Board of Directors and Professional Advisors

BOARD OF DIRECTORS

Antonios-Andreas-Andis Scordis	(Non-executive Chairman)
Lefteris Christoforou	(Non-executive Vice-chairman)
Dr. Nearchos Ioannou	(Non-executive Vice-chairman)
Nicholas Hadjiyiannis	(Non-executive Director – Appointed on 8 September 2016)
Maria Ioannou-Theodorou	(Non-executive Director – Resigned on 15 July 2016)
Varnavas Irinarchos	(Non-executive Director)
Demetrios Philippides	(Non-executive Director)
Dr. Nicos Michaelas	(Managing Director)

COMPANY SECRETARY

Dr. Nicos Michaelas

REGISTERED OFFICE

13 Lemesou Avenue, 5th Floor
2112, Aglantzia, Nicosia
Cyprus

INVESTMENT MANAGERS

Argus Stockbrokers Ltd

LEGAL ADVISERS

Georgiades & Pelides LLC

BANKERS

Cooperative Central Bank Ltd
Cooperative Credit Institutions
EFG Eurobank Ergasias S.A.
Bank of Cyprus Public Company Ltd
Piraeus Bank
Alpha Bank
National Bank of Greece (Cyprus) Ltd

AUDITORS

Deloitte Limited
24 Spyrou Kyprianou,
1075 Nicosia,
Cyprus

Management Report and Consolidated Management Report

The Board of Directors of Demetra Investment Public Limited (the "Company") presents to the members its management report and consolidated management report and the audited consolidated financial statements of the Company and its subsidiaries ("the Group") and the individual financial statements of the Company for the year ended 31 December 2016.

Review of developments, current position and performance of the Group's business and principal risks and uncertainties

During the year, the Group recorded a loss after tax of €8,85 million (4,42 cents per share), compared to the loss of €14,03 million (7,01 cents per share) in 2015. The loss resulted primarily from the Group's investment portfolio, mainly from the investments in securities listed on the Cyprus Stock Exchange, and more specifically from the investment in shares of Hellenic Bank, which resulted to an unrealized loss exceeding the amount of €10 million. As a result, the Company's net asset value per share has decreased from 62,71 cents on 31 December 2015 to 58,30 cents on 31 December 2016, representing a decrease of 7,0%.

More specifically, regarding the Group's investment portfolio, the financial assets of the Group showed a loss of €8,11 million compared to a loss of €15,42 million in 2015. The Group's dividend income increased by 25,0% and amounted to €381 thousand compared to €305 thousand in 2015. Interest receivable amounted to €1,08 million, representing a decrease of 23,2%. This reduction was mainly due to the decrease of the interest receivable from deposits as a result of the reduction in interest rates.

The Group's investment portfolio in the real estate and immovable property development sector also showed a loss of €292 thousand compared to a loss of €546 thousand in 2015. The loss was due to the decrease in the value of the immovable property of the Group, due to revaluation, by €1,25 million, which offsets the rental income of €1,02 million that remained at the same level as in 2015.

The administrative expenses showed a decrease of 4,2% and amounted to €1,47 million.

Finally, the share of loss from associated companies amounting to €557 thousand, was recognized in the Group's financial results.

The Company made a loss after tax of €9,04 million (4,52 cents per share), compared to the loss of €14,42 million (7,21 cents per share) in 2015. The loss resulted primarily from the Group's investment portfolio, mainly from the investments in securities listed on the Cyprus Stock Exchange, and more specifically from the investment in shares of Hellenic Bank, which resulted to an unrealized loss exceeding the amount of €10 million. As a result, the Company's net asset value per share has decreased from 62,71 cents on 31 December 2015 to 58,20 cents on 31 December 2016, representing a decrease of 7,2%.

More specifically, regarding to the Company's investment portfolio, the financial assets of the Company showed a loss of €8,11 million compared to a loss of €15,42 million in 2015. The Company's dividend income increased by 12,4% and amounted to €737 thousand compared to €655 thousand in 2015. Interest receivable amounted to €1,11 million, representing a decrease of 22,9%. This reduction was mainly due to the decrease of the interest receivable from deposits as a result of the reduction in interest rates.

The Company's investment portfolio in the real estate and immovable property development sector showed also a loss of €55 thousand compared to a loss of €16 thousand in 2015. The loss was due to the decrease in the value of the immovable property of the Group, due to revaluation, by €115 thousand, which offsets the rental income €60 thousand.

The administrative expenses showed a decrease of 5,9% and amounted to €1,21 million. The provision amounting to €498 thousand were in relation to receivable balances from related companies

Review of future developments, current position and performance of the Group's business and principal risks and uncertainties (continued)

On 31 December 2016, the assets of the Group and the Company amounted to €119 million and €117 million respectively.

The activities of the Group, for management purposes, fall within two main sectors: a) Securities Portfolio management and b) Land and immovable property development. On 31 December 2016, the Group's assets were consisted of investments of 54,7% in Securities portfolio management investments, 35,6% in Land and immovable property development and 9,7% in other investments and assets.

Principal risks and uncertainties

The principal risks that both the Company and the Group face are market price risk, interest rate risk, credit risk, liquidity risk, currency risk, operating risk, compliance risk, share ownership risk, capital management risk and litigation risk. Additionally, the uncertain current economic environment in Cyprus and the high levels of non-performing loans, added with the negative growth rate of the economy, could adversely affect the results of the Company and the Group. These risks and the risk management policy adopted by the Company and the Group are explained in Notes 4 and 32 of the financial statements.

Principal activities of the Company and its subsidiaries

The principal activities of the Group comprise the management of the investment portfolio, which includes investments in securities, venture capital and strategic investments, including inter alia, dividend earning and interest earning securities, deposits and financial instruments such as derivatives and forward contracts, as well as investments in the sector of development of land and immovable property.

There were no changes in the Group's structure during the year ended 31 December 2016.

Future developments of the Company and the Group

The ongoing economic crisis significantly affect the financial markets, the development of land and immovable property and generally all economic sectors. The unfavorable economic developments in recent years in Cyprus, together with the uncertainty in the banking system and in the economy in general, are expected to affect the future financial results and financial position of the Group, to a degree that cannot be determined. The depth and duration of this economic crisis are not foreseeable. Therefore, the Board of Directors, under the circumstances, is unable to provide a reliable estimate of the results of the Group for the year 2017, which will depend on the performance of stock indices in Cyprus and abroad, as well as by the performance of of the real estate markets in the countries in which the Group has invested in real estate.

The Board of Directors does not anticipate any significant changes in the activities of the Company and the Group in the foreseeable future.

Research and development activities

The Group's companies did not carry out any research and development activities during the year.

Existence of branches

The Company and the Group do not maintain any branches.

Use of financial instruments

No financial instruments have been used to hedge risks by the Group's companies.

Share capital

There were no changes in the Company's share capital during the year ended 31 December 2016.

On 8 September 2016, the Shareholders' General Meeting approved the extension of the Buyback Program, which allows the repurchase of shares by the Company, up to the maximum number of shares allowed by Law, for an additional year.

Composition, responsibilities and remuneration of Board of Directors

The members of the Board of Directors as at 31 December 2016 and on the date of this report are presented on page 1. On 15 July 2016, Mrs Maria Ioannou-Theodorou resigned from the Board of Directors and on 8 September 2016, Mr Nicholas Hadjiyiannis appointed as a non-executive director. Additionally, during the Annual General Meeting of the Company that took place on 8 September 2016, Mr Varnavas Irinarchos and Nicos Michaelas submitted their resignation and re-elected as members of the Board of Directors. During the forthcoming Annual General Meeting one third of the directors will resign from office, but they will reserve the right to put themselves forward for re-election.

There were no significant changes in the assignment of responsibilities of the members of the Board of Directors. The remuneration of the Board Members for the current year remained at €3.500 per annum, according to the approved resolution of the Annual General Meeting dated 8 September 2016.

During the year, the Board Members received the amount of €44.108 (2015: €42.600) as a remuneration for their services as members of the Board of Directors of the Company. Additionally, during 2016, an amount of €73.846 (2015: €73.846) was paid to the Chairman and to the two vice-chairmen of the Board for hospitality expenses. Also, Dr. Nicos Michaelas' gross salary earnings and benefits, as Executive Director, for the year, amounted to €114.498 (2015: €115.844), contributions to Provident Fund amounted to €11.450 (2015: €11.584) and other employer's contributions amounted €18.758 (2015: €16.781). Detailed analysis of the remuneration of each Director is given in note 31 of the financial statements.

Additionally, during 2016 an amount of €19.811 (2015: €15.451) was paid for other expenses and benefits of the members of the Board of Directors.

Directors' interests in the Company's capital are listed below in this Management Report.

Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Suggestion in relation to the distribution of profits, absorption of losses and creation of provisions.

The Company's results are set out on page 19 and the results of the Group on page 15. The Board of Directors decided that the net loss for the year is carried forward.

The Board of Directors does not suggest the payment of any dividend (2015: € nil).

Statement of Corporate Governance

The Company gives special attention to the application of sound corporate governance policies, practices and procedures. Corporate Governance is the set of procedures followed for the proper management and administration of an entity. Corporate Governance rules the relationship between the shareholders, the board of directors and the management team of a company.

The Company being listed in the Cyprus Stock Exchange (CSE) adopts the principles of the Code of Corporate Governance introduced by the CSE, as amended with the 4th Issue (Revised) and fully applies the provisions of the Code. For the subsidiary companies, the Code is implemented through the central subcommittees of the parent company. The report of the Board of Directors in relation to Corporate Governance its included in the management report and it is also available in the offices of the Company that are located in 13 Lemesou Avenue, 5th floor, 2112, Nicosia, Cyprus and on the websites of the Company and CSE.

The internal audit controls and the systems for mitigating risks are implemented by the Group's companies, ensure the compliance with internal regulations and procedures.

The Company, through the internal audit controls, under the supervision of Audit Committee and with the contribution of the Risk Management Committee, implemented effective procedures for the composition and preparation of financial statements and periodic information, as provided by the Laws and Regulations of listed companies. In addition of the above, the main features of these procedures, are as follows:

- The financial statements of Group's companies and the Consolidated Financial Statements are prepared with the responsibility of Chief Financial Officer and endorsed by the Audit Committee.

- The periodic announcements of the Company and the detailed explanatory notes are prepared by the Chief Financial Officer and endorsed by the Audit Committee.

- The financial statements and the periodic announcements are approved by the Board of Directors prior to their publication.

Shareholders that held, directly or indirectly, material participation in the share capital of the Company are listed below in this Management Report and Consolidated Management Report.

The share capital of the Company is divided into ordinary shares with the same and equal rights. There are no issue shares with special rights of control or vote.

Any amendment or addition to the Articles of Associations of the Company is valid with special resolution of general meeting of shareholders.

The regulations that govern the composition of the Board of Directors and the appointment and the replacement of its members are presented in Part B.1 of the Management Report in relation to Corporate Governance. The composition and the operation of administrative, management and supervision bodies are also presented in the Report in relation to Corporate Governance.

Directors' interests in the Company's capital

The percentage shareholding in the Company's share capital, as at 31 December 2016 and 31 March 2017 owned by the members of the Board of Directors, directly or indirectly, are as follows:

	31 December 2016	31 March 2017
	%	%
Antonios-Andreas-Andis Scordis	0,000	0,000
Dr. Nearchos Ioannou	0,000	0,000
Lefteris Christoforou	0,001	0,001
Demetrios Philippides	0,000	0,000
Varnavas Irinarchos (Note)	0,002	0,002
Dr. Nicos Michaelas (Note)	0,000	0,000
Nicholas Hadjiyiannis	0,000	0,000

Note: Mr. Varnavas Irinarchos and Dr. Nicos Michaelas are related parties with Logicom Services Limited, which as at 31 December 2016 owns 7,42% (31 March 2017: 7,42%) of the issued share capital of the Company.

Major shareholders

On 31 December 2016 and 31 March 2017, the shareholders listed below owned more than 5% of the issued share capital of the Company with the following shareholding percentages:

	31 December 2016	31 March 2017
	%	%
Limassol Co-operative Savings Society Ltd	7,49	7,49
Logicom Services Limited	7,42	7,42
Strovolos Co-operative Credit Society Ltd	6,62	6,62

Auditors

The appointment of the independent auditors will be decided at the Annual General Meeting.

By Order of the Board of Directors,

Antonios-Andreas-Andis Scordis
Chairman

Nicosia, 7 April 2017

Declaration by the members of the Board of Directors and the Company Officials responsible for the preparation of the Financial Statements

In accordance with Article 9, subparagraph (3)(c) and (7) of the Transparency Requirements (Securities Admitted to Trading on a Regulated Market) Law 2007, we, the members of the Board of Directors and all other persons responsible for the financial statements of Demetra Investment Public Limited for the year ended 31 December 2016, confirm that to the best of our knowledge:

(a) the annual financial statements that are presented on pages 14 to 71

(i) were prepared in accordance to the International Financial Reporting Standards as adopted by the European Union and according to Article (4), and

(ii) give a true and fair view of the assets and liabilities, the financial position and the profit or loss of Demetra Investment Public Limited and the undertakings included in the consolidated financial statements, as a whole and

(b) the Management Report and Consolidated Management Report give a fair review of the developments and performance of the business as well as the position of Demetra Investment Public Limited and the undertakings included in the consolidated financial statements, together with the description of the principal risks and uncertainties that they face.

Members of the Board of Directors

……. Antonios-Andreas-Andis Scordis, Non-executive Chairman

…….. Lefteris Christoforou, Non-executive Vice-chairman

……. Dr. Nearchos Ioannou, Non-executive Vice-chairman

……. Demetrios Philippides, Non-executive Director

…….. Varnavas Irinarchos, Non-executive Director

…….. Nicholas Hadjiyiannis, Non-executive Director

…….. Dr. Nicos Michaelas, Managing Director

Financial Controller

…….. Costas Paphitis

Nicosia, 7 April 2017

Independent Auditors' Report

To the Members of Demetra Investment Public Limited

Report on the consolidated and individual financial statements of the Company

Opinion

We have audited the consolidated financial statements of **Demetra Investment Public Limited** (The "Company") and its subsidiaries (the "Group"), and the individual financial statements of the Company that are presented on pages 14 to 71 and comprise the statements of financial position as at 31 December 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and the Company for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Individual Financial Statements section of our report. We are independent of the Group and the Company, 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 Sepatate financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters	How the audit matters were addressed in the audit
1) Valuation of investment properties The value of investment properties owned by the Company and the Group amount to €2.737.000 and €31.480.246 respectively (Note 17 of the financial statements). The valuation of the investment properties were one of the key audit matters due its value, as well as the significant judgement and subjectivity required by the Management and the independent valuers for estimating their value. The fair value of the investment properties of the Company and the Group was based on valuations prepared by independent valuers at the year end. More information regarding the valuations methods used are described in notes 3 and 17 of the financial statements.	The audit procedures performed in relation to the valuation of the investment properties, included the following: - Evaluated the Group's and Company's procedures and control systems for the data used in the valuations, the examination of the valuations by the Management and the approval of the valuations by the Board of Directors. - Audited the data, which was included in the fair value measurements for the investment properties. These audit procedures included, on a sample data, the agreement of the data with rental agreements, title deeds and architectural plans. - Utilized our specialist team that has experience in valuations in order to assess, on a sample basis, the valuation approach, the reasonableness of the assumptions and parameters used to calculate the fair value of the investment properties. For the sample selected, a comparison was made between the capitalization rates and comparable prices used with published information and recent transactions. - Conducted meetings with the property valuers to assess the methodology used, and we evaluated their qualifications, experience and their independence as valuers. - Inspected, on a sample basis, some of the properties in order to assess their physical condition. - Assessed whether the disclosures in the financial statements adequately reflect the fair value hierarchy of the investment properties and include all the required disclosures given the degree of uncertainty in relation to these valuation.

Key audit matters	How the audit matters were addressed in the audit
2) Valuation of non-liquid financial assets held at fair value through profit and loss. The Company and the Group own financial assets held at fair value through profit and loss which mainly comprise of securities listed in the Cyprus Stock Exchange of €25.279.285 and structured products and other non-listed securities of €8.306.011 as at 31 December 2016 (note 25 of the financial statements). The selection of the valuation method for the fair value estimation of this investment portfolio requires significant judgement especially for investments where their valuations are not relied on publicly available information. The valuation of the fair value of the financial assets that were categorized as level 3 of the fair value hierarchy amounting to €3.499.395 are one of the main audit issues due to the significant judgement used by the Management and the complexity of the calculation for the fair value estimation (note 4 of the financial statements). These investments, include securities which are not listed in active markets and listed securities in non-active markets.	- The procedures and control systems of the Company and the Group were evaluated in relation to the information used in the valuations and calculations for the fair value of the financial assets held at fair value through profit and loss. - Assessed that the valuation policies followed by the Management were in agreement with the IFRS. - Assessed that the listed securities were traded in an active market, where the available share prices could be used without any adjustment for the calculation of the fair value of these securities. The accuracy of the Management calculations in relation to the fair value of the listed securities in active markets were tested and their share prices used were compared with publicly available information. - Utilized the specialist team that has experience in valuations for the assessment, on a sample basis, of the fair value valuation models used for the non-liquid investments. Assessed whether the assumptions used by the Company for the basic parameters used in these valuations – calculations are reasonable. - The inputs used to calculate the fair value of the non-liquid investments were tested on a sample basis by comparing the results and the inputs used, with historical information, information on similar financial assets and transactions and their available market information. - Assessed whether the disclosures in the financial statements adequately reflect the fair value hierarchy of the financial asset held at fair value through profit and loss and include all the required disclosures given the fair value estimations resulted from valuation techniques which are not based on publicly available information.

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 Consolidated Management Report and the Statement of Corporate Governance but does not include the consolidated and individual financial statements and our auditor's report thereon.

Our opinion on the consolidated and individual 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 individual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and individual 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 for the Consolidated and Individual Financial Statements

The Board of Directors is responsible for the preparation of consolidated and individual 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 individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and individual 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.

The Board of Directors is responsible for overseeing the Group's and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and individual 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 individual financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and individual financial statements, including the disclosures, and whether the consolidated and the individual 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 and the Company to express an opinion on the consolidated and individual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal Requirements

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

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.

- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.

- The consolidated and individual financial statements of the Company are in agreement with the books of account.

- In our opinion, and to the best of our information and according to the explanations given to us, the consolidated and individual financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.

- In our opinion, the management report and the consolidated management report have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated and individual financial statements.

- In our opinion, and in the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report and the consolidated management report.

- In our opinion, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the management report and the consolidated management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the consolidated and individual financial statements.

- In our opinion, and in the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

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

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Maria Paschalis.

Maria Paschalis

Certified Public Accountant and Registered Auditor
for and on behalf of

Deloitte Limited
Certified Public Accountants and Registered Auditors

Deloitte Limited
24 Spyrou Kyprianou,
1075 Nicosia,
Cyprus

Nicosia, 7 April 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2016

	Note	**2016** **€**	2015 €
Revenue			
Dividends receivable	7	**380.797**	304.637
Interest receivable and other financial income	7	**1.079.127**	1.404.297
Loss from disposal, revaluation and development of land and immovable property	11	**(292.016)**	(545.723)
Loss from financial assets	6	**(8.109.792)**	(15.424.263)
		(6.941.884)	(14.261.052)
Administrative expenses	10	**(1.473.291)**	(1.537.251)
Decrease in provisions for doubtful debts	22,26	**-**	2.155.224
Financial expenses	12	**(19.069)**	(7.336)
Share of loss from associated companies	19	**(556.810)**	(344.945)
Loss before taxation		**(8.991.054)**	(13.995.360)
Taxation	13	**144.079**	(31.604)
Net loss for the year		**(8.846.975)**	(14.026.964)
Other comprehensive income			
Items that may be reclassified subsequently to consolidated profit or loss:			
Exchange differences arising on the translation and consolidation of foreign companies' financial statements		**(330)**	-
Gain on revaluation of financial assets available-for-sale	20	**19.551**	49.154
Total comprehensive expense for the year		**(8.827.754)**	(13.977.810)
Net loss attributable to:			
Company shareholders		**(8.846.975)**	(14.026.964)
Loss per share – cents	14	**(4,42)**	(7,01)

The notes on pages 22 to 71 form an integral part of these financial statements.

Consolidated Statement of Financial Position
as at 31 December 2016

	Note	**2016** **€**	2015 €
ASSETS			
Non-current assets			
Property, plant and equipment	16	**1.454.365**	1.413.918
Investment property	17	**31.480.246**	31.427.940
Financial assets available-for-sale	20	**267.326**	247.775
Receivables from associated companies	23	**10.625.560**	9.550.750
Bank deposits	26	**-**	1.000.000
Deferred taxation	28	**1.752.167**	1.704.613
Total non-current assets		**45.579.664**	45.344.996
Current Assets			
Inventory	21	**8.170.832**	10.285.498
Loans and other receivables	22	**713.789**	1.031.686
Financial assets at fair value through profit and loss	25	**33.590.741**	41.368.958
Bank deposits	26	**29.830.338**	28.066.829
Cash and cash equivalents	26	**975.465**	1.237.799
Total current assets		**73.281.165**	81.990.770
Total assets		**118.860.829**	127.335.766
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	27	**140.000.000**	140.000.000
Reserves		**(23.409.443)**	(14.572.977)
Total equity		**116.590.557**	125.427.023
Non-current liabilities			
Deferred taxation	28	**9.720**	23.340
Total non-current liabilities		**9.720**	23.340
Current liabilities			
Provision for losses of associated companies	19	**1.590.898**	1.016.088
Trade and other payables	29	**631.151**	601.625
Current tax liabilities	30	**38.503**	267.690
Total current liabilities		**2.260.552**	1.885.403
Total equity and liabilities		**118.860.829**	127.335.766
Net assets per share - cents	14	**58,30**	62,71

On 7 April 2017, the Board of Directors of Demetra Investment Public Limited authorised these consolidated financial statements for issue.

Antonios-Andreas-Andis Scordis Chairman	Dr. Nearchos Ioannou Vice-chairman	Dr. Nicos Michaelas Managing Director	Costas Paphitis Financial Controller

The notes on pages 22 to 71 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2016

	Share Capital €	Share Capital Conversion Reserve €	Exchange difference reserve €	Revaluation reserve for financial assets available-for-sale €	Accumulated losses €	Total equity €
Balance at 1 January 2015	170.000.000	860.144	319.767	(101.379)	(31.673.699)	139.404.833
Reduction of share capital (Note 27)	(30.000.000)	-	-	-	30.000.000	-
Net loss after tax for the year	-	-	-	-	(14.026.964)	(14.026.964)
Other comprehensive income after tax for the year	-	-	-	49.154	-	49.154
Balance at 31 December 2015 / 1 January 2016	**140.000.000**	**860.144**	**319.767**	**(52.225)**	**(15.700.663)**	**125.427.023**
Net loss after tax for the year	**-**	**-**	**-**	**-**	**(8.846.975)**	**(8.846.975)**
Other comprehensive income after tax for the year	**-**	**-**	**(330)**	**19.551**	**-**	**19.221**
Special defence contribution on deemed dividend distribution	**-**	**-**	**-**	**-**	**(8.712)**	**(8.712)**
Balance at 31 December 2016	**140.000.000**	**860.144**	**319.437**	**(32.674)**	**(24.556.350)**	**116.590.557**

Companies which do not distribute at least 70% of their profits after tax as defined by the Special Defence Contribution for the Cyprus Republic Law, within two years after the end of the relevant tax year to which the profits refer to, will be deemed to have distributed this amount as dividend. Special defence contribution at 17% will be payable on such deemed dividend distribution to the extent that the shareholders of the Company at the end of the period of two years from the end of the relevant tax year to which the profits refer are both tax residents and Cyprus domiciled. The amount of deemed dividend distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. The Special Defence Contribution is paid by the Company for the account of the shareholders.

The share capital conversion reserve represents the decrease of the nominal value of the Company's share due to the conversion of the nominal value from Cyprus pounds to Euros on 1 January 2008. The conversion was made at the nominal value of each share and not in the total share capital.

The revaluation reserve for financial assets available-for-sale represents accumulated gains and losses arising from the revaluation of available-for-sale financial assets (Note 20) that have been recognized in other comprehensive income after deducting the amounts recognized in profit and loss, if the specific assets have been sold or impaired.

The exchange difference reserve consists of the accumulated exchange differences arising on consolidation from the translation of the equity of foreign subsidiaries.

The notes on pages 22 to 71 form an integral part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 December 2016

	Note	**2016 €**	2015 €
Cash flow from operating activities			
Loss for the year before taxation		**(8.991.054)**	(13.995.360)
Adjustments for:			
Depreciation of property, plant and equipment	16	**93.398**	88.904
Exchange differences arising on the translation and consolidation of foreign companies' financial statements		**(330)**	-
Profit from the sale and revaluation of property, plant and equipment	11,16	**(36.013)**	(21.962)
Loss from the sale and revaluation of financial assets and liabilities held at fair value through profit and loss	6	**8.109.792**	15.424.263
Fair value losses on investment property	11	**532.439**	1.305.482
Share of loss from associated companies	19	**556.810**	344.945
Net cash flow before working capital changes		**265.042**	3.146.272
Decrease / (Increase) in inventories		**2.114.666**	(1.562.286)
Decrease in loans and other receivables		**317.897**	86.646
Increase in receivables from associated companies		**(1.056.810)**	(1.381.335)
Net purchases of financial assets and liabilities at fair value through profit and loss		**(331.575)**	(102.467)
Increase in trade and other payables		**20.814**	73.385
Increase in bank deposits		**(763.509)**	(22.285.099)
Cash flow from / (to) operations		**566.525**	(22.024.884)
Taxation paid		**(146.282)**	(184.221)
Net cash flow (from) / to operations		**420.243**	(22.209.105)
Cash flow from investing activities			
Purchase of property, plant and equipment	16	**(97.832)**	(34.480)
Purchase of investment property	17	**(584.745)**	(587.345)
Net cash flow used in investing activities		**(682.577)**	(621.825)
Net decrease in cash and cash equivalents		**(262.334)**	(22.830.930)
Cash and cash equivalents at the beginning of the year		**1.237.799**	24.068.729
Cash and cash equivalents at the end of the year	26	**975.465**	1.237.799

The notes on pages 22 to 71 form an integral part of these financial statements.

Holding Company Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2016

	Note	**2016** **€**	2015 €
Revenue			
Dividends receivable	7	**736.797**	655.437
Interest receivable and other financial income	7	**1.107.538**	1.436.476
Loss from disposal, revaluation and development of land and immovable property	11	**(55.000)**	(16.300)
Loss from financial assets and liabilities	6	**(8.109.792)**	(15.424.263)
		(6.320.457)	(13.348.650)
Administrative expenses	10	**(1.214.344)**	(1.290.446)
Impairment of investments in subsidiaries	18	**(1.137.000)**	(1.260.000)
(Increase) / Decrease in provisions for doubtful debts	22,24,26	**(498.000)**	1.549.224
Financial Expenses	12	**(17.790)**	(5.226)
Loss before taxation		**(9.187.591)**	(14.355.098)
Taxation	13	**143.632**	(67.203)
Net loss for the year		**(9.043.959)**	(14.422.301)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Gain on revaluation of financial assets available-for-sale	20	**19.551**	49.154
Total comprehensive expense for the year		**(9.024.408)**	(14.373.147)
Net loss attributable to:			
Company shareholders		**(9.043.959)**	(14.422.301)
Loss per share – cents	14	**(4,52)**	(7,21)

The notes on pages 22 to 71 form an integral part of these financial statements.

Holding Company Statement of Financial Position
as at 31 December 2016

	Note	**2016 €**	2015 €
ASSETS			
Non-current assets			
Property, plant and equipment	16	**116.736**	142.269
Investment property	17	**2.737.000**	2.852.000
Investments in subsidiary companies	18	**11.904.872**	13.041.872
Investments in associated companies	19	**400**	400
Financial assets available-for-sale	20	**267.326**	247.775
Proceeds from associates	24	**9.052.560**	8.549.750
Bank deposits	26	**-**	1.000.000
Deferred taxation	28	**121.599**	120.349
Total non-current assets		**24.200.493**	25.954.415
Current assets			
Loans and other receivables	22	**584.974**	708.964
Receivables from subsidiary and associated companies	24	**28.247.153**	29.472.606
Financial assets at fair value through profit and loss	25	**33.590.741**	41.368.958
Bank deposits	26	**29.479.340**	27.600.421
Cash and cash equivalents	26	**754.614**	982.814
Total current assets		**92.656.822**	100.133.763
Total assets		**116.857.315**	126.088.178
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	27	**140.000.000**	140.000.000
Reserves		**(23.605.510)**	(14.572.390)
Total equity		**116.394.490**	125.427.610
Non-current liabilities			
Deferred taxation	28	**9.720**	22.845
Total non-current liabilities		**9.720**	22.845
Current liabilities			
Trade and other payables	29	**414.735**	379.770
Current tax liabilities	30	**38.370**	257.953
Total current liabilities		**453.105**	637.723
Total equity and liabilities		**116.857.315**	126.088.178
Net assets per share (cents)	14	**58,20**	62,71

On 7 April 2017, the Board of Directors of Demetra Investment Public Limited authorised these financial statements for issue.

Antonios-Andreas-Andis Scordis Chairman	Dr. Nearchos Ioannou Vice-chairman	Dr. Nicos Michaelas Managing Director	Costas Paphitis Financial Controller

The notes on pages 22 to 71 form an integral part of these financial statements.

Holding Company Statement of Changes in Equity
for the year ended 31 December 2016

	Share Capital €	Share Capital Conversion Reserve €	Revaluation reserve for financial assets available-for-sale €	Accumulated losses €	Total equity €
Balance at 1 January 2015	170.000.000	860.144	(101.379)	(30.958.008)	139.800.757
Reduction of share capital (Note 27)	(30.000.000)	-	-	30.000.000	-
Net loss after tax for the year	-	-	-	(14.422.301)	(14.422.301)
Other comprehensive income after tax for the year	-	-	49.154	-	49.154
Balance at 31 December 2015 / 1 January 2016	**140.000.000**	**860.144**	**(52.225)**	**(15.380.309)**	**125.427.610**
Net loss after tax for the year	**-**	**-**	**-**	**(9.043.959)**	**(9.043.959)**
Other comprehensive income after tax for the year	**-**	**-**	**19.551**	**-**	**19.551**
Special defence contribution on deemed dividend distribution	**-**	**-**	**-**	**(8.712)**	**(8.712)**
Balance at 31 December 2016	**140.000.000**	**860.144**	**(32.674)**	**(24.432.980)**	**116.394.490**

Companies which do not distribute at least 70% of their profits after tax as defined by the Special Defence Contribution for the Cyprus Republic Law, within two years after the end of the relevant tax year to which the profits refer to, will be deemed to have distributed this amount as dividend. Special defence contribution at 17% will be payable on such deemed dividend distribution to the extent that the shareholders of the Company at the end of the period of two years from the end of the relevant tax year to which the profits refer are both tax residents and Cyprus domiciled. The amount of deemed dividend distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. The Special Defence Contribution is paid by the Company for the account of the shareholders.

The share capital conversion reserve represents the decrease of the nominal value of the Company's share due to the conversion of the nominal value from Pounds to Euros on 1 January 2008. The conversion was made at the nominal value of each share and not in the total share capital.

The revaluation reserve for financial assets available-for-sale represents accumulated gains and losses arising from the revaluation of available-for-sale financial assets (Note 20) that have been recognized in other comprehensive income after deducting the amounts recognized in profit and loss, if the specific assets have been sold or impaired.

The notes on pages 22 to 71 form an integral part of these financial statements.

Holding Company Statement of Cash Flows
for the year ended 31 December 2016

	Note	**2016 €**	2015 €
Cash flow from operating activities			
Loss for the year before taxation		**(9.187.591)**	(14.355.098)
Adjustments for:			
Depreciation of property, plant and equipment	16	**52.543**	49.780
Loss on the sale and revaluation of financial assets and liabilities held at fair value through profit and loss	6	**8.109.792**	15.424.263
Impairment of investments in subsidiaries	18	**1.137.000**	1.260.000
Loss from the sale of property, plant and equipment	16	**-**	3.732
Fair value losses on investment properties	11	**115.000**	60.300
Net cash flow before working capital changes		**226.744**	2.442.977
Decrease in loans and other receivables		**123.990**	238.100
Decrease / (Increase) in receivable from subsidiary and associated companies		**722.643**	(2.794.949)
Net purchases of financial assets and liabilities at fair value through profit and loss		**(331.575)**	(102.467)
Increase in trade and other payables		**26.253**	2.759
Increase in bank deposits		**(878.919)**	(22.378.141)
Cash flow to operations		**(110.864)**	(22.591.721)
Taxation paid		**(90.326)**	(116.617)
Net cash flow to operations		**(201.190)**	(22.708.338)
Cash flow from investing activities			
Purchase of property, plant and equipment	16	**(27.010)**	(33.040)
Purchase of investment property	17	**-**	(300)
Net cash flow used in investing activities		**(27.010)**	(33.340)
Net decrease in cash and cash equivalents		**(228.200)**	(22.741.678)
Cash and cash equivalents at the beginning of the year		**982.814**	23.724.492
Cash and cash equivalents at the end of the year	26	**754.614**	982.814

The notes on pages 22 to 71 form an integral part of these financial statements.

1. General Information

Incorporation

Demetra Investment Public Limited (the "Company") was incorporated in Cyprus as a public limited liability company in accordance with the provisions of the Companies Law, Cap. 113 on 30 December 1999. The shares and warrants of the Company were listed on the Cyprus Stock Exchange on 27 April 2000. Its registered office is at 13 Lemesos Avenue, 5th floor, 2112, Nicosia, Cyprus.

Principal Activities

On 7 March 2005, the Board of the Cyprus Stock Exchange with the agreement of the Securities and Exchange Commission approved the Prospectus of the Company dated 4 March 2005 regarding the expansion of its activities and its release from any investment limitations.

The principal activities of the Group comprise the investment portfolio management, which includes investments in securities, venture capital and strategic investments, including inter alia, dividend and interest bearing securities, deposits and financial instruments such as derivatives and forward contracts, as well as investments in the sector of development of land and immovable property.

Investment management

On 15 July 2014 the Company entered into an agreement with Argus Stockbrokers Ltd, governing the management of the Company's funds which are invested in the Cyprus Stock Exchange. The agreement's term is indefinite. Each one of the two involved parties has the right to terminate the agreement at any given time, by giving at least fifteen days' notice. For the services provided by the Investment Manager to the Company, based on the terms of the Management Agreement, the Company had agreed to pay a Management Fee of 0,30% per year which would be calculated quarterly based on the Portfolio value plus VAT. The commission payable by the Company for its stock market transactions amounted to 0,30% on the total value of these transactions, excluding the stock exchange's fees and the transactions costs.

2. Adoption of new and revised IFRSs

In the current year, the Company and the Group have adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to their operations and are effective for accounting periods beginning on or after 1 January 2016. The adoption of these Standards, did not have a material effect on the accounting policies of the Company and the Group.

Standard / Interpretation	Effective for annual periods beginning on or after:
Amendment to IAS 19 " Defined Benefit Plans: Employee Contribution"	1 February 2015
Improvements to IFRSs 2010-2012	1 February 2015
Amendment to IAS 1 Disclosures in the Financial Statements	1 January 2016
Improvements to IFRSs 2012-2014	1 January 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	1 January 2016
Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	1 January 2016
Amendments to IAS 16 and IAS 41 “Bearer Plants”	1 January 2016
Amendments to IAS 27 “Equity method in Separate Financial Statements”	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities - Applying the Consolidation Exception	1 January 2016

Amendments to IAS 27: ‘‘Equity method in Separate Financial Statements’’
The amendments focus on the separate financial statements and allow the application of the equity method. More specifically, with this amendment, a company will have the option to account for its investments in subsidiaries, joint ventures and associates a) on the basis of the investment cost, b) on the basis of the provisions of IAS 39 (or IFRS 9), or c) under the equity method as described in IAS 28 "Investments in Associates and Joint Ventures". The same accounting treatment should be adopted for each category of investments.

At the date of approval of these financial statements, the following accounting standards were issued by the International Accounting Standards Board but were not yet in force:

***i)* Adopted by the European Union**

Standard / Interpretation:	Effective for annual periods beginning on or after:
IFRS 15 "Revenue from Contracts with Customers"	1 January 2018
IFRS 9 "Financial Instruments"	1 January 2018

2. Adoption of new and revised IFRS's (continued)

***ii)* Not adopted by the European Union**

Standard / Interpretation	**Effective for annual periods beginning on or after:**
IFRS 14 "Regulatory Deferral Accounts"	1 January 2016
IFRS 16 "Leases"	1 January 2019
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Deferred Indefinitely
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	1 January 2017
Amendments to IAS 7 "Disclosures in the Financial Statements"	1 January 2017
IFRS 15 "Revenue from Contracts with Customers"	1 January 2018
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	1 January 2018
Amendments to IFRS 4 Application of IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"	1 January 2018
Improvements to IFRS 2014-2016	1 January 2017 / 1 January 2018
IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"	1 January 2018
IFRIC 21 "Contributions"	17 June 2014
Amendments to IAS 40 "Transfers of Investment Property"	1 January 2018

The Company and the Group are in the process of evaluating the effect that the adoption of the above standards will have on the consolidated financial statements of the Group, and it does not intend to early adopt any of them. The Group expects that the most significant impact will result from the adoption of the following:

IFRS 9 "Financial Instruments"(as revised in 2014)

IFRS 9 will supersede IAS 39 'Financial Instruments: Recognition and Measurement' in its entirety. The completed IFRS 9 contains new requirements for classification and measurement of financial assets and financial liabilities, impairment methodology, and general hedge accounting.

Phase 1: Classification and measurement of financial assets and liabilities.

All recognized financial assets that are currently within the scope of IAS 39 will be subsequently measured at either the amortized cost or the fair value. Specifically:

- a debt instrument that is held within a business model whose objective is intended to collect the contractual cash flows and has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortized cost (net of any write down for impairment) unless the asset is designated at fair value through profit and loss under the fair value option.

- a debt instrument that is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at fair value through profit or loss, unless the asset is designated at fair value through profit and loss under the fair value option

- all other debt instruments must be measured at fair value through profit or loss.

2. Adoption of new and revised IFRS's (continued)

- all equity investments are to be measured in the statements of financial position at fair value, with gains and losses recognized in profit and loss except that if an equity instrument is not held for trading, nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, an irrevocable election can be made at initial recognition to measure the investment at fair value through profit or loss, with dividend income recognized in profit and loss.

Regarding financial liabilities, one major change is in the presentation of changes in the fair value of the financial liability designated as at fair value through profit or loss attributable to changes in the credit risk of that liability. Under IFRS 9 such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit and loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit and loss.

Phase 2: Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge Accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39, however it broadens the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is no longer required, however far more disclosure requirements about an entity's risk have been introduced.

Transitional provisions

If an entity elects to apply IFRS 9 early, it must apply all the requirements in IFRS 9 at the same time, except for those relating to:

- the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss, the requirements of which an entity may early apply without applying the other requirements in IFRS 9

- hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

3. Summary of significant accounting policies

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

Basis of preparation
These consolidated financial statements have been prepared in accordance with the going concern concept. These consolidated financial statements are presented in Euro and have been prepared under the historical cost convention as modified by the revaluation of investment property, financial assets and liabilities at fair value through profit or loss, available for sale financial assets and land and immovable property.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The fair value is described as the price that an entity would receive upon the sale of an asset or the transfer of a liability in a normal transaction to principal (or most advantageous) market at the measurement date under current market conditions (i.e. exit value) regardless of whether that price is directly observable or estimated using another valuation technique.

3. Summary of significant accounting policies (continued)

Basis of preparation (continued)
Fair value measurement relates to a specific asset or a liability. Therefore, when measuring the fair value, an entity should take into account the characteristics of the asset or the liability, if market participants would take into account those characteristics in pricing the asset or the liability at the measurement date. These features include, for example, the status and location of the asset and restrictions, if any, on the sale or use of the asset.

To increase consistency and comparability in fair value measurements and related disclosures, IFRS 13 establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value:

The 1st level inputs are the official quotations (without adjustment) in the markets for identical assets or liabilities to which the entity has access at the measurement date.

The 2nd level inputs are inputs other than formal quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

The 3rd level inputs are unobservable inputs for the asset or liability.

Going Concern
The Company's management has made an assessment of the Company's and the Group's ability to continue as a going concern, and despite changes in the operating environment of Cyprus as described in the notes of the financial statements, is satisfied that the Company and the Group have the financial resources to continue their business activities in the foreseeable future. In addition, the management is not aware of any other relevant uncertainties that relate to events or conditions that may cast significant doubt on the Company's and Group's ability to continue as a going concern. Accordingly, the financial statements continue to be prepared on the going concern basis.

Functional and presentation currency
Items included in the Company's individual and Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") which is the Euro.

Compliance Statement
The financial statements of the Company and Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113, as well as the provisions of the Cyprus Stock Exchange Laws and Regulations.

The preparation of these financial statements in conformity with IFRS, requires the use of certain critical accounting estimates and the exercise of judgement from management during the process of applying the Company's and the Group's accounting policies. It also requires the use of estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Despite the fact that these estimates are based on management's best possible knowledge with reference to current circumstances and conditions, actual results may differ from these estimates.

The financial statements of the Company and Group can be obtained from the Company's registered office which is located at 13 Lemesou Avenue, 5th floor, 2112, Nicosia, Cyprus.

Basis of consolidation
The consolidated financial statements of the Group for the year ended 31 December 2016, include the financial statements of the holding company (the "Company") and its subsidiaries all of which together are referred to as the "Group". The financial statements of the subsidiary companies are prepared on the same date as the Company's report, using identical accounting policies.

The subsidiary companies included in Note 18, are the legal entities over which the Group exercises control. Control is achieved when a company a) has power over the investee, b) is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control, listed above.

3. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

When the Group has less than 50% of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Business combinations

All business combinations are accounted for using the acquisition method. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any directly attributable costs. Other costs which are associated with the acquisition of subsidiaries are recognised in the income statement over the period which the Group has undertaken the costs and the services have been provided. The identifiable assets, liabilities and contingent liabilities of the subsidiary that meet the criteria for recognition under IFRS 3 are recognised at fair value at the acquisition date, except for the following:

- Deferred tax assets or liabilities and assets relating to employee benefits arrangements are recognised and measured in accordance with IAS 12 'Income Taxes' and IAS19 'Employee Benefits', respectively,
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date, and
- Assets (or disposal groups) which are classified as held for sale at the acquisition date, in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', and are recognised and measured in accordance with that standard.

The goodwill arising on acquisition is recognised as an asset and is initially measured at cost, which is the difference between the amount of consideration offered, the amount of minority interests in the acquired entity and the fair value of interest previously held by the Company in the acquired entity (if any), in relation to the proportion of the Group's net fair value of identifiable assets, liabilities and contingent liabilities recognised of the acquired entity. If, after reassessment, the Group's participation in the net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary exceeds the sum of the consideration offered, the amount of any minority interest and the fair value of any equity interests held by the Group prior to the acquired entity, is recognised immediately in the income statement.

3. Summary of significant accounting policies (continued)

Business combinations (continued)

Minority interests represent the share of profit or loss and net assets not held, directly or indirectly by the Group. The losses of the subsidiary are distributed to the minority interests even if this would lead to a negative balance. Minority interests are presented separately in the consolidated income statement and included within equity, separately from equity attributable to owners of the Company.

The change in shareholding in subsidiaries (without loss of control) is accounted for as a transaction between owners on equity. Consequently, no share premium or profit / (loss) arises in the income statement from these transactions but any dispute arising from the adjustment, minority rights and the fair value of consideration received or paid is recognised in equity and paid to shareholders. Such exchange differences on the share to the proportion of minority interests sold, are removed from the translation reserve and transferred to minority interests. Minority interests are measured at fair value or the proportion of minority interest in net fair value of net assets of actual economic unit. The choice of measurement is determined in each case per transaction. Other types of non-controlling interests are measured at fair value, as appropriate, based on the provisions of IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the consideration offered by the Group in a business combination includes assets or liabilities arising from setting contingent consideration, contingent consideration is recognised at fair value at the acquisition date and included as part of the consideration offered for the combination. Changes in the fair value of contingent consideration which meet the conditions of the adjustments during the measurement period are adjusted retroactively, causing a corresponding adjustment to goodwill. Adjustments during the measurement period are adjustments arising from the acquisition of additional information during the 'measurement period' (which may not exceed one year from the date of acquisition) on the facts and circumstances that existed at the acquisition date.

The accounting for changes in fair value of contingent consideration that do not qualify for adjustment during the measurement period depends on how you classify contingent consideration. Contingent consideration classified as equity is not remeasured and the subsequent settlement is recognised in equity. Contingent consideration classified as an asset or liability is measured again in accordance with IAS 39 or IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, and any gain or loss is recognised in the results.

If the initial accounting for a business combination is completed by the end of the period during which an acquisition occurs, the Group recognises in its financial statements provisional sums for items on which the accounting is not complete. These provisional figures retroactively are adjusted during the measurement period, or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of amounts recognised as of that date.

The business combinations whose acquisition date was before 1 January 2010 were accounted for under the previous version of IFRS 3.

Where the Group no longer has control or significant influence, profit or loss from the sale is calculated as the difference between (i) the total fair value of consideration received and fair value and (ii) the previous carrying value of assets (including goodwill) and liabilities of the subsidiaries and any minority interest. When the assets of the subsidiary company have been revalued or accounted for at fair value and the gain or loss has been recognised in the income statement and included in equity, amounts previously recognised in the income statement and included in equity are accounted for in the same manner as if the Company has sold them (e.g. reclassification in the income statement or transfer to reserve results). The fair value of an investment that remains in the former subsidiary at the date the Group ceases to have control is recognised at fair value under the provisions of IAS 39 "Financial Instruments: recognition and measurement".

3. Summary of significant accounting policies (continued)

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-current Assets Held For Sale and Discontinued Operations. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

3. Summary of significant accounting policies (continued)

Investments in associates and joint ventures (continued)
When the Group reduces its ownership interest in an associate or joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Investments in subsidiaries and associated companies
In the Holding Company financial statements, the investments in subsidiaries and associated companies are stated at cost less provision for permanent diminution in value, which is recognised as an expense in the period in which the impairment is recognised.

Revenue recognition
The revenue of the Group and Company are recognised as follows:

Dividend income is recognised when the right of the Company and the Group to receive a payment is established. Dividends from investments in shares of public companies are considered payable on the date of recording in the Register of the Shareholders for the purpose of dividend payment or the "ex-dividend" date of shares traded.

Interest from securities, bonds and deposits are recognised on the accrued income basis and included in the statement of profit or loss and other comprehensive income.

Profit or loss from the sale of financial assets or liabilities at fair value through the profit and loss is calculated as the difference between the average cost price and the net selling proceeds, which includes the stock exchange selling costs. The profit or loss is recognised in the statement of profit or loss and other comprehensive income.

The difference between the fair value of financial instruments at fair value through profit and loss at 31 December and the average cost price represents unrealised gain or loss and is recognised in the statement of profit or loss and other comprehensive income as deficit / surplus from revaluation of investments.

Income from real estate development is recognised upon delivery and transfer of risks to the buyer.

Rental income is recognised under the accrual basis depending on the substance of the agreements.

Employees' benefits
The Company and its employees contribute to the Governmental Social Insurance Fund based on the salaries of the employees. Furthermore, the Company contributes to a Medical Scheme as well as to the Approved Provident Fund of the Company. The contributions of the Company are recognised in the year to which they relate and are included in the staff costs.

Receivables and provisions for bad debts
Bad debts are written off to the income statement and a specific provision is made, where it is considered necessary. No general provision for bad debts is made. Trade receivables are stated after deducting the specific provision for bad and doubtful debts, if any.

Foreign currencies
For the purpose of preparing the separate financial statements of the holding Company and its subsidiaries, the accounting records of the Group's companies are kept in Euro ("the functional currency") with the exception of foreign subsidiaries. Transactions in foreign currency are recorded based on the exchange rates prevailing on the date of the transaction.

3. Summary of significant accounting policies (continued)

Foreign currencies (continued)
Monetary items denominated in foreign currencies are translated to Euro at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated to Euro at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost and are denominated in a foreign currency are not translated to Euro.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items, are included in the income statement of the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement of the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in the reserves. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in the reserves.

For the purpose of presenting the consolidated financial statements, the financial statements of the Group's foreign subsidiaries are translated to Euro using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising from the retranslation are transferred to reserves. Such translation differences are recognised in the income statement, in the period in which the foreign operation is disposed of.

Taxation
Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. The management evaluates periodically the stands that it took in the tax returns in relation to instances where the applicable tax regulations are subject to interpretation and creates provisions where this is necessary based on the amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using the 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 tax asset is realised or the deferred tax liability is settled.

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

Deferred tax assets and liabilities are netted off where there is a strong legal right to net off the current tax assets with the current tax liabilities and when the deferred taxes relate to the same tax authority.

The carrying value of the deferred tax assets is reviewed at each financial position date and it is reduced to the extent that it is not any more probable that adequate future taxable profits will be available to allow the recovery of this asset, either partly or in full.

Property, plant and equipment
Land and buildings are shown at fair value based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are made every year so that the amounts disclosed in the statement of financial position do not differ significantly from their fair values at the date of the statement of financial position.

All other property, plant and equipment are shown at historical cost less accumulated depreciation and impairment losses. The historical cost includes any expenditure that is directly attributable to the acquisition of the property, plant and equipment.

Increases in the carrying value arising on revaluation are credited to other comprehensive income and reported in the revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against this reserve. All other decreases are charged in the income statement. Each year the difference between the depreciation based on the revalued carrying amount of the asset (the depreciation charged to the income statement) and depreciation based on the original cost of the asset is transferred from revaluation reserve to retained earnings.

3. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)
Depreciation is calculated using the straight-line method in order to allocate the cost minus any residual values of property, plant and equipment over their respective estimated useful economic lives. The annual depreciation rates are as follows:

	%
Buildings	3
Furniture and office equipment	10
Property, plant and equipment	10
Motor vehicles	20
Computer hardware	20 - 33,3

No depreciation is provided on land and projects under construction.

The 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 the income statement in the year in which it is incurred. The cost of major renovations and other subsequent expenditure is included in the carrying amount of the asset, 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 sales proceeds with the respective carrying amounts, and are included in the income statement.

Investment property
Investment property, principally comprising land, shops and offices, is held for capital appreciation or for rental. Investment property is stated at fair value, representing open market value determined annually by external valuers (Note 17). Investment property is initially recognised at cost in the statement of financial position, which includes transaction costs relating to the acquisition, and is subsequently stated at fair value at the end of the year.

Properties under construction or constructed for future use as investment property are classified as investment property. Such properties are stated at fair value at the year end.

The fair value of the investment property is based on valuations performed by independent professional valuers before the deduction of transaction costs incurred by the Company and the Group for the sale of these properties.

The profit or loss on the disposal of investment property included in the statement of profit or loss and other comprehensive income for the year represents the net proceeds less the carrying amount of such property.

The profit or loss on the revaluation of investment property included in the statement of profit or loss and other comprehensive income for the year represents the difference between the market value at the end of the year and the market value at the beginning of the year or the cost of the investment property acquired during the year.

Inventories
Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average cost method. The net realisable value is the estimated selling price during the ordinary operations of the Company and Group less any supplementary expenditures and selling expenses.

Impairment of assets
At the end of each reporting period, the Company and the Group review the carrying amounts of the tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss (if any). An asset is impaired when there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of an asset (a 'loss event') and that loss event (or events) has an impact that can be assessed reliably on the estimated future cash flows of the asset or group of assets.

3. Summary of significant accounting policies (continued)

Impairment of assets (continued)
If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When the asset does not generate cash flows that are independent from other assets, the Company and the Group estimate the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is defined as the higher of the asset's fair value less cost to sell and its value in use. Fair value less costs to sell is defined as the net proceeds from the disposal of an asset in a binding sale agreement at an arm's length transaction between knowledgeable, willing parties after deducting the costs of disposal, whereas value in use is the present value of the future cash flows expected to be derived from the continuous use of an asset and from its ultimate disposal at the end of its estimated useful life. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When the asset does not generate cash flows that are independent from other assets, the Company and the Group estimate the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is defined as the higher of the asset's fair value less cost to sell and its value in use. Fair value less costs to sell is defined as the net proceeds from the disposal of an asset in a binding sale agreement at an arm's length transaction between knowledgeable, willing parties after deducting the costs of disposal, whereas value in use is the present value of the future cash flows expected to be derived from the continuous use of an asset and from its ultimate disposal at the end of its estimated useful life.

For the calculation of the value in use, the future cash flows are discounted at a pre-tax interest rate. The discount factor reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation reduction.

Financial instruments
(i) Investments
The Company and the Group classify their investments in the following categories:
a) financial assets at fair value through profit or loss,
b) financial assets available for sale.

The classification depends on the purpose for which the investment was initially acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit and loss
This category has two sub-categories:
1) financial assets held for trading and
2) those designated at fair value through profit and loss at initial recognition.

A financial asset is classified in this category if it was acquired with a main purpose of being disposed of in the near future, or if it was classified in this category by the management.

These investments are initially recognised at cost and they are subsequently adjusted to their fair value. Any surplus or deficit, which arises from this adjustment is recognised in the statement of profit or loss and other comprehensive income in the period in which it occurs.

(b) Financial assets held for sale
Available for sale financial assets are those acquired for an indefinite period and may be sold to meet liquidity needs, changes in interest rates, exchange rates or other changes in values. For available-for-sale investments, gains and losses arising from changes in fair value are recognized in other comprehensive income and are reported in equity until the investments are disposed of or are decided to be impaired, time during which the previous accumulated profits or losses that were recognized in equity, will be included in the income statement. Impairment losses previously recognized in profit or loss on equity classified as available for sale are not subsequently reversed through profit or loss. Impairment losses on bonds registered as available for sale and recognized in the results can be subsequently reversed if an increase in the fair value of investment can be objectively related to an event occurring after the impairment loss was recognized.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

(i) Investments (continued)
Purchases and sales of investments are recognised on the date of transaction which is the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company and the Group have transferred substantially all risks and rewards of ownership.

The fair values of quoted investments in an active market are based on current bid prices. If the market for a financial asset is not active, the Company and the Group establish the fair value by using valuation techniques. These include the use of recent transactions performed at an arm's length basis, reference to other similar instruments and discounted cash flow analysis, by making maximum use of market inputs and by relying as little as possible on the Company's and the Group's specific inputs.

The Company and the Group assess at each financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for held to maturity financial assets or corporate bonds, then the impairment in their value is recognised in the statement of profit or loss and other comprehensive income in the period in which it occurs.

(ii) Cash and cash equivalents
Cash and cash equivalents comprise of cash in hand and deposits in bank accounts that are highly liquid or are repayable within three months from the date of acquisition.

(iii) Loans and other receivables
Loans and other 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 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. 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 amount of the provision is recognised in the statement of profit or loss and other comprehensive income.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, the Company and the Group have currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Share capital
Ordinary shares are classified as equity.

Purchase of treasury shares
The treasury shares are presented in the statement of financial position of the Company and the Group as a reduction in the shareholders' funds. No profit or loss from the sale, issue or cancellation of the treasury shares which are owned by the Company and the Group and the share of the treasury shares which are owned by the subsidiary and associated companies is recognised in the statement of profit or loss and other comprehensive income for the year. The share of the Company in the treasury shares which are owned by the subsidiary and associated companies at the balance sheet date is presented as a reduction in the shareholders' funds instead of being included as part of the assets in the consolidated statement of financial position.

Dividends
The distribution of dividends to the shareholders of the Company is recognized as a liability in the financial statements of the Company in the year in which the dividends are approved by the shareholders of the Company.

3. Summary of significant accounting policies (continued)

Analysis by activity sector
For management purposes, the activities of the Group are divided into two main sectors:

a) Investment Management Portfolio, and
b) Investments in Land and Immovable Property Development.

The sectors are divided based on the reporting of information to the Board of Directors, which is the responsible body for all the decision making.

Income and expenses by sector
The income and expenses that directly relate to an activity sector are attributed to that certain sector.

Assets by sector
The balances of the assets by sector include all the assets that are used in a sector. In case that an asset is used in more than one sector then it is attributed to that sectors on a proportionate basis. Income and charges between sectors are carried out at an arm's length basis.

Analysis by geographical sector
The Group also prepares analysis by geographical sector and distinguishes its activities by areas in which the economic and political situations are consistent.

a) Analysis of the income of the Group by geographical sector based on the geographical area of the investments.
b) Analysis of the assets of the Group by geographical sector based on the geographical area of the assets of the Group.

The Group conducts its operations in the following geographical sectors: Cyprus, member-states of the Eurozone, Romania, Bulgaria and other countries.

Comparatives
Where necessary, comparative figures have been adjusted to conform with the changes in the presentation in the current year.

4. Financial risk management

(a) Financial risk factors

The main financial assets of the Company and the Group are bank balances, investments in equities and bonds and trade and other receivables. The main financial liabilities include trade and other payables.

Accounting policies in relation to financial instruments have been applied to the following items:

31 December 2016
Financial Assets

	THE GROUP		THE COMPANY	
	At fair value	Loans and Receivables	At fair value	Loans and Receivables
	€	€	€	€
Loans and other receivables		**685.742**		**556.926**
Cash and cash equivalents		**975.465**		**754.614**
Bank deposits		**29.830.338**		**29.479.340**
Receivables from subsidiaries and associates		**10.625.560**		**37.299.713**
Financial assets available for sale	**267.326**		**267.326**	
Financial assets at fair value through profit or loss	**33.590.741**		**33.590.741**	
	33.858.067	**42.117.105**	**33.858.067**	**68.090.593**

Financial liabilities

	THE GROUP		THE COMPANY	
	At fair value	Loans and other liabilities	At fair value	Loans and other liabilities
	€	€	€	€
Trade and other payables	**-**	**488.717**	**-**	**306.142**
	-	**488.717**	**-**	**306.142**

31 December 2015
Financial Assets

	THE GROUP		THE COMPANY	
	At fair value	Loans and Receivables	At fair value	Loans and Receivables
	€	€	€	€
Loans and other receivables	-	1.007.224	-	684.503
Cash and cash equivalents	-	1.237.799	-	982.814
Bank deposits	-	29.066.829	-	28.600.421
Receivables from subsidiaries and associates	-	9.550.750	-	38.022.356
Financial assets available for sale	247.775	-	247.775	-
Financial assets at fair value through profit or loss	41.368.958	-	41.368.958	-
	41.616.733	40.862.602	41.616.733	68.290.094

4. Financial risk management (continued)

(a) Financial risk factors (continued)

Financial liabilities

	THE GROUP		THE COMPANY	
	At fair value	**Loans and other liabilities**	**At fair value**	**Loans and other liabilities**
	€	**€**	**€**	**€**
Trade and other payables	-	436.870	-	273.046
	-	436.870	-	273.046

The Company's and Group's operations expose them to market risk, interest rate risk, credit risk, liquidity risk, foreign exchange risk, operational risk, compliance risk, equity risk, capital risk, legal risk, financial crisis risk and other risks arising from the financial instruments they hold and their general activities.

These risks are monitored through various mechanisms by all Group companies in order to avoid the accumulation of excessive risks. The risk management policies implemented by the Company and the Group to manage these risks are explained below:

(i) Market price risk

Market price risk is the risk that the value of financial assets and liabilities will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. This market price risk is managed through the diversification of the investment portfolio in Cyprus and abroad, and the selected placements and disposals where this is considered necessary.

Sensitivity analysis

An increase in the price of the listed investments Level 1 and Level 2 valued at fair value through profit or loss by 15% at 31 December would have resulted in an increase in the Company's and the Group's income of €4.513.702 (2015: €6.101.266).

(ii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company and the Group are exposed to risks in relation to revenue, cash flow and financial position from changes in market interest rates. The Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest- bearing financial instruments was::

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Fixed rate financial instruments				
Financial assets	**40.428.492**	38.688.885	**39.901.439**	38.008.177
Variable rate financial instruments				
Financial assets	**1.174.876**	1.341.080	**29.041.587**	29.765.148
	41.603.368	40.029.965	**68.943.026**	67.773.325

4. Financial risk management (continued)

(a) Financial risk factors (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis
An increase of 50 basis points in interest rates at 31 December would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 50 basis points there would be an equal and opposite impact on the profit.

	THE GROUP Results		**THE COMPANY Results**	
	2016	2015	**2016**	2015
	€	€	**€**	€
Financial instruments bearing variable interest rate	**5.874**	6.705	**145.208**	148.826

(iii) Credit risk
Credit risk arises when a possible failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets at the reporting date. The Company and the Group implement effective controls and procedures in order to minimize this risk.

The accounting value of the financial assets represents the maximum exposure to credit risk. The maximum exposure ito credit risk at the reporting date was:

	THE GROUP		**THE COMPANY**	
	2016	2015	**2016**	2015
	€	€	**€**	€
Loans and other receivables	**685.742**	1.007.224	**556.926**	684.503
Cash and cash equivalents	**975.465**	1.237.799	**754.614**	982.814
Bank deposits	**29.830.338**	29.066.829	**29.479.340**	28.600.421
Corporate bonds listed in the CSE	**274.358**	254.831	**274.358**	254.831
Receivables from subsidiaries and associates	**10.625.560**	9.550.750	**37.299.713**	38.022.356
	42.391.463	41.117.433	**68.364.951**	68.544.925

In relation to the above cash and bank balances, there is an increased concentration risk (deposits exceeding 5% of the total assets of the Company and the Group) with two financial institutions as disclosed in Note 26.

(iv) Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company and the Group with the object of minimizing such losses such as maintaining sufficient cash deposits and other highly liquid assets.

The following tables detail the Company's and Group's remaining contractual maturity for their financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.:

4. Financial risk management (continued)

(a) Financial risk factors (continued)

(iv) Liquidity risk (continued)

THE GROUP
31 December 2016

	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3 and 12 months €	1-2 years €	2-5 years €	More than 5 years €
Trade and other payables	**488.717**	**488.717**	**488.717**	**-**	**-**	**-**	**-**
	488.717	**488.717**	**488.717**	**-**	**-**	**-**	**-**

31 December 2015

	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3 and 12 months €	1-2 years €	2-5 years €	More than 5 years €
Trade and other payables	436.870	436.870	436.870	-	-	-	-
	436.870	436.870	436.870	-	-	-	-

THE COMPANY
31 December 2016

	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3 and 12 months €	1-2 years €	2-5 years €	More than 5 years €
Trade and other payables	**306.142**	**306.142**	**306.142**	**-**	**-**	**-**	**-**
	306.142	**306.142**	**306.142**	**-**	**-**	**-**	**-**

31 December 2015

	Carrying amounts €	Contractual cash flows €	3 months or less €	Between 3 and 12 months €	1-2 years €	2-5 years €	More than 5 years €
Trade and other payables	273.046	273.046	273.046	-	-	-	-
	273.046	273.046	273.046	-	-	-	-

(v) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's and the Group's measurement currency. The Company and the Group are exposed to foreign exchange risk arising from its investments, in foreign currencies, in Cyprus and abroad.

4. Financial management risk (continued)

(a) Financial risk factors (continued)

(iv) Currency risk (continued)

The carrying amounts of the monetary assets and liabilities of the Company and the Group which are presented in foreign currency at the reporting date are as follows:

	THE GROUP Assets		THE COMPANY Assets	
	2016	2015	**2016**	2015
	€	€	**€**	€
United States Dollars	**98.409**	88.241	**98.409**	88.241
Romanian Lei	**91.990**	97.872	**-**	-
Bulgarian Lev	**1.382**	968	**-**	-
	191.781	187.081	**98.409**	88.241

Sensitivity analysis

A 5% strengthening of the Euro against the following currencies at 31 December would have decreased the results for the year by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the results.

	THE GROUP Results		THE COMPANY Results	
	2016	2015	**2016**	2015
	€	€	**€**	€
United States Dollars	**4.686**	4.202	**4.686**	4.202
Romanian Lei	**4.380**	4.661	**-**	-
Bulgarian Lev	**66**	46	**-**	-
	9.132	8.909	**4.686**	4.202

(vi) Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company and the Group use methods of self-assessment of risks and benchmarks to address operational risks. In addition there are procedures for timely reporting of incidents. The internal audit and compliance department of the Company and the Group through independent audits and regular reports to the executive management of the Company and the Group, ensure that the framework for managing operational risks and operational policies and procedures are effectively implemented. The Company and the Group seek to inform their employees regarding the operational risk management through continuous training.

(vii) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Company and the Group.

(viii) Share ownership risk

The risk of share ownership arises from the investment in shares/participation of the Company and the Group and it is a combination of credit, price and operational risk as well as the risk of compliance and loss of reputation. The Company and the Group apply procedures of analysis, measurement and evaluation of this risk in order to minimize it.

4. Financial management risk (continued)

(a) Financial risk factors (continued)

(ix) Capital management risk

The companies of the Group manage their capital to ensure that they will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's and the Group's overall strategy remains unchanged from last year.

(ix) Litigation risk

Litigation risk is the risk of financial loss or any other undesirable situation that arises from the possibility of not applying or violating legal contracts and consequentially the lawsuits. The risk is restricted through the contracts used by the Company and the Group to execute their operations.

(x) Financial crisis risk

The adverse economic developments during the last years that took place mainly in the international stock market led to a significant worsening of the International Financial Crisis. A significant number of International Financial Institutions went bankrupt or were acquired by other Financial Institutions or joined in the Program of Liquidity Enhancement offered by the governments of the countries where they operate. As a result of the above developments, at the date of issuance of financial statements there is a continuing market uncertainty that may affect the results of the Company and the Group. This risk is faced with the best possible diversification of the investment portfolio in Cyprus and abroad and by the selected placements and liquidation when deemed necessary.

(xi) Other risks

The general economic environment prevailing in Cyprus and internationally may affect the Company's and Group's operations to a great extent. Economic conditions such as inflation, unemployment, and development of the gross domestic product (GDP) are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Company and the Group.

(b) Fair value estimation

The fair value of the financial instruments that are traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company and the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in active markets is determined using valuation techniques. The Management uses a variety of methods, such as the estimated discounted cash flow method, and makes assumptions that are based on market conditions existing at the measurement date.

The nominal value less any estimated credit adjustments for financial assets and liabilities is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Company and the Group for similar financial instruments.

(c) Fair value measurements recognised in statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
(iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

4. Financial risk management (continued)

(c) Fair value measurements recognised in statement of financial position (continued)

THE GROUP AND THE COMPANY
31 December 2016

Financial assets	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets at fair value through profit and loss	**22.699.835**	**7.391.511**	**3.499.395**	**33.590.741**
Financial assets available-for-sale	**-**	**-**	**267.326**	**267.326**
	22.699.835	**7.391.511**	**3.766.721**	**33.858.067**

31 December 2015

Financial assets	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets at fair value through profit and loss	33.508.930	7.166.180	693.848	41.368.958
Financial assets available-for-sale	-	-	247.775	247.775
	33.508.930	7.166.180	941.623	41.616.733

The financial assets of the Company are measured at fair value at the end of each reporting period. The following table gives information on how to determine the fair value of the main assets (specifically the valuation techniques and parameters used):

Financial assets	Fair value as at 31 December 2016/€	2015/€	Fair value hierarchy	Valuation Technique	Significant non-observable valuation parameters and relationship with fair value
Securities listed on the Cyprus Stock Exchange & on foreign stock exchanges	**22.699.835**	33.508.930	Level 1	Prices quoted in active market	-
Securities listed on the Cyprus Stock Exchange for which there was no active market on 31 December	**2.584.895**	-	Level 3	The valuation of these securities was based on the value multiplier method "Company Value / EBITDA". In the previous year, the calculation of the value of these securities was based on active bid prices.	For the determination of the EBITDA multiplier, indicators of comparable companies were used and indexes ranging between 12.0x and 19.4x were used. The multiplier produced was adjusted for the low marketability of these securities using a 30% discount for shares with limited marketability. A slight increase in the indexes of comparable companies would result in a significant increase in the fair value of these securities (Note i).
Structured and other products	**7.391.511**	7.166.180	Level 2	The valuation of structure products is determined on the basis of the fair values of the investments included in the specific funds at the measurement date.	-
Shares in private companies	**914.500**	693.848	Level 3	For the valuation of these shares, recent issue prices from the companies to third parties were used (Note ii).	-
A corporate financial instrument held in financial assets available for sale.	**267.326**	247.775	Level 3	The valuation technique is that of the discounted cash flows.	For the determination of interest receivable that is equal to Euribor 3 months + 2.8%, the coupon was used at the measurement date. For determining the yield, the yield of a Cyprus government bond (3,556%), which is traded in foreign markets, was used, as adjusted for the additional return due to the credit risk of the corporate bond, the non-liquid market and the bank's call option for redemption of the bond before the expiry date. A slight increase in the discount rate would result in a decrease in the fair value of the corporate bond (Note iii).

4. Financial risk management (continued)

(c) Fair value measurements recognized in the statement of financial (continued)

Sensitivity analysis for investments categorized in Level 3:

i) If the index of comparable companies used for securities listed on the Cyprus Stock Exchange for which there was no active market at 31 December 2016 was 20% higher than the Company's calculations, the book value of these securities would be €226.171 higher. On the other hand, if the index of comparable companies was 20% lower than the Company's calculations, the book value of these securities would be €226.171 lower. Any variation in the value of these securities would be recognized in the income statement of the year.

ii) If recent issue prices of shares in private companies was 20% lower, and so would their valuation price, then the profit for the year would have been €182.900 (2015: €138.770) lower. Conversely, if they were 20% higher, then the profit for the year would have been €182.900 (2015: €138.770) higher.

iii) If the discount rate used to discount the cash flows of the corporate bond at 31 December 2016 was 20% higher than the Company's estimates, the carrying value of these bonds would have been €7.497 (2015: €11.567) lower. Conversely, if the discount rate was 20% lower than Company's estimates, the carrying value of these bonds would have been €7.881 (2015: €12.408) higher. Any variation in the value of the bonds would be recognized in other comprehensive income for the year.

The movement of financial instruments classified in Level 3 is presented below:

THE GROUP AND THE COMPANY

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Total financial assets
	€	**€**	**€**
Balance at 1 January 2015	883.348	198.621	1.081.969
Additions	113.250	-	113.250
Disposals	(857.246)	-	(857.246)
Unrealized profit that has been recognized through other comprehensive income	-	49.154	49.154
Unrealized loss that has been recognized through profit and loss	554.496	-	554.496
Balance at 1 January 2016	**693.848**	**247.775**	**941.623**
Additions	**269.000**	**-**	**269.000**
Transfer to Level 1	**1.850.000**	**-**	**1.850.000**
Unrealized profit that has been recognized through other comprehensive income	**-**	**19.551**	**19.551**
Unrealized profit that has been recognized through profit and loss	**686.547**	**-**	**686.547**
Balance at 31 December 2016	**3.499.395**	**267.326**	**3.766.721**

The transfer from Level 1 to Level 3 during 2016 represents the value of the shares held by the Company and the Group in listed securities on the Cyprus Stock Exchange at 31 December 2015 amounting to €1.961.000 for which there was no active market in 31 December 2016. The fair value of the shares included in Level 3 was carried at the end of the year and was calculated using the "Company Value / EBITDA" multiplier method. Unrealized gain recognized through profit or loss is included in the loss on financial assets (Note 6).

5. Critical judgements and estimates in applying the Company's and the Group's accounting policies

During the implementation of the accounting policies of the Company and the Group as described in Note 3, the Board of Directors exercised the following estimates and judgments that have a significant effect on the amounts recognized in the financial statements.

Estimates

Provision for bad and doubtful debts

The Company and the Group review their trade and other receivables to assess their recoverability. Such evidence includes the payment record and the overall financial position of the third party. If indications of non-recoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged to the income statement. The review of the credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

The most significant uncertainty relates to the loans receivable from the associated company Verendrya Ventures Ltd, due to the significant assumptions that were made and are explained in Notes 19 and 23.

Income Taxes

The taxation charge for the year is calculated on the basis of the tax legislation and on various estimates made during the preparation of the financial statements and has been charged to the statement of profit or loss and other comprehensive income. The final tax assessment for the companies of the Group is agreed with the taxation authorities at a later stage. Any possible differences between the amount of the provision and the actual charge will affect the taxation charge of subsequent periods.

Fair value of property and net realisable value of inventories

The accounting policy used by the Company and the Group in relation to the inventories and the property held for own use as well as investment is based on fair value. The fair value of property and the net realisable value of inventories is determined by qualified valuers using a variety of methods and making assumptions that are mainly based on market conditions existing at each reporting date. The uncertain economic developments in Cyprus and the minimal number of recent transactions, makes the prediction of future developments in the property markets extremely difficult. For their estimates on 31 December 2016, the valuers have used largely their knowledge of the market and their professional judgement and did not rely solely on historical transactions. The Company and the Group assess the valuation methods and the reasonableness of the assumptions and inputs used for the calculation of the fair value. Additional information is described in notes 17 and 21 of the financial statements.

Fair value of financial assets

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques as described on Note 4 of the financial statements. The Company and the Group use their judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

Judgments

Classification of investments

The Company and the Group adopt the provisions of IAS 39 regarding the classification of financial assets. The Company and the Group exercise judgment concerning the classification of their financial assets on the basis of the strategic management of the relevant risks associated with those investments. Within this framework, the Company and the Group have classified their financial instruments to financial instruments held-to-maturity, available for sale financial assets, financial assets at fair value through profit and loss, and loans receivable.

Legal cases

The Board of Directors has examined the pending lawsuits against the Company and the Group and, after considering all the facts and receiving legal counsel, believes there will be no liability resulting from the outcome of these legal cases.

6. Loss from financial instruments

THE GROUP AND THE COMPANY

	2016	2015
	€	€
Loss from disposal and revaluation of financial assets at fair value through profit and loss	**(8.109.792)**	(15.424.263)
	(8.109.792)	(15.424.263)

7. Analysis of revenue from investments in financial assets – by financial asset category

THE GROUP

	2016	2015
	€	€
Loans and other receivables (including bank deposits and cash and cash equivalents)		
- Interest receivable and other financial income	**1.071.250**	1.395.722
Financial instruments available-for-sale		
- Interest receivable	**7.877**	8.575
	1.079.127	1.404.297
Financial instruments at fair value through profit and loss		
- Dividends receivable	**380.797**	304.637
	1.459.924	1.708.934

THE COMPANY

	2016	2015
	€	€
Loans and other receivables (including bank deposits and cash and cash equivalents)		
- Interest receivable and other financial income	**1.099.661**	1.427.901
Financial instruments available-for-sale		
- Interest receivable	**7.877**	8.575
	1.107.538	1.436.476
Financial instruments at fair value through profit and loss		
- Dividends receivable	**380.797**	304.637
- Dividends receivable from subsidiary and associated companies	**356.000**	350.800
	1.844.335	2.091.913

Interest receivable and other finance income consist mainly of interest earned from Co-operative Credit Companies.

8. Segmental Analysis

THE GROUP
31 December 2016

	Investments	Development of land and immovable property	Other segments	Total
	€	€	€	€
Dividends receivable	**380.797**	**-**	**-**	**380.797**
Interest receivable	**1.079.127**	**-**	**-**	**1.079.127**
Loss from disposal or revaluation of investments	**(8.109.792)**	**-**	**-**	**(8.109.792)**
Loss from disposal, revaluation and development of land and immovable property	**-**	**(292.016)**	**-**	**(292.016)**
Net total loss	**(6.649.868)**	**(292.016)**	**-**	**(6.941.884)**
Financial expenses	**(544)**	**(1.522)**	**(17.003)**	**(19.069)**
Share of loss from associated companies	**-**	**-**	**(556.810)**	**(556.810)**
Administrative expenses	**(381.983)**	**(944.484)**	**(146.824)**	**(1.473.291)**
Loss before tax	**(7.032.395)**	**(1.238.022)**	**(720.637)**	**(8.991.054)**
Total Assets	**64.961.668**	**42.374.450**	**11.524.711**	**118.860.829**
Additions to non-current assets	**34.030**	**648.547**	**-**	**682.577**

THE GROUP
31 December 2015

	Investments	Development of land and immovable property	Other segments	Total
	€	€	€	€
Dividends receivable	304.637	-	-	304.637
Interest receivable	1.249.713	154.584	-	1.404.297
Loss from disposal or revaluation of investments	(15.424.263)	-	-	(15.424.263)
Loss from disposal, revaluation and development of land and immovable property	-	(545.723)	-	(545.723)
Net total loss	(13.869.913)	(391.139)	-	(14.261.052)
(Increase) / Decrease in provisions for doubtful debts	(11.145)	2.166.172	197	2.155.224
Financial expenses	(2.521)	(4.235)	(580)	(7.336)
Share of loss from associated companies	-	-	(344.945)	(344.945)
Administrative expenses	(405.106)	(976.960)	(155.185)	(1.537.251)
Loss before tax	(14.288.685)	793.838	(500.513)	(13.995.360)
Total Assets	72.614.846	44.550.915	10.170.005	127.335.766
Additions to non-current assets	16.520	605.305	-	621.825

9. Geographical Analysis

THE GROUP
2016

	Cyprus €	Euro-Zone €	Romania €	Bulgaria €	Total €
(Loss) / income	**(6.415.191)**	**231.826**	**(552.417)**	**(206.102)**	**(6.941.884)**
Non – current assets	**28.709.537**	**-**	**669.000**	**3.556.074**	**32.934.611**

2015

	Cyprus €	Euro-Zone €	Romania €	Bulgaria €	Total €
(Loss) / income	(13.931.320)	408.362	(416.438)	(321.656)	(14.261.052)
Non – current assets	28.611.746	-	596.500	3.633.612	32.841.858

10. Administrative expenses

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Investment management fees	**35.822**	33.007	**35.822**	33.007
Auditor's remuneration - audit services	**54.000**	54.600	**30.940**	30.940
- taxation services	**4.641**	5.831	**4.641**	5.831
- other services	**298**	3.094	**298**	3.094
Internal auditor fees	**16.065**	19.040	**16.065**	19.040
Salaries and staff expenses including the Executive Director's expenses (Note 15)	**453.100**	460.350	**453.100**	460.350
Annual fees of the non-executive members of the Board of Directors	**20.708**	21.000	**20.708**	21.000
Committees' fees of the non-executive members of the Board of Directors	**23.400**	21.600	**23.400**	21.600
Allowance for hospitality expenses of the non-executive members of the Board of Directors	**73.846**	73.846	**73.846**	73.846
Other expenses and benefits of the members of the Board of Directors	**19.811**	15.451	**19.811**	15.451
Insurance	**47.897**	48.019	**22.821**	25.943
Printing and dispatch of Annual Report and Annual General Meeting expenses	**11.000**	5.000	**11.000**	5.000
Adjustment on provision of printing and dispatch of Annual Report and Annual General Meeting expenses	**5.985**	(4.039)	**5.985**	(4.039)
Cyprus Stock Exchange Annual Fee and other expenses	**8.987**	8.595	**8.987**	8.595
Cyprus Stock Exchange depository fees	**43.565**	43.569	**43.565**	43.569
Legal expenses	**134.878**	138.870	**129.058**	135.868
Other professional expenses	**21.269**	49.513	**9.756**	39.709
Valuation expenses	**31.535**	27.053	**1.428**	1.428
Rent	**4.227**	4.797	**50.162**	51.927
Contributions and donations	**22.962**	48.008	**19.813**	44.858
Travelling abroad	**19.540**	1.885	**19.540**	1.885
Expenses for press announcements	**51.286**	74.951	**51.286**	74.951
Electricity and water	**11.046**	13.557	**7.746**	9.223
Travelling inland	**3.266**	3.082	**3.266**	3.082
Telephone and postages	**12.166**	11.482	**12.166**	11.482
Printing and stationary	**7.159**	15.203	**7.159**	15.203
Hospitality expenses	**16.743**	18.122	**16.743**	18.122
Repairs and maintenance	**99.129**	72.410	**28.583**	24.935
Depreciation of property, plant and equipment (Note 16)	**93.398**	88.903	**52.543**	49.780
Various taxes	**68.514**	110.976	**5.875**	8.846
Other administrative expenses	**57.048**	45.744	**28.231**	32.188
Loss on disposal of property, plant and equipment (Note 16)	**-**	3.732	**-**	3.732
	1.473.291	1.537.251	**1.214.344**	1.290.446

11. Loss from sale, revaluation and development of land and immovable property

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Loss from revaluation of investment property (Note 17)	**(532.439)**	(1.305.482	**(115.000**	(60.300)
Decrease in the inventory value (Note 21)	**(753.765)**	(283.116)	**-**	-
Profit from sale of inventory (Note 21)	**74.100**	31.974	**-**	-
Gain from revaluation of property, plant and equipment (Note 16)	**36.013**	25.694	**-**	-
Commissions from sale and rent of investment property	**(2.196)**	(24.329)	**-**	-
Commissions from sale of inventory	**(129.055)**	(44.030)	**-**	-
Rent receivable (Note 17)	**1.015.326**	1.053.566	**60.000**	44.000
	(292.016)	(545.723)	**(55.000)**	(16.300)

Income from rent receivable for the Group and the Company represents rent received from investment property that is currently under operating leases.

12. Financial expenses

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Interest on tax	**16.923**	500	**16.700**	184
Bank interest and charges	**2.146**	6.836	**1.090**	5.042
	19.069	7.336	**17.790**	5.226

13. Taxation

Taxation charge for the year is made up of the following:

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Corporation tax for the year	**61.751**	109.482	**39.378**	73.750
Corporation tax for prior years	**(171.675)**	(3.437)	**(169.985)**	-
Defence contribution current year	**27.018**	28.087	**1.350**	990
Deferred taxation (Note 28)	**(61.173)**	(102.528)	**(14.375)**	(7.537)
(Credit) / Tax charge	**(144.079)**	31.604	**(143.632)**	67.203

13. Taxation (continued)

Taxation on the Company's / Group's profit before tax differs from the theoretically anticipated amount that would arise using the applicable tax rates as follows:

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	**€**	**€**	**€**
Loss before tax	**(8.991.054)**	(13.995.360)	**(9.187.591)**	(14.355.098)
Tax calculated at the applicable corporation tax rates of 12,5%, 10% and 3% (2015: 12,5%, 10% and 3%)	**(1.221.674)**	(1.914.452)	**(1.148.449)**	(1.794.387)
Tax effect of expenses not deductible for tax purposes	**1.529.404**	2.597.328	**1.296.029**	2.320.100
Tax effect of allowances and income not subject to tax	**(307.153)**	(675.922)	**(118.382)**	(457.070)
Adjustments recognised in the current year in relation to the current tax of prior years	**(171.675)**	(3.437)	**(169.985)**	-
Defence contribution current year	**27.019**	28.087	**1.350**	990
Other effects	**-**	-	**(4.195)**	(2.430)
(Credit) / Tax charge	**(144.079)**	31.604	**(143.632)**	67.203

Tax rates

The Group's Cyprus tax resident companies are subject to corporation tax on their taxable profits at the rate of 12,5%. In case of losses, the Group's companies will be able to transfer tax losses only within the next five years from the end of the tax year in which the loss is incurred, so as to offset against taxable profits.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

The Group which consists of the Company and its Cyprus tax resident subsidiaries is entitled to transfer its tax losses between its Cyprus tax resident companies and offset them against taxable profits of other Cyprus tax resident companies which are part of the same Group. For tax purposes, members of the same Group are considered to be Cyprus tax resident companies in which the holding company owns directly or indirectly over 75% of the issued share capital.

14. Loss per share and net assets per share

The loss per share is calculated by dividing the loss for the year which is attributable to the shareholders of the parent Company by the weighted average number of issued shares during the year.

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Loss for the year	**(8.846.975)**	(14.026.964)	**(9.043.959)**	(14.422.301)
Weighted average number of shares in issue during the year	**200.000.000**	200.000.000	**200.000.000**	200.000.000
Loss per share (cents)	**(4,42)**	(7,01)	**(4,52)**	(7,21)

14. Loss per share and net assets per share (continued)

The net assets per share is calculated by dividing the net assets at 31 December by the number of issued shares on that date.

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Net assets at 31 December	**116.590.557**	125.427.023	**116.394.490**	125.427.610
Number of shares in issue at 31 December	**200.000.000**	200.000.000	**200.000.000**	200.000.000
Net assets per share (cents)	**58,30**	62,71	**58,20**	62,71

The Company has no share options that can be exercised. As a result the diluted loss per share and the diluted net assets per share were not calculated.

15. Staff expenses including the Executive Director

THE GROUP AND THE COMPANY

	2016	2015
	€	€
Salaries	**347.273**	351.355
Provident fund contributions	**34.727**	35.136
Other employer's contributions	**71.100**	73.859
	453.100	460.350

The total number of employees of the Company and the Group as at 31 December 2016 was 8 (2015: 8), including the Executive Director of the Company.

16. Property, plant and equipment

THE GROUP

	Land and buildings	Furniture and office equipment	Computer hardware	Plant and machinery	Motor vehicles	Total
	€	€	€	€	€	€
Cost						
Balance at 1 January 2015	1.201.170	267.846	230.710	-	68.600	1.768.326
Additions	-	7.348	27.132	-	-	34.480
Disposals	-	(6.894)	-	-	-	(6.894)
Balance at 1 January 2016	**1.201.170**	**268.300**	**257.842**	**-**	**68.600**	**1.795.912**
Additions	**41.051**	**7.914**	**19.096**	**29.771**	**-**	**97.832**
Fair value adjustment	**8.607**	**-**	**-**	**-**	**-**	**8.607**
Balance at 31 December 2016	**1.250.828**	**276.214**	**276.938**	**29.771**	**68.600**	**1.902.351**
Accumulated depreciation						
Balance at 1 January 2015	-	132.139	180.777	-	9.030	321.946
Charge for the year	25.694	26.261	23.229	-	13.720	88.904
Disposals	-	(3.162)	-	-	-	(3.162)
Fair value adjustment	(25.694)	-	-	-	-	(25.694)
Balance at 1 January 2016	**-**	**155.238**	**204.006**	**-**	**22.750**	**381.994**
Charge for the year	**27.406**	**22.989**	**29.237**	**46**	**13.720**	**93.398**
Fair value adjustment	**(27.406)**	**-**	**-**	**-**	**-**	**(27.406)**
Balance at 31 December 2016	**-**	**178.227**	**233.243**	**46**	**36.470**	**447.986**
Net book value						
31 December 2016	**1.250.828**	**97.987**	**43.695**	**29.725**	**32.130**	**1.454.365**
31 December 2015	1.201.170	113.062	53.836	-	45.850	1.413.918

THE COMPANY

	Furniture and office equipment	Computer hardware	Motor vehicles	Total
	€	€	€	€
Cost				
Balance at 1 January 2015	135.243	228.076	68.600	431.919
Additions	5.907	27.133	-	33.040
Disposals	(6.894)	-	-	(6.894)
Balance at 1 January 2016	**134.256**	**255.209**	**68.600**	**458.065**
Additions	**7.914**	**19.096**	**-**	**27.010**
Balance at 31 December 2016	**142.170**	**274.305**	**68.600**	**485.075**
Accumulated depreciation				
Balance at 1 January 2015	81.958	178.190	9.030	269.178
Charge for the year	12.880	23.180	13.720	49.780
Disposals	(3.162)	-	-	(3.162)
Balance at 1 January 2016	**91.676**	**201.370**	**22.750**	**315.796**
Charge for the year	**9.586**	**29.237**	**13.720**	**52.543**
Balance at 31 December 2016	**101.262**	**230.607**	**36.470**	**368.339**
Net book value				
31 December 2016	**40.908**	**43.698**	**32.130**	**116.736**
31 December 2015	42.580	53.839	45.850	142.269

16. Property, plant and equipment (continued)

The land and buildings of the Group consist of the private offices occupied by the Company in Nicosia, which are owned by Demetra Tower Limited, and were revalued at 31 December 2016 based on valuations carried out by independent and qualified valuers, which were based on the highest and best use. The valuers hold recognised and relevant qualifications and have recent experience in assessing investment properties in the same regions and industry as the properties concerned, and are members of the Royal Institution of Chartered Surveyors (R.I.C.S.) and of the Cyprus Scientific and Technical Chamber (CSTC). The valuation methods listed below are based on the International Valuation Standards issued by the Royal Institution of Chartered Surveyors (R.I.C.S.).

The valuers used a combination of two methods for their valuations:

a) Market prices (comparative method) adjusted where necessary, due to differences in the location or condition of the concerned property.
b) Future cash flows from rents (investment method) based on the location, the type and quality of property and supported by the terms of any existing lease agreements or other external factors, such as current market rents for similar properties, using a yield rate of 4,5% - 7% (2015: 5%).

There was no change in the methodology used since prior year. The value attributed to the Company's own offices in relation to the floors rented to third parties was estimated on the basis of the square meters of the property.

Information on the hierarchy of fair value of land and buildings at 31 December 2016 and 31 December 2015 is as follows:

31 December 2016	Level 1 €	Level 2 €	Level 3 €	Total €
Assets carried at fair value				
Land and Buildings	**-**	**-**	**1.250.828**	**1.250.828**
Total	**-**	**-**	**1.250.828**	**1.250.828**

31 December 2015	Level 1 €	Level 2 €	Level 3 €	Total €
Assets carried at fair value				
Land and Buildings	-	-	1.201.170	1.201.170
Total	-	-	1.201.170	1.201.170

The revaluation resulted in a surplus of €27.406 (2015: €25.694) which was included in the income statement. Detailed analysis of the movement for the year is presented on the table at the beginning of this note.

The fair value measurements were categorised within Level 3 of the fair value hierarchy since the estimates were based largely on the expertise and experience of the valuers, due to the adverse economic environment prevailing in Cyprus and the significantly limited number of sales of similar properties. As a result, even though the valuations were primarily determined by reference to price data from market transactions for similar properties, they were adjusted to reflect the differences between comparative sales and the properties being examined. Due to the aforementioned, the degree of uncertainty in relation to these valuations is increased.

There were no transfers between levels during the year.

If the Group's land and buildings were stated on historical cost less accumulated depreciation as at 31 December, the amounts would be as follows:

THE GROUP

	2016 **€**	2015 €
Cost	**1.785.308**	1.744.257
Accumulated depreciation	**(276.485)**	(233.757)
	1.508.823	1.510.500

16. Property, plant and equipment (continued)

Proceeds from the sale of property, plant and equipment, as shown in the cash flow statement, are calculated as follows:

THE GROUP AND THE COMPANY

	2016	2015
	€	€
Net book value	**-**	3.732
Loss from disposal of property, plant and equipment (Note 10)	**-**	(3.732)
Proceeds from disposal of property, plant and equipment	**-**	-

17. Investment property

	THE GROUP		**THE COMPANY**	
	2016	2015	**2016**	2015
	€	€	**€**	€
Balance at 1 January	**31.427.940**	32.146.077	**2.852.000**	2.912.000
Additions	**584.745**	587.345	**-**	300
Fair value adjustment (Note 11)	**(532.439)**	(1.305.482)	**(115.000)**	(60.300)
Balance at 31 December	**31.480.246**	31.427.940	**2.737.000**	2.852.000

The deficit or surplus resulting from the revaluation of investment property is included in the income statement.

The property included in investment property was revalued on 31 December 2016 according to valuations of independent and qualified valuers, which were based on the highest and best use. The valuers hold recognised and relevant qualifications and have recent experience in assessing investment properties in the same regions and industry as the properties concerned, and are members of the Royal Institution of Chartered Surveyors (R.I.C.S.) and the Cyprus Scientific and Technical Chamber (ETEK). The valuation methods listed below are based on the International Valuation Standards issued by the Royal Institution of Chartered Surveyors (R.I.C.S.).

The valuers used a combination of two methods for their valuations:

a) Market prices (comparative method) adjusted where necessary, due to differences in the location or condition of the concerned property.
b) Future cash flows from rent (investment method) based on the location, the type and quality of property and supported by the terms of any existing lease agreements or other external factors, such as current market rents for similar properties.

There was no change in the methodology used since prior year.

Information on the hierarchy of fair value of land and buildings as at 31 December 2016 and 31 December 2015 is as follows:

31 December 2016	Level 1	Level 2	Level 3	Total
	€	€	€	€
Assets carried at fair value				
Land and buildings	**-**	**-**	**31.480.246**	**31.480.246**
Total	**-**	**-**	**31.480.246**	**31.480.246**

31 December 2015	Level 1	Level 2	Level 3	Total
	€	€	€	€
Assets carried at fair value				
Land and buildings	-	-	31.427.940	31.427.940
Total	-	-	31.427.940	31.427.940

17. Investment property (continued)

There were no transfers between levels during the year. Detailed analysis of the movement for the year is presented on the table at the beginning of this note.

The fair value measurements were categorised within Level 3 of the fair value hierarchy since the estimates were based largely on the expertise and experience of the valuers, due to the adverse economic environment prevailing in Cyprus, Romania and Bulgaria and the significantly limited number of sales of similar properties. As a result, even though the valuations were primarily determined by reference to price data from market transactions for similar properties, they were adjusted to reflect the differences between comparative sales and the properties being examined. Due to the aforementioned, the degree of uncertainty in relation to these valuations is increased.

Additional information and disclosures about the fair value of investment property are listed below:

	THE GROUP		**THE COMPANY**	
	2016	2015	**2016**	2015
	€	€	**€**	€
Offices and other commercial properties in Cyprus	**22.217.171**	21.910.828	**1.670.000**	1.680.000
Land in:				
-Cyprus	**5.038.000**	5.287.000	**1.067.000**	1.172.000
-Bulgaria	**3.556.075**	3.633.612	**-**	-
-Romania	**669.000**	596.500	**-**	-
Balance 31 December	**31.480.246**	31.427.940	**2.737.000**	2.852.000

For the revaluation of the fair value of the land, the comparative method was used, always taking into account the limitations explained above. Both the comparative method, as well as the method of investment (capitalization), based on the expected rent receivable, were used for the estimation of the fair value of offices and other commercial properties.

For the measurement of fair value, using the method of investment, the rental income as at 31 December 2016 and a rate of return (yield) 4,5% - 7,5% (2015: 4,5% - 7,5%) were used. In cases were such offices and commercial properties were not rented out as at 31 December 2016, the amount of rent that could have been earned by the Group was used, based on the rent paid for similar properties. In addition, the annual rent compared to the reasonable rent was taken into account (so as to determine the property's evacuation risk), together with the quality of the tenant and the attractiveness of the area. There were no interactions between the significant parameters used for the valuation of the fair value of the investment properties.

Sensitivity Analysis
Any increase/decrease in the revalued amounts per square meter (for properties which were revalued using the comparative method) or any increases/decreases in leases or in its expected return (for properties which were revalued based on future cash flows from the rent receivable) would change the fair value of the properties.

Investment property as at 31 December 2016 of €1.446.000 (2015: €1.486.000) was not transferred to the Group, as the title deeds were not issued yet, but all necessary acquisition documents have been filed with the Land Registry Department. For the above property there were no restrictions and the transfer was completed in March 2017.

Rental income received by the Group from investment property, which is currently under operating leases, amounts to €1.015.326 (2015: €1.053.566). Rental income received by the Company, amounts to €60.000 (2015: €44.000) (Note 11). Direct expenses related to the investment property and used for the generation of rental income are maintenance and insurance of buildings, commissions and advertisements which amounted to €101.994. Direct expenses related to the investment property and not used for the generation of rental income are insurance of buildings amounting to €1.315.

18. Investment in subsidiary companies

THE COMPANY

	2016 €	2015 €
Balance at1 January	**13.041.872**	14.301.872
Impairment	**(1.137.000)**	(1.260.000)
Balance at 31 December	**11.904.872**	13.041.872

During 2016, the Board of Directors decided to make an impairment adjustment for the investments in subsidiary companies for a value of €1.137.000 (2015: €1.260.000) due to the losses derived from the sector of land and property development during the last few years and the significant reduction of the net assets of the subsidiary companies. The total amount of impairment at 31 December 2016 amounts to €45.682.952 (2015: €44.545.952). In determining the impairment of subsidiaries, the characteristics and the net asset value of the companies were taken into account.

The subsidiary companies as at 31 December 2015 and 2016 were as follows:

	Principal activity	**Country of incorporation**	**Ownership percentage and voting rights**	
			Direct	**Indirect**
Demetra Overseas Investments Limited	Investments in foreign subsidiary companies	Cyprus	100%	-
Demetra Real Estate Investments Limited	Investments in the field of land and immovable property development in Cyprus	Cyprus	100%	-
Demetra Energy Investments Limited	Dormant	Cyprus	100%	-
Demetra Bulgaria Limited	Investments in the field of land and immovable property development in Bulgaria	Bulgaria	-	100%
Demetra Investment Public SRL	Investments in the field of land and immovable property development in Romania	Romania	-	100%
Demetra Realty Developments SRL	Investments in the field of land and immovable property development in Romania	Romania	-	100%
Demetra Golf Investments Limited	Investments in the development of golf resorts	Cyprus	-	100%
Demetra Tower Limited	Investments in the field of immovable property development in Cyprus	Cyprus	-	100%
Demetra Tower (Limassol) Limited	Investments in the field of immovable property development in Cyprus	Cyprus	-	100%
Demetra Iphigenias Tower Limited	Investments in the field of immovable property development in Cyprus	Cyprus	-	100%
Aniben Enterprises Limited	Investments in the field of immovable property development in Cyprus	Cyprus	-	100%
Crystal Sea Maritime Ltd	Dormant	Cyprus	-	100%
Demetra Investment Public SRL	Dormant	Moldavia	-	100%
Cooper Security Services Public Limited	Dormant	Cyprus	50,72%	-

The subsidiary company Cooper Security Services Public Limited, registered in Cyprus, is in the process of voluntary liquidation. The subsidiary company Demetra Investment Public SRL, registered in Moldavia, which was under voluntary liquidation as at 31 December 2016 it was deregistered from the Registrar of Companies on 6 February 2017 as the procedures for the deregistration were completed. The two subsidiary companies are dormant, without any activities, and had no material assets or liabilities as at 31 December 2016.

18. Investment in subsidiaries (continued)

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Country of incorporation	Number of wholly-owned subsidiaries	
		31/12/2016	31/12/2015
Investments in the field of land and immovable property development	Romania	2	2
Investments in the field of land and immovable property development	Bulgaria	1	1
Investments and exploitation of immovable property	Cyprus	5	5
Investments in foreign subsidiary companies	Cyprus	1	1
Investments in the development of golf resorts	Cyprus	1	1
Dormant	Cyprus	2	2
Dormant	Moldavia	1	1
		13	13

Principal activity	Country of incorporation	Number of wholly-owned subsidiaries	
		31/12/2016	31/12/2015
Dormant	Cyprus	1	1

19. Investments in associated companies

A loss from associated undertakings of €556.810 (2015: €344.945) was recognised in the statement of profit or loss and other comprehensive income of the Group. The total loss which comprises of the provision over and above the initial investment from the participation in Verendrya Ventures Limited is €1.590.898 (2015: €1.016.088) and is included in the current liabilities of the Group. This amount includes a dividend of €18.000 (2015: €16.800) which was distributed from the associated company during the year.

THE COMPANY

	2016 €	2015 €
Balance 1 January	**400**	400
Balance 31 December	**400**	400

The associated companies at 31 December are:

	Principal activity	Country of incorporation	2016 Ownership percentage and voting rights		2015 Ownership percentage and voting rights	
			Direct	Indirect	Direct	Indirect
Verendrya Ventures Limited	Development and construction of desalination units	Cyprus	40%	-	40%	-

Verendrya Ventures Limited
The Company, through its associated company Verendrya Ventures Limited, has proceeded in 2010 with the sign off of an agreement of cooperation with Logicom Public Limited (which owns 60% of Verendrya Ventures Ltd) for the construction of the desalination unit at Episkopi area and the management of the unit for the next 20 years. The Company's indirect participation in this project is 20% through Verendrya Ventures Limited. The above named company has acquired 100% of the share capital of Netcom Limited, which participates with a 50% shareholding in a joint venture with the Israeli company Mekorot Development and Enterprise Ltd for the construction and maintenance of the desalination unit at Episkopi area, based on an agreement with the Department of Water Development of Cyprus. The desalination unit in Episkopi was completed in June 2012, but it was on a standby mode from 1 July 2012 to 27 April 2014. The unit started production on April 2014.

19. Investments in associated companies (continued)

An additional agreement was signed in 2012 with the Department of Water Development for the renovation and operation of the existing desalination unit in Larnaca. The unit started its operations in July 2015. Some claims (in favour and against) exist with regards to the investment in the desalination unit in Larnaca, between the Company and the Department of Water Development. The management of the abovementioned unit has prepared its financial statements for the year ended 31 December 2016, in accordance with the legal advice which is related to the validity of claims on and against the company, and in accordance with the opinion of expert advisors on the amount of compensation that the company expects to receive. Determining the amount of compensation requires management to exercise judgment and includes the formulation of important assumptions.

In accordance with the provisions of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets," paragraph 92, no further information is disclosed as this may prejudge the position of the aforementioned companies in conflict with other parties.

The Board of Directors believes that the associated company and consequently the Group will not suffer any damages from the final outcome of the claims referred to above.

For its participation in the above projects the Company provided guarantees by pledging bank deposits of an amount of €7.000.000 (2015: €7.200.000), as well as other commitments by the Company (Note 33).

Summarised financial information in respect of the associated company Verendrya Ventures Limited, which are material for the Group, is set out below. The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs (adjusted by the Group for equity accounting purposes):

Verendrya Ventures Limited

	2016 **€**	2015 €
Current assets	**19.834**	19.490
Non-current assets	**22.557.386**	21.295.645
Total assets	**22.577.220**	21.315.135
Current liabilities	**(7.819)**	(7.747)
Non-current liabilities	**(26.546.646)**	(23.847.609)
Total liabilities	**(26.554.465)**	(23.855.356)
Net liabilities	**(3.977.245)**	(2.540.221)

	2016 **€**	2015 €
Revenue	**-**	-
Net loss for the year	**(1.392.025)**	(862.363)
Other comprehensive income / (expense)	**-**	-
Total comprehensive expense for the year	**(1.392.025)**	(862.363)
Dividends received from the associate during the year	**18.000**	16.800

19. Investments in associated companies (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Verendrya Ventures Limited recognised in the consolidated financial statements:

	2016	2015
	€	€
Net liabilities of the associate	**(3.977.245)**	(2.540.221)
Proportion of the Group's ownership in Verendrya Ventures Limited	**40%**	40%
Provision for losses of the associate	**(1.590.898)**	(1.016.088)

	2016	2015
	€	€
Total comprehensive expense for the year	**(1.392.025)**	(862.363)
Proportion of the Group's ownership in Verendrya Ventures Limited	**40%**	40%
Provision for losses of the associate	**(556.810)**	(344.945)

The total loss attributable to the Group from its participation in the associated company Verendrya Ventures Limited amounting to €1.590.898 (2015: €1.016.088) has been recognised as a provision and is included in the Group's current liabilities.

20. Financial assets available-for-sale

THE GROUP AND THE COMPANY

	2016	2015
	€	€
Corporate bonds listed in the Cyprus Stock Exchange	**267.326**	247.775
Balance 31 December	**267.326**	247.775

The corporate bonds earn interest equal to the 3 months Euribor plus 2,8% (2015: 3 months Euribor plus 2,8%). These bonds have expiry date on 30 May 2018 and the issuer has the right of redemption at par on specified dates between May 2013 and May 2018. Generally accepted pricing models based on discounted cash flow analysis using publicly observable current market transactions and prices for similar instruments were used for the valuation of the bonds (Note 4). The assumption that these bonds will be paid on 30 May 2018 was also taken into account.

The movement of the financial assets available-for-sale is presented below:

THE GROUP AND THE COMPANY

	2016	2015
	€	€
Balance at 1 January	**247.775**	198.621
Unrealised profit recognised through other comprehensive income	**19.551**	49.154
Balance 31 December	**267.326**	247.775

21. Inventories

THE GROUP

	2016	2015
	€	€
Land and buildings under development and for sale	**8.170.832**	10.285.498

During 2016, the Group did not acquire any immovable property (2015: €2.364.428 (at cost)) but disposed property with current book value of €1.360.900 (2015: €519.026), resulting in a profit of €74.100 (2015: €31.974). The profit from the sale immovable property held as inventory it is included in the loss from the sale, revaluation and development of land and property (Note 11).

The immovable property in Cyprus, which is included in inventory, valued at €1.021.324 (2015: €2.380.224), has not been transferred to the Group, because the title deeds have not been issued yet. However, all the necessary acquisition documents have been filed with the Land Registry Office. All inventories above are measured at the lower of cost and net realisable value (NRV) as valued by independent certified valuers. During 2016, the Group recognised loss from impairment of inventories amounting to €753.765 (2015: €283.116) (Note 11).

Additional information and disclosures about the inventories are listed below:

	2016	2015
	€	€
Immovable property in Cyprus	**1.021.324**	2.380.224
Land in:		
-Bulgaria	**855.508**	984.274
-Romania	**6.294.000**	6.921.000
Balance 31 December	**8.170.832**	10.285.498

22. Loans and other receivables

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Interest receivable	**514.133**	650.777	**514.133**	650.777
Other receivables and prepayments	**199.656**	380.909	**70.841**	58.187
	713.789	1.031.686	**584.974**	708.964

Loans and other receivables are analysed as follows:

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Receivables within one year	**713.789**	1.031.686	**584.974**	708.964
	713.789	1.031.686	**584.974**	708.964

The above amounts are presented net of the provision for doubtful debts amounted to €1.810.556 (2015: €1.804.263) for the Group and €1.777.951 (2015: €1.771.658) for the Company, as presented below.

During 2015, the provision of €2.166.172 that had been made in previous periods in relation to corporate bonds receivable was reversed following an agreement with the debtor for repayment of the debt by way of payment to the Company and the Group of cash and real estate.

A loan of €844.572 was due from a non-related company in accordance with the loan agreement, which was signed on 31 December 2011, with an annual fixed interest rate of 6% and was repayable on 48 quarterly instalments until 31 December 2023. For the first two years the loan agreement provided only for the repayment of interest. A provision was recognized for the whole loan balance on 31 December 2014 due to considerable uncertainty regarding the recoverability of the loan. On 26 January 2015 an amount of €175.000 was received from the non-related company. The balance of the provision amounting to €669.572 was reversed in 2015 and as a result the residual receivable balance was written off.

Also, during 2015, the Company and the Group recognized an additional provision of €11.172 for other receivables. In addition, a portion of receivables written off in previous years amounted to €197 was recovered and recognized as a gain in the results for 2015.

The fair value of trade and other receivables approximate their carrying amount at the date of the statement of financial position.

Movement of the provision for doubtful debts:

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Balance at 1 January	**1.804.263**	4.611.840	**1.771.658**	4.579.235
Provision for doubtful debts	**-**	11.172	**-**	11.172
Reversal of provision for doubtful debts	**-**	(2.835.744)	**-**	(2.835.744)
Exchange differences	**6.293**	16.995	**6.293**	16.995
	1.810.556	1.804.263	**1.777.951**	1.771.658

23. Receivables from associated companies

THE GROUP

	2016	2015
	€	€
Receivables from associated companies over one year (Note 31)	**10.625.560**	9.550.750

The Company granted loan facilities to the associated company Verendrya Ventures Limited amounting to €10.360.000 in order to finance the investment of the desalination projects in Limassol and Larnaca. The total amount granted up to 31 December 2016 was €10,138,000. During 2016 interest amounted to €386.810 (2015: €341.336) was charged on the above loans. Loans are payable on demand and bear annual interest of 4% (2015: 4%). As at 31 December 2015 and 31 December 2016, the Company confirmed the associated company that it would not request a repayment of the loans in the next twelve months. As a result, the loans were classified as non-current assets.

The repayment of the aforementioned loans depends on the ability of the Cyprus Government to meet its obligations to the associated companies of Verendrya Ventures Ltd in relation to the desalination projects in Episkopi and Larnaca (Note 19). The Board of Directors of the Company believes that the Cyprus economy is on a positive process of recovery and therefore the Cyprus Government will be able to fulfil its obligations arising from the aforementioned projects.

24. Receivables from subsidiary and associated companies

THE COMPANY

	2016	2015
	€	€
Receivables from subsidiary companies within one year (Note 31)	**28.247.153**	29.472.606
Receivables from associated companies over one year (Note 31)	**9.052.560**	8.549.750
	37.299.713	38.022.356

The amounts receivable from subsidiary and associated companies are payable on demand, non-secured and bear annual interest at the rate of 0% - 4% (2015: 0,05% - 4%). The total loan facilities granted by the Company amounted to €52.973.492. The loans to subsidiary companies were granted for the acquisition of their assets which are mainly investment property and inventory. The loans to the subsidiary companies were granted for the finance of the investment of desalination projects in Limassol and Larnaca. During 2016 interest charged on the loans granted to subsidiary companies amounted to €41.090 (2015: €47.734) and on the loans granted to associated companies amounted to €386.810 (2015: €341.336). All amounts are presented net of provision for doubtful amounts of €3.119.839 (2015: €2.592.224). For the determination of the provision for doubtful debts the Company considered the characteristics and the fair value of net assets of the companies.

The movement of the provision for non-recoverable amounts from subsidiary and associated companies is presented below:

	€
Balance at 1 January 2015	1.958.096
Increase in provision for consolidated subsidiary companies	259.000
Increase in provision for associated companies	347.000
Increase in provision for non-consolidated subsidiary companies	28.128
Balance at 1 January 2016	**2.592.224**
Increase in provision for consolidated subsidiary companies	**(74.000)**
Increase in provision for associated companies	**572.000**
Increase in provision for non-consolidated subsidiary companies	**29.615**
Balance at 31 December 2016	**3.119.839**

25. Financial assets at fair value through profit and loss

THE GROUP AND THE COMPANY

	2016	2015
	€	€
At 1 January	**41.368.958**	56.690.754
Additions	**338.052**	113.250
Disposals	**(127.894)**	(865.601)
Change in fair value	**(7.988.375)**	(14.569.445)
At 31 December	**33.590.741**	41.368.958

The financial assets at fair value through profit and loss are analysed as follows:

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	Market Value 2016	Market Value 2015
	€	€
Investments listed on the Cyprus Stock Exchange by sector:		
Financial services	**15.534.730**	25.920.975
Customer retail services	**1.681.370**	805.470
Consumption goods	**1.853.015**	1.964.015
Technology	**6.203.138**	4.805.656
Corporate bonds	**7.032**	7.056
	25.279.285	33.503.172
Non-listed shares	**914.500**	693.848
Total investments in Cyprus	**26.193.785**	34.197.020
Foreign investments		
Structured and other products	**7.391.511**	7.166.180
Shares in foreign stock exchanges	**5.445**	5.758
Total foreign investments	**7.396.956**	7.171.938
Total investments	**33.590.741**	41.368.958

Financial assets at fair value through profit and loss are presented in the cash flow statement under cash flows from operations as part of changes in working capital. The changes in fair value of financial assets at fair value through profit and loss are included in the statement of profit or loss and other comprehensive income.

Financial assets designated at fair value through profit and loss determined at inception are those of which performance is evaluated on a fair value basis in accordance with the Group's established investment strategy. Information about the fair value of these financial assets is provided internally on a fair value basis to the Group's key management personnel.

The accounting value of financial assets shown above is categorized as follows:

THE GROUP AND THE COMPANY

	2016	2015
	€	€
Financial assets that have been designated at fair value through profit and loss during the initial recognition	**33.590.741**	41.368.958

26. Cash and bank balances

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Cash and cash equivalents				
Balances with Co-Operative Financial Institutions and Savings Companies	**703.493**	941.934	**673.262**	919.420
Balances with Commercial Banks	**216.365**	258.525	**25.745**	26.054
Cash under management	**55.607**	37.340	**55.607**	37.340
Total cash and cash equivalents	**975.465**	1.237.799	**754.614**	982.814
Bank deposits				
Balances with Co-Operative Financial Institutions and Savings Companies	**29.364.332**	28.588.153	**29.109.418**	28.238.153
Balances with Commercial Banks	**466.006**	478.676	**369.922**	362.268
Total bank deposits	**29.830.338**	29.066.829	**29.479.340**	28.600.421
Total cash and bank balances	**30.805.803**	30.304.628	**30.233.954**	29.583.235

The cash and cash equivalents that are included in the statement of cash flows, comprise of highly liquid deposits of less than 3 months and bear annual interest of 0,01%-1,60% (2015: 0,01%-3,20%).

During 2015, the Company and the Group recognised a reduction in the provision of €27 in relation with an irrecoverable bank balance for which a provision was recognised during the previous years and recovered during the year.

Bank deposits represent savings and notice accounts of period of more than three months and bear annual interest of 0,30%-6,50% (2015: 1,10%-6,50%). The bank deposits as at 31 December 2015 comprise of a deposit amounting to €1.000.000 with a maturity date 23 January 2017, which bears interest of 6,50% and is included in the statement of financial position as non-current asset.

Bank balances of the Company of €7.000.000 (2015: €7.200.000) were pledged as collateral for the participation of the Group in the desalination projects in which the associated company Verendrya Ventures Limited participates (Note 33).

As at 31 December, the Company and the Group had a high concentration risk (deposits in excess of 5% of the total assets of the Company and the Group) with the following financial institutions:

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Limassol Co-operative Savings Society Ltd	**12.911.796**	12.587.231	**12.911.796**	12.587.231
Strovolos Co-operative Credit Society Ltd	**7.209.702**	7.094.164	**7.209.702**	7.094.164

The Co-operative financial institutions are rated at Caa2 by the credit rating agency Moodys.

27. Share capital

	2016		2015	
	Number of shares	**€**	**Number of shares**	€
Authorised				
Ordinary Shares of €0,70 (2015: €0,70) each	**607.142.857**	**425.000.000**	607.142.857	425.000.000
Issued and fully paid				
Ordinary Shares €0,70 (2015: €0,70) each	**200.000.000**	**140.000.000**	200.000.000	140.000.000

All the issued ordinary shares have equal rights.

On 8 September 2016, at the General Meeting the Shareholders approved the extension of the Share Buyback Program authorizing the repurchase by the Company up to the maximum number of shares allowed by law, for another year.

By special decision of the Shareholders' Extraordinary General Meeting on 9 September 2015 which was confirmed by court order on 16 November, 2015, the nominal value of the Company's shares decreased from €0.85 to €0.70 per share, reducing the authorized capital of the Company from €425.000.000 divided into 500.000.000 shares to €350.000.000 divided into 500.000.000 shares and the issued capital of the Company from €170.000.000 divided into 200.000.000 shares to €140.000.000 divided into 200.000.000 shares.

Subsequently, the authorized capital of the Company was increased to €424.999.999,90 by creating 107.142.857 shares of €0.70 each, which have the same rights as the existing shares.

On 30 November 2015 the registration of the court order and the Minutes of the Extraordinary General Meeting showing the above changes in the share capital were certified by the Registrar of Companies.

28. Deferred taxation

The deferred taxation is calculated on the temporary differences using the liability method based on the applicable tax rates.

Deferred Tax Liabilities

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
At 1 January	**23.339**	45.017	**22.845**	27.845
Credit in the Income Statement (Note 13)	**(13.619)**	(21.677)	**(13.125)**	(5.000)
At 31 December	**9.720**	23.340	**9.720**	22.845

Deferred Tax Assets

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
At 1 January	**1.704.613**	1.623.762	**120.349**	117.812
Credit in the Income Statement (Note 13)	**47.554**	80.851	**1.250**	2.537
At 31 December	**1.752.167**	1.704.613	**121.599**	120.349

Deferred tax liabilities arise from the revaluation of investment property, whilst deferred tax assets arise from the revaluation of investment property and property, plant and equipment.

29. Trade and other payables

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Trade payables	**63.802**	63.802	**-**	-
Other payables and accrued expenses	**567.349**	537.823	**414.735**	379.770
	631.151	601.625	**414.735**	379.770

The fair value of trade and other payables approximates their carrying amount as per the date of the statement of financial position.

30. Current tax liabilities

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	€	€	**€**	€
Corporation tax	**38.327**	267.346	**38.370**	257.953
Defence contribution current year	**176**	344	**-**	-
	38.503	267.690	**38.370**	257.953

31. Related party transactions

(i) Remuneration of the members of the Board of Directors

The remuneration and other benefits of the members of the Board of Directors were as follows:

Remuneration and benefits of non-Executive Directors
THE GROUP AND THE COMPANY

	2016	2015
	€	€
Annual fees of the members of the Board of Directors	**20.708**	21.000
Board members fees for their participation in committees	**23.400**	21.600
Allowance for hospitality expenses	**73.846**	73.846
	117.954	116.446

Remuneration and benefits of the Executive Director
THE GROUP AND THE COMPANY

	2016	2015
	€	€
Salaries	**114.498**	115.844
Provident fund contributions	**11.450**	11.584
Other employer's contributions	**18.758**	16.781
	144.706	144.209

The remuneration of the Board of Directors during 2016 is analysed as follows: Antonios-Andreas-Andis Scordis: annual fee €3.500 (2015: €3.500) and fee for participation in committees €3.300 (2015: €3.150), Lefteris Christoforou: annual fee €3.500 (2015: €3.500) and fee for participation in committees €3.450 (2015: €2.700), Dr. Nearchos Ioannou: annual fee €3.500 (2015: €3.500 and fee for participation in committees €4.200 (2015: €3.750), Maria Ioannou-Theodorou: annual fee €2.041 (2015: €3.500) and fee for participation in committees €2.700 (2015: €4.050), Varnavas Irinarchos: annual fee €3.500 (2015: €3.500) and fee for participation in committees €4.200 (2015: €3.600), Demetrios Philippides: annual fee €3.500 (2015: €3.500) and fee for participation in committees €4.500 (2015: €4.350), Nicholas Hadjiyiannis: annual fee €1.167 (2015: €nil) and fee for participation in committees €1.050 (2015: €nil).

31. Related party transactions (continued)

(i) Remuneration of the Members of the Board of Directors (continued)

Additionally, during 2016, an amount of €36.922 (2015: €36.922) was paid to Antonios-Andreas-Andis Scordis as a Chairman of the Board of the Directors and an amount of €18.462 (2015: €18.462) to each Vice Chairman of the Board of the Directors namely Lefteris Christoforou and Dr. Nearchos Ioannou, as an allowance for hospitality expenses. The total amount paid in 2016 was €73.846 (2015: €73.846).

Also during the year, Dr. Nicos Michaelas, Executive Director, had gross salary earnings of €114.498 (2015: €115.844), plus contributions to the Provident Fund amounting to €11.450 (2015: €11.584) and other employer contributions of €18.758 (2015: €16.781).

In addition to the above amounts, during 2016, an amount of €19.811 (2015: €15.451) was paid with regards to other costs and benefits to the members of the Board of Directors.

(ii) Remuneration of other key management personnel
THE GROUP AND THE COMPANY

	2016	2015
	€	€
Salaries	**72.862**	73.719
Provident fund contributions	**7.286**	7.372
Other employer's contributions	**13.371**	12.715
	93.519	93.806

Other key management personnel is comprised of one member of the Company's management team.

(iii) Receivable balances from direct and indirect subsidiary and associated companies, net of provisions

THE COMPANY

	2016	2015
	€	€
Amounts due from subsidiary companies within one year (Note 24)	**28.247.153**	29.472.606
Amounts due from associated companies over one year (Note 24)	**9.052.560**	8.549.750
	37.299.713	38.022.356

The above amounts are presented net of provision, for the amounts due from subsidiary companies amounting to €1.546.839 (2015: €1.591.224) and from associated companies amounting to €1.573.000 (2015: €1.001.000). During the year the following interest was charged:

THE COMPANY

	2016	2015
	€	€
Interest charged to subsidiary companies	**41.090**	47.734
Interest charged to associated companies	**386.810**	341.336
	427.900	389.070

On interest charged to subsidiary and associated companies part of the interest is charged on loans that general provision for impairment was provided.

The receivable amounts from subsidiary and associated companies bear interest at an annual rate of 0% - 4% (2015: 0,05% - 4%) and are payable on demand with the exception of the amount due from subsidiary company as mentioned in Note 23.

31. Related party transactions (continued)

(iv) Amounts due from associated companies
THE GROUP

	2016	2015
	€	€
Repayable over one year (Note 23)	**10.625.560**	9.550.750

During 2016, interest charged to the associated company Verendrya Ventures Ltd amounted to €386.810 (2015: €341.336). Moreover, in 2016, a loss of €556.810 (2015: €344.945) was recognised from the participation in the associated company Verendrya Ventures Ltd. In the total provision of €1.590.898 (2015: €1.016.088) presented in the current liabilities of the Group, apart from the loss for the year, is also included a dividend of €18.000 (2015: €16.800) which was distributed by the associated company during the year.

(v) Contracts with directors and related parties

Mr. Varnavas Irinarchos and Dr. Nikos Michaelas, members of the Board of Directors of the Company, are related parties with Logicom Public Limited, which owns 60% of the associated company Verendrya Ventures Ltd (Note 19).

Additionally, on 31 December 2016, the Company held 7.615.937 (2015: 7.615.937) shares in Logicom Public Ltd with fair value of €5.468.243 (2015: €4.805.656). This investment is included in the financial assets at fair value through profit or loss.

During the year ended 31 December 2016, the Company purchased from Logicom Public Ltd property, plant and equipment and services of €28.403 (2015: €26.698).

Logicom Public Ltd participates, through its subsidiary Logicom Services Ltd, in the share capital of the Company as at 31 December 2016 with a percentage of 7,42% (2015: 7,42%).

32. Operating Environment of the Company and the Group in Cyprus

In March 2016 Cyprus successfully completed the adjustment programme under a three year memorandum of understanding agreed with the European Commission, the European Central Bank and the International Monetary Fund (collectively referred as ‘‘Troika’’) in which the Republic of Cyprus was granted the financing of its financial needs for the period 2013 – 2015 for an amount up to €10billion from which €7billion were drawn.

The international credit rating agencies have proceeded with a number of upgrades of the credit ratings for the Republic of Cyprus. In July 2016, the Cyprus government raise financing from the international markets for the third time since the commencement of the economic adjustment programme, through the issue of seven year bond amounted to €1 billion with a yield of 3.8%. The risks for the potential growth of the economy are related to the high levels of non-performing loans, the loss from the potential of corrective structural reforms with related risks for the public finances and the return of inflation.

The uncertain economic conditions in Cyprus described above may potentially affect:

1) The ability of the Company and the Group to sell or rent existing property or enter into new rental agreements for property units, and

2) The cash flow forecasts of the Company's and the Group’s management in relation to the impairment assessment for financial and non-financial assets.

The Company's and 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 might 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, on the basis of the evaluation performed, has concluded that further provisions or impairment charges to those already recognized in these financial statements, are not necessary. 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 smooth conduct of its operations within the current business and economic environment.

33. Contingent Liabilities

Bank balances amounting to €7.000.000 (2015: €7.200.000 have been pledged as guarantees for the participation in the desalination projects in Episkopi and Larnaca through the associated company, Verendrya Ventures Limited (Note 19). Additionally, the Company has committed, if this becomes necessary in the future, to provide financial support towards the above related company, based on its shareholding percentage, which will allow the company to continue as a going concern. Similar commitments have been given by the Company to a number of subsidiary companies of the Group. The Board of Directors expects that the Group will not suffer any financial loss from the above guarantees.

At the date of this report, there were no significant lawsuits pending against the Company and the Group that require disclosure, as the Board of Directors considers that the outcome of the pending lawsuits against the Company and the Group will not result in any financial loss. In addition, the claims of the Department of Water Development of Cyprus regarding the desalination unit in Larnaca, which are described in Note 19, have been taken into account in determining the compensation claimed by the associated company. There were no other contingent liabilities against the Company or the Group that need to be reported.

34. Commitments

Commitments of the Company and the Group are as follows:

	THE GROUP		**THE COMPANY**	
	2016	2015	**2016**	2015
	€	€	**€**	€
Within one year	**49.600**	337.138	**67.339**	47.645
Between two to five years	**-**	-	**192.449**	259.788
	49.600	337.138	**259.788**	307.433

The obligations of the Group relate to commitments for repairs and renovation of the investment property of the subsidiaries Demetra Tower (Limassol) Ltd and Demetra Real Estate Investments Ltd. The obligations of the Company relate to rental commitments to the subsidiary Demetra Tower Ltd.

35. Leasing of property

The future minimum receipts from leasing of property for which no provision is recognised in the financial statements are as follows:

	THE GROUP		**THE COMPANY**	
	2016	2015	**2016**	2015
	€	€	**€**	€
Within one year	**987.976**	1.040.554	**20.000**	60.000
Between two to five years	**3.192.844**	3.410.232	**-**	20.000
More than five years	**3.066.018**	3.801.966	**-**	-
	7.246.838	8.252.752	**20.000**	80.000

36. Provident Fund

The Company operates a defined contribution provident fund in which its employees participate. The contributions of the employees range from 5% to 10%, whereas employer's contributions are 10%. The Fund operates independently and prepares separate financial statements. The total contributions of the Company and the Group to the fund for 2016 were €34.727 (2015: €35.136).

37. Dividends

The Board of Directors does not recommend the payment of a dividend.

38. Events after the statement of financial position date

There were no other significant events after the end of the financial year, which have a bearing on the understanding of the financial statements.

Investments exceeding 5% of the Group's Assets, and the 10 most significant investments of the Group as at 31 December 2016

	Issuer / Asset	Industry	Market	Title Category	Number of titles	Purchase cost	Market Value	Total Market Value	Percentage of total assets	Dividend, rent and interest received	Participation in issuer's Share Capital	Issuer's Net Profit/ (Loss) for the year	Issuer's Net Assets that relate to the Investment
						€	€	€	%	€	%	€'000	€'000
1.	Investments in the field of land and property development	Development of land and property											
	-Cyprus		N/A	Other investments	N/A	51.049.590	29.597.324			1.015.326			
	-Romania		N/A	Other investments	N/A	30.602.885	6.963.000			-			
	-Bulgaria		N/A	Other investments	N/A	7.048.029	4.411.584	40.971.908	34,47	-	N/A	N/A	N/A
2.	Bank Deposits and Cash	N/A	N/A	N/A	N/A	30.805.803	30.805.803	30.805.803	25,92	679.481	N/A	N/A	N/A
3.	Hellenic Bank Public Company Ltd	Financial	Main market	Shares	19.954.056	43.544.347	15.364.623			-	10,05	(62.661)	56.631
		Corporate bonds	Bond market	Convertible bonds - HBCS1	23.441	23.441	7.032	15.371.655	12,93	-	1,47		
4.	Investments in other projects	Other projects	N/A	Other investments	N/A	10.278.983	9.879.162	9.879.162	8,31	386.810	N/A	N/A	N/A
5.	Logicom Public Ltd	Technology	Main market	Shares	7.615.937	7.399.002	5.468.243	5.468.243	4,60	380.797	10,28	11.568	8.633
6.	Allianz Euro High Yield Bond IT	N/A	N/A	Equity Fund	1.853	2.000.000	2.972.946	2.972.946	2,50	N/A	N/A	N/A	N/A
7.	A&P (Andreou & Paraskevaides) Ent. Plc Co Ltd (Note)	Consumer goods	Alternative market	Shares	18.500.000	15.990.570	1.850.000	1.850.000	1,56	-	10,12	(1.054)	3.919
8.	Allianz RCM European Equity Dividend IT	N/A	N/A	Equity Fund	672	1.000.000	1.849.493	1.849.493	1,56	N/A	N/A	N/A	N/A
9.	A. Tsokkos Hotels Public Ltd (Note)	Customer Services	Main market	Shares	15.565.000	9.576.230	1.525.370	1.525.370	1,28	N/A	6,20	(1.265)	9.732
10	Allianz Flexible Bond Strategy IT	N/A	N/A	Equity Fund	6.270	1.000.000	1.433.597	1433.597	1,21	N/A	N/A	N/A	N/A
	TOTAL					**210.318.880**	**112.128.177**	**112.128.177**	**94,34**				

Total Assets: €116.590.557

Net assets per share as at 31 December 2016: €0,5830

The fully diluted net asset value does not apply.
The market value of listed investments was based on the bid price on 31 December 2016.

Note: The issuer's net losses and net assets relate to the investment for 2015 as there were no audited financial statements of the issuer for 2016.