' resolution. On 12 May 2005, the Cyprus Stock Exchange was first included in the list of regulated markets prepared by the European Commission and published in the Official Journal of the European Union and as a result, the first financial year in which the Company was designated as a Public Interest Entity (PIE) in the European Union was the year ended 31 December 2006. Since then, the total period of uninterrupted appointment has been 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 20 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 Company and the Group and which have not been disclosed in the consolidated and the 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 the 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 Company and the Group and its environment obtained in the course of the audit of the consolidated and separate financial statements, 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 Nicos A. Theodoulou.

Nicos A. Theodoulou

Certified Public Accountant and Registered Auditor
for and behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

PwC Central, 43 Dimostheni Severi Avenue
CY - 1080 Nicosia, Cyprus

Nicosia, 23 April 2018

	Note	2017	2016
		€	€
Continuing operations			
Rights for use of space and other income	17	7.719.860	6.209.281
Other income - net	5	431.633	259.175
General and administration expenses	7	(3.096.119)	(2.543.466)
		5.055.374	3.924.990
Other (losses)/profits - unrealised	6	(11.184.578)	7.332.830
Operating (loss)/profit		(6.129.204)	11.257.820
Finance costs	9	(5.690.594)	(5.824.188)
Finance income	9	2.717.996	2.302.403
Share of loss of associates after tax	18	(121.654)	(8.533)
(Loss)/profit before tax		(9.223.456)	7.727.502
Corporation tax and defence contribution		(263.012)	(550.028)
Deferred tax		2.889.937	(2.097.993)
Tax	10	2.626.925	(2.648.021)
(Loss)/profit after tax for the year from continuing operations		(6.596.531)	5.079.481
Discontinued operations			
Loss after tax from discontinued opearations	12	(385.957)	(195.042)
(Loss)/profit for the year and total comprehensive income for the year		(6.982.488)	4.884.439
(Loss)/profit per share from continuing and discontinued operations attributable to the equity holders of the company during the year (cents per share):	11		
Basic and adjusted			
Continuing operations		(3,09)	2,38
Discontinued operations		(0,18)	(0,09)
Total		(3,27)	(2,29)

The notes on pages 32 to 79 are an integral part of these financial statements.

	Note	2017	2016
		€	€
Assets			
Non-current assets			
Property, plant and equipment	16	**179.158**	209.351
Investment property	17	**101.572.896**	153.530.216
Investments in associates	18	**19.317.533**	19.460.047
Available-for-sale financial assets	20	**1.763**	1.763
Financial assets at fair value through profit or loss	21	**53.178.312**	56.750.100
Non-current receivables	22	**61.544.390**	54.115.105
		235.794.052	284.066.582
Current assets			
Inventories		**1.194**	1.539
Trade and other receivables	23	**1.406.183**	1.399.802
Tax refundable		**17.843**	17.843
Restricted bank deposits	24	**5.000.000**	5.000.000
Cash in hand and at bank	24	**149.284**	99.924
		6.574.504	6.519.108
Assets classified as held for sale	25	**44.000.000**	-
		50.574.504	6.519.108
Total assets		**286.368.556**	290.585.690
Equity and Liabilities			
Capital and reserves attributable to owners of the parent			
Share capital	26	**57.395.790**	38.972.111
Shares to be issued	26	**15.342.430**	18.423.679
Difference from conversion of share capital into Euro		**197.184**	197.184
Share premium	26	**25.018.383**	25.018.383
Treasury shares	26	**(154.437)**	(154.437)
Fair value reserves	27	**13.632.188**	29.524.070
Retained earnings		**21.868.497**	28.850.985
Total equity		**133.300.035**	140.831.975
Non-current liabilities			
Borrowings	28	**131.410.690**	128.051.441
Deferred income tax liabilities	29	**8.375.777**	12.416.522
		139.786.467	140.467.963
Current liabilities			
Payables and accrued expenses	30	**3.908.805**	3.390.242
Current income tax liabilities		**1.806.063**	1.571.033
Borrowings	28	**6.416.378**	4.324.477
		12.131.246	9.285.752
Liabilities directly associated with assets classified as held for sale	25	**1.150.808**	-
		13.282.054	9.285.752
Total liabilities		**153.068.521**	149.753.715
Total equity and liabilities		**286.368.556**	290.585.690

On 23 April 2018 the Board of Directors of Woolworth (Cyprus) Properties Plc authorised these consolidated financial statements for issue.

Demetris Demetriou Chairman Marios Panayides Managing Director

The notes on pages 32 to 79 are an integral part of these financial statements.

	Share capital	Share capital to be issued	Difference from conversion of share capital into Euro	Treasury shares	Share Premium (2)	Fair value reserves	Retained earnings (1)	Capital and reserves attributable to equity holders of the Company
	€	€	€	€	€	€	€	€
Balance at 1 January 2016	38.972.111	-	197.184	(154.437)	25.018.383	29.524.070	42.966.546	136.523.857
Comprehensive income								
Profit for the year	-	-	-	-	-	-	4.884.439	4.884.439
Total comprehensive income for the year	-	-	-	-	-	-	4.884.439	4.884.439
Transactions with owners								
Dividend for 2014 (Note 13)	-	-	-	-	-	-	(18.423.679)	(18.423.679)
Defence tax on deemed dividend distribution (Note 13)		-	-	-	-	-	(576.321)	(576.321)
Shares to be issued (Note 26)	-	18.423.679	-	-	-	-	-	18.423.679
Total transaction with owners	-	18.423.679	-	-	-	-	(19.000.000)	(576.321)
Balance at 31 December 2016	38.972.111	18.423.679	197.184	(154.437)	25.018.383	29.524.070	28.850.985	140.831.975

The notes on pages 32 to 79 are an integral part of these financial statements.

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

	Note	Share capital	Share capital to be issued	Difference from conversion of share capital into Euro	Treasury shares	Share Premium (2)	Fair value reserves	Retained earnings (1)	Capital and reserves attributable to equity holders of the Company
		€	€	€	€	€	€	€	€
Balance at 1 January 2017		38.972.111	18.423.679	197.184	(154.437)	25.018.383	29.524.070	28.850.985	140.831.975
Comprehensive income									
Loss for the year		-	-	-	-	-	-	(6.982.488)	(6.982.488)
Total comprehensive income for the year		-	-	-	-	-	-	(6.982.488)	(6.982.488)
Transactions with owners									
Share issue	26	18.423.679	(18.423.679)	-	-	-	-	-	-
Costs for share issue		-	-	-	-	-	(91.882)	-	(91.882)
Dividend for 2015	13	-	-	-	-	-	(15.342.430)	-	(15.342.430)
Defence on dividend distribution	13	-	-	-	-	-	(457.570)	-	(457.570)
Shares to be issued	26	-	15.342.430	-	-	-	-	-	(15.342.430)
Total transactions with owners		18.423.679	(3.081.249)	-	-	-	(15.891.882)	-	(549.452)
Balance at 31 December 2017		57.395.790	15.342.430	197.184	(154.437)	25.018.383	13.632.188	21.868.497	133.300.035

(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 at 15% 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. Special contribution for defence rate increased 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 is not distributable in the form of dividends.

The notes on pages 32 to 79 are an integral part of these financial statements.

	Note	2017 €	2016 €
Cash flows from operating activities			
(Loss)/profit before tax:			
Continuing operations		(9.223.456)	7.727.502
Discontinued operations		(385.957)	(195.042)
(Loss)/profit before tax including discontinued operations		(9.609.413)	7.532.460
Adjustments for:			
Depreciation of property, plant and equipment	16	34.617	34.619
Interest expense	9	5.690.594	5.824.188
Interest income	9	(2.717.996)	(2.302.403)
Share of loss of associates	18	121.654	8.533
Fair value loss/(profit) on investment property	6	7.614.300	(9.733.500)
Fair value loss on financial assets at fair value through profit and loss	6	3.571.788	2.400.000
Profit from sale of property, plant and equipment	16	(1.510)	-
Fair value loss on available for sale financial assets	20	-	670
		4.704.034	3.764.567
Changes in working capital:			
Trade and other receivables		(6.381)	(60.783)
Payables and accrued expenses		(30.889)	976.823
Inventories		345	(1.539)
Cash generated from operations		4.667.109	4.679.068
Tax paid		(27.982)	(56.735)
Net cash from operating activities		4.639.127	4.622.333
Cash flows used in investing activities			
Purchases of property, plant and equipment	16	(11.614)	(26.628)
Purchases of investment property	17	(1.656.980)	(22.604)
Proceeds from disposal of property, plant and equipment	16	8.700	-
Proceeds from disposal of investment properties	17	2.000.000	-
Decrease of restricted bank deposits		-	8.003.815
Net borrowings to related parties		(5.549.918)	(9.209.491)
Interest received		838.629	594.173
Dividends received from associates	18	20.860	41.720
Net cash used in investing activities		(4.350.323)	(619.015)
Cash flows used in financing activities			
New borrowings		5.751.324	2.800.000
Repayment of borrowings		(8.589.414)	(5.017.220)
Net borrowings from related parties		8.005.755	4.093.588
Interest paid		(5.407.109)	(5.824.188)
Net cash used in financing activities		(239.444)	(3.947.820)
Net increase in cash and cash equivalents		49.360	55.498
Cash and cash equivalents at beginning of year		99.924	44.426
Cash and cash equivalents at end of year	24	149.284	99.924

Non - cash transactions

The net dividend amounting to €15.342.430 (2016: €18.423.679) was used for the settlement of the new shares issued after the balance sheet date to the shareholders of the Company (Note 13 and 26).

The notes on pages 32 to 79 are an integral part of these financial statements.

	Note	2017 €	2016 €
Continuing operations			
Rights for use of space and other income	17	**4.430.717**	3.470.505
Other income - net	5	**1.299.929**	1.490.280
General and administration expenses	7	**(2.668.507)**	(2.059.698)
		3.062.139	2.901.087
Other (losses)/profit - unrealised	6	**(3.677.323)**	1.490.000
Operating (loss)/profit		**(615.184)**	4.391.087
Finance costs	9	**(5.875.144)**	(5.973.445)
Finance income	9	**3.708.660**	3.201.837
(Loss)/profit before tax		**(2.781.668)**	1.619.479
Corporation tax and defence contribution		**851.094**	(506.741)
Deferred tax		**(188.459)**	(913.944)
Tax	10	**662.635**	(1.420.685)
(Loss)/profit for the year and total comprehensive income for the year from continuing operations		**(2.119.033)**	198.794
Discontinued operations			
Loss from the disposal of shares in subsidiary companies	12	**(385.957)**	(195.042)
Net (loss)/profit for the year and total comprehensive income for the year		**(2.504.990)**	3.752
(Loss)/profit per share attributable to the equity holders of the company during the year (cents per share)	11		
Basic and adjusted			
Continuing operations		**(0,99)**	0,09
Discontinued operations		**(0,18)**	(0,09)
Total		**(1,17)**	0,0

The notes on pages 32 to 79 are an integral part of these financial statements.

	Note	2017 €	2016 €
Assets			
Non-current assets			
Property, plant and equipment	16	**11.600**	23.115
Investment property	17	**69.649.112**	86.421.787
Investments in subsidiaries	19	**21.912.498**	21.911.498
Investments in associates	18	**8.332.623**	8.332.623
Financial assets at fair value through profit or loss	21	**53.178.312**	56.750.100
Non-current receivables	22	**85.014.234**	73.977.022
		238.098.379	247.416.145
Current assets			
Trade and other receivables	23	**1.267.680**	4.293.503
Restricted bank deposits	24	**5.000.000**	5.000.000
Cash in hand and at bank	24	**87.532**	67.739
		6.355.212	9.361.242
Assets classified as held for sale	25	**16.700.000**	-
		23.055.212	9.361.242
Total assets		**261.153.591**	256.777.387
Equity and Liabilities			
Capital and reserves attributable to owners of the parent			
Share capital	26	**57.395.790**	38.972.111
Shares to be issued	26	**15.342.430**	18.423.679
Difference from the conversion of share capital into Euro		**197.184**	197.184
Share premium	26	**25.018.383**	25.018.383
Treasury shares	26	**(154.437)**	(154.437)
Fair value reserves	27	**10.121.954**	26.013.836
Accumulated losses/Retained earnings		**(1.646.927)**	858.063
Total equity		**106.274.377**	109.328.819
Non-current liabilities			
Borrowings	28	**136.924.676**	130.947.295
Deferred income tax liabilities	29	**6.639.489**	7.601.838
		143.564.165	138.549.133
Current liabilities			
Payables and accrued expenses	30	**3.019.137**	3.029.029
Current income tax liabilities		**659.040**	1.521.422
Borrowings	28	**6.486.064**	4.348.984
		10.164.241	8.899.435
Liabilities directly associated with assets classified as held for sale	25	**1.150.808**	-
		11.315.049	8.899.435
Total liabilities		**154.879.214**	147.448.568
Total equity and liabilities		**261.153.591**	256.777.387

On 23 April 2018 the Board of Directors of Woolworth (Cyprus) Properties Plc authorised these financial statements for issue.

Demetris Demetriou
Chairman

Marios Panayides
Managing Director

The notes on pages 32 to 79 are an integral part of these financial statements.

Statement of changes in equity of the Company for the year ended 31 December 2017

	Note	Share capital	Share capital to be issued	Difference from conversion of share capital into Euro	Treasury shares	Share Premium (2)	Fair value reserves	Accumulated losses/Retained earnings (1)	Total
		€	€	€	€	€	€	€	€
Balance at 1 January 2016		38.972.111	-	197.184	(154.437)	25.018.383	26.013.836	19.854.311	109.901.388
Comprehensive income									
Profit for the year		-	-	-	-	-	-	3.752	3.752
Total comprehensive income for the year		-	-	-	-	-	-	3.752	3.752
Transactions with owners									
Dividend for 2014	13	-	-	-	-	-	-	(18.423.679)	(18.423.679)
Defence for deemed dividend distribution		-	-	-	-	-	-	(576.321)	(576.321)
Shares to be issued	26	-	18.423.679	-	-	-	-	-	18.423.679
Total transactions with owners		-	18.423.679	-	-	-	-	(19.000.000)	(576.321)
Balance at 31 December 2016/ 1 January 2017		38.972.111	18.423.679	197.184	(154.437)	25.018.383	26.013.836	858.063	109.328.819
Comprehensive income									
Loss for the year		-	-	-	-	-	-	(2.504.990)	(2.504.990)
Total comprehensive income for the year		-	-	-	-	-	-	(2.504.990)	(2.504.990)
Transactions with owners									
Share issue	26	18.423.679	(18.423.679)	-	-	-	-	-	-
Costs for share issue		-	-	-	-	-	(91.882)	-	(91.882)
Dividend for 2015	13	-	-	-	-	-	(15.342.430)	-	(15.342.430)
Defence for dividend distribution		-	-	-	-	-	(457.580)	-	(457.580)
Shares to be issued	26	-	15.342.430	-	-	-	-	-	15.342.430
Total transactions with owners		18.423.679	(3.081.249)	-	-	-	(15.891.882)	-	(549.452)
Balance at 31 December 2017		57.395.790	15.342.430	197.184	(154.437)	25.018.383	10.121.954	(1.646.927)	106.274.377

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 at 15% 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. Special contribution for defence rate increased 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 specialcontribution for defence is paid by the Company for the account of the shareholders.

(2) The share premium reserve is not distributable in the form of dividends.

The notes on pages 32 to 79 are an integral part of these financial statements.

	Note	2017 €	2016 €
Cash flows from/(used in) operating acitivites			
(Loss)/profit before tax:			
Continuing operations		(2.781.668)	1.619.479
Discontinued operations		(385.957)	(195.042)
(Loss)/profit before tax including discontinued operations		(3.167.625)	1.424.437
Adjustments for:			
Depreciation of property, plant and equipment	16	7.294	8.542
Interest expense	9	5.875.144	5.973.445
Interest income	9	(3.708.660)	(3.201.837)
Dividend income	5	(910.860)	(1.232.720)
Fair value loss/(gain) on investment property	6	107.045	(3.890.000)
Fair value loss on financial assets at fair value through profit and loss	6	3.571.788	2.400.000
Profit on disposal of property, plant and equipment	16	(1.510)	-
		1.772.616	1.481.867
Changes in working capital:			
Trade and other receivables		3.025.823	(634.788)
Payables and accrued expenses		(559.343)	788.077
Cash generated from/(used in) operations		4.239.096	1.635.156
Tax paid		(11.289)	(6.741)
Net cash from operating activities		4.227.807	1.628.415
Cash flows (used in)/from investing activities			
Purchases of property, plant and equipment	16	(2.969)	(4.200)
Proceeds from disposal of property, plant and equipment	16	8.700	-
Purchase of investment properties	17	(34.370)	(2.675)
Net borrowings to related parties		(9.247.845)	(8.120.371)
Purchase of share in subsidiary company	19	(1.000)	(2.000)
Decrease of restricted bank deposits		-	8.003.815
Interest received		1.919.293	1.493.607
Dividends received		910.860	1.232.720
Net cash (used in)/from investing activities		(6.447.331)	2.600.896
Cash flows from/(used in) financing activities			
New borrowings		5.751.322	2.800.000
Repayment of borrowings		(8.589.414)	(5.013.599)
Net borrowing from related parties		10.669.067	4.011.105
Interest paid		(5.591.658)	(5.973.445)
Net cash from/(used in) financing activities		2.239.317	(4.175.939)
Net increase in cash and cash equivalents		19.793	53.372
Cash and cash equivalents at beginning of year		67.739	14.367
Cash and cash equivalents at end of year	24	87.532	67.739

Non-cash transactions

The net dividend amounting to €15.342.430 (2016: €18.423.679) was used for the settlement of the new shares issued after the balance sheet date to the shareholders of the Company (Note 13 and 26).

The notes on pages 32 to 79 are an integral part of these financial statements.

1 GENERAL INFORMATION

Country of incorporation

The Company was incorporated and domiciled in Cyprus in 1971 as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113 and in 1987 it became a public company. In 1996 the Company's shares were quoted on the Cyprus Stock Exchange.

The Company's registered office is at Shacolas Building, Old Nicosia-Limassol Road, Athalassa, Nicosia.

Principal activities

The Company is the parent company of the Woolworth Group. As from 31 December 2003 the Group's activities involve mainly the ownership, development, management and trading of property. The Company also owns 35% of the share capital of the company Akinita Lakkos Mikelli Ltd and significant indirect participation in Cyprus Limni Resorts & Golfcourses Plc.

The principal activity of the Company and the Group up until 31 December 2003 was the conduct of retail trade in Cyprus and Greece, through department stores and specialty stores. From that date onwards, after the reorganization, all trading activities were transferred to Ermes Department Stores Plc. This reorganization resulted in the separation of the Company's and the Group's business activities from the real estate and investment activities.

Operating Environment of the Company and the Group

The Cypriot economy has recorded positive growth in 2016 and 2017 after overcoming the economic recession of recent years. The overall economic outlook of the economy remains favorable, however there are still downside risks emanating from the still high levels of non-performing loans, the public debt ratio, as well as possible deterioration of the external environment for Cyprus. This operating environment has a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

Management determined impairment provisions for financial assets carried at amortised cost using the "incurred loss" model required by International Accounting Standard 39 "Financial Instruments: Recognition and Measurement". This standard requires recognition of impairment losses for loans and receivables that arose from past events and prohibits recognition of impairment losses that could arise from future events, including future changes in the economic environment, no matter how likely those future events are. Thus final impairment losses from financial assets could differ significantly from the current level of provisions.

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

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

These measures include, other than the successful restructuring of the Group's loans during 2014, 2016, 2017 and 2018 the deleveraging through liquidation of non-core activities and surplus assets, and mature investments reduce spending including management and staff costs, rigorous management of working capital and closing/restructuring non-profitable operations.

The parent company confirmed that it will financially support the Company and the Group in case they need it.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate 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 Woolworth (Cyprus) Properties Plc and its subsidiaries and the Company's separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), the requirements of the Cyprus Companies Law, Cap. 113, and the Cyprus Stock Exchange Laws and Regulations.

As of the date of the authorisation of the consolidated and separate 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 consolidated and separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, available-for-sale financial assets and financial assets at fair value through profit or loss.

The consolidated and separate financial statements have been prepared on a going concern basis. The Board of Directors has made an assessment of the ability of the Company and the Group to continue as a going concern (Note 1), and has satisfactorily concluded that the financial statements can be prepared on this basis.

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

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Company and the Group with the exception of the following:

- Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or afte 1 January 2017). As a result of this amendment, the Company has disclosed a reconciliation of movements in liabilities arising from financing activities. Refer to Note 24.
- Annual Improvements to IFRSs 2014-2016 cycle - amendments to IFRS 12 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017). The amendments clarify the scope of the disclosure requirements in IFRS 12 by specifying that the disclosure requirements in IFRS 12, other than those relating to summarised financial information for subsidiaries, joint ventures and associates, apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with IFRS 5.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements.

- IFRS 9 "Financial Instruments: Classification and Measurement" (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

  i. Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

  ii. Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI.

  Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

  iii. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

  iv. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

  v. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

  vi. Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Group and the Company have assessed the effect of the new standard on its financial statements and estimates that any impact on the results of the Group and the Company will not be material.

- 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.

The Group and the Company have assessed the effect of the new standard on its financial statements and estimates that any impact on the results of the Group and the Company will not be material.

- IFRS 16"Leases" (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group and the Company have assessed the effect of the new standard on its financial statements and estimates that any impact on the results of the Group and the Company will not be material.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB)*. The EU endorsement is postponed as IASB effective date is deferred indefinitely. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Company is currently assessing the impact of the amendments on its financial statements and as of the date of issue of these financial statements the impact of the amendments is not known.
- 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 licence 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 is currently assessing the impact of the amendments on its financial statements and as of the date of issue of these financial statements the impact of the amendments is not known.
- Annual Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1January 2018 for amendments to IFRS 1 and IAS 28). IFRS 1 was amended and some of the short-term exemptions from IFRSs in respect of disclosures about financial instruments, employee benefits and investment entities were removed, after those short-term exemptions have served their intended purpose. The amendments to IAS 28 clarify that an entity has an investment-by-investment choice for measuring investees at fair value in accordance with IAS 28 by a venture capital organisation, or a mutual fund, unit trust or similar entities including investment linked insurance funds. Additionally, an entity that is not an investment entity may have an associate or joint venture that is an investment entity. IAS 28 permits such an entity to retain the fair value measurements used by that investment entity, associate or joint venture when applying the equity method. The amendments clarify that this choice is also available on an investment-by-investment basis. The Company is currently assessing the impact of the amendments on its financial statements and as of the date of issue of these financial statements the impact of the amendments is not known.

- Transfers of Investment Property - Amendments to IAS 40 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018)*. The amendments clarify the requirements on transfers to, or from, investment property in respect of properties under construction. Prior to the amendments, there was no specific guidance on transfers into, or out of, investment properties under construction in IAS 40. The amendment clarifies that there was no intention to prohibit transfers of a property under construction or development, previously classified as inventory, to investment property when there is an evident change in use. IAS 40 was amended to reinforce the principle of transfers into, or out of, investment property in IAS 40 to specify that a transfer into, or out of investment property should only be made when there has been a change in use of the property; and such a change in use would involve an assessment of whether the property qualifies as an investment property. Such a change in use should be supported by evidence. The Company is currently assessing the impact of the amendments on its financial statements and as of the date of issue of these financial statements the impact of the amendments is not known.

- IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019)* .IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. An entity should determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. An entity should assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the effect of uncertainty will be reflected in determining the related taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates, by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

  An entity will reflect the effect of a change in facts and circumstances or of new information that affects the judgments or estimates required by the interpretation as a change in accounting estimate. Examples of changes in facts and circumstances or new information that can result in the reassessment of a judgment or estimate include, but are not limited to, examinations or actions by a taxation authority, changes in rules established by a taxation authority or the expiry of a taxation authority's right to examine or re-examine a tax treatment. The absence of agreement or disagreement by a taxation authority with a tax treatment, in isolation, is unlikely to constitute a change in facts and circumstances or new information that affects the judgments and estimates required by the Interpretation. The Company is currently assessing the impact of the interpretation on its financial statements and as of the date of issue of these financial statements the impact of the interpretation is not known.

- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019)*. For financial instruments which contain a prepayment amount that may result in negative compensation, the Amendments propose that such a financial asset would be eligible to be measured at amortised cost or at fair value through other comprehensive income, subject to the assessment of the business model in which it is held. The Company is currently assessing the impact of the interpretation on its financial statements and as of the date of issue of these financial statements the impact of the interpretation is not known.

- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019)*. The Amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture but to which the equity method is not applied. An entity applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. An entity applies the Amendments retrospectively for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. The Company is currently assessing the impact of the interpretation on its financial statements and as of the date of issue of these financial statements the impact of the interpretation is not known.

* *Denotes standards, interpretations and amendments which have not yet been endorsed by the European Union.*

Consolidated financial statements

General

The consolidated financial statements include the financial statements of Woolworth (Cyprus) Properties Plc (the "Company") and all its subsidiaries which are collectively referred to as the "Group".

Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to control. The Group controls an entity when it is exposed to, or has the right in, variable returns from their participation in the entity and has the cabability 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 and they are de-consolidated from the date that control ceases.

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

If the business combination is achieved in stages, the fair value at the acquisition date of the previously held interest by the group is remeasured to fair value at the acquisition date through profit or loss.

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses arising from intercompany transactions that are recognised in assets are also eliminated. The non-incurred losses are also eliminated except from that the transaction provides evidence of impairment of the asset transferred.

The non-controlling interest in the profit and loss and in equity of the subsidiaries is presented separately in the consolidated profit and loss, consolidated statement of changes in equity and consolidated balance sheet.

The accounting policies of the subsidiaries have been differentiated, when necessary, to conform with the accounting policies applied by the Group.

(ii) Associates

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

Dividends received or receivable from associated companies are recognised as decrease in carrying value of the investment.

If the Group's ownership interest in an associate company is reduced but significant influence is retained, only a proportionate share of the amounts recognised in other comprehensive income are reclassified to profit and loss, where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated profit or loss, and its share of post-acquisition 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 long-term 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 policies adopted by the Group. Profits and losses distributed that have arisen from the investments in associates are recognised in the consolidated 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 recognise the amount of impairment in "share of profit/(loss) of associates after tax" in the consolidated profit and loss.

Change in the percentage ownership

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Woolworth (Cyprus) Properties Plc.

Disposal of subsidiary or associate companies

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes 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 entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

The gain or loss from the disposal of subsidiary or associate companies is calculated as the difference between the sale proceeds and the Group's share of net assets of the subsidiary or associate at the date of disposal, less any unamortised goodwill resulting during the acquisition of the subsidiary or associate.

Separate financial statements of the Company

(i) Subsidiaries

In the balance sheet of the Company investments in subsidiaries are carried at cost less any impairment.

(ii) Associates

In the balance sheet of the Company investments in associates are carried at cost less any 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 determin the recoverable amount.

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

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 and the Company activities net of Value Added Taxes, returns and discounts.

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

(i) Income from rights for use of space

The income from rights for use of space is recognised on an accrual basis according to the substance of the relevant rights agreements.

(ii) Rental income

Rental income arising on operating leases is recognised on a straight-line basis over the lease term.

(iii) Interest income

Interest income is recognised using the effective interest method. When a loan receivable is impaired, the Group and the Company 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 is recongnised using the original effective interest rate.

(iv) Dividend income

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

(v) Sale of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Employee benefits

The Group's companies and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Group's companies operate a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the companies. The Group's companies contributions are expensed as incurred and are included in staff costs. The Group's companies have 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 consolidated and separate financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the Group and the Company operates ("the functional currency"). The consolidated and separate financial statements are presented in Euros (€), which is the Group's and the 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 recognised in profit or loss.

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 in the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which each company of 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 substantially 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.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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

No deferred taxation arises for investments in subsidiaries and associates because the profits from the sale of securities are not taxable.

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 and the Group where there is an intention to settle the balances on a net basis.

Dividend distribution

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

Property, plant and equipment

Property, plant and equipment are stated at historic cost less depreciation. Historic cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Depreciation 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	Computers	33
Furniture and fittings	15	Machinery	20
Office equipment	15	Improvements on leasehold properties	10

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

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

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

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Investment property

Investment property is held for long-term rental yields or for capital appreciation or both and is not occupied by the Company and the Group. Investment property is carried at fair value, representing open market value determined annually by the Company's and Group's management taking into consideration all relevant information available, including valuations from external independent valuers, market conditions and others.

Goodwill

Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

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

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Impairment of non financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events and changes in circumstances indicate that they might be impaired. Assets that are subject to depreciation 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 and the Group classify their financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Financial assets at fair value through profit or loss

  This category has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Derivarive financial assets are also classified in the sub category hold for trading. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's and the Group's documented investment strategy. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date. Financial assets included in this category and for which the range of reasonable estimates of fair values is material and the likely values within this range cannot be reliably estimated, are recognised at cost.

- 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 and the Group's loans and receivables comprise "trade and other receivables" and "cash and bank balances", "restricted bank deposits", and "current portion of non-current receivables" in the balance sheet.

- Available-for-sale financial assets

  Available-for-sale financial assets are non-derivatives that are either designated in this category if they do not have fixed maturities and fixed or determinable payments and manament intends to hold them for the medium to long term or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment within twelve months of the balance sheet date.

(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 and 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 and the Group have transferred substantially all risks and rewards of ownership.

Available- for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within 'other gains/(losses) net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of other income when the Company's and the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available for sale financial assets.

Interest on available for sale securities calculated using the effective interest method is recognised in the profit or loss as part of other income. Dividends on available for sale equity instruments are recognised in profit or loss as part of other income when the Company's and the Group's right to receive payments is established.

(iii) Impairment of financial assets

The Company and the Group assess 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 or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest date determined under the contract. As a practical expedient, the Company and the 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 rate, the reversal of the previously recognised impairment loss is recognised in the profit or loss.

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

Non-current assets (or disposed groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed off or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose off such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company 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 comprises goods such as souvenir products which are sold in the Observatory of Shacolas Tower. It excludes borrowing costs. Cost of purchased inventory are determined after deducting rebates and discounts. 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 services performed in the ordinary course of business. If collection is expected in one year or less, 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 and 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 'general and administrative expenses'. 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 'general and administrative expenses' 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. Incremental costs for the issue of shares directly attributable to the acquisition of a business are included in the cost of acquisition as part of the purchase consideration.

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 purpose, 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.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of tax) is deducted from shareholders' equity as treasury shares until they are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in shareholders' equity attributable to the Company's equity holders.

Provisions

Provisions are recognised when the Company and the Group have 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 to the provision due to the passage of time is recognised as interest expense.

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

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 extend 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.

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any gain or loss on extinguishment is recognised in profit or loss except to the extent that it arises as a result of transactions with shareholders acting in their capacity as shareholders when it is recognised directly in equity. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

A modification of the terms of an existing financial liability or a part of it, when the terms are not deemed to be substantially different, then the existing liability continues to be recognized using the original effective interest rate and any gain or loss incurred is recognized in profit and loss.

Borrowing costs are interest and other costs that the Company and the 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 expense.

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

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

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business of the Company and the Group 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.

Financial guarantee contracts

Financial guarantee contracts are recognised as financial liabilities, the date of the issuance of guarantee. Liabilities arising from financial guarantee contracts, including subsidiaries corporate guarantees, through contracts of mutual guarantee are initially recognised at fair value and subsequently at the higher of the amount determined by the accounting policy of provisions of the consolidated entity and the amount initially recognised minus depreciation. The fair value of financial guarantee contracts is determined by the net present value of the difference of the future cash flows between payments under contracts and payments that would be required without the guarantee, or the calculation of the amount that would have been payable to third parties to undertake the relative liability.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand and current 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 withing borrowings in current liabilities.

Segmental reporting

The group considers that there are no separate operating segments according to IFRS 8 "Operating segments" for which there is discretionary financial information for making decisions on allocating resources and evaluating their performance. The Group's management (Board of Directors) (highest operating decisions-maker) makes its decisions on allocating resources and evaluating their performance based on internal reports at a group level. These reports are in accordance with IFRS used for the preparation of the consolidated and separate financial statements. There is no additional information for the performance of separate segments.

3 FINANCIAL RISK MANAGEMENT

(i) Financial risk factors

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

The Company's and the Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's and the Group's financial performance. Risk management is carried out by the Financial Controller and a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Company's and the Group's operating units. The Board provides written or/and oral principles for overall risk management, as well as written or/and oral policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

- Market risk

Cash flow and fair value interest rate risk

As the Company and the Group have significant interest bearing assets, the Company's and the Group's income and operating cash flows are substantially dependent of changes in market interest rates. The interest rates of most interest bearing assets are fixed and expose the Company and the Group to fair value interest rate risk. The majority of interest bearing assets is associated with related Companies. The interest rates are set by the Group's management.

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

At 31 December 2017, if interest rates on Euro denominated borrowings had been 0,5% (2016: 0,5%) higher/lower with all other variables held constant, post tax profit for the year would have been €384.426 (2016: €440.199) lower/higher for the Group and €384.426 (2016: €440.199) lower/ higher for the Company, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Company's and the 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 credit exposures to customers, including outstanding receivables and committed transactions.

  For banks and financial institutions, only those which are positively evaluated, under the circumstances, by the Board of Directors are accepted, taking into account the condition of the financial sector of Cyprus as described in Note 1 of the financial statements.

  Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. See Note 15 for further disclosure on credit risk.

- Liquidity risk

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

The Group	Less than 1 year	Between 1 and 2 years	Between 2 to 5 years	Over 5 years
	€	€	€	€
At 31 December 2017				
Bank overdrafts	2.131.097	-	-	-
Borrowings	7.103.588	12.926.023	102.932.727	45.759.813
Trade and other payables	3.908.805	-	-	-
	13.143.490	12.926.023	102.932.727	45.759.813
At 31 December 2016				
Bank overdrafts	1.629.775	-	-	-
Borrowings	5.693.720	7.861.460	95.452.405	53.515.191
Trade and other payables	3.390.242	-	-	-
	10.713.737	7.861.460	95.452.405	53.515.191

The Company	Less than 1 year	Between 1 and 2 years	Between 2 to 5 years	Over 5 years
	€	€	€	€
At 31 December 2017				
Bank overdrafts	2.131.097	-	-	-
Borrowings	7.103.588	12.926.023	102.932.727	45.759.813
Trade and other payables	3.019.137	-	-	-
	12.253.822	12.926.023	102.932.727	45.759.813
At 31 December 2016				
Bank overdrafts	1.629.775	-	-	-
Borrowings	5.718.227	7.861.460	98.636.902	53.680.618
Trade and other payables	3.029.029	-	-	-
	10.377.031	7.861.460	98.636.902	53.680.618

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The management maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's and the Group's liquidity reserve (includes undrawn borrowing facilities (Note 28) and cash and cash equivalents (Note 24) on the basis of expected cash flows).

The Board of Directors and the Management of the Company and the Group have taken all the necessary actions needed to refinance the existing debt.

The borrowings of the Company and the Group are secured by guarantees from related companies (Note 28), whereas the Company and the Group have guaranteed borrowings of related companies (Note 31).

The parent company confirmed that it will financially support the Company and the Group in case they need it.

(ii) Capital risk management

The Company's and the Group's objectives when managing capital are to safeguard the Company's and the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders of the Company and the 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 and the 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 monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (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.

During 2017, the Company's and the Group's strategy, which was unchanged from 2016, was to maintain the gearing ratio within sustainable levels. The gearing ratios at 31 December 2017 and 2016 were as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Total borrowings (Note 28)	**137.827.068**	132.375.918	**143.410.740**	135.296.279
Less: cash and cash equivalents (Note 24)	**(149.284**	(99.924)	**(87.532)**	(67.739)
Net debt	**137.677.784**	132.275.994	**143.323.208**	135.228.540
Total equity	**133.300.035**	140.831.975	**106.274.377**	109.328.819
Total capital as defined by management	**270.977.819**	273.107.969	**249.597.585**	244.557.359
Gearing ratio	**51%**	**48%**	**57%**	**55%**

(iii) Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been identified as follows:

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

The following tables present the Company's and the Group's assets and liabilities that are measured at fair value at 31 December 2017.

The Group	Level 1	Level 2	Level 3	Total
Assets	€	€	€	€
Financial assets at fair value through profit or loss:				
- Non-trading securities	-	-	53.178.312	53.178.312
Available for sale financial assets				
- Trading securities	1.763	-	-	1.763
Total financial assets measured at fair value	1.763	-	53.178.312	53.180.075

The Company	Level 1	Level 2	Level 3	Total
Assets	€	€	€	€
Financial assets at fair value through profit or loss:				
- Non-trading securities	-	-	53.178.312	53.178.312
Total financial assets measured at fair value	-	-	53.178.312	53.178.312

The following tables present the Company's and the Group's assets and liabilities that are measured at fair value at 31 December 2016.

The Group	Level 1	Level 2	Level 3	Total
Assets	€	€	€	€
Financial assets at fair value through profit or loss:				
- Non-trading securities	-	-	56.750.100	56.750.100
Available for sale financial assets				
- Trading securities	1.763	-	-	1.763
Total financial assets measured at fair value	1.763	-	56.750.100	56.751.863

The Company	Level 1	Level 2	Level 3	Total
Assets	€	€	€	€
Financial assets at fair value through profit or loss:				
- Non-trading securities	-	-	56.750.100	56.750.100
Total financial assets measured at fair value	-	-	56.750.100	56.750.100

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company and the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Cyprus Stock Exchange equity investments classified as available for sale.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, unlisted equity securities) or that are traded but for which there is no active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Adjusted comparable price-to-book value multiples.
- Other techniques, such as discounted cash flow analysis.

It must be noted that the amount included in Level 3 amounting to €53.178.312 (2016: €56.750.100) relates to financial assets at fair value through profit or loss the securities of which are not traded but they are themselves owners of equity investments in financial assets carried at fair value the securities of which are traded in a non-regulated market.

The following table presents the changes in Level 3 investments for the years ended 31 December 2017 and 31 December 2016:

	Equity securities 2017	Equity securities 2016
The Group	€	€
At 1 January	56.750.100	59.150.100
Loss recognised in profit or loss from financial assets at fair value through profit or loss (Note 6)	(3.571.788)	(2.400.000)
At 31 December	53.178.312	56.750.100
Total losses for the period included in profit or loss for assets held at the end of the reporting period under other gains/losses	(3.571.788)	(2.400.000)
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the reporting period	(3.571.788)	(2.400.000)

	Equity securities 2017	Equity securities 2016
The Company	€	€
At 1 January	56.750.100	59.150.100
Loss recognised in profit or loss from financial assets at fair value through profit or loss (Note 6)	(3.571.788)	(2.400.000)
At 31 December	53.178.312	56.750.100
Total losses for the period included in profit or loss for assets held at the end of the reporting period underother gains/losses	(3.571.788)	(2.400.000)
Change in unrealised losses for the year included in profit or loss for assets held at the end of the reporting period	(3.571.788)	(2.400.000)

Refer to Notes 17, 20 and 21 for disclosures relating to fair values for investment property, financial assets at fair value through profit or loss and available for sale financial assets, respectively carried at fair value.

(iv) Offsetting financial assets and liabilities

The Company and the Group do not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

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.

- Income taxes
  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company and the Group recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.
- Classification of Financial Assets at Fair Value through Profit and Loss
  For the determination of the classification of the investment in Cyprus Limni Resorts and GolfCources Plc significant judgement is required. Specifically, although the Company and the Group holds shareholding of between 20% to 50% of the voting rights of the company, bearing in mind that the other related company controls on its own more than 50% of voting rights, it has been classified as financial asset at fair value through profit and loss and not as an associate company in accordance with the documented investment strategy of the Company and the Group. Information on this basis of the fair value of financial assets is provided to the management of the Company and the Group.
- Fair Value of Investment Properties and financial instruments
  The fair value of investment properties and financial instruments that are not traded in an active market is determined using valuation techniques. Adverse developments in the rental property or comparable property values will have a similar impact on the fair value of the investment properties of the Company and the Group. The sensitivity of the significant estimates involved is disclosed in Notes 17 and 21.

5 OTHER INCOME/(EXPENSES) - NET

	The Group		The Company	
	2017	2016	2017	2016
	€	€	€	€
Other income:				
Dividend income	-	-	910.860	1.232.720
Consultancy services	279.439	269.952	287.176	286.715
Other income	152.194	60.525	101.893	42.147
	431.633	330.477	1.299.929	1.561.582
Other expenses:				
Compensations	-	(71.302)	-	(71.302)
	431.633	259.175	1.299.929	1.490.280

Consultancy services represent services of management nature that were provided to related companies.

6 OTHER GAINS/(LOSSES) - NET

	The Group		The Company	
	2017	2016	2017	2016
	€	€	€	€
Unrealised profit/(losses)				
Investment property:				
Fair value (loss)/gain (Note 17)	(7.614.300)	9.733.500	(107.045)	3.890.000
Financial assets at fair value through profit or loss:				
Fair value loss (Note 21)	(3.571.788)	(2.400.000)	(3.571.788)	(2.400.000)
Available for sale financial assets				
Fair value loss (Note 20)	-	(670)	-	-
Property, plant and equipment: Profit from disposal (Note 16)	1.510	-	1.510	-
Total unrealised (losses)/profits	(11.184.578)	7.332.830	(3.677.323)	1.490.000

7 EXPENSES BY NATURE

	The Group		The Company	
	2017 €	2016 €	2017 €	2016 €
Depreciation of property, plant and equipment (Note 16)	34.617	34.619	7.294	8.542
Directors' remuneration	44.230	35.020	44.230	35.020
Professional fees	792.658	614.920	715.221	464.059
Building and equipment expenses	477.616	227.206	398.827	49.143
Office expenses	38.135	32.637	32.172	26.224
Travelling expenses	273	782	273	782
Insurance	127.954	132.762	70.490	74.969
Auditors' remuneration	97.033	84.010	74.193	63.600
Auditors' remuneration – previous year	2.755	(14.096)	2.350	(14.286)
Legal fees	84.108	49.130	84.108	49.130
Bank charges	17.395	63.865	15.308	63.545
Donations and subscriptions	184.551	117.670	184.551	117.670
Cyprus Stock Exchange expenses	35.679	20.089	35.679	20.089
Staff costs (Note 8)	727.455	765.558	663.563	718.875
Advertising and other promotional expenses	5.657	19.995	5.567	19.905
Taxes and licenses	76.475	160.242	53.245	94.000
Annual General Meeting expenses	5.597	7.103	5.597	7.103
Common use expense	34.220	34.646	17.660	13.018
Operating leases	124.359	128.786	124.359	128.786
Other expenses	185.352	28.522	133.820	119.524
	3.096.119	2.543.466	2.668.507	2.059.698

The total fees charged by the Company's statutory auditor for the statutory audit of the annual financial statements of the Group and the Company for the year ended 31 December 2017 amounted to €97.033 and €74.193 respectively (2016: Group €84.010 and Company €63.600). The total fees charged by the Company's statutory auditor for the year ended 31 December 2017 for other assurance services were as follows:

Group €121.473 (2016: €98.900), Company €101.950 (2016: €98.900) for tax advisory services, Group €12.758 (2016: €30.084),Company €3.000 (2016: €11.885) for other assurance services and Group €14.500 (2016: € Nil) and Company €14.500 (2016: €Nil) for other non-assurance services.

Additionally they charged for other assurance services amount of € 32.500 for the Group and the Company which have been capitalized to investment properties (Note 17).

8 STAFF COSTS

	The Group		The Company	
	2017 €	2016 €	2017 €	2016 €
Salaries	654.622	691.127	594.219	647.780
Social insurance and other funds	62.629	62.317	59.356	59.089
Provident fund contributions	10.204	12.114	9.988	12.006
	727.455	765.558	663.563	718.875
Average number of staff employed during the year	16	14	13	11

9 FINANCE COSTS/INCOME

	The Group		The Company	
	2017 €	2016 €	2017 €	2016 €
Finance costs				
Interest expense:				
Bank borrowings	(3.040.776)	(3.527.881)	(3.040.776)	(3.527.881)
Bank facilities	(70.617)	(93.101)	(70.614)	(93.101)
Overdue taxation	(43.949)	(5.547)	-	-
Loans from related companies (Note 32 (iv))	(2.528.582)	(2.195.814)	(2.528.582)	(2.195.814)
Loans from subsidiaries (Note 32 (iv))	-	-	(228.502)	154.804)
Other interest/discounts	(6.670)	(1.845)	(6.670)	(1.845)
	(5.690.594)	(5.824.188)	(5.875.144)	(5.973.445)
Finance income:				
Interest income:				
Bank balances	37.628	22.478	37.628	22.471
Loans to subsidiaries (Note 32(v))	-	-	990.664	899.441
Loans to related company (Note 32(v))	2.680.368	2.279.925	2.680.368	2.279.925
	2.717.996	2.302.403	3.708.660	3.201.837
Total finance (costs)/income - net	(2.972.598)	(3.521.785)	(2.166.484)	(2.771.608)

10 INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Current tax:				
Provision for tax liabilities	**259.234**	500.000	**-**	500.000
Defence contribution	**73.401**	56.561	**11.288**	6.741
Tax from previous years	**(69.623)**	(6.533)	**(862.382)**	-
Total current tax	**263.012**	550.028	**(851.094)**	506.741
Deferred tax (Note 29):				
Origination and reversal of temporary differences	**(2.889.937)**	2.097.993	**188.459**	913.944
Total deferred tax	**(2.889.937)**	2.097.993	**188.459**	913.944
Income tax (credit)/expense	**(2.626.925)**	2.648.021	**(662.635)**	1.420.685

The tax on the Company's and the Group's (losses)/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
	€	€	**€**	€
(Loss)/profit before tax from continuing operations	**(9.223.456)**	7.727.502	**(2.781.668)**	1.619.479
(Loss)/profit before tax from discontinued operations	**(385.957)**	(195.042)	**(385.957)**	(195.042)
(Loss)/profit before tax	**(9.609.413)**	7.532.460	**(3.167.625)**	1.424.437
Tax calculated at the applicable corporation tax rate of 12,5%	**(1.201.177)**	941.558	**(395.953)**	178.055
Tax effect of expenses not deductible for tax purposes	**870.981**	417.659	**545.445**	395.278
Tax effect of allowances and income not subject to tax	**(202.275)**	(25.489)	**(118.744)**	(156.113)
Difference between income tax and Capital gains tax rates and indexation effect	**1.043.517**	726.767	**65.152**	292.285
Release of deferred tax due to disposal of investment property under the Law on Loan restructuring	**(3.115.180)**	-	**-**	-
Effect of utilisation of tax losses from previous years for which no provision for deferred tax was made	**(26.985)**	(1.055)	**-**	-
Tax from previous years	**(109.194)**	(6.533)	**(862.382)**	-
Effect of tax losses for which no provision for deferred tax was made and effect of utilization of tax losses by Group Companies	**-**	38.553	**92.559**	204.439
Provision for tax liabilities	**-**	500.000	**-**	500.000
Defence contribution	**71.106**	56.561	**11.288**	6.741
Defence contribution – previous years	**16.400**	-	**-**	-
Fine	**25.882**	-	**-**	-
Income tax (credit)/expense	(2.626.925)	**2.648.021**	(662.635)	**1.420.685**

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

As from tax year 2012 brought forward losses of only five years may be transferred and utilised against profits.

From 1 January 2009 onwards, under certain conditions interest may be exempt from income tax and only subject to defence contribution at the rate of 10%, increased to 15% as from 31 August 2011 and to 30% as from 29 April 2013.

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

11 (LOSSES)/EARNINGS PER SHARE

The basic (losses)/earnings per share are calculated by dividing the (loss)/profit attributable to the Company's shareholders by the weighted average number of issued shares during the year excluding the ordinary shares purchased by the Company which are held as treasury shares (Note 26).

The adjusted (losses)/earnings per share are calculated by dividing the (losses)/earnings attributable to the Company's shareholders by the adjusted weighted average number of issued shares and shares under issue.

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
(Loss)/profit from continuing operations for the year attributable to the shareholders	**(6.596.531)**	5.079.481	**(2.119.033)**	198.794
Loss)/profit from discontinued operations for the year attributable to the shareholders	**(385.957)**	(195.042)	**(385.957)**	(195.042)
Total	**(6.982.488)**	4.884.439	**(2.504.990)**	3.752

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Weighted average number of issued shares	**213.700.539**	213.700.539	**213.700.539**	213.700.539
Basic and Adjusted (losses)/earnings per share-cents				
Continuing operations	**(3,09)**	2,38	**(0,99)**	0,09
Discontinued operations	**(0,18)**	(0,09)	**(0,18)**	(0,09)
Total	**(3,27)**	2,29	**(1,17)**	0,0
Adjusted weighted average number of shares	**168.687.023**	168.687.023	**168.687.023**	168.687.023

12 DISCONTINUED OPERATIONS

On 23 July 2015, after a resolution of the Board of Directors, the Company and the Group proceeded with the disposal of share capital held in subsidiaries of the Group, ITTL Trade Tourist and Leisure Park Plc and Woolworth Commercial Center Plc, amounting to 54,67% and 99,5% respectively.

As a result of the above transactions, the results of the above companies for the current and previous period are presented in the consolidated financial statements as discontinued operations. Although the sale was made during the year 2015, costs relating to these former subsidiaries are presented as discontinued operations due to specific guarantees given to the new owner during the sale.

The financial information in relation with the discontinued operations is as follows:

(i) Financial information presented in consolidated profit or loss and cash flow statement:

	2017	2016
	€	€
Direct transaction costs		
Other expenses related to the disposal	**-**	(195.042)
Taxation of previous years as guaranteed by the Company and the Group at the disposal	**(385.957)**	-
Total loss for the year from sale of share capital held in subsidiary companies	**(385.957)**	(195.042)
Total loss after tax from discontinued operations	**(385.957)**	(195.042)

13 DIVIDEND PER SHARE

At the Extraordinary General Meeting held on 11 December 2017, a dividend of €15.800.000 was proposed and approved from the profits of the year ended 31 December 2015, following a proposal by the Company's Board of Directors.

This dividend was paid through issuance of new shares to the Company to every shareholder based on the existing participation percentage, on 12 February 2018.

At the Extraordinary General Meeting held on 30 December 2016, a dividend of € 19.000.000 was proposed and approved from the profits of the year ended 31 December 2014, following a proposal by the Company's Board of Directors.

This dividend was paid through the issue of new shares to the Company to each shareholder on the basis of their current stake on 2 February 2017.

Dividend paid to individuals who are tax residents of Cyprus are subject to a deduction of special contribution for defense at the rate of 17%. As a result, from the dividend of 2015 a special contribution for defense was deducted amounting to €457.570 (2016: €576.321).

14 FINANCIAL INSTRUMENTS BY CATEGORY

The Group	Loans and receivables	Financial assets at fair value through profit or loss	Available -for-sale	Total
31 December 2017	€	€	€	€
Assets as per balance sheet				
Available-for-sale financial assets	-	-	1.763	1.763
Non-current receivables	61.544.390	-	-	61.544.390
Trade and other receivables (excluding prepayments)	1.286.753	-	-	1.286.753
Financial assets at fair value through profit or loss	-	53.178.312	-	53.178.312
Restricted bank deposits	5.000.000	-	-	5.000.000
Cash and cash equivalents	149.284	-	-	149.284
Total	67.980.427	53.178.312	1.763	121.160.502

	Other financial liabilities	Total
Liabilities as per balance sheet	€	€
Borrowings	137.827.068	137.827.068
Trade and other payables (excluding statutory liabilities)	3.170.531	3.170.531
Total	140.997.599	140.997.559

The Group	Loans and receivables	Financial assets at fair value through profit or loss	Available -for-sale	Total
	€	€	€	€
31 December 2016				
Assets as per balance sheet				
Available-for-sale financial assets	-	-	1.763	1.763
Non-current receivables	54.115.105	-	-	54.115.105
Trade and other receivables (excluding prepayments)	1.269.431	-	-	1.269.431
Financial assets at fair value through profit or loss	-	56.750.100	-	56.750.100
Restricted bank deposits	5.000.000	-	-	5.000.000
Cash and cash equivalents	99.924	-	-	99.924
Total	60.484.460	56.750.100	1.763	117.236.323

	Other financial liabilities	Total
	€	€
Liabilities as per balance sheet		
Borrowings	132.375.918	132.375.918
Trade and other payables (excluding statutory liabilities)	2.537.244	2.537.244
Total	134.913.162	134.913.162

The Company	Loans and receivables	Financial assets at fair value through profit or loss	Total
	€	€	€
31 December 2017			
Assets as per balance sheet			
Non-current receivables	85.014.234	-	85.014.234
Trade and other receivables (excluding prepayments)	1.235.675	-	1.235.675
Financial assets at fair value through profit or loss	-	53.178.312	53.178.312
Restricted bank deposits	5.000.000	-	5.000.000
Cash and cash equivalents	87.532	-	87.532
Total	91.337.441	53.178.312	144.515.753

	Other financial liabilities	Total
	€	€
Liabilities as per balance sheet		
Borrowings	143.410.740	143.410.740
Trade and other payables (excluding statutory liabilities)	2.315.578	2.315.578
Total	145.726.318	145.726.318

The Company	Loans and receivables	Financial assets at fair value through profit or loss	Total
31 December 2017			
Assets as per balance sheet			
Non-current receivables	73.977.022	-	73.977.022
Trade and other receivables (excluding prepayments)	4.226.462	-	4.226.462
Financial assets at fair value through profit or loss	-	56.750.100	56.750.100
Restricted bank deposits	5.000.000	-	5.000.000
Cash and cash equivalents	67.739	-	67.739
Total	83.271.223	56.750.100	140.021.323

	Other financial liabilities	Total
	€	€
Liabilities as per balance sheet		
Borrowings	135.296.279	135.296.279
Trade and other payables (excluding statutory liabilities)	2.217.197	2.217.197
Total	137.513.476	137.513.476

15 CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial 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
	€	€	€	€
Trade Receivables				
Counterparties without external credit rating				
Group 1	68.034	73.764	-	-
Fully performing other receivables				
Group 2	62.692.521	55.177.317	86.233.592	78.180.696
Group 3	70.588	133.455	16.317	22.788
	62.763.109	55.310.772	86.249.909	78.203.484

	The Group		The Company	
	2017	2016	2017	2016
Cash and bank balances (1)	€	€	€	€
Caa1	140.983	15.590	81.785	15.590
Caa2	-	44.819	-	13.495
Caa3	-	34.382	-	34.382
Not rated	5.398	3.922	5.397	3.922
	146.381	98.713	87.182	67.389
Restricted bank deposits				
Caa2	5.000.000	5.000.000	5.000.000	5.000.000

(1) The rest of the balance sheet item 'cash and cash equivalents' is cash in hand.

Group 1 – existing customers without any defaults in the past.

Group 2 – companies within the group, common control companies and associates with no defaults in the past.

Group 3 – other receivables (more than 6 months) with no defaults in the past.

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

None of the loans and receivables from related parties is past due or impaired.

16 PROPERTY, PLANT AND EQUIPMENT

The Group

	Improvements on leasehold properties	Plant and equipment	Motor vehicles	Total
Year ended 31 December 2016	€	€	€	€
Opening net book amount	10.264	193.879	13.199	217.342
Additions	10.728	15.900	-	26.628
Depreciation charge (Note 7)	(2.821)	(28.198)	(3.600)	(34.619)
Closing net book amount	18.171	181.581	9.599	209.351
Year ended 31 December 2016				
Cost	35.364	766.164	182.306	983.834
Accumulated depreciation	(17.193)	(584.583)	(172.707)	(774.483)
Net book amount	18.171	181.581	9.599	209.351

Year ended 31 December 2017				
Opening net book amount	18.171	181.581	9.599	**209.351**
Additions	-	11.495	119	**11.614**
Disposals	-	-	(35.700)	**(35.700)**
Accumulated depreciation - disposals	-	-	28.510	**28.510**
Depreciation charge (Note 7)	(3.534)	(28.655)	(2.428)	**(34.617)**
Closing net book amount	14.637	164.421	100	**179.158**
Year ended 31 December 2017				
Cost	35.364	777.659	146.725	**959.748**
Accumulated depreciation	(20.727)	(613.238)	(146.625)	**(780.590)**
Net book amount	14.637	164.421	100	**179.158**

In the cash flow statement, proceeds from the sale of property, plant and equipment include:

	2017	2016
	€	€
Net book value	**7.190**	-
Profit from sale of property, plant and equipment (Note 6)	**1.510**	-
Proceeds from the sale of property, plant and equipment	**8.700**	-

The Company

	Improvements on leasehold properties	Plant and equipment	Motor vehicles	Total
At 1 January 2016				
Cost	24.636	91.416	182.306	**298.358**
Accumulated depreciation	(14.372)	(87.423)	(169.106)	**(270.901)**
Net book amount	10.264	3.993	13.200	**27.457**
Year ended 31 December 2016				
Opening net book amount	10.264	3.993	13.200	**27.457**
Additions	-	4.200	-	**4.200**
Depreciation charge (Note 7)	(2.464)	(2.478)	(3.600)	**(8.542)**
Closing net book amount	7.800	5.715	9.600	**23.115**
At 31 December 2016				
Cost	24.636	95.616	182.306	**302.558**
Accumulated depreciation	(16.836)	(89.901)	(172.706)	**(279.443)**
Net book amount	7.800	5.715	9.600	**23.115**
Year ended 31 December 2017				
Opening net book amount	7.800	5.715	9.600	**23.115**
Additions	-	2.850	119	**2.969**
Disposals	-	-	(35.700)	**(35.700)**
Accumulated depreciation - disposals	-	-	28.510	**28.510**
Depreciation charge (Note 7)	(2.464)	(2.402)	(2.428)	(7.294)
Closing net book amount	5.336	6.163	101	11.600
At 31 December 2017				
Cost	24.636	98.466	146.725	**269.827**
Accumulated depreciation	(19.300)	(92.303)	(146.624)	**(258.227)**
Net book amount	5.336	6.163	101	**11.600**

In the cash flow statement, proceeds from the sale of property, plant and equipment include:

	2017 €	2016 €
Net book value	7.190	-
Profit from sale of property, plant and equipment (Note 6)	1.510	-
Proceeds from the sale of property, plant and equipment	8.700	-

17 INVESTMENT PROPERTY

The Group

	Department Stores	Stand alone shops	Offices/ flats	Idle land and buildings	2017 Total	2016 Total
	€	€	€	€	€	€
Fair Value hierarchy	3	3	3	3		
Fair Value at 1 January	121.669.104	15.792.612	5.800.000	10.268.500	153.530.216	143.774.112
Additions	1.654.014	2.966	-	-	1.656.980	22.604
Disposals	-	(2.000.000)	-	-	(2.000.000)	-
Net (loss)/gain from fair value adjustments on investment property (Note 6)	(7.887.833)	(6.467)	-	280.000	(7.614.300)	9.733.500
Classification as assets held for sale (Note 25)	(44.000.000)	-	-	-	(44.000.000)	-
Fair value at 31 December	71.435.285	13.789.111	5.800.000	10.548.500	101.572.896	153.530.216

The Company

	Department Stores	Idle land and buildings	2017 Total	2016 Total
	€	€	€	€
Fair Value hierarchy	3	3		
Fair Value at 1 January	78.421.787	8.000.000	86.421.787	82.529.112
Additions	34.370	-	34.370	2.675
Net (loss)/gain from fair value adjustments on investment property (Note 6)	(107.045)	-	(107.045)	3.890.000
Classification as assets held for sale (Note 25)	(16.700.000)	-	(16.700.000)	-
Fair value at 31 December	61.649.112	8.000.000	69.649.112	86.421.787

The Group's and the Company's investment property is measured at fair value. The Group holds four classes of investment property being department stores, stand alone shops, offices/flats and idle land.

On April 19th of April 2017, the Group and its subsidiary Zaco Estate Limited proceeded with the disposal of its immovable property consisting of a four-storey neoclassical building at Ledra Street.

The Company holds two classes of investment property being department stores and idle land and buildings.

The Group's and the Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. No such transfers took place during the current year.

Bank borrowings are secured on the Group's investment property for €117.315.966 (2016: €118.170.267) (Note 28 and 31) and on the Company's investment property for €117.315.966 (2016: €118.170.267) (Note 28 and 31).

In the cash flow statement, proceeds from the sale of property, plant and equipment include:

	2017 €	2016 €
Net book value	**2.000.000**	-
Loss from sale of investment property	-	-
Proceeds from sale of investment property	**2.000.000**	-

The investment properties are valued annually on 31 December at fair value comprising open-market value, determined by the management of the Company and the Group, taking into consideration all relevant information available, including valuations for all the Group's properties by the external independent valuers, Antony Loizou and Associates, and taking into account market conditions and others.

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

The following amounts have been recognised in profit or loss:

	The Group		The Company	
	2017 €	2016 €	2017 €	2016 €
Income from rights of use of space	**4.628.111**	3.696.072	**4.430.717**	3.470.505
Rental income	**3.091.749**	2.513.209	-	-
Total income	**7.719.860**	6.209.281	**4.430.717**	3.470.505

In most cases, the contracts provide for income equal to the highest amount of a fixed amount or a percentage of the tenant's sales according to the contract.

Valuation processes

The Group's and the Company's investment properties were valued at 31 December 2017 by the management of the Company and the Group taking into consideration the valuations made by independent professionally qualified valuers who hold a recognised relevant professional qualification, Antony Loizou and Associates Chartered Surveyors, member of RICS, and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The Company's finance department reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the CFO, Management and the independent valuers at least once every year. At each financial year end the finance department:

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

Information about fair value measurement using significant unobservable inputs (Level 3) - 31 December 2017

The Group

Property	Valuation	Valuation technique	Unobservable inputs	Range of unobservable inputs (weighted average)	Rental yield	Occupancy
	€			€	%	%
Department Stores	71.435.285	Income method	Income per sq. meter per month (1)	€8- €16 (€12)	5,6-6,6	100%
Stand alone shops	13.789.111	Income method	Income per sq. meter per month (1)	€3 - €16 (€8)	5,5-7	90%
Offices/flats	5.800.000	Income method/ comparable prices	Income per sq. meter per month (1)/price per sq. meter	€4	6	100%
Idle land and buildings	10.548.500	Comparable prices	Price per sq. meter	€470 - €1.450	-	0%
	101.572.896					

The Company

Property	Valuation	Valuation technique	Unobservable inputs	Range of unobservable inputs (weighted average)	Rental yield	Occupancy
	€			€	%	%
Department Stores	61.649.112	Income method	Income per sq. meter per month (1)	€11 – €16 (€13)	6-7	100%
Idle land and buildings	8.000.000	Comparable prices	Price per sq. meter	€550 – €1.450	-	-
	69.649.112					

Information about fair value measurement using significant unobservable inputs (Level 3) - 31 December 2016

The Group

Property	Valuation	Valuation technique	Unobservable inputs	Range of unobservable inputs (weighted average)	Rental yield	Occupancy
	€			€	%	%
Department Stores	121.669.104	Income method	Income per sq. meter per month (1)	€6- €16 (€11)	5-8	97%
Stand alone shops	15.792.612	Income method	Income per sq. meter per month (1)	€3 - €32 (€10)	5,5-7	92%
Offices/flats	5.800.000	Income method/ comparable prices	Income per sq. meter per month (1)/price per sq. meter	€4	6	100%
Idle land and buildings	10.268.500	Comparable prices	Price per sq. meter	€550 - €1.450	-	0%
	153.530.216					

The Company

Property	Valuation	Valuation technique	Unobservable inputs	Range of unobservable inputs (weighted average)	Rental yield	Occupancy
	€			€	%	%
Department Stores	78.421.787	Income method	Income per sq. meter per month (1)	€11 – €16 (€13)	6-7	100%
Idle land and buildings	8.000.000	Comparable prices	Price per sq. meter	€550 – €1.450	-	-
	86.421.787					

Sensitivity of management's estimates – 31 December 2017

The Group

			Change in rental yield		
			-0,50%	0,00%	0,50%
		-10%	70.103.854	64.452.284	59.665.176
Department stores	Change in license fee	0,00%	77.714.806	**71.435.285**	66.116.275
		10%	85.325.758	78.418.284	72.567.374
		-10%	13.537.995	12.411.112	11.458.655
Stand alone shops	Change in license fee	0,00%	15.041.204	13.789.111	12.730.827
		10%	16.544.413	15.167.112	14.002.998
		-10%	5.693.619	5.220.000	4.819.925
Offices/flats	Change in license fee	0,00%	6.326.243	**5.800.000**	5.354.583
		10%	6.958.868	6.380.000	5.890.042
				Decrease value per sq. meter	Increase value per sq. meter
				€	€
Idle land and buildings	Comparable prices +/-15%			(1.582.275)	1.582.275

The Company

			Change in rental yield		
			-0,50%	0,00%	0,50%
		-10%	60.517.143	55.476.000	51.212.580
Department Stores	Change in license fee	0,00%	67.241.270	**61.649.112**	56.902.867
		10%	73.965.397	67.804.000	62.593.154
				Decrease value per sq. meter	Increase value per sq. meter
				€	€
Idle land and buildings	Comparable prices +/-15%			(1.200.000)	1.200.000

Sensitivity of management's estimates – 31 December 2016

The Group

			Change in rental yield		
			-0,50%	0,00%	0,50%
		-10%	119.657.299	109.828.698	101.506.373
Department stores	Change in license fee	0,00%	132.951.542	**121.669.104**	112.783.847
		10%	146.245.786	134.233.051	124.061.321
		-10%	15.941.261	14.537.863	13.364.225
Stand alone shops	Change in license fee	0,00%	17.711.500	**15.792.612**	14.848.126
		10%	19.481.738	17.766.475	16.332.028
		-10%	5.693.619	5.220.000	4.819.125
Offices/flats	Change in license fee	0,00%	6.326.243	**5.800.000**	5.354.583
		10%	6.958.868	6.380.000	5.890.042
				Decrease value per sq. meter	Increase value per sq. meter
				€	€
Idle land and buildings	Comparable prices +/-15%			(1.540.275)	1.540.275

The Company			Change in rental yield		
			-0,50%	0,00%	0,50%
		-10%	76.990.959	70.850.514	65.159.072
Department Stores	Change in license fee	0,00%	85.544.498	**78.421.787**	72.397.957
		10%	94.098.038	86.263.049	79.636.842
				Decrease value per sq. meter	Increase value per sq. meter
				€	€
Idle land and buildings	Comparable prices +/-15%			(1.200.000)	1.200.000

In 2016, in the category department stores of the Group and the Company, there was a building with fair value based on a percentage of the tenant's estimated sales and rental yield of 6.5%. It is noted that at that time there was no extensive record of the tenant's sales. In 2017, the revaluation of this building was based on the actual historical sales that were made and were lower than expected. As a result, a loss of €6.819.276, was recognised, which is included in the total fair value losses on Investment Property of €7.614.300 (Note 6).

Valuation techniques underlying management's estimation of fair value

For department stores, stand alone shops and offices/flats in Cyprus, the valuation was determined using income methods based on the following inputs.

Rental yields: The basis of the assessment is the expected net income after allowing for the owners property taxes and other direct expenses and the net income is capitalized using an appropriate yield.

For Idle land and buildings, the valuation was determined using comparable prices.

Comparable prices: Based on the location, the size and the quality of the properties including market conditions at the date of the valuation.

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

18 INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
At the beginning of the year	**19.460.047**	19.510.300	**8.332.623**	8.332.623
Share of loss after tax	**(121.654)**	(8.533)	**-**	-
Dividends received	**(20.860)**	(41.720)	**-**	-
At the end of the year	**19.317.533**	19.460.047	**8.332.623**	8.332.623

Set out below are the associates of the Company as at 31 December 2017, which, in the opinion of the Directors, are material to the Company. The associates listed below have share capital consisting solely of ordinary shares, which are held directly by the Company; the country of incorporation or registration is also their principal place of business.

Nature of investments in associates in 2017 and 2016:

Name of entity	Place of business/ country of Incorporation	% of ownership interest		Measurement method
		2017	2016	
Akinita Lakkos Mikelli Limited	Cyprus	**35**	35	Equity method

The main activity of the associate company which is a private company and there is no quoted market price available for its shares, is the holding of investment property which is revalued annually by the independent valuers, Rois Nicolaides and Associates.

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

Significant restrictions

There are no significant restrictions resulting from loan agreements, regulatory requirements or contractual arrangements between investors with significant influence over the Company's associates, on the ability of associates to transfer funds to the Company in the form of cash dividends, or to repay loans or advances made by the Company.

Summarised financial information for associates

Set out below are the summarised financial information for the associate company which at the consolidated financial statements is accounted for using the equity method.

Summarised balance sheet	Akinita Lakkos Mikelli Limited	
	2017	2016
Current	€	€
Assets	5.184.261	5.929.175
Liabilities	(3.185.386)	(3.155.614)
Total net current assets	1.998.875	2.773.561
Non-Current		
Assets	57.084.371	56.664.371
Liabilities	(4.810.694)	(4.758.197)
Total net non-current assets	52.273.677	51.906.174
Net Assets	54.272.552	54.679.735

Summarised statement of comprehensive income

	2017 €	2016 €
Revenue	420.000	-
Loss before tax	(347.370)	(23.912)
Corporation tax	(213)	(469)
Loss for the year	(347.583)	(24.381)
Dividends received	59.600	119.200

The information above reflects the amounts presented in the financial statements of the associate company and not the Group's share of those amounts.

Reconciliation of summarised financial information

	2017 €	2016 €
Opening net assets	54.679.735	54.823.316
(Loss)/profit for the period	(347.583)	(24.381)
Dividends paid	(59.600)	(119.200)
Closing net assets	54.272.552	54.679.735

	2017 €	2016 €
Interests in associate (35%)	18.995.393	19.137.907
Goodwill	322.140	322.140
Book value	19.317.533	19.460.047

19 INVESTMENTS IN SUBSIDIARIES

	2017	2016
The Company	€	€
At the beginning of the year	21.911.498	21.909.498
Additions	1.000	2.000
At the end of the year	21.912.498	21.911.498

During 2017, the investment in subsidiaries increased by €1.000 due to the incorporation of the subsidiary company LBSP Limassol Beach & Seaview Properties Limited.

During 2016, the investment in subsidiaries increased by €2.000 due to the incorporation of the subsidiary company Ledra Observatory Limited which manages the observatory at the Shacolas Tower.

The details of the subsidiaries are as follows:

Name	Principal activity	Interest Held 2017 %	2016 %	Country of incorporation
Company's subsidiaries				
F.W.W. Super Department Stores Limited	Rental of property in Larnaca	100	100	Cyprus
Zako Limited	Rental of property in Limassol, Larnaca, Paphos	100	100	Cyprus
Niola Estates Limited	Holding company of Estelte Limited which owns immovable property	100	100	Cyprus
Realtra Limited	Holding company of Calandra Limited which owns immovable property	100	100	Cyprus
Chrysochou Merchants Limited	Investment in Cyprus Limni Resorts & GolfCourses Plc, owner of large piece of land in Polis Chrysochous	100	100	Cyprus
Ledra Observatory Limited	Management of observatory in Shacolas Tower	100	100	Cyprus
LBSP – Limassol Beach & Seaview Properties Limited	Land development	100	-	Cyprus
Nugget Limited	Dormant	100	100	Cyprus
Perscitus Trading Limited	Dormant	100	100	Cyprus
Masneco Properties Limited	Dormant	100	100	Cyprus
Wolipro Trading Limited	Dormant	100	100	Cyprus
Philadel Trading Limited	Dormant	100	100	Cyprus
Ermetra Limited	Dormant	100	100	Cyprus
Rocantra Limited	Dormant	100	100	Cyprus
Pretia Trading Liimited	Dormant	100	100	Cyprus
Name	**Principal activity**			
Subsidiaries of ZAKO Limited				
Zaco Estate Limited	Rental of property in Ledras street, Nicosia	100	100	Cyprus
The Cyprus Supply Company Limited	Dormant	100	100	Cyprus
Elermi General Trading Limited	Dormant	100	100	Cyprus
Apex Limited	Exploitation of rights of use of space of the Ledra Arcade Building in Ledras Street, Nicosia and owner of property in Latsia, and management of own parking space in Ledras Street	100	100	Cyprus
Chrypolis Properties Limited	Dormant	100	100	Cyprus
Scabious Trading Limited	Dormant	100	100	Cyprus
Ophrys Limited	Dormant	100	100	Cyprus
Ratma Enterprises Limited	Dormant	100	100	Cyprus

All subsidiary companies are included in the consolidation.

20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
At the beginning and end of the year	**1.763**	2.433	-	-
Net fair value loss (Note 6)	-	(670)	-	-
	1.763	1.763	-	-

During 2016, losses of € 670 were incurred due to impairment.
Available-for-sale financial assets are analysed as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Listed securities – Cyprus Stock Exchange	**1.763**	1.763	-	-

The following are included in profit or loss with respect to available-for-sale financial assets:

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Impairment charge on available-for-sale financial assets	-	(670)	-	-
Net loss on available-for-sale financial assets (Note 6)	-	(670)	-	-

Available-for-sale financial assets are denominated in the following currencies:

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Euro-functional and presentation currency	**1.763**	1.763	-	-

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Company	
	2017	2016	**2017**	2016
Non-trading securities:	**€**	€	**€**	€
Designated at fair value through profit or loss on initial recognition	**53.178.312**	56.750.100	**53.178.312**	56.750.100

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other gains – net' (Note 6) in the profit and loss and are analysed as follows:

	2017	2016
	€	€
Net fair value loss (Note 6)	**(3.571.788)**	(2.400.000)

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Fair value hierarchy	3	3	3	3
Fair value at 1 January	**56.750.100**	59.150.100	**56.750.100**	59.150.100
Net loss from the fair value adjustments on financial assets at fair value through profit or loss (Note 6)	**(3.571.788)**	(2.400.000)	**(3.571.788)**	(2.400.000)
Fair value at 31 December	**53.178.312**	56.750.100	**53.178.312**	56.750.100

The financial assets at fair value through profit or loss represent the Company's investment in the 100% subsidiary company Chrysochou Merchants Limited which itself holds 11,73% of the share capital of Cyprus Limni Resorts and GolfCourses Plc and the investment in Arsinoe Investments Limited with shareholding of 49,65% which itself holds the 70,57% of the share capital of Cyprus Limni Resorts and GolfCourses Plc.

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

Financial assets designated as at fair value through profit or loss at inception are those whose performance is evaluated on a fair value basis, in accordance with the Company's and the Group's documented investment strategy. Information based on the fair value of these financial assets, is provided internally to the Company's and the Group's key management personnel.

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

Information about fair value measurement using significant unobservable inputs (Level 3)

The valuation was performed using the discounted cash flows of the project. For the calculation of the fair value a discount rate of 10-11% (2016: 10-11%) was used. The table below shows the sensitivity analysis of the fair value based on the discount rate and the sales value and the capital expenditures of residential units.

Sensitivity of management's estimates – 31 December 2017

			Change in discount rate		
			-1%	0,00%	1%
		-10%	39.755.112	28.997.846	19.175.995
Financial assets at fair value through profit or loss	Change in sales price	0,00%	65.946.715	**53.178.312**	41.158.234
		10%	92.138.318	76.703.981	63.140.472
	Change in capital expenditure	-10%	72.962.323	59.398.814	46.770.720
		0,00%	65.996.715	**53.178.312**	41.158.234
		10%	58.931.107	46.303.013	35.078.040

Sensitivity of management's estimates – 31 December 2016

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

22 NON-CURRENT RECEIVABLES

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Non-current				
Loan to subsidiaries (Note 31 (v))	-	-	**23.469.844**	19.861.917
Loan to related company (Note 31 (v))	**61.544.390**	54.115.105	**61.544.390**	54.115.105
Total	**61.544.390**	54.115.105	**85.014.234**	73.977.022

The fair value of non-current receivables approximates their carrying amount.

The effective interest rates on non-current receivables were as follows:

	2017	2016
	%	%
Loan to subsidiaries	**4,75**	4,88
Loan to related company	**4,75**	4,88

The carrying amounts of the Company's and the Group's non-current receivables are denominated in the following currencies:

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Euro – functional and presentation currency	**61.544.390**	54.115.105	**85.014.234**	73.977.022

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

23 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Trade receivables	**68.034**	73.764	-	-
Other receivables	**566.672**	629.539	**512.401**	518.872
Less: provision for impairment of receivables	**(496.084)**	(496.084)	**(496.084)**	(496.084)
Other receivables – net	**138.622**	207.219	**16.317**	22.788
Receivables from subsidiaries (Note 32(iii))	-	-	**71.227**	3.142.163
Receivables from related companies (Note 32 (iii))	**84.271**	19.212	**84.271**	18.511
Receivables from associated companies (Note 32(iii))	**1.063.860**	1.043.000	**1.063.860**	1.043.000
Advances and prepayments	**119.430**	130.371	**32.005**	67.041
	1.406.183	1.339.802	**1.267.680**	4.293.503

The fair values of trade and other receivables are as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Other receivables	**70.588**	133.455	**16.317**	22.788
Trade receivables	**68.034**	73.764	-	-
Receivables from related companies	**84.271**	19.212	**84.271**	18.511
Receivables from subsidiaries	-	-	**71.227**	3.142.163
Receivables from associated companies	**1.063.860**	1.043.000	**1.063.860**	1.043.000
Advances and prepayments	**119.430**	130.371	**32.005**	67.041
	1.406.183	1.399.802	**1.267.680**	4.293.503

As of 31 December 2017, trade receivables of the Group amounting to €68.034 (2016: €73.764) were neither past due nor impaired.

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

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

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Euro – functional and presentation currency	**1.406.183**	1.339.802	**1.267.680**	4.293.503

24 CASH IN HAND AND AT BANK

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Cash in hand and at bank	**149.824**	99.924	**87.532**	67.739

In the balance sheet, bank deposits are presented in the current assets but are not classified as cash and cash equivalents because they are restricted by the Bank.

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Restricted bank deposits	**5.000.000**	5.000.000	**5.000.000**	5.000.000

The restricted bank deposits were restricted by a court order which relates to a case of an early termination of rental contract and demand from the property's owner to pay the total amount of the rent up to the expiration of the Contract. In its place, a letter of guarantee of €13.030.000 was issued for the benefit of the Registrar of the Nicosia District Court for this case, with expiry date on 31 May 2018 (Note 31).

To guarantee this letter the Company pledged a deposit of €5.000.000 in favour of the bank. This property was used by the related company Ermes Department Stores Plc from 2003, after the separation of the activities of Woolworth (Cyprus) Properties Plc and the undertake of activities from Ermes Department Stores Plc. The lease agreement remained on the name of Woolworth (Cyprus) Properties Plc but there is a mutual understanding between the two Companies that any liability arising from the above case will be beared by Ermes Department Stores Plc.

Reconciliation of liabilities arising from financing activities:

The Group	Bank borrowings	Loans from related companies	Total borrowing arising from financing activities
	€	**€**	€
Balance at 1 January 2017	75.622.769	55.123.374	130.746.143
Cash Transactions:			
Proceeds from bank borrowings	5.250.000	7.829.642	13.079.642
Transfers	-	240.796	240.796
Capital repayments	(8.589.413)	(64.682)	(8.654.095)
Interest paid	(2.757.291)	(2.528.582)	(5.285.873)
Interest expense	3.040.776	2.528.582	5.569.358
Balance at 31 January 2017	72.566.841	63.129.130	135.695.971

The Company	Bank borrowings	Loans from related companies	Total borrowing arising from financing activities
	€	**€**	€
Balance at 1 January 2017	75.622.770	58.043.734	133.666.504
Cash Transactions:			
Proceeds from bank borrowings	5.250.000	10.230.332	15.480.332
Capital repayments	(8.589.414)	(652.786)	(9.242.200)
Transfer	-	1.091.522	1.091.522
Interest paid	(2.757.291)	(2.757.084)	(5.514.375)
Interest expense	3.040.776	2.757.084	5.797.860
Balance at 31 January 2017	72.566.841	68.712.802	141.279.643

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	The Group		The Company	
	2017	2016	2017	2016
	€	€	€	€
Cash and cash equivalents	149.284	99.924	87.532	67.739

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2017	2016	2017	2016
	€	€	€	€
Euro-functional and presentation currency	149.284	99.924	87.532	67.739

25 ASSETS CLASSIFIED AS HELD FOR SALE

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

The Group	2017	2016
	€	€
Assets classified as held for sale		
Investment property (Note 17)	44.000.000	-
Liabilities directly associated with assets classified as held for sale		
Deferred tax liabilities (Note 29)	(1.150.808)	-

The Company	2017	2016
	€	€
Assets classified as held for sale		
Investment property (Note 17)	16.700.000	-
Liabilities directly associated with assets classified as held for sale		
Deferred tax liabilities (Note 29)	(1.150.808)	-

On 22 December 2017, the Company and the Group proceeded with the disposal of three properties to third parties. Although the contract was signed before the end of the year, the sale was completed after the end of the year as soon as all the terms of the contract were met, ie the risks and rewards of ownership were transferred to the buyer, and title deeds were transferred. So these properties were classified as held for sale and the sale will be recognized in the financial statements of 2018.

The properties classified as held for sale consist of Superhome Strovolos department stores belonging to the subsidiary company Estelte Limited, Shacolas Tower in Old Nicosia belonging to the subsidiary company Calandra Limited and Apollon Limassol department store belonging to the Company.

In the category held for sale, the associated liabilities were recognised which consist of deferred tax liabilities.

26 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of ordinary shares of 34 cents each	Share capital €	Share premium reserve €	Treasury shares €	**Total €**
At 1 January 2016/ 31 December 2016 and 1 January 2017	114 500 019	38.972.111	25.018.383	(154.437)	**63.836.057**
Share issue	54.126.630	18.423.679	-	-	**18.423.679**
At 31 December 2017	168.626.649	57.395.790	25.018.383	(154.437)	82.259.736

The share premium reserve is non-distributable.

The total authorized number of ordinary shares is 170 000 000 shares (2016: 125 000 000 shares) with a par value of €0,34 per share. All issued shares are fully paid.

The number of treasury shares at 31 December 2017 was 184 210 (2016: 123 836).

At an Extraordinary General Meeting of the Company's shareholders held on 11 December 2017, it was decided that the authorised share capital of the Company to be increased from €58.800.000 dividend into 170 000 000 shares of nominal value of €0,34 each to €74.800.000 dividend into 220 000 000 shares of nominal value of €0,34 each with the creation of additional 50 000 000 ordinary shares of nominal value of €0,34 each.

It was also decided to approve the proposal of the Board of Directors for the payment of the dividend amounting to €15.800.000 from the profits of the year ended 31 December 2015, with the condition that the net payable dividend to be used for the full payment of new ordinary shares which will be issued to the entitled shareholders of the Company at their nominal value of €0,34 each. The issue of the new shares was calculated based on the net payable dividend. Therefore, the Company proceeded with the issuance of 45 124 600 ordinary shares of nominal value €0,34 each. The new shares were accepted and started trading in the Cyprus Stock Exchange on 15 February 2018. The total issued share capital of the Company currently traded, after the above issue, amounts to 213 935 459 shares of nominal value of €0,34 each.

At an Extraordinary General Meeting of the Company's shareholders held on 30 December 2016, it was decided that the authorised share capital of the Company to be increased from €42.500.000 dividend into 125 000 000 shares of nominal value of €0,34 each to €57.800.000 dividend into 170 000 000 shares of nominal value of €0,34 each with the creation of additional 45 000 000 ordinary shares of nominal value of €0,34 each.

It was also decided to approve the proposal of the Board of Directors for the payment of the dividend amounting to €19.000.000 from the profits of the year ended 31 December 2014, with the condition that the net payable dividend to be used for the full payment of new ordinary shares which will be issued to the entitled shareholders of the Company at their nominal value of €0,34 each. Therefore, the Company proceeded with the issuance of 54 187 004 ordinary shares of nominal value €0,34 each. The new shares were accepted and started trading in the Cyprus Stock Exchange on 7 February 2017. The total issued share capital of the Company currently traded, after the above issue, amounts to 168 626 649 shares of nominal value of €0,34 each.

27 FAIR VALUE RESERVES

The Group

	Land and buildings revaluation	Total
	€	€
At 1 January 2016 /31 December 2016	29.524.070	29.524.070
Costs for share issue	(91.882)	(91.882)
Dividend for 2015 (Note 13)	(15.342.430)	(15.342.430)
Defence for deemed dividend distribution (Note 13)	(457.570)	(457.570)
At 31 December 2017	13.632.188	13.632.188

The Company

	Land and buildings revaluation	Total
	€	€
At 1 January 2016 /31 December 2016	26.013.836	26.013.836
Costs for share issue	(91.882)	(91.882)
Dividend for 2015 (Note 13)	(15.342.430)	(15.342.430)
Defence for deemed dividend distribution (Note 13)	(457.570)	(457.570)
At 31 December 2017	10.121.954	10.121.954

The fair value reserve was created before 2003 when the Group categorized the property, in Property, plant and equipment and any gains or losses were included in the above reserve. After the separation of its activities, the properties were categorized as Investment Property since they are no longer used for their own use. The reserve will be transferred to the retained earnings after the sale of the property.

28 BORROWINGS

	The Group		The Company	
	2017	2016	**2017**	2016
Current	**€**	€	**€**	€
Bank overdrafts	**2.131.097**	1.629.775	**2.131.097**	1.629.775
Bank borrowings	**4.285.281**	2.694.702	**4.285.281**	2.694.703
Borrowings from subsidiaries (Note 32 (iv))	**-**	-	**69.686**	24.506
	6.416.378	4.324.477	**6.486.064**	4.348.984
Non-current				
Bank borrowings	**68.281.560**	72.928.067	**68.281.560**	72.928.067
Borrowings from related parties (Note 32 (iv))	**63.129.130**	55.123.374	**63.129.130**	55.123.374
Borrowings from subsidiaries (Note 32 (iv))	**-**	-	**5.513.986**	2.895.854
	131.410.690	128.051.441	**136.924.676**	130.947.295
Total borrowings	**137.827.068**	132.375.918	**143.410.740**	135.296.279
Maturity of non-current borrowings				
Between 1 and 2 years	**5.114.096**	5.058.415	**9.922.524**	5.058.415
Between 2 and 5 years	**85.266.960**	76.123.367	**85.972.518**	78.893.997
Over 5 years	**41.029.634**	46.869.659	**41.029.634**	46.994.883
	131.410.690	128.051.441	**136.924.676**	130.947.295

The carrying amounts of current and non-current borrowings approximate their fair value.

The weighted average effective borrowing interest rates were as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	%	%	**%**	%
Bank overdrafts	**4,35**	4,24	**4,35**	4,24
Bank borrowings	**4,04**	4,11	**4,04**	4,11
Borrowings from related company	**4,75**	5,22	**4,75**	5,22
Borrowings from related company subsidiaries	**-**	-	**4,75**	4,88

The Company's and the Group's bank borrowings and overdrafts are mainly arranged at floating interest rates. Borrowings at fixed interest rates expose the Company and the Group to fair value interest rate risk. For borrowings at floating rates, the Company and the Group are exposed to cash flows interest rate risk.

The bank loans are repayable by instalments until 2030.

The bank borrowings and overdrafts are secured as follows:

The Group

(a) By mortgage on land and buildings for €113.670.966 (2016: €114.525.267) (Note 17).
(b) By guarantees from related companies amounting to €45.195.581 (2016: €51.597.785).
(c) By assignment of the fire and earthquake insurance on the properties of the Group.
(d) By general assignment of rights for use of space and rental income which will be received by the Company and the Group's subsidiaries, Apex Limited, Zako Limited, Estelte Limited and Calandra Limited.
(e) By pledging of 4 150 500 shares of Akinita Lakkos Mikelli Limited.

The Company

(a) By mortgage on investment property for €113.670.966 (2016: €114.525.267) (Note 17).
(b) By guarantees from related companies amounting to €135.283.934 (2016: €142.540.439).
(c) By assignment of fire and earthquake insurance on the property of the Company.
(d) By general assignment of rights for use of space and rental income which will be received by the company.
(e) By pledging of 4 150 500 shares of Akinita Lakkos Mikelli Limited.

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

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
6 months or less	**22.928.658**	19.552.240	**22.928.658**	19.552.240
6-12 months	**36.284.012**	38.675.652	**36.284.012**	38.675.652
1-5 years	**78.614.398**	74.148.026	**84.198.070**	77.068.387
Over 5 years	-	-	-	-
	137.827.068	132.375.918	**143.410.740**	135.296.279

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

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Floating rate:				
Expiring within one year	**19.037**	224.875	**19.037**	224.875

The facilities expiring within one year are annual facilities subject to review at various dates during 2018.

The carrying amounts of borrowings approximate their fair value.

The carrying amounts of the Group's and the Company's borrowings are analysed per currency as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Euro - Functional and presentation currency	**137.827.068**	132.375.918	**143.410.740**	135.296.279

29 DEFERRED INCOME TAX LIABILITIES

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	2017	2016
	€	€
The Group		
Deferred income tax liabilities:		
Deferred tax liabilities to be settled after more than twelve months	**8.375.777**	12.416.522
Deferred income tax liabilities – net	**8.375.777**	12.416.522

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

	2017	2016
	€	€
At the beginning of the year	**12.416.522**	10.318.529
(Credit)/Charge included in profit or loss (Note 10)	**(2.889.937)**	2.097.993
Transfer to liabilities directly associated with assets held for sale (Note. 25)	**(1.150.808)**	-
At the end of the year	**8.375.777**	12.416.522

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

	Difference between depreciation and wear and tear allowance	Fair value gains	Total
Deferred tax liabilities	€	€	€
At 1 January 2016	4.094.210	6.224.319	10.318.529
Charged to:			
Profit or loss (Note 10)	167.928	1.930.065	2.097.993
At 31 December 2016/1 January 2017	4.262.138	8.154.384	12.416.522
Charged/(credited) to:			
Profit or loss (Note 10)	104.340	(2.994.277)	(2.889.937)
Transfer to liabilities directly associated to assets held for sale (Note 25)	(524.228)	(626.580)	(1.150.808)
At 31 December 2017	3.842.250	4.533.527	8.375.777

	2017	2016
The Company	**€**	€
Deferred income tax liabilities:		
- Deferred tax liabilities to be settled after more than twelve months	**6.639.489**	7.601.838
Deferred income tax liabilities - net	**6.639.489**	7.601.838

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

	2017	2016
	€	€
At the beginning of the year	**7.601.838**	6.687.894
Charge/(credit) included in profit or loss (Note 10)	**188.459**	913.944
Transfer to liabilities directly associated to available-for-sale assets (Note 25)	**(1.150.808)**	-
At the end of the year	**6.639.489**	7.601.838

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

	Difference between depreciation and wear and tear allowance	Fair value gains	Total
	€	€	€
Deferred tax liabilities			
At 1 January 2016	2.480.431	4.207.463	6.687.894
Charged to:			
Profit or loss (Note 10)	135.409	778.535	913.944
At 31 December 2016/1 January 2017	2.615.840	4.985.998	7.601.838
Charged/(credited) to:			
Profit or loss (Note 10)	136.688	51.771	188.459
Transfer to liabilities directly associated to assets held for sale (Note 25)	(524.228)	(626.580)	(1.150.808)
At 31 December 2017	2.228.300	4.411.189	6.639.489

30 PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2017	2016	**2017**	2016
Current	**€**	€	**€**	€
Payables to related companies (Note 31 (iii))	**843.290**	980.725	**718.522**	946.598
Other payables and accrued expenses	**3.065.515**	2.333.627	**2.300.615**	2.082.431
Advances on the rights of use of spaces	**-**	75.890	**-**	-
Total payables and accrued expenses	**3.908.805**	3.390.242	**3.019.137**	3.029.029

The fair value of the current and non-current payables approximates their carrying amount at the balance sheet date. The carrying values of creditors and charges due the Company and the Group are denominated as follows:

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Euro - functional and presentation currency	**3.906.805**	3.390.242	**3.019.139**	3.029.029

31 COMMITMENTS

(i) Guarantees

The Group has provided guarantees amounting to €161.446.025 (2016: €171.963.549) and the Company has provided guarantees amounting to €155.946.025 (2016: €166.649.730) in order to secure bank facilities of related companies. It is not expected that any losses would arise for the Group and the Company from the breach of the conditions and obligations of the arrangements signed by the related parties with the financial institutions.

The Group and the Company has granted mortgage on investment properties held amounting to €3.645.000 and assigned fire and earthquake insurance on these properties to secure bank facilities of a related company.

The Group and the Company has provided guarantees amounting to €2.000.000 in favor of the tenant for the smooth and complete fulfillment of the agreement's terms which were made with a subsidiary company. The Group and the Company provided a letter of guarantee amounting to €13.030.000 through a financial institution with which it cooperates at the benefit of the Registrar of the Nicosia District Court, for the Eliades case (Note 24). A deposit of €5.000.000 was pledged in order to secure this guarantee letter.

(ii) Operating lease commitments - where the Group and the Company are the lessors

The future aggregate minimum space usage fees/rentals receivable under non-cancellable operating leases are as follows:

	The Group		The Company	
	2017 **€**	2016 €	**2017** **€**	2016 €
Not later than 1 year	**4.707.669**	7.952.308	**3.277.016**	4.427.592
Between 1 and 5 years	**24.870.286**	10.517.538	**19.788.312**	2.388.962
Later than 5 years	**20.835.346**	-	**15.291.606**	-
	50.473.301	18.469.846	**38.291.606**	6.816.554

For the agreements with related parties that will expire during 2018, there is intention to further extend the agreements.

(iii) Capital commitments

The total contractual commitments for future capital expenditure amounts to € 3.219.546.

32 RELATED PARTY TRANSACTIONS

At the date of this report the main shareholder of the Company is Cyprus Trading Corporation Plc which owns 77,81% of the Company's shares. N. K. Shacolas (Holdings) Limited is the ultimate parent company through the shareholding of 85,90% of Cyprus Trading Corporation Plc. N. K. Shacolas (Holdings) Limited is owned by the members of Shacolas family, none of which controls the company.

The ultimate parent entity which prepares the consolidated financial statements of the largest body of which the Company forms part as a subsidiary undertaking is N.K.Shacolas (Holdings) Ltd, incorporated in Cyprus with registered office at Shacolas House, Old Nicosia-Limassol road, Athalassa, Nicosia.

Cyprus Trading Corporation Plc, incorporated in Cyprus with registered office at Shacolas House, Old Nicosia-Limassol road, Athalassa, Nicosia is the parent entity which prepares the consolidated financial statements of the smallest body of undertakings of which the Company forms part as a subsidiary undertaking, of which the consolidated financial statements are available at the website www.ctcgroup.com.

The following transactions were carried out with related companies (companies in which N. K. Shacolas (Holdings) Limited has a significant interest) and with associated companies:

(i) Sales of services and other transactions

Continuing operations	Nature of transaction	The Group 2017 €	The Group 2016 €	The Company 2017 €	The Company 2016 €
Subsidiaries	Financing and interest	-	-	990.664	899.441
	Dividends	-	-	890.000	1.191.000
		-	-	1.880.664	2.090.441
Related companies	Financing and interest	2.680.368	2.279.925	2.680.368	2.279.925
	Property usage rights	6.533.781	5.263.365	4.427.592	3.470.505
	Consultancy services	-	20.000	-	20.000
	Other services	631.914	364.473	615.206	360.273
	Dividends	-	-	20.860	41.720
		9.846.063	7.927.763	7.744.026	6.172.423

(ii) Purchases of goods, services and other transactions

Continuing operations	Nature of transaction	The Group 2017 €	The Group 2016 €	The Company 2017 €	The Company 2016 €
Subsidiaries	Financing and interest	-	-	228.502	154.804
Related companies	Financing and interest	2.528.582	2.195.814	2.528.582	2.195.814
	Purchase of services	61.843	33.219	59.793	12.400
	Purchase of goods	395.717	302.827	377.247	302.827
		2.986.142	2.531.860	2.965.622	2.511.041

(iii) Year-end balances arising from the above transactions

	The Group 2017 €	The Group 2016 €	The Company 2017 €	The Company 2016 €
Receivables from related parties (Note 23)				
Related companies	84.271	19.212	84.271	18.511
Subsidiaries	-	-	71.227	3.142.163
Associates	1.063.860	1.043.000	1.063.860	1.043.000
	1.148.131	1.062.212	1.219.358	4.203.674
Payables to related parties (Note 30)				
Related companies	843.290	980.725	718.522	946.598

The above amounts bear no interest and are repayable on demand.

(iv) Borrowings from related companies

The total borrowings from related companies are analysed in the tables below:

The Company	2017 €	2016 €
Borrowings from subsidiaries:		
At the beginning of the year	24.506	-
Borrowings advanced during the year	95.658	23.917
Borrowings repaid during the year	(52.593)	-
Interest payable (Note 9)	2.115	589
At the end of the year (Note 28)	69.686	24.506

The borrowing analysed above was provided by the subsidiary company Ledra Observatory Limited and bears interest 4,75% (2016: 4,875%). The loan is repayable on demand and it is not secured.

	2017 €	2016 €
Borrowings from related parties:		
At the beginning of the year	2.895.854	3.002.843
Borrowings advanced during the year	2.076.530	227.169
Loan repaid during the year	(535.510)	(707.169)
Balances transferred from related parties	850.725	218.796
Interest payable (Note 9)	226.387	154.215
At the end of the year (Note 28)	5.513.986	2.895.854

The borrowing analysed above was provided by the subsidiaries Zaco Estate Limited, Zako Limited, The Cyprus Supply Company Limited and Estelte Limited. The loans bear interest at 4,75% (2016: 4,875%) and on 31 December 2013 the related parties agreed that no repayment will be demanded for the above amounts for the next five years from the date of the agreement.

	The Group		The Company	
	2017 €	2016 €	2017 €	2016 €
Borrowings from related parties:				
At the beginning of the year	55.123.374	51.029.786	55.123.374	51.029.786
Loans advanced during the year	5.301.060	2.957.160	5.301.060	2.957.160
Loan repaid during the year	(64.682)	-	(64.682)	-
Balances transferred from current account	240.796	(1.080.450)	240.796	(1.080.450)
Balances transferred from related parties	-	21.064	-	21.064
Interest payable (Note 9)	2.528.582	2.195.814	2.528.582	2.195.814
At the end of the year (Note 28)	63.129.130	55.123.374	63.129.130	55.123.374

The borrowings from related companies, are analysed per company in the tables below:

	The Group		The Company	
	2017 €	2016 €	2017 €	2016 €
Cyprus Trading Corporation Plc:				
At the beginning of the year	32.343.041	30.206.457	32.343.041	30.206.457
Loan advanced during the year	4.351.060	1.626.729	4.351.060	1.626.729
Loan repaid during the year	(64.682)	-	(64.682)	-
Balances transferred from related parties	240.796	(1.080.450)	240.796	(1.080.450)
Interest payable (Note 9)	1.642.371	1.590.305	1.642.371	1.590.305
At the end of the year (Note 28)	38.512.586	32.343.041	38.512.586	32.343.041

The borrowing from the related company Cyprus Trading Corporation Plc bear interest at 4.75% (2016: 5.26%) and on 31 December 2013 an agreement was made between the related parties that it will be repaid within seven years from the date of the agreement with a single installment including the capitalized interest.

	The Group		The Company	
	2017	2016	**2017**	2016
	€	€	**€**	€
Ermes Department Stores Plc:				
At the beginning of the year	**22.780.333**	20.823.329	**22.780.333**	20.823.329
Loan advanced during the year	**950.000**	1.330.431	**950.000**	1.330.431
Balances transferred from related companies	**-**	21.064	**-**	21.064
Interest payable (Note 9)	**886.211**	605.509	**886.211**	605.509
At the end of the year (Note 28)	**24.616.544**	22.780.333	**24.616.544**	22.780.333

The borrowing from Ermes Department Stores Plc to Woolworth (Cyprus) Properties Plc bear interest at 4,75% (2016: 5,17%). On 31 December 2015, an agreement was made between the related parties that no repayment of any amount would be required for the next five years from the date of the agreement.

(v) Loans to related parties

The Company	**2017**	2016
	€	€
Loans to subsidiaries:		
At the beginning of the year	**19.861.917**	20.951.037
Loan advanced during the year	**2.579.212**	394.328
Loan repaid during the year	**(3.035.920)**	(2.226.227)
Balances transferred to related companies	**-**	(156.662)
Balances transferred from related companies	**3.073.971**	-
Interest charged (Note 9)	**990.664**	899.441
At the end of the year (Note 22)	**23.469.844**	19.861.917

The above loans represent borrowings to the subsidiaries FWW Super Department Stores Limited, Apex Limited, Calandra Limited and Estelte Limited and bear interest of 4,75% (2016: 4,875%). On 31 December 2013, an agreement was made between the subsidiaries that no repayment will be demanded within the next five years.

As of 1 January 2017, the current balances of the subsidiaries Niola Limited and Realta Limited were converted into loans receivable and bear interest of 4.75%. On 31 December 2017, an agreement was made between the related parties that no repayment will be demanded within next five years.

The Company and the Group	**2017**	2016
	€	€
Loans to related company:		
At the beginning of the year	**54.115.105**	43.197.384
Loan advanced during the year	**1.687.839**	1.058.359
Loan repaid during the year	**(50.000)**	(9.000)
Balances transferred from related companies	**3.211.078**	7.588.437
Interest charged (Note 9)	**2.680.368**	2.279.925
At the end of the year (Note 22)	**61.544.390**	54.115.105

The borrowing to related parties per Company is analysed as follows:

Cyprus Limni Resorts and Golfcourses Plc	2017 €	2016 €
At the beginning of the year	**38.620.130**	34.063.965
Loan advanced during the year	**1.687.839**	1.058.359
Loan repaid during the year	**(150.000)**	(9.000)
Balances transferred from related companies	**145.978**	1.798.576
Interest charged (Note 9)	**1.879.367**	1.708.230
At the end of the year (Note 22)	**42.183.314**	38.620.130

The above loan represents loan to related company Cyprus Limni Resorts and Golfcourses Plc and bears interest of 4,75% (2016: 4,875%). On 31 December 2013, an agreement was made between the related parties that no repayment will be demanded within the next five years from the date of the agreement.

Olymbos Investments Limited	2017 €	2016 €
At the beginning of the year	**15.494.975**	9.133.419
Balances transferred from related companies	**3.065.100**	5.789.861
Interest charged (Note 9)	**801.001**	**571.695**
At the end of the year (Note 22)	**19.361.076**	15.494.975

The above loan represents loan to related company Olymbos Investments Limited and bears interest of 4,75% (2016: 4,875%). On 31 December 2015, an agreement was made between the related parties that no repayment will be demanded within the next five years from the date of the agreement.

(vi) Directors' remuneration

The total remuneration of the Directors (including the key management personnel compensation below) was as follows:

	The Group		The Company	
	2017 €	2016 €	2017 €	2016 €
Compensation of Executive director	**213.600**	243.123	**213.600**	243.123
Director Fees as Executive directors	**16.570**	16.770	**16.570**	16.770
Fees as Non-Executive directors	**24.160**	19.700	**24.160**	19.700
	254.330	279.593	**254.330**	279.593

(vii) Key management personnel compensation

The compensation of key management personnel is as follows:

	The Group		The Company	
	2017 €	2016 €	2017 €	2016 €
Emoluments	**356.600**	408.593	**356.600**	408.593

(viii) Guarantees

The Group and the company granted guarantees to secure bank facilities of related companies (Note 31(i)).

33 EVENTS AFTER THE BALANCE SHEET DATE

The following events occurred after the balance sheet date and have a bearing on the better understanding of the financial statements of the Group and the Company.

On 22 December 2017, the Company and the Group signed agreements for the disposal of three properties to third parties. Although the contracts were signed before the end of the year, the sale was completed after the end of the year when all the terms of the contract were met, ie the risks and rewards of ownership were transferred to the buyer, and the title deeds were transferred. Therefore, these properties were classified as held for sale in the balance sheet at 31 December 2017 and the sale will be recognized in the financial statements of 2018.

It is not expected to recognize any significant gain or loss at the time of sales recognition since the selling prices were taken into account in determining the fair values of those properties at 31 December 2017.

The properties classified as held for sale consist of Superhome Strovolos department stores belonging to the subsidiary company Estelte Limited, Shacolas Tower in Old Nicosia belonging to the subsidiary company Calandra Limited and Apollon Limassol department store belonging to the Company.

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

As a result of the above transactions, the Group and the Company sold investment properties amounting to €44.000.000 and €16.700.000 respectively, and received cash that will help to further deleverage the bank borrowings of the Company and the Group.

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

Independent auditor's report on pages 19 and 22.