Demetra Investments Public Limited

Annual Report and Financial Statements of the Company and the Group for the year ended 31 December 2018

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Demetra Investments Public Limited

Board of Directors and Professional Advisors

BOARD OF DIRECTORS

Antonios-Andreas-Andis Scordis	(Non-executive Chairman)
Dr. Nearchos Ioannou	(Non-executive Vice-chairman)
Varnavas Irinarchos	(Non-executive Director)
Demetrios Philippides	(Non-executive Director)
Dr. Nicos Michaelas	(Managing Director)
Lefteris Christoforou	(Non-executive Vice-chairman- Resigned on 6 September 2018)
Nicolas Hadjiyiannis	(Non-executive Director - Resigned on 5 February 2018)

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

Hellenic Bank Public Company Ltd
Eurobank Ergasias S.A
Bank of Cyprus Public Company Ltd
Piraeus Bank A.E.
Alpha Bank
National Bank of Greece (Cyprus) Ltd

AUDITORS

Ernst & Young Cyprus Limited
Certified Public Accountants and Registerd Auditors
Jean Nouvel Tower
6 Stasinou Avenue
PO Box 21656
1511 Nicosia,Cyprus

Consolidated and Separate Management Report

The Board of Directors of Demetra Investment Public Limited (the "Company") presents to the members its consolidated and separate management report and the audited consolidated financial statements of the Company and its subsidiary companies ("the Group") and the individual financial statements of the Company for the year ended 31 December 2018.

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

During the year, the Group recorded a profit after tax of €5,98 million (2,99 cents per share), compared to the profit of €1,93 million (0,97 cents per share) in 2017. The profit resulted primarily from the Group's investment portfolio, mainly from the investments in securities listed on the Cyprus Stock Exchange. As a result, the Company's consolidated net asset value per share has increased from 59,19 cents at 31 December 2017 to 61,88 cents at 31 December 2018[1], representing an increase of 4,5%.

More specifically, the Group's investments in securities listed in the Cyprus Stock Exchange and abroad recorded a profit of €5,58 million compared to a profit of €3,15 million in 2017. The Group's dividend income increased by 18,2% and amounted to €495 thousands compared to €419 thousands in 2017. Interest income amounted to €319 thousands compared to €998 thousands in 2017, representing a decrease of 68%. This reduction was mainly due to the significant decrease of the interest rates.

The Group's investment portfolio in the real estate and immovable property development sector also recorded a profit of €1,09 million compared to a profit of €339 thousands in 2017. The profit was due to rental income of €1,16 million and to the loss from revaluation of properties of €73 thousands.

The administrative expenses fluctuated around the same levels compared to 2017 and amounted to €1,50 million while the financial expenses amounted to €127 thousands compared to €29 thousands in 2017.

The Group has also recognized in the statement of profit or loss, in accordance with the provisions of IFRS 9, a provision for expected credit losses for the bank balances amounting to €142 thousands and reversal of provision for expected credit losses in the receivables from associated companies amounting to €22 thousands.

Finally, the Group recognized profit of €414 thousands, that resulted from the partial reversal of the provision for the share of the loss of the associated company.

The Company recorded a profit after tax of €5,67 million (2,83 cents per share), compared to the profit of €2,19 million (1,09 cents per share) in 2017. The profit resulted primarily from the Company's investment portfolio, mainly from the investments in securities listed on the Cyprus Stock Exchange. As a result, the Company's net asset value per share has increased from 59,22 cents at 31 December 2017, to 61,76 cents at 31 December 2018[2], representing an increase of 4,3%.

More specifically, the Company's investments in securities listed in the Cyprus Stock Exchange and abroad recorded a profit of €5,58 million compared to a profit of €3,15 million in 2017. The profit from financial assets of €5,85 million includes, in addition to the above amount, profit of €273 thousands which arises from the changes in the fair values of the loans that are measured in fair value through profit or loss which were granted to subsidiaries. The Company's dividend income increased by 4,9% and amounted to €894 thousands compared to €852 thousands in 2017. Interest income and income similar to interest income amounted to €354 thousands, compared to €1,03 million in 2017 representing a decrease of 65,5%. This reduction was mainly due to the significant decrease in interest rates.

[1] The condolidated net asset value per share is calculated by dividing the total net assets (31 December 2018: €123.768.481, 31 December 2017: €118.372.994, as appearing in the Consolidated Statement of Financial Position) by the number of issued shares (200.000.000 shares).

[2] The net asset value per share is calculated by dividing the total net assets (31 December 2018: €123.513.707, 31 December 2017: €118.434.827, as appearing in the Statement of Financial Position) by the number of issued shares (200.000.000 shares).

Consolidated and Separate Management Report (continued)

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

The Company's investment portfolio in the real estate and immovable property development sector also recorded a profit of €8 thousand compared to a profit of €72 thousand in 2017. The profit was due to rental income of €59 thousands and the loss from sale and from revaluation of immovable property of the Company, of €51 thousands.

The administrative expenses recorded an increase of 8,0% and amounted to €1,27 million while the financial expenses amounted to €125 thousands compared to €24 thousands in 2017. The impairment of the investments in the subsidiaries of €251 thousands (2017: €932 thousands) is due to the decrease in the net assets of the subsidiaries.

The Company has also recognized in the statement of profit or loss, in accordance with the provisions of IFRS 9, a provision for expected credit losses for the bank balances amounting to €142 thousands and reversal of provision for expected credit losses in the receivables from associated companies amounting to €22 thousands.

Finally, the Company recognized profit of €414 thousands, that resulted from the partial reversal of the provision for the share of the loss of the associated company.

As at 31 December 2018, the assets of the Group and the Company amounted to €126,83 million and €126,43 million respectively.

For management purposes, the Group's activities are divided into three main areas: a) Investments in equity securities and other securities and financial assets, b) Land and immovable property development and (c) Investments in other projects. As at 31 December 2018, the Group's assets consisted of 57,5% (2017: 55,8%) in investments in equity securities and other securities and financial assets, 32,5% (2017: 33,8%) in Land and immovable property development and 10,0% (2017: 10,4%) in investments in other projects.

Dividends

The Board of Directors of the Company does not recommend the payment of dividends (2017: €nil).

Principal risks and uncertainties

The principal risks for the Company and the Group 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. In addition, the uncertainty still prevalent in the banking system of Cyprus could negatively affect the Company's and Group's results. 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 subsidiary companies

The principal activities of the Group include 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 and investments in other projects.

There were no changes in the Group's structure and operations during the year ended 31 December 2018. The Group's structure is described in note 18 of the financial statements.

Consolidated and Separate Management Report (continued)

Future developments of the Company and the Group

The financial markets and the land and real estate sector, areas in which the Group is mainly active at, are affected by unpredictable factors. The unfavourable economic developments in recent years in Cyprus have affected all sectors of the economy. Although the Cypriot economy is now on a positive recovery, there are still major challenges, particularly with regard to the uncertainty that still exists in the banking system. As a result, the Board of Directors, under these circumstances, is not in a position to provide a reliable estimate of the results of the Company and the Group for the year 2019, which will depend on the course of stock indices in Cyprus and abroad , as well as by the performance 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 were used to hedge risks by the Group companies. The financial instruments of the Company and the Group are explained in Note 4 of the financial statements.

Share capital

There were no changes in the Company's share capital during the year ended 31 December 2018.

On 6 September 2018, 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. At 31 December 2018 and 2017 there were no repurchases of own shares. There were also no stock options or share based schemes for the Group's directors and employees.

Composition, responsibilities and remuneration of Board of Directors

The members of the Board of Directors as at 31 December 2018 and on the date of this report are presented on page 1. Mr. Nicolas Hatzigiannis resigned on 5 February 2018. At the Annual General Meeting of the Company, on 6 September 2018, Mr. Lefteris Christoforou resigned, and did not offered himself for re-election as member 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 offer themselves 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 6 September 2018.

During the year, the Board Members received the amount of €36.733 (2017: €39.750) as remuneration for their services as members of the Board of Directors of the Company. Additionally, during 2018, an amount of €97.692 (2017: €73.846) was paid to the Chairman and to the two vice-chairmen of the Board for representation expenses. Also, Dr. Nicos Michaelas' gross salary earnings and benefits, as Executive Director, for the year, amounted to €123.605 (2017: €117.178), contributions to Provident Fund amounted to €12.085 (2017: €11.450) and other employer's contributions amounted €20.821 (2017: €14.806). Detailed analysis of the remuneration of each Director is given in note 31 of the financial statements.

Additionally, during 2018 an amount of €21.723 (2017: €19.894) 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 and Consolidated Management Report.

Consolidated and Separate Management Report (continued)

Related party transactions
Transactions with related parties are described in note 31 of the consolidated financial statements.

Events after the reporting period

There were no material events subsequent to the date of the statement of financial position that are relevant to the understanding of the financial statements further to the events mentioned in Note 38 of the financial statements.

Corporate Governance Statement

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 Corporate Governance report of the members of the Board of Directors is presented immediately after the Consolidated and Separate Management Report and is also available at the Company's offices that are located in 13 Lemesou Avenue, 5th floor, 2112, Nicosia, Cyprus and on the websites of the Company and CSE.

The systems of internal audit and risk management which are implemented by the Group's companies, ensure the compliance with internal regulations and procedures.

The Company, through the internal audit system, 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 for 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 Consolidated and Separate Management Report. The share capital of the Company is divided into ordinary Shares with the same and equal rights. There are no issued shares with special rights of control or vote or restrictions in share transfers. Any amendment or addition to the Company's Articles of association is valid with a special resolution of the 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 Corporate Governance Report. The composition and the operation of administrative, management and supervision bodies of the Company are also presented in the Corporate Governance Report.

The benefits of the diversity in the composition of the Board of Directors are recognized. The Board of Directors should consist of members with high academic qualification and a successful professional background, taking into account that their experience is an important element of perception and integrity.There is a need for diversity in the training and specialization of directors to better meet the requirements of the Company's activities. In counting these criteria, there should be no discrimination between the two genders.

Consolidated and Separate Management Report (continued)

Corporate Governance Statement (continued)

The diversity policy is applied by the Board of Directors when appointing new members of the Board following the recommendations by the Nomination Committee. The Nomination Committee examines the number and composition of the Board of Directors and recommends any changes deemed necessary. The final selection decision is taken by the Board of Directors and is subject to the approval of the general meeting of shareholders.

The composition of the company's Board of Directors during the period under review is deemed compatible with the policy cited and presented in the Corporate Governance Report.

Directors' interests in the Company's capital

The percentage shareholding in the Company's share capital, as at 31 December 2018 and 20 February 2019 owned by the members of the Board of Directors, directly or indirectly, are as follows:

	31 December 2018	20 February 2019
	%	%
Antonios-Andreas-Andis Scordis	0,000	0,000
Dr. Nearchos Ioannou	0,000	0,000
Demetrios Philippides	0,000	0,000
Varnavas Irinarchos (Note 1)	15,269	15,269
Dr. Nicos Michaelas	0,000	0,000

Note 1: Mr. Varnavas Irinarchos direct involvement of 15,269% arises due to Logicom Services Limited participation, which as at 31 December 2018 owned 29,62% (20 February 2019: 29.62%) of the issued share capital of the Company.

Major shareholders

As at 31 December 2018 and 20 February 2019, the shareholders listed below owned more than 5% of the issued share capital of the Company with the following shareholding percentages:

	31 December 2018	20 February 2019
	%	%
Logicom Services Limited	29,62	29,62
7Q Invest Ltd / Multi Opportunities	5,60	5,74

Auditors

The auditors Ernst & Young Cyprus Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting of the Company.

By order of the Board of Directors

Antonios-Andreas-Andis Scordis
Chairman

Nicosia, 27 February 2019

Corporate Governance Report of the members of the Board of Directors

PART A

Demetra Investment Public Limited gives particular emphasis to policy implementation, practices and sound corporate governance processes. Corporate governance is the set of processes and systems followed for the proper management and administration of an organization. Corporate governance governs the relationship between the shareholders, directors and the management team of a company.

Demetra Investment Public Limited, as a company listed on the Cyprus Stock Exchange (CSE), adopts the principles of the Corporate Governance Code (the "Code" or "CGC") drawn up by the CSE and fully implements the provisions of the Code.

PART B

During 2018, the Company has adhered to all the provisions of the Code. In subsidiary companies the Code is applied through central subcommittees of the parent company.

B.1. Board of Directors

The Board of Directors (" Board ") at 31 December 2018 consists of the Chairman, and four Directors. Out of the five Directors of the Company, three are considered independent pursuant to the provisions of the Code. Four Board members are non-executive and one of them is an executive. The Board members during 2018 were:

Antonios-Andreas-Andis Scordis	(Non-executive Chairman - Independent)
Dr. Nearchos Ioannou	(Non-executive Vice-Chairman - Independent[1])
Lefteris Christoforou	(Non-executive Vice-Chairman - Independent - resigned on September 2018)
Varnavas Irinarchos	(Non-executive Director - Non-independent[2])
Demetrios Philippides	(Non-executive Director - Independent)
Dr. Nicos Michaelas	(Managing Director - Non-independent)

[1] Mr. Ioannou completed more than nine years of service to the Board and in accordance with the provision A.2.3. (η) of the Code should thereafter be considered non-independent. The Board however considers that his personality and his scientific knowledge and his experience and his background given his proven objectivity and impartiality in the exercise of his duties as a Director of the Company; as well as the absence of any interconnection of interests with the other Directors or the Main shareholders and the absence of any direct or indirect conflict of interest with the interests of the Company and its shareholders confirm his independence. For these reasons, the Company's Board of Directors lists him as an independent Director.

[2] Pursuant to the provision A.2.3.of the Code, Mr. Varnavas Irinarchos, as Executuve Vice-Chairman and Managing Directors of Logicom Public Ltd, who holds directly and indirectly (via its subsidiary Logicom Services Ltd) the 29,62% of the share capital of the Company, he is considered to be Non-independent. Moreover, Mr Irinarchos has important links (cross-directorships) with Dr. Nicos Michaelas. Mr. Irinarchos is an Executive Director of Logicom Public Ltd Company where Dr. Michaelas is a non-executive Director.

Corporate Governance Report of the members of the Board of Directors (continued)

The Board of Directors of the company has appointed Dr. Nearchos Ioannou, as a replacement to Lefteris Christophorou as Senior Non-Executive Director and has made the relevant announcement to the CSE. The Senior Non-executive Independent Director's duty is to be available to hear the concerns of the shareholders whose problem has not been solved through the normal channels of communication.

Duties of Chief Executive Director of the Company are performed by the Chief Executive Officer, Dr. Nicos Michaelas. Dr. Michaelas holds a position in the Board of Directors. The Board has delegated the following powers to the Chief Executive Director:

- The management of day-to day and routine activities of the Company.
- The implementation of the decisions of the Board.
- The organization of the Company's activities to achieve the objectives set by the Board.

The Board of Directors meets at regular intervals. During 2018, the Board met 24 times. The Board has a formal schedule of matters, on which decisions can only be taken by it. Various issues may be referred to special committees of the Board, which shall submit their proposals to the Board for taking decisions.

The Company Secretary is responsible to provide timely, accurate and comprehensive information to the Board and the Chairman of the Board is responsible for ensuring that all Board members are properly informed on the issues raised in a meeting.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procesures are followed and that there is compliance with the applicable regulations.

Regarding the principle A.2.5 of the Code there is a clear separation of the positions of Chairman and Chief Executive Officer. It is clarified that the President of the company Mr. Antonios-Andreas-Andis Scordis is not an executive. Duties of the Chief Executive Director are carried out by the Chief Executive Officer of the Company, Dr. Nicos Michaelas.

There is no particular programme for the Directors regarding the laws for Stock Exchange and Companies. They are, however, briefed on a regular basis, on the basic provisions governing the status and functioning of Directors of public companies and for occasional amendments.

All the Directors exercise independent and impartial judgment in performing their duties and can, if deemed necessary, obtain independent professional advice at the Company's expense.

The board operates on the principle of collective responsibility and no member category is differentiated as to its responsibility by another.

The Directors shall endeavor to devote the necessary time and attention to the performance of their duties and try to limit the number of entries on the boards of other public companies, to such an extent that enables them to perform their duties with the appropriate performance. Of the five Board members, Dr. Nicos Michaela and Mr. Varnavas Irinarchos participate in the boards of other public companies as follows: Dr. Nicos Michaela sits on the board of Logicom Public Limited and Mr. Varnavas Irinarchos sits on the board of Logicom Public Limited.

The Directors are subject to election by shareholders at the first Annual General Meeting following their appointment for re-election at intervals not exceeding three years, according to the Articles of Association of the Company. The names of Directors submitted for appointment or re-election are accompanied by sufficient biographical notes.

Corporate Governance Report of the members of the Board of Directors (continued)

At the Annual General Meeting on 6 September 2018, pursuant to the provisions of the Articles of Association, Mr. Varanvas Irinarchos and Dr. Nicos Michaelas gave their resignation and were re-elected. The Directors are Messrs. Antonios-Andreas-Andis Scordis, Dr. Nearchos Ioannou, Demetrios Philippides, Varnavas Irinarchos and Dr. Nicos Michaelas.

Antonios-Andreas-Andis Scordis: Born in 1945. He graduated from the Greek Gymnasium of Famagusta. He has a Law Degree from the University of Athens and Master's degree from the UCL, University of London in maritime law. He practices in Cyprus since 1970. Co-founder partner of Scordis, Papapetrou & Co LLC, a Lawyer who succeeded in the homonymous law firm, founded in 1973. Member of the Cyprus Lawyers Association and the International Bar Association. He deals primarily with corporate, commercial and maritime law, international transactions, acquisitions, joint ventures, acquisitions and investments, international tax planning and related legal or arbitration proceedings.

Dr. Nearchos Ioannou: Dr. Nearchos Ioannou was born in Limassol in 1958. He studied political economy at the University of West Berlin and was a lecturer at the Institute of Sociology of the University of West Berlin. He holds a PhD and from 1984-1990 worked at Dresdner Bank AG in Germany. He then worked at the Bank of Cyprus until 2006. Then he was General Manager of the Limassol Cooperative Savings and February 16, 2017 is a Director of Senior Management of Bank Activities. He has been a member of the Board of Directors of the Cyprus Cooperative Bank from March 2009 to October 2013 and a member of the Board of Directors of the IT Cooperative Society from May 2007 to July 2014. Since September 2009 he has been Vice Chairman of the Board of Directors of Demetra Investment Public Limited. Additionally, he is involved in the writing of books and theatrical plays.

Demetrios Philippides: Mr. Demetrios Philippides studied Electrical Engineering at the National Technical University of Athens with postgraduate qualifications in Project Management field from the University of London (UCL) and in Funding Major Investment Projects (Project Finance) from the University of Middlesex. He obtained the certificate of Certified Accountant (Associate Chartered Accountant) with Deloitte United Kingdom, where he worked as a consultant in the financial services sector in London. Then he worked in the investment banking services group Renaissance Capital, responsible for project management of the group with a parallel role in the development of the financial activities of the group in Cyprus and the Middle East. Since June 2014, he has been appointed Director of the Office of the President of the Cooperative Central Bank, and by March 2016 is Division Manager Real Estate and Investment of the Cooperative Central Bank. In 2018 he was appointed Director of Altamira Asset Management (Cyprus) Ltd in the real estate and investment management sector.

Varnavas Irinarchos: Mr. Varnavas Irinarchos was born in Agros in 1958. He studied at the University of Stockholm and received a Diploma in Business Administration. Then, he attended postgraduate studies at the same university in the Computer Industry. His professional career started in 1983 with managerial and then with equity participation in a company selling information technology products. He co-founded the 1986 company Logicom Limited which up to 1992 engaged exclusively with computer training. In 1992 it acquired entirely the share capital and full control of the company, whose activities led to the distribution area of computer products and the 1995 created a computer manufacturing company. Since the company became public in 1999, it holds the position of Vice president and Managing Director.

Corporate Governance Report of the members of the Board of Directors (continued)

Dr. Nicos Michaelas: Dr. Nicos Michaelas was born in Famagusta in 1972. He holds a Bachelor Degree in Industrial Economics from the University of Nottingham in the UK (BSc Industrial Economics with Accounting) and a Ph.D. in Financial Economics from Manchester Business School. From 1997 to 2000 he was researching/teaching business economics and financial management at Manchester Business School as a Research Fellow. His research work has been presented at international conferences and has been published in international academic journals. From the year 2000 until 2005 he worked at Lefkoniko Stockbrokers Ltd (the Investment Banking Branch of the Cyprus Cooperative Banking Society) as Operations Manager. Since 2005 he has been heading Demetra Investments Public Ltd as General Manager and as Managing Director since 2013. He is Chairman of the Association of Portfolio and Mutual Funds Investment Companies and participates in the boards of a number of public and private companies.

Nominations Committee

During 2018, the Nominations Committee met two times. The Nominations Committee examines the composition of the Board and recommends any changes necessary. The Committee is responsible for selecting competent and suitable individuals for the composition of the Board and its Committees. The Nominations Committee makes its recommendations to the Board for final decisions, which are subject to approval in the Annual General Meeting.

The Nominations Committee is also responsible, in cooperation with the Chief Executive Officer, to review the organizational structure of the Company and the various job positions in order to secure the smooth and efficient flow of the Company's operations. The Committee directs research to find qualified persons for employment as executive officers and other employees at the Company. The Committee shall from time to time report on the actions and recommendations to the Board, which has ultimate responsibility for the employment of Company staff.

The Nominations Committee consists of the following members, who are non-executive Directors:

President: Antonios-Andreas-Andis Scordis

Members: Varnavas Irinarchos, Dr. Nearchos Ioannou

B.2. Remunerations Committee

During 2018, the Remunerations Committee met one time. The Remunerations Committee has the overall responsibility for the review and determination of the remuneration of executive officers of the Company. The Remuneration Committee also discusses the remuneration of non-executive Directors on activities of the Board and its Committees and makes recommendations to the Board, which defines the Director's fees, which are subject to approval by the General Meeting of Shareholders.

To meet its obligations, the Committee provides all the necessary information and, after approval by the Board, it may obtain independent professional advice. The Chairman of the Remuneration Committee has knowledge and experience in remuneration policy. During the year under review it was not considered necessary to use consulting services on market standards for remuneration systems. Where the Compensation Committee uses the services of a consultant with a view to obtaining information on market standards for remuneration systems, it is ensured that the consultant concerned does not at the same time advice the human resources department or the executive directors of the Company.

The Remunerations Committee shall prepare the Annual Remuneration Policy Report which submitted by the Board to the shareholders and the part of the Report on Corporate Governance which refers to the remuneration of Directors, in accordance with the instructions and provisions of the Corporate Governance Code of the Cyprus Stock Exchange.

Corporate Governance Report of the members of the Board of Directors (continued)

The Remunerations Committee consists of the following members, who are independent non- executive Directors:

Chairman: Dr. Nearchos Ioannou

Members: Andis Scordis, Varnavas Irinarchos

Dr. Nearchis Ioannou has knowledge and experience in the area of remuneration policy.

B.3. Remuneration Policy Report

The Company's policy regarding the remuneration of executive directors and other management personnel, including the Chief Executive Officer, is the correlation of remuneration to individual performance and overall progress of the Company. The Company's Remuneration Policy is determined by the Board based on the recommendations of the Remunerations Committee and subject to approval at the General Meeting of Shareholders.

The Remunerations Committee makes recommendations to the Board on the scope and level of remuneration of non-executive directors and executive officers and personnel of the Company, including the Chief Executive Officer, taking into consideration the relevant factors and criteria.

The Remunerations Committee is responsible for the preparation of the Remuneration Policy Report which accompanies this report, which is approved by the board and is also subject to approval at the General Meeting of Shareholders.

B.3.1. Remuneration of Non-Executive Directors

The remuneration policy regarding the remuneration of non-executive Directors takes into account the time available to attend meetings and for decision-making. Their fees are not associated with the Company's profitability and there is not any plan for granting stock options.

The remuneration of non-executive Directors is approved by the Annual General Meeting and is available on the webpage of the company.

The remuneration of non-executive Directors approved by the Annual General Meeting held on 6 September 2018 consists of a fixed amount of €3.500. The Board has decided an additional fee for non-executive Directors amounting to €150 for each director per meeting of the Board and the various Committees and €250 for each day on mission for the company outside Cyprus.

The total remuneration of non-executive Directors in 2018 amounted to €134.425 (2017: €113.596) and was paid to them before 31 December 2018. This amount consists of a fee of €16.333 (2017: €21.000) in non executive directors as members of the Board, from fees for attendance at meetings of both the Board and the various committees amounting to €20.400 (2017: €18.750) and allowance for attendance fees amounting to €97.692 (2017: €73.846).

The remuneration of the Board members in 2018 was as follows: Antonios-Andreas-Andis Scordis: annual remuneration €3.500 (2017: €3.500) and remuneration for participation in the committees €3.450 (2017: €2.700), Lefteris Christoforou: annual remuneration €2.333 (2017: €3.500) and remuneration for participation in committees €1.800 (2017: €3.150), Dr. Nearchos Ioannou: annual remuneration €3.500 (2017: €3.500) and remuneration for participation in committees €4.950 (2017: €3.600), Varnavas Irinarchos: annual remuneration €3.500 (2017: €3.500) and remuneration for participation in committees €5.400 (2017: €3.600), Demetrios Philippidis: annual consultancy fee €3.500 (2017: €3.500) and remuneration for participation in committees €4.800 (2017: €3.450), Nicolas Hadjiyiannis: annual remuneration €Nil (2017: €3.500) and remuneration for participation in the committees €Nil (2017: € 2.250).

Corporate Governance Report of the members of the Board of Directors (continued)

B.3.1. Remuneration of Non-Executive Directors (continued)

The attendance fees are as follows: an amount of €36.922 (2017: €36.922) was paid to Mr Antonios-Andreas-Andis Scordis as Chairman of the Board, an amount of €12.308 (2017: €18.462) to Mr Lefteris Christoforou as Vice- of the Board of Directors and an amount of €48.462 (2017: €18.462) to Dr. Nearchos Ioannou as Vice-Chairman of the Board. The total amount paid in 2018 amounted to €97.692 (2017: €73.846).

In addition to the above amounts, during 2018, an amount of €21.723 (2017: €19.894) was paid for other costs and benefits of Board members.

B.3.2. Remuneration of the Chief Executive Officer and other Company Executives

The Commission's policy regarding the Chief Executive Officer and other Executives of the Company consists of:

a) providing adequate remuneration that will attract and retain executives with appropriate knowledge and experience.
b) the information on fees offered by similar companies as well as fees in other departments and levels of the Company.
c) linking remuneration with the capacity and performance of the individual to be consistent with the interests of Shareholders.
d) the consideration, if the fees include a share option right that the exercise price may not be lower than the average closing price of the last 30 sessions prior to the grant date. Remuneration packages that include stock option rights are subject to the approval of the shareholders at an Extraordinary General Meeting. The Company has not granted such share options.

The services of the Chief Executive Officer and other executives of the Company are not determined by written contract and thus the provisions of indefinite duration to employment Code apply.

The remuneration of the Chief Executive Officer and other executives of the Company consists of the following:

a) Gross Annual Salary. The annual salary of personnel is determined by the Board following a recommendation by the Remunerations Committee which shall consider the matter annually.
b) Employer Contributions to the Provident Fund. The Company shall pay the Pension Fund a levy of 10% employer share of the total gross wages of each employee who has chosen to be a member.
c) Other employer's contributions (social security, life insurance, health care, etc.).

The First Executive Director, Dr. Nicos Michaelas, as Executive Director, had gross salary and benefits of €156.510 (2017: € 143.434).

B.4. The Audit Committee

In 2018, the Audit Committee met 10 times. The Audit Committee deals with the examination of internal control procedures, inspection of internal financial systems, inspection of internal control systems and risk management systems, as well as appointing and determining the remuneration of the external and internal auditors, reviewing the independence and objectivity of the external auditors, reviewing of financial statements, inspection of transactions with related parties and other related matters within its competence. The Chairman of the Audit Committee must have experience in accounting and/or finance.

The duties of the Audit Committee include a review of internal financial systems (company's internal financial controls). Additionally, they include the inspection of internal control systems (company's internal control).

The Audit Committee oversees the procedures for selecting accounting policies and accounting estimates for the financial statements of the Company, based on the recommendations of the Chief Financial Officer, and ensure that there is a mechanism to safeguard the company's assets including prevention and detection of fraud.

Corporate Governance Report of the members of the Board of Directors (continued)

B.4. The Audit Committee (continued)

In the Audit Committee's tasks also include:

i. Ensuring the functioning of the internal audit function in accordance with international standards for the professional application of internal control, the International Institute of Internal Auditors (IIA)
ii. Identification and examination of the procedures of the internal audit function of the Company
iii. Monitoring and inspection of the proper functioning of the internal audit function and examining the periodic internal audit reports
iv. Ensure the independence of internal audit and further propose to the Board the appointment and dismissal of the head of internal audit function
v. Evaluation of the head of internal audit function, which should have sufficient and relevant academic and / or professional qualifications and work experience
vi. Discuss with the internal auditor the auditing points that arose during the audit
vii. Discuss with the internal auditor any weaknesses identified, in particular those concerning the procedures of financial reporting and preparation of financial statements.

For the year 2018, the external auditors of the Company are Messrs. Ernst & Young Cyprus Ltd, who are considered independent.

For the year 2018, Messrs. Ernst & Young Cyprus Ltd have contracted to provide tax consultancy services regarding the examination of the tax returns of 2018 of the group's Cypriot companies. They have also contracted during 2018 to provide valuation and other tax consultancy services to the company.

The Audit Committee gave its consent to the contract/continuation of the above non-audit services after having duly assessed the threats to independence and related safeguards and confirmed that the conditions of Article 5 (3) of European Union (EU) regulation,537/2014 were met regarding the direct or material impact of such services, separately or in total, on the audited financial statements, the impact assessement of any consequences and that the principles of independence and objectivity laid down in Directive 2006/34/EC are complied with by the statutory audit Office of Ernst & Young Cyprus Ltd.

The Audit Committee confirms that the external auditors Messrs. Ernst & Young Cyprus Ltd did not provide non-audit services which prohibited pursuant to Article 5 of regulation of the European Union (EU) 537/2014 and article 72 of the Auditors Law of 2017 and that their objectivity and independence has been ensured. It also confirms that there are no non-audit services provided by Messrs. Ernst & Young Cyprus Ltd to the Company and the Group, which have not been notified in the separate and consolidated financial statements.

The Audit Committee consists of the following members, who are non-executive directors

Chairman: Demetrios Philippides
Members: Varnavas Irinarchos, Dr. Nearchos Ioannou

B.5. Risk Management Committee

Until March 2015, the Audit Committee was responsible for the supervision and audit of the risk management systems. On 23 March 2015, the Board decided to set up a separate Risk Management Committee to oversee the Company's risk management systems. The Company developed and implemented a Risk Management Manual which records in detail the risks associated with the Company and set downs the policies and procedures for managing these risks.

In 2018, the Risk Management Committee met four times.

Corporate Governance Report of the members of the Board of Directors (continued)

B.5. Risk Management Committee (continued)

The Risk Management Committee consists only of non-Executive Directors, meets at least once every quarter and the Chairman informs the Board.

The functions of the Risk Management Committee include formulating strategy for any form of risk associated with the operations of the company as well as the inspection and supervision of the Company's risk management systems.

In the Audit Committee's tasks also include:

i. To ensure the continued effectiveness of the Company's system of internal risk management and its integration in the process of making business decisions concerning all forms of risk.
ii. To define the principles that should govern the management of risks to the recognition, prediction, measurement, monitoring, control and deal with them according to the applicable business strategy.
iii. To inform the Board of Directors on all matters relating to risk management strategy.

The Risk Management Committee consists of the following members, who are non-executive Directors:

Chairman: Dr. Nearchos Ioannou
Members: Varnavas Irinarchos, Demetrios Philippides

B.6. Internal Audit

The Board of Directors, considering as a matter of utmost importance the existence of a sound internal auditing system to safeguard the interests of the shareholders and the credibility of the Company, so it has appointed the independent auditors Messrs.KPMG Limited to conduct the internal audit. The Internal Auditors of the Company, as an independent agency, reported and presents to the Audit committee, Risk Management Committee Committee and the Board the findings of the audit work performed. The audit covers all controls, including financial and operational systems, as well as compliance and risk management systems that threaten the achievement of the Company objectives.

The Board of Directors confirms that it has reviewed the adequacy of internal controls and the procedures for verifying the correctness, completeness and validity of information provided to investors. The audit covers all controls, including financial and operational systems, as well as compliance and risk management systems that threaten the achievement of the Company objectives.

The Board of Directors also confirms that the company's internal control systems are satisfactory.

Responsibility for the Company's internal audit system lies with the Chairman of the Audit Committee Mr. Demetrios Philippides, who is a Member of the Institute of Chartered Accountants in England and Wales (ICAEW). The Committee meets in sessions at regular intervals, at least four times a year, in order to effectively perform its duties.

The Board confirms that, during the year ended 31 December 2018 and until the date of this report, nothing has come to the knowledge of any violation of the Securities and Stock Exchange Laws and Regulations.

B.7. Loans to Directors

As at 31 December 2018, no loans were granted to the members of the Board of Directors. The Company's transactions with related parties are presented in note 31 of the financial statements.

B.8. Active Business Unit

Finally, the Board of Directors confirms that it has taken all necessary measures to ensure the full compliance with the provisions of the Code, and that the Company intends to continue to operate as a going concern for the next twelve months.

Corporate Governance Report of the members of the Board of Directors (continued)

B.9. Relationship with Shareholders

The Annual General Meetings are conducted in accordance with the provisions of current legislation and ensure equal treatment of all shareholders, including minority shareholders. All shareholders have the same voting rights.

In the Annual General Meeting a separate resolution for each separate issue is submitted, which includes among others the Annual Report and the financial statements, the election of directors as well as their remuneration and the appointment and remuneration of auditors.

All Board members make efforts to attend General Meetings of the Company, who are available to answer shareholders' questions. Effort is made so that the Chairmen of the Audit committee, Remuneration and Nominations committee are present at General Meetings to answer any questions concerning the work of the Board committees.

Subject to the provisions of current legislation, shareholders, as long as they represent a sufficient number of shares (at least 5%), they have the opportunity to place items on the agenda of General Meetings of the Company until five months after the end of the financial year of the Company and at least 10 days before the set date of the General Meeting.

At General Meetings of the Company, all shareholders are clearly informed of any material changes regarding the Company, including its financial situation, performance, ownership and governance of the Company. The Board encourages the presence of all shareholders in the General Meetings in order to achieve a meaningful debate and effective decision-making that serves the interests of all shareholders.

B.10. Communications Officer with the Shareholders

For proper communication between shareholders and the Company, the Board has appointed Mr. Costas Paphitis as Communications Officer between shareholders and the Company (Investor Liaison Officer). The Communications Officer will act in order to ensure continuous communication with all shareholders and give to shareholders on a timely basis, valid and accurate information for any significant changes to the Company relating to its financial position, its performance, its assets and its governance. The Communications Manager is aware of the financial situation and the Company's strategy for growth and aware of the significant developments in the Company. He also operates the Company's website which provides information about major developments in the Company's activities, including announcements on the Stock Exchange and the possibility of access to the Compliance Officer.

B.11. Compliance Officer

The Board has appointed Dr. Nicos Michaelas as Compliance Officer with the Code. The Compliance Officer is responsible for implementing the Code. While performing his duties, he may consult other members of the Board and with internal and external consultants, as appropriate. The Directors may contact the Compliance Officer and ensure that they are and act in full compliance with the Code. If the Directors learn or suspect that a violation of the Code has occurred or is likely to occur, they must immediately inform the Compliance Officer.

By order of the Board,

Dr. Nicos Michaelas
Secretary

27 February 2019

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 2018, confirm that to the best of our knowledge:

(a) the annual financial statements of the Company and the Group that are presented on pages 25 to 100

(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 Separate 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

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

……. Demetrios Philippides, Non-executive Director

…….. Varnavas Irinarchos, Non-executive Director

…….. Dr. Nicos Michaelas, Managing Director

Chief Financial Officer

…….. Costas Paphitis

Nicosia, 27 February 2019

Independent Auditors' Report

To the Members of Demetra Investment Public Limited

Report on the consolidated and seperate financial statements of the Company

Opinion

We have audited the accompanying consolidated financial statements of **Demetra Investment Public Limited** (The "Company" or the ''Parent Company'') and its subsidiary companies (the "Group"), and the separate financial statements of the Company, which comprise the statements of financial position as at 31 December 2018, 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 and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2018, and of the performance and the cash flows of the Group and the Company, 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 Separate Financial Statements section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 including the major risks of material misstatement, including estimated risks of material misstatement due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each of the matters below, our description of how our review has examined the matter is provided in this context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements of our report, including in relation to these matters. Consequently, our audit involved conducting procedures designed to respond to our assessment of the risks of material misstatement in the consolidated and separate financial statements. The results of our audit procedures, including the procedures used to examine the following matters, provide the basis for our audit opinion in the accompanying consolidated and separate financial statements.

Key audit matters including the major risks of material misstatement, including estimated risks of material misstatement due to fraud	How the key audit matters were addressed in the audit
Valuation of fair value of investment properties (Group and Company) and net realisable value of properties classified as inventory (Group).	
The Group and the Company own investment properties that amount to €31.715.017 and €2.411.000 respectively (Note 17 of the financial statements). The Group also owns properties classified as inventory that amount to €7.526.324 (Note 21 of the financial statements). The fair value of the investment properties as well as the fair value of the inventories, which was used to determine their net realizable value, were calculated by the Management based on the valuations prepared by two independent qualified valuers for each of the properties. The valuation of investment properties and properties classified as inventory is one of the key audit matters due to the size of the balances of these assets, as well as the specialised know-how and potentially significant judgement and estimates in determining the appropriate valuation methodology to be used. Refer to Notes 3, 17 and 21 of the financial statements, for the disclosures on the investment properties and properties classified as inventory.	Our audit procedures for the valuation of the fair value of the investment properties as well as the net realizable value of properties classified as inventories include, amongst other, the following: ▪ We documented our understanding of the processes, policies and control systems used by management in relation to the data used and the examination of the valuations. ▪ We obtained the valuation reports prepared by independent valuers for the Company and the Group and tested that the fair values used for the valuation of investment properties as well as for the net realizable value are based on these valuation reports. ▪ We agreed a sample of the significant inputs used in the valuations of the independent valuers to rental agreements, title deeds and architectural plans. ▪ We tested the arithmetical accuracy of the calculations done by the independent valuers for the main assumptions used in the valuations, by performing a sample of their calculations. ▪ We received from the Company the comparison between the cost and net realizable value for the properties classified as inventory and tested that the lower of the two values was recorded. ▪ We conducted meetings with the valuers, in the presence of Management to assess their valuation methods as well as the capability, competence, objectivity and independence of the valuers.

	▪ We used the services of an independent firm of valuers, for the assessment, in a sample basis, of the valuation methods and the appropriateness of the assumptions and parameters used in the valuation reports for the calculation of the fair value. ▪ We physically inspected a sample of properties to assess their physical existence. ▪ We considered the adequacy of disclosures in the financial statements in relation to the valuation of the investment properties and the properties classified as inventory.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information contained in the Management Report and the Consolidated Management Report, the Corporate Governance statement of the members of the Board of Directors and the list of investments which we received before the date of the auditors report, but does not include the consolidated and separate financial statements and the auditor's report thereon, and also the information which are included in the Chairman's and the Managing director's greetings which are expected to be available to us after the date of the auditor's report.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information received before the date of the independent auditor's report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governacne for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the Board of Directors is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and the separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

We communicate with 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

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

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors for the year 2017 at the Annual General Meeting of the Shareholders of the Company on 7 September 2017. We have been reappointed as auditors for the year 2018 at the Annual General Meeting of the Shereholders of the Company on 6 September 2018. Our appointment is renewed annually by shareholders resolution and it represents a total uninterrupted appointment period of two years.

Consistency of the Additional Report to the Audit Committee

We confirm that our opinion on the consolidated and separate financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company which we issued on 22 February 2019 in accordance to Article 11 of the EU Regulation 537/2014.

Provision of Non-Auditing Services

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

Other Legal Requirements

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

- In our opinion, based on the work undertaken in the course of our audit, the consolidated and reparate management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the separate and consolidated financial statements

- In light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatments in the consolidated and separate management report. We have nothing to report in this respect.

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

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

- In light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other Matters

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

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

Gabriel Onisiforou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 27 February 2019

Demetra Investments Public Limited

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2018

	Note	**2018** **€**	2017 €
Revenue			
Dividend income	7	**495.036**	418.877
Interest income	7	**318.982**	997.614
Profit from disposal, revaluation and development of land and immovable property	11	**1.086.648**	338.758
Profit from financial assets	6	**5.576.772**	3.147.555
		7.477.438	4.902.804
Administrative expenses	10	**(1.500.574)**	(1.511.500)
Expected credit losses	23,26	**(120.083)**	-
Finance expenses	12	**(127.017)**	(29.100)
Reversal of provision / (provision) for share of loss from associated companies	19	**413.656**	(1.024.570)
Profit before Taxation		**6.143.420**	2.337.634
Taxation	13	**(161.379)**	(406.234)
Net Profit for the year		**5.982.041**	1.931.400
Other comprehensive income *Items that will not be reclassified to consolidated profit or loss in subsequent periods*			
Gain on revaluation of financial assets available-for-sale	20	**-**	24.143
Gain on revaluation and redemption of financial assets in fair value through other comprehensive income	20	**8.531**	-
Total comprehensive income for the year		**5.990.572**	1.955.543
Net profit attributable to:			
Company shareholders		**5.982.041**	1.931.400
Profit per share - cents	14	**2,99**	0,97
Total comprehensive income attributable to:			
Company shareholders		**5.990.572**	1.955.543
Total comprehensive income per share - cents	14	**3,00**	0,98

Demetra Investments Public Limited

Consolidated Statement of Financial Position
as at 31 December 2018

	Note	**31/12/2018** **€**	31/12/2017 €
ASSETS			
Non-current assets			
Property, plant and equipment	16	**1.515.815**	1.508.866
Investment Properties	17	**31.715.017**	31.335.267
Receivables from associated companies	23	**11.047.673**	11.066.713
Deferred taxation	28	**1.025.973**	1.151.662
Total non-current assets		**45.304.478**	45.062.508
Current Assets			
Inventory	21	**7.526.324**	7.737.324
Other receivables	22	**179.172**	159.773
Financial assets available-for-sale	20	**-**	291.469
Financial assets at fair value through profit or loss	25	**31.399.803**	61.517.514
Bank deposits	26	**11.357.697**	5.483.890
Cash and cash equivalents	26	**30.989.211**	1.222.815
Current tax asset	30	**74.747**	175.823
Total current assets		**81.526.954**	76.588.608
Total assets		**126.831.432**	121.651.116
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	27	**140.000.000**	140.000.000
Reserves		**(16.231.519)**	(21.627.006)
Total equity		**123.768.481**	118.372.994
Current liabilities			
Provision for losses of associated companies	19	**2.414.951**	2.636.268
Trade and other payables	29	**648.000**	641.854
Total current liabilities		**3.062.951**	3.278.122
Total equity and liabilities		**126.831.432**	121.651.116
Net assets per share - cents	14	**61,88**	59,19

On 27 February 2019, the Board of Directors of Demetra Investments Public Limited authorised these consolidated financial statements for issue.

Antonios-Andreas-Andis Scordis Chairman	Dr. Nearchos Ioannou Vice-Chariman	Dr. Nicos Michaelas Managing Director	Costas Paphitis Chief Financial Officer

Consolidated Statement of Changes in Equity
for the year ended 31 December 2018

	Share Capital €	Exchange difference reserve €	Investments reserve €	Accumulated losses €	Total equity €
Balance at 1 January 2017	140.000.000	319.437	(32.674)	(23.696.206)	116.590.557
Net profit after tax for the year	-	-	-	1.931.400	1.931.400
Other comprehensive income after tax for the year	-	-	24.143	-	24.143
Special Defence contribution to deemed dividend distribution	-	-	-	(173.106)	(173.106)
Balance at 31 December 2017 / 1 January 2018	**140.000.000**	**319.437**	**(8.531)**	**(21.937.912)**	**118.372.994**
Effect of IFRS 9 application (Note 3.1)	**-**	**-**	**-**	**(571.505)**	**(571.505)**
Restated balance at 1 January 2018	**140.000.000**	**319.437**	**(8.531)**	**(22.509.417)**	**117.801.489**
Net Profit after tax for the year	**-**	**-**	**-**	**5.982.041**	**5.982.041**
Other comprehensive income after tax for the year	**-**	**-**	**8.531**	**-**	**8.531**
Special Defence contribution to deemed dividend distribution	**-**	**-**	**-**	**(23.580)**	**(23.580)**
Balance at 31 December 2018	**140.000.000**	**319.437**	**-**	**(16.550.956)**	**123.768.481**

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 investment reserve 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 in previous years.

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

Demetra Investments Public Limited

Consolidated Statement of Cash Flows
for the year ended 31 December 2018

	Note	**2018** **€**	2017 €
Cash flow from operating activities			
Profit for the year before taxation		**6.143.420**	2.337.634
Adjustments for:			
Depreciation of property, plant and equipment	16	**90.742**	92.138
Exchange difference arising on the translation and consolidation of foreign subsidiary companies' financial statements		**-**	-
Profit from the revaluation of property, plant and equipment	11	**(61.510)**	(90.297)
Profit from the sale and revaluation of financial assets at fair value through profit or loss	6	**(5.576.772)**	(3.147.555)
Fair value (Profit)/losses on investment property	17	**(123.229)**	361.741
(Reversal provision)/ provision for share of loss from associated companies	19	**(413.656)**	1.024.570
Expected credit losses		**116.817**	-
Net cash flow before working capital changes		**175.812**	578.231
Decrease in inventories		**211.000**	433.508
(Increase) / decrease in other receivables		**(19.399)**	554.016
Increase in receivables from associated companies		**(196.417)**	(420.353)
Net purchases of financial assets at fair value through profit or loss		**35.694.482**	(24.779.218)
Decrease in trade and other payables		**(17.434)**	(162.403)
(Increase) / decrease in bank deposits		**(6.154.332)**	24.346.448
Purchase of investment property	17	**(556.521)**	(216.762)
Redemption of financial assets	20	**300.000**	-
Disposal of investment property	17	**300.000**	-
Cash flow from operations		**29.737.191**	333.467
Taxation received/ (paid)		**65.386**	(29.775)
Net cash flow to operations		**29.802.577**	303.692
Cash flow from investing activities			
Purchase of property, plant and equipment	16	**(36.181)**	(56.342)
Net cash flow used in investing activities		**(36.181)**	(56.342)
Net increase in cash and cash equivalents		**29.766.396**	247.350
Cash and cash equivalents at the beginning of the year		**1.222.815**	975.465
Cash and cash equivalents at the end of the year	26	**30.989.211**	1.222.815

Demetra Investments Public Limited

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2018

	Note	**2018 €**	2017 €
Revenue			
Dividend income	7	**894.236**	852.477
Interest income	7	**320.032**	1.025.802
Income similar to interest income	7	**34.011**	-
Profit from disposal, revaluation and development of land and immovable property	11	**7.800**	72.200
Profit from financial assets and liabilities	6	**5.849.772**	3.147.555
		7.105.851	5.098.034
Administrative expenses	10	**(1.266.239)**	(1.172.688)
Impairment of investments in subsidiary companies	18	**(251.000)**	(932.000)
Decrease in provisions for doubtful debts		**-**	39.000
Expected credit losses	23,26	**(120.083)**	-
Finance Expenses	12	**(124.829)**	(24.182)
Reversal of provision/ (provision) for share of loss from associated companies	19	**413.656**	(1.024.570)
Profit before taxation		**5.757.356**	1.983.594
Taxation	13	**(91.922)**	205.706
Net profit for the year		**5.665.434**	2.189.300
Other comprehensive income *Items that will not be reclassified to profit or loss in subsequent periods*			
Gain on revaluation of financial assets available-for-sale	20	**-**	24.143
Gain on revaluation and redemption of financial assets in fair value through other comprehensive income	20	**8.531**	-
Total comprehensive income for the year		**5.673.965**	2.213.443
Net profit attributable to:			
Company shareholders		**5.665.434**	2.189.300
Profit per share - cents	14	**2,83**	1,09
Total comprehensive income attributable to:			
Company shareholders		**5.673.965**	2.213.443
Total comprehensive income per share - cents	14	**2,84**	1,11

Demetra Investments Public Limited

Statement of Financial Position
as at 31 December 2018

	Note	**31/12/2018** €	31/12/2017 €
ASSETS			
Non-current assets			
Property, plant and equipment	16	**74.072**	86.468
Investment property	17	**2.411.000**	2.762.000
Investments in subsidiary companies	18	**10.721.872**	10.972.872
Investments in associated companies	19	**400**	400
Receivables from associated companies	24	**11.047.673**	11.066.713
Deferred taxation	28	**-**	81.143
Total non-current assets		**24.255.017**	24.969.596
Current assets			
Oher receivables	22	**116.655**	116.907
Receivables from subsidiary companies	24	**28.563.747**	28.419.197
Financial assets available-for-sale	20	**-**	291.469
Financial assets at fair value through profit or loss	25	**31.399.803**	61.517.514
Bank deposits	26	**11.263.932**	5.131.476
Cash and cash equivalents	26	**30.786.881**	1.001.616
Current tax asset	30	**41.998**	162.495
Total current assets		**102.173.016**	96.640.674
Total assets		**126.428.033**	121.610.270
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	27	**140.000.000**	140.000.000
Reserves		**(16.486.293)**	(21.565.173)
Total equity		**123.513.707**	118.434.827
Current liabilities			
Provision for losses of associated companies	19	**2.414.951**	2.636.268
Trade and other payables	29	**499.375**	539.175
Total current liabilities		**2.914.326**	3.175.443
Total equity and liabilities		**126.428.033**	121.610.270
Net assets per share (cents)	14	**61,76**	59,22

On 27 February 2019, the Board of Directors of Demetra Investment Public Limited approved these separate financial statements for issue.

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

Statement of Changes in Equity
for the year ended 31 December 2018

	Share Capital €	Investment reserve €	Accumulated losses €	Total equity €
Balance at 1 January 2017	140.000.000	(32.674)	(23.572.836)	116.394.490
Net profit after tax for the year	-	-	2.189.300	2.189.300
Other comprehensive income after tax for the year	-	24.143	-	24.143
Special defence contribution on deemed dividend distribution	-	-	(173.106)	(173.106)
Balance at 31 December 2017 / 1 January 2018	**140.000.000**	**(8.531)**	**(21.556.642)**	**118.434.827**
IFRS 9 application effect (Note 3.1)	**-**	**-**	**(571.505)**	**(571.505)**
Restated balance at 1 January 2018	**140.000.000**	**(8.531)**	**(22.128.147)**	**117.863.322**
Net profit after tax for the year	**-**	**-**	**5.665.434**	**5.665.434**
Other comprehensive income after tax for the year	**-**	**8.531**	**-**	**8.531**
Special defence contribution on deemed dividend distribution	**-**	**-**	**(23.580)**	**(23.580)**
Balance at 31 December 2018	**140.000.000**	**-**	**(16.486.293)**	**123.513.707**

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 investment reserve 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 in previous years.

Demetra Investments Public Limited

Statement of Cash Flows
for the year ended 31 December 2018

	Note	**2018**	2017
		€	€
Cash flow from operating activities			
Profit for the year before taxation		**5.757.356**	1.983.594
Adjustments for:			
Depreciation of property, plant and equipment	16	**38.897**	45.852
Profit on the sale and revaluation of financial assets at fair value through profit or loss	6	**(5.576.772)**	(3.147.555)
Impairment of investments in subsidiary companies	18	**251.000**	932.000
Loss/ (profit) from the revaluation of investment properties	17	**51.000**	(25.000)
(Reversal of provision)/ provision for share of loss from associated companies	19	**(413.656)**	1.024.570
Expected credit losses		**116.817**	-
Net cash flow before working capital changes		**224.642**	813.461
Decrease in other receivables		**252**	468.067
Increase in receivable balances from subsidiary and associated companies		**(340.967)**	(574.499)
Net purchases of financial assets at fair value through profit or loss		**35.694.482**	(24.779.218)
Decrease in trade and other payables		**(63.380)**	(48.666)
(Increase)/ decrease in bank deposits		**(6.412.981)**	24.347.864
Redemption of financial assets	20	**300.000**	-
Disposal of investment assets	17	**300.000**	-
Cash flow from operations		**29.702.048**	227.009
Taxation received		**109.718**	35.577
Net cash flow from operations		**29.811.766**	262.586
Cash flow from investing activities			
Purchase of tangible fixed assets	16	**(26.501)**	(15.584)
Net cash flow used in investing activities		**(26.501)**	(15.584)
Net increase in cash and cash equivalents		**29.785.265**	247.002
Cash and cash equivalents at the beginning of the year		**1.001.616**	754.614
Cash and cash equivalents at the end of the year	26	**30.786.881**	1.001.616

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 include 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 and investments in other activities.

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.

Financial statements
The financial statements of the Company and the Group can be collected from the registered office of the Company which is located at 13 Lemesos Avenue, 5th floor, 2112, Nicosia, Cyprus or can be found in the website of the company: www.demetra.com.cy

2. Adoption of new and revised IFRSs

a. New and amended standards and interpretations

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 2018.

2. Adoption of new and revised IFRSs (continued)

a. New and amended standards and interpretations (continued)

IFRS 9: Financial Instruments

IFRS 9 Financial instruments (IFRS 9) replaces IAS 39 Financial instruments: Recognition and Measurement (IAS 39) and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual accounting periods beginning on or after 1 January 2018 with early adaption permitted. The Company and the Group applied IFRS 9 on 1 January 2018.

Impact of IFRS 9
The Company's IFRS 9 impact on transition disclosed in Note 3.1.

Transition

The classification, measurement and impairment requirements were applied retrospectively by adjusting the statement of financial position at the date of initial application, and as permitted by IFRS 9 the Company and the Group did not restate comparative information for prior periods. As a result, the comparative information for 2017 pursuant to IAS 39 is reported in compliance with the accounting and measurement methods disclosed in the 2017 financial statements. The impact on the implementation date, 1 January 2018, was recognised as an adjustment on equity. No deferred tax asset was recognised on IFRS 9 impact upon transition. The relevant accounting policy disclosed in Note 3.

IFRS 15 "Revenue from Contracts with Customers"

On January 1 2018, the Group adopted IFRS 15 'Revenue from Contracts with Customers', which specifies how and when revenue is recognised and applies to all contracts with customers, except those which are in scope of other standards such as income recognition related to financial instruments in scope of IFRS 9. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the Group's ordinary activities (e.g. sales of equipment or intangibles).

IFRS 15 specifies that variable consideration is only recognised when the related performance obligation has been satisfied and to the extent that it is highly probable that a significant reversal will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

IFRS 15 also provides guidance on when revenues and expenses should be presented on a gross or net basis and establishes a cohesive set of disclosure requirements for information on the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Standard also requires entities to provide users of financial statements with more informative and relevant disclosures. IFRS 15 did not have a material impact on the Group's consolidated financial statements.

2. Adoption of new and revised IFRSs (continued)

a. New and amended standards and interpretations (continued)

Annual Improvements Cycle IFRS 2014-2016
The International Accounting Standards Board (IASB) has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle, which is a collection of amendments to IFRSs. The amendments did not have any impact on the Company's and Group's financial position and performance.

IAS 28 Investments in Associates and Joint Ventures: The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)
The Amendments provide requirements on the accounting treatment (a) for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, (b) for share-based payment transactions with a net settlement feature for withholding tax obligations and (c) for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments did not have any impact on the Company's and Group's financial position and performance.

IFRIC interpetation 22: Foreign Currency Transactions and Advance Consideration
The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation did not have any impact on the Company's and Group's financial position and performance.

IAS 40: Transfers to Investment Property (Amendments)
The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. During the year, there is no any transfer to or from the investments property so, the amendments did not have any impact on the Company's and Group's financial position and performance.

2. Adoption of new and revised IFRSs (continued)

b. Standards, Interpretations and Amendments to published standards that are issued but not yet effective

Up to the date of approval of the financial statements, certain new Standards, Interpretations and Amendments to existing standards have been published that are not yet effective for the current reporting period and which the Group has not early adopted, as follows:

Issued by the IASB and adopted by the European Union

IFRS 16: Leases

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to the contract, i.e. the customer ("lessee") and the supplier ("lessor"). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exceptions. Lessors accounting is substantially unchanged. The Company's management carried out an assessment of the impact of the standard and considers that the modifications will not bring any significant changes in the Company's and Group's financial statements as the Company and the Group, due to the nature of their activities, operate as lessor.

On the separate financial statements, the Company operates as lessee in relation to the lease of the Company's premises from the subsidiary company Demetra Tower Ltd. The Company's management carried out an assessment of the impact of the standard and considers that the modification will not bring any significant changes in the Company's separate financial statements.

IFRS 9: Right of prepayment with negative compensation (Amendments)

The Amendment is effective for annual periods beginning on or after 1 January 2019 with earliest application permitted. The Amendment allows financial assets with prepayment features that permit or require a party from contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation') to be measured at amortized cost or at fair value through other comprehensive income. The Company's management carried out an assessment of the impact of this amendement and considers that the modification will not bring any significant changes in the Company's and Group's financial statements.

2. Adoption of new and revised IFRSs (continued)

b. Standards, Interpretations and Amendments to published standards that are issued but not yet effective (continued)

Interpretation IFRIC 23: Uncertainty in relation to the revised income tax

The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The Company's management carried out an assessment of the impact of this interpretation and considers that the modification will not bring any significant changes in the Company's and Group's financial statements.

IAS 28: Long-term Interests in Associates and Joint Ventures (amendments)

The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. The Company's management carried out an assessment of the impact of this amendment and considers that the modification will not bring any significant changes in the Company's and Group's financial statements.

Issued by the IASB but not yet adopted by the European Union

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures- Amendment: Sale or Contribution of Assets between an Investor and its Associate or Joint Ventue

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely. The outcome of its research project on the equity method of accounting is still outstanding.

2.Adoption of new and revised IFRSs (continued)

b. Standards, Interpretations and Amendments to published standards that are issued but not yet effective (continued)

Issued by the IASB but not yet adopted by the European Union (continued)

IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. The Company's management considers that these amendements will not bring any significant changes in the financial statements of the Group and the Company.

IFRS 3: Business Combinations (Amendments)

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. The Company's management considers that these amendements will not bring any significant changes in the financial statements of the Group and the Company.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. The company's management is in the process of evaluating the impact of this modification on the results and the financial situation of the Group and the Company.

2.Adoption of new and revised IFRSs (continued)

b. Standards, Interpretations and Amendments to published standards that are issued but not yet effective (continued)

Issued by the IASB but not yet adopted by the European Union (continued)

Conceptual Framework in IFRS standards
The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

The **IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The company's management is in the process of evaluating the impact of this modification on the results and the financial situation of the Group and the Company

- **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements**: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12 Income Taxes:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- **IAS 23 Borrowing Costs**: The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally**.**

The Company and the Group are in the process of evaluating the impact of the application of the above standards in the consolidated and separate financial statements, while they do not intend to proceed to the early implementation of any accounting Standards before their mandatory date of application.

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

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 is 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 reporting 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. More details are disclosed in Note 5 below.

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, the properties classified as inventory which are measured at the net realisable value when this value is lower that the cost, financial assets measured at fair value through profit or loss and properties (land and buildings) and loans to subsidiaries in separate financial statements which are measures at fair value.

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

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

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.

3. Summary of significant accounting policies

Basis of preparation (continued)

For financial instruments recognised in the financial statements of the Company and the Group at fair value, the Company's management determines whether transfers have been made between the levels of the hierarchy by re-evaluating the categorisation (based on the lowest input level which is important for measuring fair value in its entirety) on the date that it is considered that a change of circumstances occurs.

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 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. Additional information for the operating environment is presented in Note 32.

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.

Basis of consolidation
The consolidated financial statements of the Group for the year ended 31 December 2018, 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.

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 Group 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:

3. Summary of significant accounting policies (continued)

Basis of consolidation (continued)

- 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.

3. Summary of significant accounting policies (continued)

Business combinations (continued)

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.

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.

3. Summary of significant accounting policies (continued)

Business combinations (continued)
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".

Investments in associates
An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

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.

3. Summary of significant accounting policies (continued)

Investments in associates (continued)

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 Company's investment in an associate. 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 to sell) 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.

When the Group reduces its ownership interest in an associate 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 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 that are not related to the Group.

3. Summary of significant accounting policies (continued)

Investments in subsidiaries and associates
In the separate 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
Revenue is recognized to the extent that it is probable that economic benefits will flow into the Company and the Group and the amount of revenue can be reliably measured. Revenue for the Company and the Group is also recognized when the following criteria are met:

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 income from loans receivable, securities, bonds and deposits are recognised using the effective interest rate method.

Profit or loss from the sale of financial assets or liabilities at fair value through 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 sale of properties is recognised upon delivery and transfer of risks and rewards to the buyer.

Rental income from the lease of investment properties and properties classified as inventory is recognized under the straight line method over the lease term, unless if the terms of the rental agreement are such that it is considered as a more representative method the income from rents to be recognised in an accruals basis, depending on the substance of the relevant agreements.

Employees’ benefits
The company contributes to the government social Insurance fund based on employees' salaries. Furthermore, the company contributes to a medical scheme and to the approved employees provident of the Company. All these funds are of a defined contribution nature. The Company's contributions are recognized in the period in which they are related and are included in the staff costs which are included in the operating expenses. The Company does not have defined benefits funds nor does it provide a share options to its directors and employees.
The other companies of the Group do not have any employees.

Operating leases
Leases which does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The assets classified as operating leases remain with the lessor and are recognised in the statement of financial position of the Company and the Group.

3. Summary of significant accounting policies (continued)

Finance expenses
Interest expense and other borrowing costs are expensed in the period in which they occur.

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.

Monetary assets and liabilities denominated in foreign currencies are translated to Euro at the rates prevailing on the statement of financial position date. Non monetary assets 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 assets 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 reporting 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.

3. Summary of significant accounting policies (continued)

Taxation (continued)

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.

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.

3. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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. The inventories represent assets for which the Board of directors decided to sell or use them for future sale.

3. Summary of significant accounting policies (continued)

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.

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. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

3. Summary of significant accounting policies (continued)

Financial instruments

Financial instruments – Initial recognition
Purchases and sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company and the Group commit to purchase or sell the asset. Financial assets are derecognised when the right to receive cash flows from the asset have expired or transferred and the Company and the Group transferred substantially all significant risks and rewards of ownership.

The classification of financial instruments at initial recognition depends on the financial instrument's contractual cash flow characteristics and the Group's business model for managing them. All financial instruments are initially measured at fair value plus, in the case of a financial asset and liability not at fair value through profit or loss, transaction costs which are directly attributable to its purchase or issue.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Classification and measurement (policy applicable from 1st January 2018 – IFRS 9)

The classification and measurement of financial assets depends on how these are managed as part of the Business Models the Company and the Group operate under and their contractual cash flow characteristics (whether the cash flows represent solely payments of principle and interest (SPPI)). These factors determine whether the financial assets are measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

Financial instruments measured at amortised cost
Financial instruments are measured at amortised cost if they meet both of the following conditions:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This classification relates to cash and deposits with banks and loans and receivables from associated companies and other receivables of which the cash flows represent solely payments of principal and interest (SPPI). These financial assets are measured at amortised cost using the effective interest rate method (EIR) less allowances for expected credit losses (ECL).

Financial instruments measured at FVOCI with gains or losses recycled to profit or loss on derecognition
Financial instruments are measured at FVOCI if they meet both of the following conditions:
- The financial asset is held within a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Classification and measurement (policy applicable from 1st January 2018 – IFRS 9) (continued)

This classification relates to debt securities held under the 'Hold to collect and sell' business model that pass the SPPI criterion. FVOCI instruments are subsequently measured at fair value with unrealised gains and losses recognised in other comprehensive income. Upon derecognition, any accumulated balances in other comprehensive income are reclassified to the statement of profit or loss.

The Company and the Group do not hold, as at year end, financial instruments classified in the specific category, according to the business models and their contractual cash flow characteristics.

Equity investments at fair value through profit or loss
Equity investments are measured at fair value through profit or loss. On transition to IFRS 9 and on initial recognition thereafter, there is an option to make an irrevocable election for equity investments not held for trading and that meet the definition of Equity under IAS 32 'Financial Instruments: Presentation', to be measured at fair value through other comprehensive income. This election is made on an instrument-by-instrument basis. Fair value gains or losses on these equity instruments are recognised in other comprehensive
income and are not recycled to profit or loss upon derecognition but are transferred directly to retained earnings. Dividends on equity instruments are recognised in the statement of profit or loss.

All equity investments are measured at fair value through profit or loss and their fair value changes are recognised in the statement of profit or loss.

Financial assets at fair value through profit or loss
The financial assets at fair value through profit or loss include, except from the equity investments, those that are held for trading, those that are designated by management at initial recognition or those mandatorily measured on a fair value basis in accordance with IFRS 9.

These financial assets are measured at fair value through profit or loss and their fair value changes are recognised in the statement of profit or loss.

This classification includes financial assets mandatorily measured at fair value through profit or loss (FVTPL), which relate to some loans and receivables from subsidiary companies to the Company recognised in the separate financial statements of the Company, for which the contractual cash flows do not pass the SPPI criteria.

Business model assessment
The portfolio level is determined at the aggregation level that reflects how the Group manages its financial assets and is based on observable factors which include how the performance of the business model and the financial assets held within that business model are evaluated and the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

On transition to IFRS 9, business models were determined on the date of initial application based on facts and circumstances that existed on 1 January 2018 and re-assessed at each reporting date.

SPPI assessment
The Company and the Group assess whether the individual financial assets' cash flows represent solely payments of principal and interest on the principal amount outstanding (SPPI test). In assessing whether contractual cash flows are SPPI, the Company and the Group considers the terms that could change the contractual cash flows so that they would not meet the condition for SPPI and be inconsistent to a basic lending arrangement. In addition, where the contractual terms of a financial asset introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset will be measured at FVPL.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities
Financial liabilities continue to be measured initially at fair value and subsequently at amortised cost except those held for trading and derivative financial liabilities which are measured at fair value through profit or loss.

Reclassification of financial assets
The Group does not reclassify its financial assets subsequent to their initial recognition apart from exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

Impairment of financial assets (policy applicable from 1st January 2018 – IFRS 9)
Allowance for expected credit losses (ECLs) are recognised for all financial assets not measured at fair value through profit or loss or financial assets at fair value through other comprehensive income without recycling. Specifically, ECLs are recorded for all financial assets measured at amortised cost and FVOCI with recycling, lease receivables, loan commitments and financial guarantee contracts.

The Group and the Company calculate ECL based on weighted forecasts for measuring expected cash flow defaults, discounted to the approximate EIR as calculated at initial recognition. Cash flow default is the difference between the contractual cash flows and the cash flows expected to be received.

For financial assets for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

In cases for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group and the Company classifies its financial assets into Stage 1, Stage 2, Stage 3 for ECL measurement as described below:

Stage 1: Financial assets which have not had a significant increase in credit risk since initial recognition are considered to be Stage 1 and 12-month ECL is recognised.
Stage 2: Financial assets that are considered to have experienced a significant increase in credit risk since initial recognition are considered to be Stage 2 and lifetime losses are recognised.
Stage 3: Financial assets which are considered to be credit-impaired and lifetime losses are recognised.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (policy applicable from 1st January 2018 – IFRS 9) (continued)

ECL is recognised in profit or loss with a corresponding ECL allowance reported as a decrease in the carrying value of financial assets measured at amortised cost on the statement of financial position.
ECL for the period is recognised within the statement of profit or loss on loans to associated companies and cash and deposits.

For cash and cash equivalents and bank deposits the Company and the Group use the general approach for the calculation of expected credit losses. Due to the short-term nature of these assets (i.e. less than 12 months), the Company and the Group recognise expected credit losses at Stage 1.

For loans from associated companies, the Company and the Group use the general approach for the calculation of expected credit losses. The Company and the Group concluded that the receivables from the associated companies met the criteria for recognition of lifetime expected credit losses (Stage 2). The Company and the Group use two scenarios for the calculation of expected credit losses for the loans from associated companies.

For estimating the probability of default (PD), the Company and the Group use credit ratings from external rating agencies. The PD is determined on the basis of the assessment of a counterparty by reference to the relationship between the rating and PD. LGD is determined based on historical recovery rates for liabilities from external rating agencies.

The Company and the Group consider a financial asset in default and credit impaired when the contractual payments are 90 days past due.

Derecognition

Financial assets
A financial asset is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Offsetting of financial instruments

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

Financial assets (policy applicable before 1st January 2018 – IAS 39)

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

The classification of investments 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 or loss
This category has two sub-categories:
1) financial assets held for trading and
2) those designated at fair value through profit or 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.

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.

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.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets (policy applicable up until 31 December 2017)

The Company and the Group assessed 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.

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.

Trade and other payables
Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business of the Company and the Group. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Share capital
Ordinary shares are classified as equity.

Provisions
The provisions are recognized when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where there is no likelihood of a flow of assets, the obligation refers to the financial statements of the company and the group unless the probability is remote.

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 reporting 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.

3. Summary of significant accounting policies (continued)

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.

Analysis by activity sector
For management purposes, the activities of the Group are divided into three main sectors:
a) Investments in equity securities and other securities and financial assets
b) Investments in the land and property development sector and
c) Investments in other projects.

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.

Analysis by activity 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 non current 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 and Bulgaria.

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

3. Summary of significant accounting policies (continued)

3.1 Transitional statements

3.1.1 Transitional Consolidated Statement of Financial Position at the Adoption of IFRS 9

THE GROUP

	31 December 2017 (IAS 39 presentation)	Reclassification and measurement	1 January 2018 (restated with the adoption of IFRS 9)
Assets	**€**	**€**	**€**
Tangible fixed assets	1.508.866	-	1.508.866
Investment property	31.335.267	-	31.335.267
Financial assets available for sale(IAS 39)/at fair value through profit or loss (IFRS 9)	291.469	-	291.469
Receivables from associate company	11.066.713	(237.562)	10.829.151
Deferred taxation	1.151.662	-	1.151.662
Inventories	7.737.324	-	7.737.324
Other receivables	159.773	-	159.773
Financial assets at fair value through profit or loss	61.517.514	-	61.517.514
Cash and cash equivalents	1.222.815	(2.163)	1.220.652
Bank deposits	5.483.890	(139.440)	5.344.450
Current tax assets	175.823	-	175.823
Total assets	121.651.116	(379.165)	121.271.951
Liabilities			
Provision for losses of associate company	2.636.268	192.340	2.828.608
Trade and other payables	641.854	-	641.854
Total liabilities	3.278.122	192.340	3.470.462
Equity			
Share capital	140.000.000	-	140.000.000
Reserves	(21.627.006)	(571.505)	(22.198.511)
Total equity attributable to owners of the company	118.372.994	(571.505)	117.801.489
Total equity and liabilities	121.651.116	(379.165)	121.271.951

3. Summary of significant accounting policies (continued)

3.1 Transitional statements (continued)

3.1.1 Transitional Statement of Financial Position of the Company at the Adoption of IFRS 9

THE COMPANY

	31 December 2017 (IAS 39 presentation)	Reclassification and measurement	1 January 2018 (restated with the adoption of IFRS 9)
Assets	**€**	**€**	**€**
Tangible fixed assets	86.468	-	86.468
Investment property	2.762.000	-	2.762.000
Investments in subsidiaries	10.972.872	-	10.972.872
Financial assets available for sale(IAS 39)/at fair value through profit or loss (IFRS9)	291.469	-	291.469
Investment in associate companies	400	-	400
Receivables from associate company	11.066.713	(237.562)	10.829.151
Deferred taxation	81.143	-	81.143
Other receivables	116.907	-	116.907
Receivables from subsidiary companies	28.419.197	-	28.419.197
Financial assets at fair value through profit or loss	61.517.514	-	61.517.514
Cash and cash equivalents	1.001.616	(2.163)	999.453
Bank Deposits	5.131.476	(139.440)	4.992.036
Current tax assets	162.495	-	162.495
Total assets	121.610.270	(379.165)	121.231.105
Liabilities			
Provision for losses of associate company	2.636.268	192.340	2.828.608
Trade and other payables	539.175	-	539.175
Total liabilities	3.175.443	192.340	3.367.783
Equity			
Share capital	140.000.000	-	140.000.000
Reserves	(21.565.173)	(571.505)	(22.136.678)
Total equity attributable to owners of the company	118.434.827	(571.505)	117.863.322
Total equity and liabilities	121.610.270	(379.165)	121.231.105

The classification, measurement and impairment requirements of IFRS 9 were applied retrospectively by adjusting the statement of financial position at the initial application, and as permitted by IFRS 9, the Group and the Company did not restate comparative information for prior periods. The impact on the implementation date, 1 January 2018, was recognized as an adjustment on equity.

There were no changes to the classification and measurement of financial liabilities. The carrying amount of these financial liabilities under IAS 39 and IFRS 9 is the same.

3. Summary of significant accounting policies (continued)

3.1 Transitional statements (continued)

3.1.2 Classification and restatement of financial assets

The measurement category and the carrying amount of financial assets and financial liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

	IAS 39		IFRS 9	
THE GROUP	**Measurement category**	**Carrying amount**	**Measurement category**	**Carrying amount**
Financial assets		**€**		**€**
Financial assets available for sale	Fair value/ Available for sale	291.469	Fair value through other comprehensive income	291.469
Receivables from associate company	Loans and receivables (amortised cost)	11.066.713	Amortised cost	10.829.151
Other receivables	Loans and receivables (amortised cost)	159.773	Amortised cost	159.773
Financial assets at fair value through profit or loss	Fair value through profit or loss	61.517.514	Fair value through profit or loss	61.517.514
Cash and cash equivalents	Loans and receivables (amortised cost)	1.222.815	Amortised cost	1.220.652
Bank deposits	Loans and receivables (amortised cost)	5.483.890	Amortised cost	5.344.450
Financial liabilities				
Provision for losses of associate company	Amortised cost	2.636.268	Amortised cost	2.828.608
Trade and other payables	Amortised cost	641.854	Amortised cost	641.854

3. Summary of significant accounting policies (continued)

3.1 Transitional statements (continued)

3.1.2 Classification and restatement of financial assets (continued)

	IAS 39		IFRS 9	
THE COMPANY	**Measurement category**	**Carrying amount**	**Measurement category**	**Carrying amount**
Financial assets		**€**		**€**
Financial assets available for sale	Fair value/ Available for sale	291.469	Fair value through other comprehensive income	291.469
Receivables from associate company	Loans and receivables (amortised cost)	11.066.713	Amortised cost	10.829.151
Receivables from subsidiary companies	Loans and receivables (amortised cost)	28.419.197	Fair value through profit or loss	28.419.197
Other receivables	Loans and receivables (amortised cost)	116.907	Amortised cost	116.907
Financial assets at fair value through profit or loss	Fair value through profit or loss	61.517.514	Fair value through profit or loss	61.517.514
Cash and cash equivalents	Loans and receivables (amortised cost)	1.001.616	Amortised cost	999.453
Bank deposits	Loans and receivables (amortised cost)	5.131.476	Amortised cost	4.992.036
Financial liabilities				
Provision for losses of associate company	Amortised cost	2.636.268	Amortised cost	2.828.608
Trade and other payables	Amortised cost	539.175	Amortised cost	539.175

3. Summary of significant accounting policies (continued)

3.1 Transitional statements (continued)

3.1.3 Reconciliation of the carrying amount of the statement of financial position amounts from IAS 39 to IFRS 9

With the adoption of IFRS 9 on 1 January 2018, the Company's Management evaluated the business models for managing the financial assets and cash flow characteristics to determine their classification and measurement method. Based on the results of their classification and measurement method, the Company and the Group proceeded with the measurement of these financial assets based on the new IFRS 9 measurement requirements.

More information on the new IFRS 9 classification requirements is presented in Note 3.

The reconciliation of the carrying amount of financial assets from the measurement method based on IAS 39 to the new measurement method during the transition to IFRS 9 on January 1, 2018 is presented in the table below:

THE GROUP	**Note**	**IAS 39 Carrying amount 31 December 2017**	**Reclassi-fication**	**Remeasurement-Expected credit losses**	**IFRS 9 Carrying amount 1 January 2018**
Financial assets		€	€	€	€
At amortised cost – IFRS 9					
Receivables from associate company					
Carrying amount- IAS 39		11.066.713	-	-	-
Remeasurement: Expected credit losses		-	-	(237.562)	-
Carrying amount- IFRS 9		-	-	-	10.829.151
Cash and cash equivalents					
Carrying amount- IAS 39		1.222.815	-	-	-
Remeasurement: Expected credit losses		-	-	(2.163)	-
Carrying amount- IFRS 9		-	-	-	1.220.652
Bank deposits					
Carrying amount- IAS 39		5.483.890	-	-	-
Remeasurement- Expected credit losses		-	-	(139.440)	-
Carrying amount- IFRS 9		-	-	-	5.344.450
At fair value-IFRS 9					
Financial assets at fair value through other comprehensive income (bonds)					
Carrying amount- IAS 39	B	291.469	-	-	-
Reclassification: From available for sale		-	(291.469)	-	-
Reclassification: To fair value through other comprehensive income (bonds)		-	291.469	-	291.469
Financial liabilities					
Provision for losses of associate companies					
Carrying amount- IAS 39	C	2.636.268	-	-	-
Remeasurement: Expected credit losses		-	-	192.340	-
Carrying amount- IFRS 9		-	-	-	2.828.608

3. Summary of significant accounting policies (continued)

3.1 Transitional statements (continued)

3.1.3 Reconciliation of the carrying amount of the statement of financial position amounts from IAS 39 to IFRS 9 (continued)

THE COMPANY	Note	IAS 39 Carrying amount 31 December 2017	Reclassi-fication	Remeasurement-Expected credit losses	IFRS 9 Carrying amount 1 January 2018
Financial assets		€	€	€	€
At amortised cost – IFRS 9					
Receivables from associate company					
Carrying amount- IAS 39		11.066.713	-	-	-
Remeasurement: Expected credit losses		-	-	(237.562)	-
Carrying amount- IFRS 9		-	-	-	10.829.151
Cash and cash equivalents					
Carrying amount- IAS 39		1.001.616	-	-	-
Remeasurement: Expected credit losses		-	-	(2.163)	-
Carrying amount- IFRS 9		-	-	-	999.453
Bank deposits					
Carrying amount- IAS 39		5.131.476	-	-	-
Remeasurement: Expected credit losses		-	-	(139.440)	-
Carrying amount- IFRS 9		-	-	-	4.992.036
At fair value though profit or loss-IFRS 9					
Receivables from subsidiary companies					
Carrying amount- IAS 39	A	28.419.197	-	-	-
Carrying amount- IFRS 9		-	-	-	28.419.197
At fair value-IFRS 9					
Financial assets at fair value through other comprehensive income (bonds)					
Carrying amount- IAS 39	B	291.469	-	-	-
Reclassification: From available for sale		-	(291.469)	-	-
Reclassification: To fair value through other comprehensive income (bonds)		-	291.469	-	291.469
Financial liabilities					
Provision for losses of associate company					
Carrying amount- IAS 39	C	2.636.268	-	-	-
Remeasurement: Expected credit losses		-	-	192.340	-
Carrying amount- IFRS 9		-	-	-	2.828.608

A. Receivables from subsidiary companies that were initially measured at amortized cost based on IAS 39, with carrying amount of € 28.419.197 as at 31 December 2017, did not meet the SPPI criteria, and as a result these have been classified at fair value through profit or loss on 1 January 2018 and remeasured at fair value without significant initial impact.

3. Summary of significant accounting policies (continued)

3.1 Transitional statements (continued)

3.1.3 Reconciliation of the carrying amount of the statement of financial position amounts from IAS 39 to IFRS 9 (continued)

B. On 1 January 2018, following the adoption of IFRS 9 by the Group and the Company which replaced IAS 39, the above bonds were classified as financial assets at fair value through other comprehensive income based on the Group's business model and on the characteristics of their conventional cash flows.

For bond valuation as at 31 December 2017 generally accepted valuation models were used based on discounted cash flow analysis using publicly available current market transactions and prices for similar instruments. The assumption was also made that these bonds will be repaid on 30 May 2018, the last date on which their issuer has the right to redeem them at face value. The fair value estimates of the above bonds are categorized in Level 3.

On 30 May 30 2018, the issuer of the bonds repurchased them by paying the Company the amount of € 300.000. As at 31 December 2018 the balance is € Nil.

C. In addition to the adjustments described above, when adopting IFRS 9 on 1 January 2018, the provision for losses of associate company was also adjusted through reserves. This adjustment resulted from expected credit losses in financial assets held by the associate company and recorded in the financial statements of the associate company.

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, receivables from associate and subsidiary companies 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 2018
Financial assets

	THE GROUP		THE COMPANY	
	At fair value	Loans and Receivables at amortised cost	At fair value	Loans and Receivables at amortised cost
	€	€	€	€
Other receivables	-	142.227	-	89.911
Cash and cash equivalents	-	30.989.211	-	30.786.881
Bank deposits	-	11.357.697	-	11.263.932
Receivables from associate and subsidiary companies	-	11.047.673	28.563.747	11.047.673
Financial assets at fair value through profit or loss	31.399.803	-	31.399.803	-
	31.399.803	53.536.808	59.963.550	53.188.397

Financial liabilities

	THE GROUP		THE COMPANY	
	At fair value	Loans and Receivables at amortised cost	At fair value	Loans and Receivables at amortised cost
	€	€	€	€
Trade and other paybles	-	477.036	-	385.960
	-	477.036	-	385.960

4. Financial risk management (continued)

(a) Financial risk factors (continued)

31 December 2017

Financial Assets

	THE GROUP		THE COMPANY	
	At fair value	Loans and Receivables at amortised cost	At fair value	Loans and receivables at amortised cost
	€	€	€	€
Other receivables	-	134.693	-	91.828
Cash and cash equivalents	-	1.222.815	-	1.001.616
Bank deposits	-	5.483.890	-	5.131.476
Receivables from associate and subsidiary companies	-	11.066.713	-	39.485.910
Financial assets available for sale	291.469	-	291.469	-
Financial assets at fair value through profit or loss	61.517.514	-	61.517.514	-
	61.808.983	17.908.111	61.808.983	45.710.830

Financial liabilities

	THE GROUP		THE COMPANY	
	At fair value	Loans and Receivables at amortised cost	At fair value	Loans and receivables at amortised cost
	€	€	€	€
Trade and other payables	-	527.293	-	449.505
	-	527.293	-	449.505

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, risk from the instability of the banking system in Cyprus 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 Group and the Company do not take measures to offset the risks. The risk management policies implemented by the Company and the Group to manage these risks are explained below:

4. Financial Risk management (continued)

(a) Financial risk factors (continued)

(i) Market price risk (continued)

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.

Additional information is given in Note 4 (c) below.

(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 manages these financial instruments in order to have a balanced distribution between variable and fixed interest rate and monitors fluctuations in interest rates 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	
	2018	2017	**2018**	2017
	€	€	**€**	€
Fixed rate financial instruments				
Financial assets	**22.885.539**	16.591.079	**22.791.774**	16.072.508
Variable rate financial instruments				
Financial assets	**31.003.730**	1.354.456	**58.321.061**	29.170.314
	53.889.269	17.945.535	**81.112.835**	45.242.822

Sensitivity analysis

The increase in interest rates by 50 basis points on 31 December would result in an improvement in the results, as presented 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	
	2018	2017	**2018**	2017
	€	€	**€**	€
Financial instruments bearing variable interest rate	**155.019**	6.772	**291.605**	145.852

(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.

4. Financial risk management (continued)

(a) Financial risk factors (continued)

(iii) Credit risk (continued)

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Other receivables	**142.227**	134.693	**89.911**	91.828
Cash and cash equivalents	**30.989.211**	1.222.815	**30.786.881**	1.001.616
Bank deposits	**11.357.697**	5.483.890	**11.263.932**	5.131.476
Corporate bonds listed in the CSE	**11.252**	297.798	**11.252**	297.798
Receivables from accoiate and subsidiary companies	**11.047.673**	11.066.713	**39.611.420**	39.485.910
	53.548.060	18.205.909	**81.763.396**	46.008.628

On 31 December 2018 and 2017, there were no significant financial figures which were presented as debt and which were not impaired. Detailed descriptions are presented in the respective notes of the financial statements.

In relation to cash and bank balances, there was an increased risk of concentration (deposits of more than 5% of the total assets of the Company and the Group) with three financial institution as shown in Note 26 (in 31 December 2017 does not exist).

(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 implement procedures with the object of minimizing such losses such as maintaining sufficient cash deposits and other highly liquid assets.

The following tables show the Company's and Group's remaining contractual maturity for their financial liabilities. The tables have been drawn up based on the undiscounted contractual 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:

THE GROUP
31 December 2018

	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	**477.036**	**477.036**	**477.036**	**-**	**-**	**-**	**-**
	477.036	**477.036**	**477.036**	**-**	**-**	**-**	**-**

31 December 2017

	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	527.293	527.293	527.293	-	-	-	-
	527.293	527.293	527.293	-	-	-	-

4. Financial risk management (continued)

(a) Financial risk factors (continued)

(iv) Liquidity risk (continued)

THE COMPANY
31 December 2018

	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	**385.960**	**385.960**	**385.960**	**-**	**-**	**-**	**-**
	385.960	**385.960**	**385.960**				

31 December 2017

	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	449.505	449.505	449.505	-	-	-	-
	449.505	449.505	449.505				

4. Financial management risk (continued)

(a) Financial risk factors (continued)

(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.

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

	THE GROUP Assets		THE COMPANY Assets	
	2018	2017	**2018**	2017
	€	€	**€**	€
United States Dollars	**19.940**	92.881	**19.940**	92.881
Romanian Lei	**97.930**	97.473	**-**	-
Bulgarian Lev	**6.364**	2.403	**-**	-
	124.234	192.757	**19.940**	92.881

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 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	
	2018	2017	**2018**	2017
	€	€	**€**	€
United States Dollars	**950**	4.423	**950**	4.423
Romanian Lei	**4.663**	4.642	**-**	-
Bulgarian Lev	**303**	114	**-**	-
	5.916	9.179	**950**	4.423

4. Financial management risk (continued)

(a) Financial risk factors (continued)

(vi) Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Company's and Group'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 Audit Committee 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.

(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.

The Group's companies manage their capital structure and make adjustments based on the prevailing market conditions in order to ensure that they continue to function as ongoing activities and at the same time they will have the greatest possible return for shareholders. The Group has no borrowing and the capital includes full share capital. In order to maintain or readjust their capital structure, the Group's companies may readjust the dividend payment, return capital to the shareholders or issue a capital. The Company in the current and previous year has not paid dividends, nor has issued a capital. The profit of the year was transferred to reserves to reduce the accumulated damage reserve.

The company's policies objectives and procedures have not changed since the previous year.

(x) 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.

4. Financial management risk (continued)

(a) Financial risk factors (continued)

(xi) Risk from instability in Cyprus banking system

The financial markets and the land and property development sector are influenced by unstable factors. Moreover, the uncertainty that still prevails in the banking system of Cyprus, can affect the results of the Company and the group. This risk is treated with the widest possible dispersion of the investment portfolio, both in Cyprus and abroad, and with the selected placements and liquidation, when deemed necessary.

(xii) 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 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 measurement 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, company value/EBITDA, recent issue prices to third parties and makes assumptions that are based on market conditions existing at the measurement date.

The nominal value less any estimated credit adjustments for the other financial assets 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 related to 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 management risk (continued)

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

THE GROUP
31 December 2018

	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Financial assets at fair value through profit or loss	**29.713.108**	**107.290**	**1.579.405**	**31.399.803**
	29.713.108	**107.290**	**1.579.405**	**31.399.803**

31 December 2017

	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Financial assets at fair value through profit or loss	27.227.145	32.919.571	1.370.798	61.517.514
Financial assets available-for-sale	-	-	291.469	291.469
	27.227.145	32.919.571	1.662.267	61.808.983

THE COMPANY
31 December 2018

	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Financial assets at fair value through profit or loss	**29.713.108**	**107.290**	**30.143.152**	**59.963.550**
Receivables from subsidiary companies	**-**	**-**	**28.563.747**	**28.563.747**
	29.713.108	**107.290**	**58.706.899**	**88.527.297**

31 December 2017

	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets				
Financial assets at fair value through profit or loss	27.227.145	32.919.571	1.370.798	61.517.514
Financial assets available-for-sale	-	-	291.469	291.469
	27.227.145	32.919.571	1.662.267	61.808.983

4. Financial management risk (continued)

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

The financial assets of the Company and the Group 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 2018/€	2017/€	Fair value hierarchy	Valuation technique	Significant unobservable valuation parameters and relationship with fair value
Securities listed on the Cyprus Stock Exchange & on foreign stock exchanges	**29.713.108**	27.227.145	Level 1	Prices quoted in active market	-
Structured and other products	**107.290**	32.919.571	Level 2	The valuation of structured 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	**1.579.405**	1.370.798	Level 3	For the valuation of these shares, recent issue prices from the companies to third parties were used.	For the determination of the fair value per share of the private company, the price for the issuance of new shares in the private company to new shareholders was used.
Corporate bonds of credit institution held in financial assets available for sale.	**-**	291.469	Level 3	The valuation technique is that of the discounted cash flows. The relevant bonds expired during the 2018.	For the year 2017, 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 (1,578%), 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.

In addition, the Company holds loans to subsidiary companies in the separate financial statements of € 28.563.747, which were categorized at level 3 and are based on the present value of expected future cash flows. The expected future cash flows have calculated based on the fair value of the assets of the subsidiary companies which are consisted mainly of one or more properties.

4. Financial risk management (continued)

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

Sensitivity analysis for investments categorized in Level 1 and 2:

The increase in the price of listed Level 1 and Level 2 investments at fair value through profit or loss by 15% on 31 December would result in an improvement in the results of the Company and the Group by € 4.473.060 (2017: € 9.022.007). If the price decreases by 15% it will have the same but opposite effect on the results.

Sensitivity analysis for investments categorized in Level 3:

If the recent issue prices of shares in private companies was 20% lower, and so would their valuation price, then the profit of the Company and the Group for the year would have been €315.881 (2017: €274.160) lower. Conversely, if they were 20% higher, then the profit of the Group for the year would have been €315.881 (2017: €274.160) higher.

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	Financial assets available-for-sale financial assets/ at fair value through other comprehensive income	Total financial assets
	€	**€**	**€**
Balance at 1 January 2017	**3.499.395**	**267.326**	**3.766.721**
Transfer to Level 1	**(2.144.187)**	**-**	**(2.144.187)**
Unrealized profit that has been recognized through other comprehensive income	**-**	**24.143**	**24.143**
Unrealized loss that has been recognized through profit or loss.	**15.590**	**-**	**15.590**
Balance at 1 January 2018	**1.370.798**	**291.469**	**1.662.267**
Unrealized profit that has been recognized through profit or loss.	**208.607**	**-**	**208.607**
Unrealized profit that has been recognized through other comprehensive income	**-**	**8.531**	**8.531**
Disposals	-	**(300.000)**	**(300.000)**
Balance at 31 December 2018	**1.579.405**	**-**	**1.579.405**

The transfer from Level 3 to Level 1 during the 2017 represents the value of shares held by the Company and the Group in listed securities on the Cyprus Stock Exchange at 31 December 2017 for which in the 2016 it was considered that there was no active market and therefore their fair value was calculated on the basis of the "Company value / EBITDA" multiplier method. The fair value of the shares included in level 1 was transferred on the date that a change of circumstances was deemed to have occurred and was calculated on the basis of the offer prices from an active market. The unrealized gain recognized through profit or loss was included, in the previous year, in the profit 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

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 properties held for own use as well as investment properties 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 the measurement date. For their estimates on 31 December 2018, valuers have used largely their knowledge of the market and professional judgement and and did not rely solely on historical transactions. The company and the group evaluate the methods of estimation and the correctness of the parameters and assumptions used to calculate fair value. More information is described in Notes 16, 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 and all other available information at the measurement date.

Expected credit losses

The calculation of expected credit losses (ECL) requires management to exercise significant judgment and make estimates and assumptions. Changes in these estimates and assumptions can lead to significant changes in the timing of recognition and the amount of expected credit losses. The Group's calculations are results of models, underlying assumptions about the choice of variable data and their interdependencies. Additional information is described in Notes 23 and 24.

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 recorded 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.

Assessment of deferred tax

Deferred tax asset are recognised by the Group in respect of tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. These variables have been established on the basis of significant management judgement and are subject to uncertainty. It is possible that the future events could be different from the assumptions made, resulting in a material adjustment to the carrying amount of deferred tax assets. Additional information is explained in Note 28.

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

Judgments

Classification of investments

The Company exercises judgment in evaluating its contractual characteristics and cash flows for whether they are considered to be in substance without right of recourse for loans receivable from subsidiary companies for classification purposes in the separate financial statements.

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 that no liability will be resulted from the outcome of these legal cases.

6. Profit from financial instruments

THE GROUP

	2018	2017
	€	€
Profit from disposal and revaluation of financial assets at fair value through profit or loss	**5.576.772**	3.147.555
	5.576.772	3.147.555

THE COMPANY

	2018	2017
	€	€
Changes in fair value of loans that are measured at fair value through profit or loss (Note 24)	**273.000**	-
Profit from disposal and revaluation of financial assets at fair value through profit or loss	**5.576.772**	3.147.555
	5.849.772	3.147.555

7. Analysis of revenue from investments in financial assets – by financial asset category and dividends from subsidiary companies

THE GROUP

	2018	2017
	€	€
Financial assets at amortized cost (Loans and receivables, bank deposits and cash and cash equivalents)		
- Interest income	**315.254**	990.087
Financial assets at fair value through other comprehensive income		
- Interest income	**3.728**	-
Financial instruments available-for-sale		
- Interest income	**-**	7.527
	318.982	997.614
Financial instruments at fair value through profit or loss		
- Dividend income	**495.036**	418.877
	814.018	1.416.491

THE COMPANY

	2018	2017
	€	€
Financial assets at amortized cost (Loans and receivables, bank deposits and cash and cash equivalents)		
- Interest income	**316.304**	1.018.275
Financial assets at fair value through profit or loss (loans to subsidiary companies)		
- Income similar to interest income	**34.011**	-
Financial assets at fair value through other comprehensive income		
- Interest income	**3.728**	-
Financial instruments available-for-sale		
- Interest income	**-**	7.527
	354.043	1.025.802
Financial instruments at fair value through profit or loss		
- Dividend income	**495.036**	418.877
Investments in subsidiary companies:		
- Dividend income from subsidiary companies	**399.200**	433.600
	1.248.279	1.878.279

8. Segmental Analysis

THE GROUP – 31 December 2018

	Investments	Development of land and immovable property	Other segments	Total
	€	€	€	€
Dividend income	**495.036**	**-**	**-**	**495.036**
Interest income	**125.642**	**-**	**193.340**	**318.982**
Profit from disposal or revaluation of investments	**5.576.772**	**-**	**-**	**5.576.772**
Profit from disposal, revaluation and development of land and immovable property	**-**	**1.086.648**	**-**	**1.086.648**
Total net profit	**6.197.450**	**1.086.648**	**193.340**	**7.477.438**
Finance expenses	**(93.377)**	**(33.485)**	**(155)**	**(127.017)**
(Expected credit losses)/reversal of expected credit losses (Note 23 and 26)	**(142.188)**	**-**	**22.105**	**(120.083)**
Reversal of provision for share of loss from associated companies	**-**	**-**	**413.656**	**413.656**
Administrative expenses	**(395.797)**	**(971.146)**	**(133.631)**	**(1.500.574)**
Profit before tax	**5.566.088**	**82.017**	**495.315**	**6.143.420**
Total assets	**72.935.731**	**41.186.187**	**12.709.514**	**126.831.432**
Additions to non-current assets	**18.090**	**574.611**	**-**	**592.701**

THE GROUP - 31 December 2017

	Investments	Development of land and immovable property	Other segments	Total
	€	€	€	€
Dividend income	418.877	-	-	418.877
Interest income	577.261	-	420.353	997.614
Profit from disposal or revaluation of investments	3.147.555	-	-	3.147.555
Profit from disposal, revaluation and development of land and immovable property	-	338.758	-	338.758
Total net profit	4.143.693	338.758	420.353	4.902.804
Finance expenses	(12.920)	(4.502)	(11.678)	(29.100)
Provision for share of loss from associated companies	-	-	(1.024.570)	(1.024.570)
Administrative expenses	(363.458)	(1.022.300)	(125.742)	(1.511.500)
Profit / (loss) before tax	3.767.315	(688.044)	(741.637)	2.337.634
Total assets	67.917.040	41.125.928	12.608.148	121.651.116
Additions to non-current assets	8.074	265.030	-	273.104

9. Geographical analysis

THE GROUP

2018	**Cyprus**	**Euro-zone**	**Romania**	**Bulgaria**	**Total**
	€	**€**	**€**	**€**	**€**
Income/ (losses)	**7.829.581**	**23.854**	**(102.297)**	**(273.700)**	**7.477.438**
Non- current assets	**29.610.719**	**-**	**621.113**	**2.999.000**	**33.230.832**

2017	**Cyprus**	**Euro-zone**	**Romania**	**Bulgaria**	**Total**
	€	€	€	€	€
Income/ (losses)	4.059.184	1.637.431	(367.064)	(426.747)	4.902.804
Non- current assets	28.976.010	-	685.388	3.182.735	32.844.133

10. Administrative expenses

	THE GROUP		**THE COMPANY**	
	2018	2017	**2018**	2017
	€	€	**€**	€
Investment management fees	**21.314**	46.830	**21.314**	46.830
Legal auditor's remuneration				
- statutory audit of annual financial statements	**31.654**	29.750	**22.372**	20.468
- other services	**-**	-	**-**	-
- taxation services	**8.449**	4.284	**2.241**	1.547
- other non-audit services	**27.370**	38.080	**27.370**	38.080
Other auditors' fees:-Audit of annual financial statements	**6.400**	6.400	**-**	-
Internal auditor fees	**10.710**	10.710	**10.710**	10.710
Salaries and staff expenses including the Executive Director's expenses (Note 15)	**489.473**	456.943	**489.473**	456.943
Annual fees of the non-executive members of the Board of Directors	**16.333**	21.000	**16.333**	21.000
Committees' fees of the non-executive members of the Board of Directors	**20.400**	18.750	**20.400**	18.750
Allowance for hospitality expenses of the non-executive members of the Board of Directors	**97.692**	73.846	**97.692**	73.846
Other expenses and benefits of the Board members of Directors	**21.723**	19.894	**21.723**	19.894
Insurances	**41.303**	44.049	**18.800**	21.597
Printing and dispatch of Annual Report and Annual General Meeting expenses	**11.138**	12.849	**11.138**	12.849
Cyprus Stock Exchange Annual Fee and other expenses	**10.134**	9.418	**10.134**	9.418
Cyprus Stock Exchange depository fees	**43.565**	43.565	**43.565**	43.565
Legal expenses	**109.352**	41.002	**103.016**	35.355
Other professional expenses	**58.539**	59.101	**61.998**	35.311
Valuation expenses	**35.098**	48.451	**2.023**	1.964
Rent	**4.288**	4.517	**55.897**	54.054
Professional contributions	**18.333**	21.383	**15.183**	18.233
Contributions and donations	**9.400**	18.530	**9.400**	18.530
Travelling abroad	**18.413**	10.913	**18.413**	10.913
Expenses for press announcements	**33.083**	31.490	**33.083**	31.490
Electricity and water	**9.296**	12.777	**7.596**	9.050
Travelling inland	**2.748**	1.973	**2.748**	1.973
telephone and postages	**8.726**	9.877	**8.726**	9.877
Printing and stationary	**2.586**	6.033	**2.586**	6.033
Hospitality expenses	**26.259**	14.004	**26.259**	14.004
Repairs and maintenance	**110.643**	132.571	**28.960**	33.229
Depreciation of property, plant and equipment (Note 16)	**90.742**	92.138	**38.897**	45.852
Various taxes	**53.644**	48.312	**6.235**	5.946
Other administrative expenses	**46.512**	122.060	**26.700**	45.377
Writedown of receivables (Note 22)	**5.254**	-	**5.254**	-
	1.500.574	1.511.500	**1.266.239**	1.172.688

11. Proft / (loss) from sale, revaluation and development of land and immovable property

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Profit/ (loss) from revaluation of investment property (Note 17)	**149.229**	(361.741)	**(25.000)**	25.000
Impairment loss of inventory (Note 21)	**(257.755)**	(433.508)	**-**	-
Loss from sale of investment property (Note 17)	**(26.000)**	-	**(26.000)**	-
Gain from revaluation of property, plant and equipment – Reverse depreciation of previous years (Note 16)	**61.510**	90.297	**-**	-
Commissions from sale and rent of investment property	**-**	(646)	**-**	-
Rent receivable (Note 17)	**1.159.664**	1.044.356	**58.800**	47.200
	1.086.648	338.758	**7.800**	72.200

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	
	2018	2017	**2018**	2017
	€	€	**€**	€
Interest on tax	**42**	11.582	**-**	10.338
Bank interest and charges	**124.142**	2.941	**122.905**	1.848
Foreign exchange differences	**2.833**	14.577	**1.924**	11.996
	127.017	29.100	**124.829**	24.182

13. Taxation

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Corporation tax for the year	**25**	66.268	**3**	28.753
Corporation tax for prior years	**(530)**	(287.050)	**-**	(276.289)
Defence contribution for the year	**36.195**	36.231	**10.776**	11.094
Deferred taxation (Note 28)	**125.689**	590.785	**81.143**	30.736
Tax charge/ (credit)	**161.379**	406.234	**91.922**	(205.706)

13. Taxation (continued)

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Profit before tax	**6.143.420**	2.337.634	**5.757.356**	1.983.594
Tax calculated at the applicable corporation tax rates of 12,5%, 10% and 3% (2016: 12,5%, 10% and 3%)	**838.420**	254.060	**719.669**	247.949
Tax effect of expenses not deductible for tax purposes	**2.353.991**	1.530.984	**2.228.633**	1.307.684
Tax effect of allowances and income not subject to tax	**(3.086.718)**	(1.134.950)	**(2.926.417)**	(1.489.689)
Adjustments recognised in the current year in relation to prior years' tax	**(530)**	(287.050)	**-**	(276.289)
Defence contribution current year	**36.195**	36.231	**10.776**	11.094
Other effects	**20.021**	6.959	**59.261**	(6.455)
Tax charge/ (credit)	**161.379**	406.234	**91.922**	(205.706)

Tax rates

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

The Bulgarian and Romanian companies of the Group are subject to corporation tax at the rate of 10% and 3% respectively on their total 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 is entitled to transfer its tax losses between its Cyprus tax resident companies and to offset them with profits of other Cypriot companies of the same Group. For tax purposes, members of the same Group are considered to be Cypriot companies in which the parent company owns directly or indirectly over 75% of the issued share capital.

14. Profit per share and net assets value per share

The profit per share is calculated by dividing the profit 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	
	2018	2017	**2018**	2017
	€	€	**€**	€
Profit for the year	**5.982.041**	1.931.400	**5.665.434**	2.189.300
Total revenue for the year	**5.990.572**	1.955.543	**5.673.965**	2.213.443
Weighted average number of shares issued during the year	**200.000.000**	200.000.000	**200.000.000**	200.000.000
Profit per share (cents)	**2,99**	0,97	**2,83**	1,09
Total comprehensive income per share (cents)	**3,00**	0,98	**2,84**	1,11

The net assets value 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	
	2018	2017	**2018**	2017
	€	€	**€**	€
Net assets at 31 December	**123.768.481**	118.372.994	**123.513.707**	118.434.827
Number of shares issued at 31 December	**200.000.000**	200.000.000	**200.000.000**	200.000.000
Net assets per share (cents)	**61,88**	59,19	**61,76**	59,22

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

15. Staff expenses including the Executive Director

THE GROUP AND THE COMPANY

	2018	2017
	€	€
Salaries	**369.644**	350.372
Provident fund contributions (Note 36)	**36.965**	35.037
Other employer's contributions	**82.864**	71.534
	489.473	456.943

The total number of employees of the Company and the Group as at 31 December 2018 was 8 (2017: 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 or Valuation						
Balance at 1 January 2017	1.250.828	276.214	276.938	29.771	68.600	1.902.351
Additions	564	21.056	3.658	31.064	-	56.342
Fair value adjustment	61.464	-	-	-	-	61.464
Balance at 1 January 2018	**1.312.856**	**297.270**	**280.596**	**60.835**	**68.600**	**2.020.157**
Additions	**9.680**	**3.758**	**22.743**	**-**	**-**	**36.181**
Fair value adjustment	**29.560**	**-**	**-**	**-**	**-**	**29.560**
Balance at 31 December 2018	**1.352.096**	**301.028**	**303.339**	**60.835**	**68.600**	**2.085.898**
Accumulated depreciation						
Balance at 1 January 2017	-	178.227	233.243	46	36.470	447.986
Charge for the year	28.833	24.093	22.128	3.364	13.720	92.138
Fair value adjustment	(28.833)	-	-	-	-	(28.833)
Balance at 1 January 2018	**-**	**202.320**	**255.371**	**3.410**	**50.190**	**511.291**
Charge for the year	**31.950**	**24.295**	**15.509**	**5.578**	**13.410**	**90.742**
Fair value adjustment	**(31.950)**	**-**	**-**	**-**	**-**	**(31.950)**
Balance at 31 December 2018	**-**	**226.615**	**270.880**	**8.988**	**63.600**	**570.083**
Net book value						
31 December 2018	**1.352.096**	**74.413**	**32.459**	**51.847**	**5.000**	**1.515.815**
31 December 2017	1.312.856	94.950	25.225	57.425	18.410	1.508.866

THE COMPANY	Furniture and office equipment	Computer hardware	Motor Vehicles	Total
	€	€	€	€
Cost				
Balance at 1 January 2017	142.170	274.305	68.600	485.075
Additions	11.926	3.658	-	15.584
Balance at 1 January 2018	**154.096**	**277.963**	**68.600**	**500.659**
Additions	**3.758**	**22.743**	**-**	**26.501**
Balance at 31 December 2018	**157.854**	**300.706**	**68.600**	**527.160**
Accumulated depreciation				
Balance at 1 January 2017	101.262	230.607	36.470	368.339
Charge for the year	10.004	22.128	13.720	45.852
Balance at 1 January 2018	**111.266**	**252.735**	**50.190**	**414.191**
Charge for the year	**9.978**	**15.509**	**13.410**	**38.897**
Balance at 31 December 2018	**121.244**	**268.244**	**63.600**	**453.088**
Net book value				
31 December 2018	**36.610**	**32.462**	**5.000**	**74.072**
31 December 2017	42.830	25.228	18.410	86.468

16. Property, plant and equipment (continued)

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 2018 based on valuations carried out by independent, qualified valuers, on the basis of 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 of 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. Significant unobservable data used in estimations is the price per square meter set at €3.150 (2017: €3.000).
b) Future cash flows from rents (investment method) based on the location, 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% (2017: 4,5%).

There was no change in the methodology used since prior year. The value attributed to the freehold property that houses the Company's offices in relation to the floors rented to third parties was estimated on the basis of the square meters of the property and based of the future cash flows from rents for the concerned properties.

Information on the fair value hierarchy of land and buildings at 31 December 2018 and 31 December 2017 is as follows:

31 December 2018	Level 1 €	Level 2 €	Level 3 €	Total €
Assets at fair value				
Land and Buildings	**-**	**-**	**1.352.096**	**1.352.096**
Total	**-**	**-**	**1.352.096**	**1.352.096**

31 December 2017	Level 1 €	Level 2 €	Level 3 €	Total €
Assets at fair value				
Land and Buildings	-	-	1.312.856	1.312.856
Total	-	-	1.312.856	1.312.856

The revaluation resulted in a surplus of €61.510 (2017: €90.297) (Note 11) which is a reversal of devaluation of previous years and is included in the statement of profit or loss. 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 valuations were based largely on the expertise and experience of the valuers, due to the adverse economic environment

16. Property, plant and equipment (continued)

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 at historical cost less accumulated depreciation as at 31 December, the amounts would be as follows:

THE GROUP

	2018	2017
	€	€
Cost	**1.795.552**	1.785.872
Accumulated depreciation	**(363.684)**	(319.982)
	1.431.868	1.465.890

During the years 2018 and 2017, the Group and the Company did not make any sales of tangible fixed assets.

Tangible fixed assets of the Company and the Group were not pledged to secure any liabilities at 31 December 2018 and 31 December 2017.

17. Investment property

	THE GROUP		**THE COMPANY**	
	2018	2017	**2018**	2017
	€	€	**€**	€
Balance at 1 January	**31.335.267**	31.480.246	**2.762.000**	2.737.000
Additions	**556.521**	216.762	**-**	-
Disposals	**(326.000)**	-	**(326.000)**	-
Fair value adjustment (Note 11)	**149.229**	(361.741)	**(25.000)**	25.000
Balance at 31 December	**31.715.017**	31.335.267	**2.411.000**	2.762.000

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

During the year the Company sold land in Cyprus for the amount of € 300.000. From this sale was recognized a loss of €26.000 in the statement of profit or loss of the Company and the Group.

17. Investment property (continued)

The property, which included in the investment property, was revalued on 31 December 2018 according to valuations of two 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 (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 rent (investment method) based on the location, 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.

17. Investment property (continued)

Information on the hierarchy of fair value of land and buildings as at 31 December 2018 and 31 December 2017 is as follows:

31 December 2018	Level 1 €	Level 2 €	Level 3 €	Total €
Assets at fair value				
Land and buildins	**-**	**-**	**31.715.017**	**31.715.017**
Total	**-**	**-**	**31.715.017**	**31.715.017**

31 December 2017	Level 1 €	Level 2 €	Level 3 €	Total €
Assets at fair value				
Land and buildings	-	-	31.335.267	31.335.267
Total	-	-	31.335.267	31.335.267

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**	
	2018 €	2017 €	**2018 €**	2017 €
Offices and other commercial properties in Cyprus	**23.987.904**	22.745.143	**1.734.000**	1.695.000
Land in:				
-Cyprus	**4.107.000**	4.722.000	**677.000**	1.067.000
-Bulgaria	**2.999.000**	3.182.736	**-**	-
-Romania	**621.113**	685.388	**-**	-
Balance at 31 December	**31.715.017**	31.335.267	**2.411.000**	2.762.000

17. Investment property (continued)

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

For the measurement of fair value, using the investment method, the rental income as at 31 December 2018 and a rate of return (yield) 4,5% - 6% (2017: 4,5% - 7,5%) were used. In cases were such offices and commercial properties were not rented out as at 31 December 2018, 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.

Estimated values per square meter were used to calculate the value based on the comparable method.

Details of the measurement method and the important unobservable parameters are given below:

2018

		Significant non-observable parameters		
Type and Country	**Estimated fair value 2018 (€)**	**Method of fair value measurement**	**Estimated cost per m² (€)**	**Annual lease yield**
Offices and other commercial properties				
Cyprus	**23.987.904**	Capitalization method	**N/A**	**4,5%-6%**
		Comparative method	**1.179 - 2.450**	**N/A**
Land (plots)				
Cyprus	**4.107.000**	Comparative method	**19 - 400**	**N/A**
Bulgaria	**2.999.000**	Comparative method	**8 - 14**	**N/A**
Rumania	**621.113**	Comparative method	**1 - 9**	**N/A**
Balance at 31 December 2018	**31.715.017**			

17. Investment property (continued)

2017

Type and Country	Estimated fair value 2017 (€)	Significant non-observable parameters: Method of fair value measurement	Significant non-observable parameters: Estimated cost per m² (€)	Significant non-observable parameters: Annual lease yield
Offices and other commercial properties				
Cyprus	22.745.143	Capitalization method	N/A	4,5%-7,5%
		Comparative method	1.179 - 2.374	N/A
Land (plots)				
Cyprus	4.722.000	Comparative method	22 – 401	N/A
Bulgaria	3.182.736	Comparative method	8 – 15	N/A
Rumania	685.388	Comparative method	1 - 10	N/A
Balance at 31 December 2017	31.335.267			

Sensitivity Analysis
Any increase/decrease of the revalued amounts per square meter (for properties which were revalued using the comparative method) or any increases/decreases in leases or 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.

Rental income received by the Group from investment property, which is currently under operating lease, amounted to €1.159.664 (2017: €1.044.356). Rental income received by the Company amounts to €58.800 (2017: €47.200) (Note 11). The direct expenses relating to investment properties that were used for the generation of rental income, relate to maintenance and insurance of buildings, commissions and advertisements and amounted to €108.862 (2017: €129.224). The direct expenses which relate to the investment properties and not used for the generation of rental income relate to property insurance of buildings and amounted to €831 (2017: €1.315).

The investment properties of the Company and the Group were not pledged to secure any liabilities at 31 December 2018 and 31 December 2017.

18. Investment in subsidiary companies

THE COMPANY

	2018 €	2017 €
Balance at 1 January	**10.972.872**	11.904.872
Impairment	**(251.000)**	(932.000)
Balance at 31 December	**10.721.872**	10.972.872

18 Investment in subsidiary companies (continued)

During 2018, the Board of Directors decided to make an impairment for the investments in subsidiary companies for the amount of €251.000 (2017: €932.000) due to 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 2018 amounts to €46.865.952 (2017: €46.614.952). In determining the impairment of subsidiary companies, the characteristics and the net asset value of the companies were taken into account. The subsidiary companies as at 31 December 2018 and 2017 were as follows:

Company	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%
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 companies that were dormant and without any activities, did not have significant assets and liabilities on 31 December 2018 and 2017.

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

18. Investment in subsidiary companies (continued)

Principal activity	Country of incorporation	Number of wholly-owned subsidiaries	
		31/12/2018	31/12/2017
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
		12	12

Principal activity	Country of incorporation	Number of wholly-owned subsidiaries	
		31/12/2018	31/12/2017
Dormant	Cyprus	1	1

19. Investments in associated companies

THE GROUP

	2018 €	2017 €
Balance at 1 January	**0**	0
Balance at 31 December - net book value	**0**	0

THE COMPANY

	2018 €	2017 €
Balance at 1 January	**400**	400
Balance at 31 December - cost	**400**	400

Reversal of provision for loss from share in associated company undertakings of €413.656 (2017: €1.024.570 provision for share of loss) was recognised in the statement of profit or loss of the Group and the Company. The total amount of the provision which comprises of provision in excess of the initial investment for the participation in Verendrya Ventures Limited, as a result of the constructive obligation of the Company which derives from its commitment to provide financial support, is €2.414.951 (2017: €2.636.268) and is included in the current liabilities of the Group and the Company. This amount includes dividend of €118.800 which was distributed from the associated company from 2013 to 2017. No dividend was distributed from the associated company during the year (2017: €20.800).

19. Investments in associated companies (continued)

The associated companies at 31 December are:

Company	Principal activity	Country of incorporation	2018 Ownership percentage and voting rights		2017 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, 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 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.

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 Company's indirect participation in this project is 20% through Verendrya Ventures Limited. 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 2018, 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.

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.

19. Investments in associated companies (continued)

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.

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

	2018 €	2017 €
Current assets	**373.186**	12.417
Non-current assets	**22.000.622**	21.129.431
Total assets	**22.373.808**	21.141.848
Current liabilities	**(307.891)**	(372.519)
Non-current liabilities	**(28.103.293)**	(27.359.997)
Total liabilities	**(28.411.184)**	(27.732.516)
Net liabilities	**(6.037.376)**	(6.590.668)

	2018 €	2017 €
Revenue	**-**	-
Net profit/(loss) for the year	**1.034.141**	(2.561.425)
Other comprehensive income / (expense)	**-**	-
Total comprehensive income/(expense) for the year	**1.034.141**	(2.561.425)
Dividends received from the associate company during the year	**-**	20.800

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

	2018 €	2017 €
Net liabilities of the associate company	**(6.037.376)**	(6.590.668)
Proportion of the Group's ownership in Verendrya Ventures Limited	**40%**	40%
Provision for losses of the associate company	**(2.414.951)**	(2.636.268)

19. Investments in associated companies (continued)

	2018	2017
	€	€
Total income/ (expense) for the year	**1.034.141**	(2.561.425)
Proportion of the Group's ownership in Verendrya Ventures Limited	**40%**	40%
Reversal of provision/ (provision) for losses of the associate company	**413.656**	(1.024.570)

The total cumulative loss attributable to the Group from its participation in the associated company Verendrya Ventures Ltd amounting to €2.414.951 (2017: €2.636.268) has been recognized as a provision and is included in the Group's and Company's current liabilities due to the constructive obligation of the Company which derives from the commitment to provide financial support to the associate.

20. Financial assets available for sale/in fair value through other income comprehensive income

THE GROUP AND THE COMPANY

	2018	2017
	€	€
Corporate bonds listed in the Cyprus Stock Exchange	**-**	291.469
Balance 31 December	**-**	291.469

On 1 January 2018, following the adoption of IFRS 9 by the Group and the Company which replaced IAS 39, the above bonds were classified as financial assets at fair value through other comprehensive income based on the Group's business model and on the characteristics of their conventional cash flows.

For bond valuation as at 31 December 2017 generally accepted valuation models were used based on discounted cash flow analysis using publicly available current market transactions and prices for similar instruments. The assumption was also made that these bonds will be repaid on 30 May 2018, the last date on which their issuer has the right to redeem them at face value. The fair value estimates of the above bonds are categorized in Level 3.

On 30 May 2018, the issuer of the bonds repurchased them by paying the Company the amount of €300.000.

During the year the profit for the amount of €8.531 (2017: €24.143) was recognised through other comprehensive income.

21. Inventories

THE GROUP

	2018	2017
	€	€
Land and buildings under development and for sale	**7.526.324**	7.737.324

During 2018 and 2017, the Group did not acquire or sell any property. During the year expenses on inventories of €46.755 (2017: € Nil) were capitalised.

The immovable property in Cyprus which is included in inventories valued at €896.324 (2017: €1.025.324) has not been transferred to the Group since 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 the year 2018, the Group recognized a loss in net realisable value of inventories of €257.755 (2017: €433.508) (Note 11).

Additional information and disclosures about the inventories are listed below:

	2018	2017
	€	€
Immovable properties in Cyprus	**896.324**	1.025.324
Land in:		
-Bulgaria	**712.000**	802.000
-Romania	**5.918.000**	5.910.000
Balance at 31 December	**7.526.324**	7.737.324

The Group's inventories were not pledged to secure any liabilities at 31 December 2018 and 31 December 2017.

22. Other receivables

Other receivables are analysed as follows:

	THE GROUP		**THE COMPANY**	
	2018	2017	**2018**	2017
	€	€	**€**	€
Other receivables and prepayments within one year	**179.172**	159.773	**116.655**	116.907
	179.172	159.773	**116.655**	116.907

The above amounts are presented after deducting the provision for doubtful debts of €204.366 (2017: €197.651) for the Group and €171.761 (2017: €165.046) for the Company, as presented below.

22. Other receivables (continued)

During 2018, the receivable balance of €5.254 was written off, following a settlement agreement with the debtor. This balance has been written off and recognised in the results of the year.

During 2017, the provision of €1.592.262 that had been made in previous periods in relation to dividends receivable was reversed, following a settlement agreement with the debtor. This balance has been written off by reversal of the provision, with no effect on the results of the 2017 year.

The fair value of the other receivables is approximately the same as the carrying amount at the date of the statement of financial position.

Movement of the provision for doubtful debts

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Balance at 1 January	**197.651**	1.810.556	**165.046**	1.777.951
Reversal of provision for doubtful debts	**-**	(1.592.262)	**-**	(1.592.262)
Exchange differences	**6.715**	(20.643)	**6.715**	(20.643)
Balance at 31 December	**204.366**	197.651	**171.761**	165.046

There are no collateral for other receivables for the Group and the Company for 2018 and 2017.

23. Receivables from associated companies

THE GROUP

	2018	2017
	€	€
Gross amounts receivable from an associate over one year	**11.263.130**	11.066.713
Expected credit losses	**(215.457)**	-
Receivables from associated companies over one year (Note 24 and 31)	**11.047.673**	11.066.713

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 (Episkopi) and Larnaca. The total amount granted up to 31 December 2018 is €10.256.800 (2017: €10.138.000). During 2018 interest of €193.340 (2017: €420.353) was charged on the above loans and is included in interest receivables (Note 7). The loans are payable on demand and bear interest at 1,75% (2017: 4%) per annum. On 31 December 2018 and 31 December 2017, the Company confirmed to the associated company that it would not request repayment of the loans in the next twelve months. As a result, the loans were classified as non-current assets.

23. Receivables from associated companies (continued)

The repayment of the aforementioned loans depends on the ability of the Cyprus Government to meet its obligations towards 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 direction for recovery and therefore the Cyprus Government will be able to fulfill its obligations arising from the aforementioned projects.

The loan to the associate is categorized into Stage 2 for the purpose of measuring expected credit losses and the table below shows the expected credit loss movement:

	€
1 January 2018	**(237.562)**
Change (Note 8)	**22.105**
31 December 2018	**(215.457)**

The cash flows used in the model have been determined based on the expected cash flows from the desalination projects in Larnaca and Limassol.

The change in the expected credit loss for the year is mainly due to the one year decrease in the expected date of final repayment of the loan by the associated company. There is no other significant change in loss from default of liability (LGD) and from the default of liability (PD) since 1 January 2018.

The fair value of the receivables from associated company approximates the carrying amount.

24. Receivables from subsidiary and associated companies

THE COMPANY

	2018	2017
	€	€
Receivables from subsidiary companies within one year (Note 31)	**28.563.747**	28.419.197
Receivables from associated companies over one year (Note 31)	**11.047.673**	11.066.713
	39.611.420	39.485.910

The amounts receivables from subsidiary and associated companies are payable on demand, non-secured and bear annual interest at a rate of 0% - 2% (2017: 0% - 2%) per annum. The total loan facilities granted by the Company amounted to €43.834.723 (2017: €43.045.823). Loans to subsidiary companies were granted to acquire their assets, which are mainly investment properties and inventory.

Loans to the associated company (Verendrya Ventures Limited) were granted to fund the investment in desalination works in Episkopi and Larnaca, as mentioned in Note 23 above.

During 2018 interest of €34.011 (2017: €34.032) was charged on loans granted to subsidiary companies and interest of €193.340 (2017: €420.353) on loans granted to associated company.

24. Receivables from subsidiary and associated companies (continued)

Loans to subsidiary companies that were measured at amortized cost based on IAS 39 of a carrying amount of € 28.419.197 at 31 December 2017, did not meet the SPPI criteria, and as a result are classified at fair value through profit or loss on 1 January 2018 and remeasured at fair value without significant initial impact. The Company did not voluntarily designate loans that were previously measured at amortized cost as assets at fair value through profit or loss.

The fair value estimates of loans to subsidiary companies are categorized at Level 3 and are based on the present value of expected future cash flows. Expected future cash flows are calculated based on the fair value of the assets of the subsidiary companies which are consisted mainly of one or more properties.

During the year a gain was recognized in the profit or loss statement of the parent company from the change in the fair value of the loans to subsidiary companies for the amount of € 273.000 (Note 6).

During the previous year, the amounts owed by subsidiary companies were presented after deducting the provision for doubtful amounts amounting to €1.538.854 at 31 December 2017 (a reversal of provision for the amount of € 7.985 was recognized for 2017).

In determining fair value (and provision for doubtful amounts for 2017), the characteristics of subsidiary companies and their net assets that are presented at fair value in their respective financial statements are taken into account.

25. Financial assets at fair value through profit or loss (excluding receivables from subsidiary companies- Note 24)

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	2018	2017
	€	€
At 1 January	**61.517.514**	33.590.741
Additions	**3.257.256**	25.000.000
Disposals	**(38.951.739)**	(220.782)
Change in fair value	**5.576.772**	3.147.555
At 31 December	**31.399.803**	61.517.514

On 5 January 2018, the Company accepted the public offer of A&P (Andreou & Paraskevaides) Enterprises Public Limited Company for the transfer of the 18.500.000 shares held on 31 December 2017 in exchange for the proposed consideration of €0,155 per share. At 31 December 2017, the fair value of the shares amounted to €2.682.500 (€0,145 per share) and included in the financial assets at fair value through profit or loss. Upon completion of the above transaction, the Company and the Group recognised profits from the sale of shares of €185.000 in the results of the year.

25. Financial assets at fair value through profit and loss (continued)

On 13 April 2018, the Company exchanged 1.001,811 shares held in Allianz Global Multi-Asset Credit IT of €1.020.385 in exchange for 172,412 shares in Allianz RCM European Equity Dividend IT of €510.096 and 2.001,681 shares in Allianz Europe Equity Grow AT of €510.289. On 10 July 2018, the Company sold all of its shares held in the products of Allianz Global Investors Investments for €32.8 million. Upon completion of the above transaction, the Company and the Group recognised a profit from the sale of shares for the amount of €24.206 in the results of the year.

On 19 October 2018, the Company sold 15.565.000 shares held in A. Tsokkos Hotels Public Ltd for the total amount of €3.248.123, ie €0,209 per share. As at 31 December 2017, the fair value of the shares was €2.381.445 (€0,153 per share) and included in the financial assets at fair value through profit or loss. On the same date, the Company purchased from A. Tsokkos Hotels Public Ltd 5.604.748 shares in Lordos Hotels (Holdings) Public Ltd for the total amount of € 3.257.256 (including transaction costs of €6.502) , ie € 0.581 per share. Upon completion of the above transaction, the Company and the Group recognised a profit from the sale of shares for the amount of €866.678 in the results of the year.

During 2007, the Group invested the amount of €5.125.804 to acquire 10% of Eliades Anatolikon Leisure Resorts Ltd, a non-listed company active in the development and operation of a golf course in Paphos. The carrying amount of this investment is equal to its fair value and has been estimated by the Board of Directors at €Nil (2017: €Nil) due to ongoing and accumulated losses and significant uncertainty about the ability of this company to continue operating as an entity. On 16 December 2016, the Company's Board of Directors decided to exercise its right to sell shares in Eliades Anatolikon Leisure Resorts Limited at a price to be determined in accordance with the provisions of the relevant contract. The exercise of the right took place in 2017, but the party has not complied with the contract so far.

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

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	Fair value 2018 €	Fair value 2017 €
Investments listed on the Cyprus Stock Exchange by sector:		
Financial services	**15.015.832**	12.307.504
Customer retail services	**3.190.611**	2.513.445
Consumption goods	**-**	2.685.515
Technology	**11.495.413**	9.714.352
Corporate bonds	**11.252**	6.329
	29.713.108	27.227.145
Non-listed shares	**1.579.405**	1.370.798
Total investments in Cyprus	**31.292.513**	28.597.943
Foreign investments		
Structured and other products	**107.290**	32.919.571
Total foreign investments	**107.290**	32.919.571
Total investments	**31.399.803**	61.517.514

25. Financial assets at fair value through profit and loss (continued)

Financial assets at fair value through profit or 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 or loss are included in the results of the year.

Financial assets designated at fair value through profit or loss on initial recognition are those whose performance is evaluated at fair value, in accordance with the Company's and the Group's established investment strategy.

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

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	2018	2017
	€	€
Financial assets that have been designated at fair value through profit or loss during the initial recognition.	**31.399.803**	61.517.514

26. Cash and bank balances

	THE GROUP		**THE COMPANY**	
	2018	2017	**2018**	2017
	€	€	**€**	€
Cash and cash equivalents				
Balances with Hellenic Bank/ Cyprus Co-operative Bank*	**15.458.868**	929.665	**15.417.059**	915.530
Balances with Bank of Cyprus	**15.095.868**	702	**15.095.868**	702
Balances with Eurobank	**220.237**	22.972	**220.237**	22.972
Balances with Commercial Banks	**162.509**	208.894	**1.988**	1.830
Cash under management	**54.995**	60.582	**54.995**	60.582
Expected credit losses	**(3.266)**	-	**(3.266)**	-
Total cash and cash equivalents	**30.989.211**	1.222.815	**30.786.881**	1.001.616
Bank deposits				
Bank deposits with the Hellenic Bank/ Cyprus Co-operative Bank *	**-**	2.012.802	**-**	1.754.231
Bank deposits with Bank of Cyprus	**959.457**	3.377.245	**959.457**	3.377.245
Bank Deposits with Eurobank	**10.585.000**	-	**10.585.000**	-
Bank deposits with Commercial Banks	**93.765**	93.843	**-**	-
Expected credit losses	**(280.525)**	-	**(280.525)**	-
Total bank deposits	**11.357.697**	5.483.890	**11.263.932**	5.131.476
Total cash and bank balances	**42.346.908**	6.706.705	**42.050.813**	6.133.092

*The cash and deposits with Hellenic Bank as at December 31, 2017 relate to balances with the Co-operative Bank, part of whose operations were absorbed by Hellenic Bank in 2018.

26. Cash and bank balances (continued)

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% (2017: 0,01%-1,60%).

Bank deposits represent savings and notice accounts of period of 3 months and bear annual interest of 0.30% -1.80% (2017: 0.30% -6.50%) per annum.

Concerning the concentration risk in relation to bank balances, at 31 December 2018 the balance with Hellenic Bank, Bank of Cyprus and Eurobank were over 5% of the total assets of the Group and the Company, and at 31 December 2017 it was below 5% of the total assets.

The following table presents the breakdown of cash in banks and bank deposits in stages measured at amortized cost:

	Level 1	Level 2	Level 3	Total
	€	€	€	€
31 Δεκεμβρίου 2018	**42.346.908**	**-**	**-**	**42.346.908**

The following table presents the movement of expected credit loss of cash and bank balances of the Group:

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31 DECEMBER 2018	Level 1	Level 2	Level 3	Total
	€	€	€	€
1 January 2018	(141.603)	-	-	(141.603)
Change (Note 8)	(142.188)	-	-	(142.188)
31 December 2018	**(283.791)**	**-**	**-**	**(283.791)**

The change in the expected credit loss for the year is mainly due to the increase of cash in the bank and bank deposits compared to the balances on 1/1/2018. There is no other significant change in the liability for default (LGD) and the probability of default (PD) since 1 January 2018.

27. Share capital

	2018		2017	
	Number of shares	**€**	Number of shares	€
Authorised				
Ordinary Shares of €0,70 (2016: €0,70) each	**607.142.857**	**425.000.000**	607.142.857	425.000.000
Issued and fully paid				
Ordinary Shares €0,70 (2016: €0,70) each	**200.000.000**	**140.000.000**	200.000.000	140.000.000

All issued ordinary shares have equal rights.

27. Share capital (continued)

On 6 September 2018, the General Meeting of the Shareholders approved the extension of the Share Buyback Program, authorising the repurchase by the Company up to the maximum number of shares allowed by law, for another year. At 31 December 2018 and 2017 there were no repurchases of treasury shares.

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	
	2018	2017	**2018**	2017
	€	€	**€**	€
At 1 January	**1.151.662**	1.742.447	**81.143**	111.879
Debit in the profit or loss Statement (Note 13)	**(125.689)**	(590.785)	**(81.143)**	(30.736)
At 31 December	**1.025.973**	1.151.662	**-**	81.143

Deferred tax is related to the following:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	€	€	€	€
Revaluation of property for investment at fair value	**1.645.891**	1.699.241	**111.879**	108.754
Revaluation of tangible fixed assets	**(31.726)**	(25.617)	**-**	-
Accelerated capital discounts	**(661.951)**	(579.596)	**(34.515)**	(27.611)
Write off of deferred tax as non-recoverable	**-**	-	**(77.364)**	-
Revaluation of property inventories to net	**73.759**	57.634	**-**	-
Total at 31 December	**1.025.973**	1.151.662	**-**	81.143

The Company and the Group have determined that no temporary tax differences arise from any undistributed profits from the subsidiary companies and associates, since dividends from Cypriot companies and companies within the European Union to Cypriot companies are not subject to taxation in accordance with the relevant laws.

The Company and the Group, when assessing the recoverability of the deferred tax asset at 31 December 2018, took into account the actual performance of the Company and the Group as well as the detailed economic forecasts by the end of 2019, which were also used to develop the assumptions for in the coming years until 2038. Key assumptions, among others, include the following:

- The evolution of interest and rent income
- The level of operating costs

28. Deferred taxation (continued)

Based on the above, the Company's Management has concluded that the deferred tax asset of €1.025.973 for the Group at 31 December 2018 is recoverable, while the deferred tax asset of €77.364 for the Company is non-recoverable and was written off during the year.

29. Trade and other payables

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	€	€	**€**	€
Other payables and accrued expenses	**648.000**	641.854	**499.375**	539.174
	648.000	641.854	**499.375**	539.174

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	
	2018	2017	**2018**	2017
	€	€	**€**	€
Corporation tax	**74.880**	182.347	**41.998**	162.495
Defence contribution current year	**(133)**	(6.524)	**-**	-
	74.747	175.823	**41.998**	162.495

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

	2018	2017
	€	€
Annual fees of the members of the Board of Directors	**16.333**	21.000
Board members fees for their participation in committees	**20.400**	18.750
Allowance for hospitality expenses	**97.692**	73.846
	134.425	113.596

31. Related party transactions (continued)

Remuneration and benefits of the Executive Director

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	2018	2017
	€	€
Salaries	**123.605**	117.178
Provident fund contributions	**12.085**	11.450
Other employer's contributions	**20.821**	14.806
	156.511	143.434

The remuneration of the members of the Board of Directors in 2018 was as follows: Antonios-Andreas-Andis Scordis: annual director fees €3.500 (2017: €3.500) and fee for participation in committees €3.450 (2017: €2.700), Lefteris Christoforou: annual director fees €2.333 (2017: €3.500) and fee for participation in committees €1.800 (2017: €3.150, Dr. Nearchos Ioannou: annual director fees €3.500 (2017: €3.500) and fee for participation in committees €4.950 (2017: €3.600), Varnavas Irinarchos: annual director fees €3.500 (2017: € 3.500) and fee for participation in committees €5.400 (2017: €3.600), Demetrios Philippidis: €3.500 (2017: €3.500) annual fee and €4.800 (2017: €3.450) Nicolas Hatzigiannis: annual director fees €Nil (2017: €3.500) and fee for participation in the committees €Nil (2017: € 2.250).

Additionally, during 2018, an amount of €36.922 (2017: € 36.922) was paid to Mr Antonios-Andrea-Andis Scordis as Chairman of the Board of Directors, an amount of €12.308 (2017: €18.462) was paid to Lefteris Christoforou as Vice Chairman of the Board of Directors and an amount of €48.462 (2017: €18.462) was paid to Dr. Nearchos Ioannou as Vice Chairman of the Board of Directors. The total amount paid in 2018 amounted to €97.692 (2017: €73.846).

Also during the year, Dr. Nicos Michaelas, as Executive Director, had gross wages of €123.605 (2017: €117.178), plus contributions to Provident Fund of €12.085 (2017: €11.450) and other employer contributions of €20.821 (2017: €14.806).

In addition to the above amounts, in the course of 2018, an amount of €21.723 (2017: €19.894) was paid for other expenses and benefits of members of the Board of Directors.

(ii) Remuneration of other key management personnel

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	2018	2017
	€	€
Salaries	**76.904**	72.862
Provident fund contributions	**7.690**	7.286
Other employer's contributions	**14.572**	14.028
	99.166	94.176

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

31. Related party transactions (continued)

(iii) Receivable balances from direct and indirect subsidiary and associated companies

THE COMPANY

	2018	2017
	€	€
Amounts due from subsidiary companies within one year (Note 24)	**28.563.747**	28.419.197
Amounts due from associated company over one year (Note 23 and 24)	**11.047.673**	11.066.713
	39.611.420	39.485.910

The following interest charges were charged during the year:

THE COMPANY

	2018	2017
	€	€
Interest charged to subsidiary companies	**34.011**	34.032
Interest charged to associated company	**193.340**	420.353
	227.351	454.385

(iv) Amounts due from associated company

THE GROUP

	2018	2017
	€	€
Repayable over one year (Note 23 and 24)	**11.047.673**	11.066.713

(v) Provision for loss from associated company (Note 19)

Reversal of provision for loss from share in associated company undertakings of €413.656 (2017: €1.024.570 provision for share of loss) was recognised in the statement of profit or loss of the Group and the Company. The total amount of the provision which comprises of provision in excess of the initial investment for the participation in Verendrya Ventures Limited, as a result of the constructive obligation of the Company which derives from its commitment to provide financial support, is €2.414.951 (2017: €2.636.268) and is included in the current liabilities of the Group and the Company. This amount includes dividend of €118.800 which was distributed from the associated company from 2013 to 2017. No dividend was distributed from the associated company during the year (2017: €20.800).

(vi) Contracts with directors and related parties

Mr. Varnavas Irinarchos and Dr. Nicos 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 2018, the Company held 7.615.937 (2017: 7.615.937) shares in Logicom Public Ltd (ownership %: 10,28%, 2017: 10,28%) with fair value of €10.738.471 (2017: €8.986.806). This investment is included in the financial assets at fair value through profit or loss.

31. Related party transactions (continued)

(vi) Contracts with directors and related parties (continued)

During the year ended 31 December 2018, the Company purchased from Logicom Public Ltd property, plant and equipment and services of €43.627 (2017: €28.253).

Logicom Public Ltd participates, through its subsidiary Logicom Services Ltd, in the share capital of the Company as at 31 December 2018 with a percentage of 29,62% (2017: 7,42%).

On 8 February 2018, the Company received notification from the shareholder Logicom Services Ltd that by the acquisition of additional shares in the Company the stake of Logicom Services Ltd in the Company's share capital amounted to 11,12%. On 15 March 2018, the Company received notification from the shareholder Logicom Services Ltd that by the acquisition of additional shares in the Company the share of Logicom Services Ltd in the Company's share capital amounted to 29,62%. The second transaction involved the acquisition of 37 million shares by the Co-operative Bank of Cyprus. Following this transaction, the share of the Cooperative Bank of Cyprus in the Company decreased to 1,09%.

(vii) Transactions with subsidiary companies

THE COMPANY
During the year, the Company paid rents of €53.280 (2017: €51.402) to its subsidiary company Demetra Tower Ltd.

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.

Since then, the Cyprus economy has been on a positive track record and international credit capacity agencies have upgraded the country's creditworthiness. Although there are signs of improvement, especially in the macroeconomic environment of the country's economy, including GDP growth and falling unemployment rates, significant challenges still remain.

The risks to growth prospects of the economy are related to the high levels of non-performing loans in the banking system and the potential losses to the structural reforms with associated risks to the public finance.

The 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.

32. Operating Environment of the Company and the Group in Cyprus (continued)

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

The Company, in previous years, has provided guarantees by blocking bank accounts for its participation in the desalination works in Episkopi and Larnaca through the affiliated company Verendrya Ventures Limited. Additionally, the Company has committed, if it becomes necessary in the future, to provide financial support to the above related company based on its shareholding percentage, which will allow the company to continue as a going concern. As a result, a provision of €2.414.951 (2017: €2.636.268) has been recognized and is included in the Group's and Company's current liabilities due to the Company's assumed liability arising from the financial commitment to the related company (Note 19). Similar commitments to provide financial support have been given by the Company to a number of Group subsidiaries. The Company's Board of Directors expects that the Company and the Group will not suffer any other significant 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:

	ΤΟ ΣΥΓΚΡΟΤΗΜΑ		**Η ΕΤΑΙΡΕΙΑ**	
	2018	2017	**2018**	2017
	€	€	**€**	€
Within one year	**132.701**	141.807	**4.440**	4.440
	132.701	141.807	**4.440**	4.440

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

34. Commitments (continued)

*Hellenic Bank**:***
In addition to the above commitments, in the context of the proposed increase in the share capital of Hellenic Bank Public Company Ltd (the "UK") amounting to €150 million through the exercise of existing pre-emption rights, the Company has entered into a subscription agreement with Hellenic Bank Ltd (the "Bank"), on 18/6/2018, as amended on 23/6/2018. Under this agreement, the Company is committed to subscribe for up to 71.428.571 new ordinary shares at issue price for a total consideration of up to €50 million.

As part of this commitment, the Company has agreed to subscribe for a pro rata right under the Issue of Rights, amounting to 14.366.920 New Ordinary Shares for a total consideration of €10.056.844. In addition, to the extent that New Ordinary Shares are not acquired by converting the Rights of other Existing Shareholders into the issue of Rights, the Bank has agreed to allocate to the Company such number of additional New Ordinary Shares as is required for the Company to hold a participation of 20.09% upon completion of the capital increase. In all other cases, the Company's shareholding will be less than 20.09%

Further, the Bank's Board of Directors, at its sole discretion, may grant to the Company additional New Ordinary Shares for which no subscription will be made as a result of the exercise of Rights during the Exercise Period, so together with the New Ordinary Shares for which the Company will be subscribed (including the New Ordinary Shares arising from the exercise of its Rights) the total subscription amount of the Company to Capital Increase shall be up to € 50.000.000.In such a case, the Company's shareholding in the Bank's share capital will range between 20.09% and 22.1% upon completion of the Capital Increase. It is noted that as of 31 December 2018 and 2017 the participation rate was 10.05%.

The subscription agreement with the Bank was subject to the following regulatory approvals:

a) approval by the CBC and the ECB of the acquisition by the investor of the New Ordinary Shares if such acquisition constitutes a qualifying holding, in accordance with the Credit Institutions Act (Law 66 (I)/1997).

b) the approval of the Superintendent of Insurance of the acquisition by the investor of the New Ordinary Shares if such acquisition constitutes a qualifying holding in accordance with the Insurance and Reinsurance Works and Other Related Matters (Amendment) Act 2017

It is noted that the Company has informed the Bank that it has received the above supervisory approvals and does not require additional supervisory approvals for the purposes of its registration.

In addition, the subscription agreement between the Bank and the Company includes other conditions that have now been satisfied (including: (i) the Completion of the Acquisition, and (ii) the adoption of a resolution approving the issue of the new ordinary shares that constitutes the issue rights).

The Company intends to cover the exercise of its options under the subscription agreement, from cash available up to €40 million and, if the investment exceeds €40 million, from banking facilities.

On 28/1/2019 the Bank has secured the Prospectus Release License regarding the issue. The date the company's share goes ex rights is on 1/2/2019. The Rights started trading on the CSE on 15/2/2018 and the deadline for exercising the Rights is on 7/3/2019. The Bank's Board of Directors Convergence for the Disposal of Unexercised Rights and for Private Equity is scheduled for 14/3/2019, and the Dispatch Date of the New Ordinary Shares is set for 18/3/2019.

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:

	ΤΟ ΣΥΓΚΡΟΤΗΜΑ		Η ΕΤΑΙΡΕΙΑ	
	2018	2017	**2018**	2017
	€	€	**€**	€
Within one year	**674.022**	624.924	**47.100**	10.200
Between two to five years	**859.343**	1.190.894	**124.229**	-
	1.533.365	1.815.818	**171.329**	10.200

The aforementioned relate to rents from operating leases for the offices and other commercial real estate of the Group and the Company.

For all rented premises, rental agreements between the owner and the tenant are signed, detailing the rental terms. The most basic terms are:
• Rental period (usually ranging between 3 and 10 years)
• Rental charge (calculated based on square meters taking into account the location and characteristics of the premises)
• Increase of rent (usually every 1 to 2 years depending on the case and based either on inflation, or a fixed increase of between 2% and 3% per year).

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 2018 were €36.965 (2017: €35.037). The other companies of the Group do not employ any employees.

37. Dividends

The Board of Directors does not recommend the payment of a dividend (2017: €Nil).

38. Events after the statement of financial position date

Apart from participating in the proposed increase in the share capital of Hellenic Bank Public Company Ltd, as explained in Note 34, there were no other material events subsequent to the date of the statement of financial position that are relevant to the understanding of the financial statements.

Demetra Investments Public Limited

Investments exceeding 5% of the Group's Assets, and the 10 most significant investments of the Group as at 31 December 2018

	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.	Bank deposits and cash	N/A	N/A	N/A	N/A	42.346.908	42.346.908	42.346.908	**33,39**	90.404			
2.	Investments in the field of land and property development	Development of land and property											
	- Cyprus		N/A	Other investments	N/A	51.511.438	30.393.324			1.159.664			
	- Romania		N/A	Other investments	N/A	30.649.640	6.539.113						
	- Bulgaria		N/A	Other investments	N/A	7.048.029	3.711.000	40.643.437	32,05				
3.	Hellenic Bank Public Company Ltd	Financials	Main market	Shares	19.954.056	43.544.347	14.845.818	14.857.070	11,71		10,05	(45.045)	56.168
		Corporate bonds	Bond market	Convertible bonds - HBCS1	23.441	23.441	11.252				1,47		
4.	Investments in other projects	Other projects	N/A	Other investments	N/A	10.302.860	12.577.078	12.577.078	9,92	193.340			
5.	Logicom Public Ltd	Technology	Main market	Shares	7.615.937	7.399.002	10.738.471	10.738.471	8,47	495.036	10,28	14.628	9.186
6.	Lordos Hotels (Holdings) Public Ltd (Note 1)	Customer Services	Alternative market	Shares	5.604.748	3.257.256	3.082.611	3.082.611	2,43		16,01	3.074	12.135
7.	NETinfo Plc (Note 1)	Technology	New market	Shares	734.895	661.720	756.942	756.942	0,60		5,73	(35)	164
8.	SFS Group Public Company Ltd (Note 1)	Financials	Alternative market	Shares	6.652.000	8.022.299	149.670	149..670	0,12		10,00	21.676	672
9.	Ermes Department Stores Plc (Note 1)	Customer Services	Alternative market	Shares	2.000.000	1.214.842	108.000	108.000	0,09		1,14	(398)	556
10	Arqus Lamda Fund Class B Series 1	N/A	N/A	Mutual Fund	100	100.000	107.290	107.290	0,08				
	TOTAL					**206.081.782**	**125.367.477**	**125.367.477**	**98,85**				

Total assets: €126.831.432
Net assets per share as at 31 December 2018: €0,6188 (Note 2)

The fully diluted net asset value does not apply.
The market value of listed investments was based on the bid price on 31 December 2018.
Note 1: Issuer's net earnings / (net losses) and investor's net assets corresponding to 2017 as there were no audited financial statements of the issuer for 2018.
Note 2: The net asset value per share is calculated by dividing the total net assets (31 December 31 2018: € 123.768.481) by the number of issued shares (200.000.000 shares).