"I. KLOUKINAS – I. LAPPAS S.A. CONSTRUCTION AND COMMERCE"

(K.L.M. S.A.)

ANNUAL FINANCIAL REPORT

(According to the Law 3556/2007)

for the financial year from
1 January to 31 December 2016

A. STATEMENTS OF THE BOARD OF DIRECTOR'S MEMBERS

Statements of the BoD Members
(according to article 4, paragraph 2 of L.3556/2007)

It is hereby declared that as far as we know the enclosed financial statements of **I. KLOUKINAS – I. LAPPAS S.A.** for the year of 01.01.2016 to 31.12.2016, drawn up in accordance with the applicable accounting standards, reflect in a true manner the assets and liabilities, equity and results of **I. KLOUKINAS – I. LAPPAS S.A.,** as well as of the companies included in Group consolidation, taken as a whole.

Furthermore, we declare that the enclosed report of the Board of Directors reflects in a true manner the development, performance and financial position of **I. KLOUKINAS – I. LAPPAS S.A.,** and of the companies included in the Group consolidation, taken as a whole, including the description of the principal risks and uncertainties.

Athens, April 7th, 2017

The Members of the BoD

THE CHAIRMAN	THE VICE-CHAIRMAN	THE EXECUTIVE MEMBER
IOANNIS LAPPAS	LOUKAS SPENTZARIS	VIOLETTA LAPPA

B. ANNUAL REPORT OF THE BOARD OF DIRECTORS

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY "I. KLOUKINAS – I. LAPPAS CONSTRUCTION AND COMMERCE S.A."

on the consolidated and Company's Financial Statements for the period from January 1, 2016 to December 31, 2016.

Dear Shareholders

According to the provisions of Law 2190/1920, and of Law 3556/2007 as well as according to the provisions of the published decisions of the Board of Directors of the Hellenic Capital Market Commission, we submit the Board of Director's Annual Report for the year from 01/01/2016 to 31/12/2016. The present report describes brief information on the Company and the Group "**I. KLOUKINAS – I. LAPPAS CONSTRUCTION AND COMMERCIAL S.A**.", financial information which aim in briefing the shareholders and investors for the financial position, the results, the overall developments and changes that took place within the fiscal year 2016 as well as important events that took place and their impact on the financial statements of the year. Moreover, a description of the major risks and uncertainties that the Group and the Company may face in the future and the most important transactions of the issuer and its related parties are presented.

The current Report includes in summary, yet in substantive way, all of the significant individual sections that are necessary, according to the above legislative framework and accurately presents all of the related information that are necessary based on Law, in order to deduct a substantial and thorough briefing for the activity during the referred period of the Company "**I. KLOUKINAS – I. LAPPAS S.A.",** as well as of the Group. The following companies are included in the Group:

GROUP STRUCTURE

Name	Headquarters	Participation %	Relation that dictated consolidation	Consolidation method
I. KLOUKINAS – I. LAPPAS S.A.	Greece	**Parent Company**	-	-
KLM A.T.E	Greece	100,00%	Direct	Full Consolidation
SYSMEROM COM SRL	Romania	100,00%	Direct	Full Consolidation
KLM BULGARIA EOOD	Bulgaria	100,00%	Direct	Full Consolidation
KLMS COM DOOEL	FYROM	100,00%	Direct	Full Consolidation
KLSAL LTD	Albania	100,00%	Direct	Full Consolidation
KLSER COMMERCE LTD	Serbia	100,00%	Direct	Full Consolidation
KLSLV D.O.O	Slovenia	100,00%	Direct 28,98% Indirect 71,02%	Full Consolidation
KLMOL	Moldavia	100,00%	Direct	Full Consolidation
ATTIKAT	Greece	10,00%	Indirect(IKLM ATE with100%)	Equity

The current Report accompanies the full year financial statements (01/01/2016–31/12/2016) and is included uncut with the mentioned statements as well as the reports of the members of the BoD in the full year financial report concerning 2016. Given that the Company issues consolidated financial statements as well, the present Report is integrated, and emphasis is placed on the consolidated financial statements while reference to the Company's financial statements is made only where it was deemed necessary or intentional for the best comprehension of the full year report.

The sections of the Report and their content are as follows:

<u>SECTION 1</u>: FINANCIAL DEVELOPMENTS & PERFORMANCE OF FISCAL YEAR 2016

1.1 Significant Events of Fiscal Year 2016.

The consolidated turnover during the fiscal year 2016 was reduced by 4,77%, amounting to 31.785.603 € over 33.378.883 € for 2015. Gross profits amounted to 17.191.556 €, over 17.687.771 €, decreased by 2,81% in relation to 2015.

The consolidated profits before interest, tax, depreciation and amortization (EBITDA)* amounted to 3.113.523 € over 2.018.743 € for 2015 increased by 54,23%. Consolidated profits before interest and tax (EBIT)* amounted to 1.776.235 € over 556.713 € for 2015, increased by 219,06 %, while the consolidated results before taxes amounted to profits of 1.069.025 € over losses of 763.159 € of the past fiscal year. Finally, the consolidated results after taxes amounted to profits of 497.267 €, over losses of 861.895 € in 2015.

The turnover of the parent Company decreased by 3,96% during 2016, amounting to 28.663.403 € over 29.845.412 € for 2015. Gross Profits amounted to 14.453.298 €, over 14.708.152 €, decreased by 1,73% in relation to 2015.

The profits before interest, tax, depreciation and amortization (EBITDA)* of the parent Company amounted to 2.566.367 € over 1.116.641 € in 2015, increased by 229,83%.

Profits before interest and tax (EBIT)* amounted to 1.504.378 € over 59.620 € for 2015. The results before taxes amounted to profits of 846.791 € over losses of 811.776 € of the past fiscal year. Finally, the results after taxes amounted to profits of 279.253 € over losses of 900.626 € in 2015.

The Group's inventory amounted to 10.761.011 € over 11.133.052 € on 31/12/2015, decreased by 3,34%.

Group's Equity on 31/12/2016 amounted to 54.543.178 €, over 54.166.548 € on 31/12/2015, increased by 0,70%.

The Group's Net debt presented a significant decrease during the last four years. Debt decreased by 11,78% in 2016 amounted to 14.876.110 € over 16.863.305 € in 2015. Significant decrease presented also the liabilities towards suppliers by 16,58% amounted to 5.578.823 € in 2016 over 6.687.393 € in 2015, although Group's trade receivables (receivables from construction work not inclusive) increased by 6,73% amounted to 3.176.789 € over 2.976.408 € in 2015.

Cash and cash equivalent on 31/12/2016 amounted to 3.388.509 €, consequently the Group's net debt is 11.487.602 € over 12.687.005 € on 31/12/2015, decreased by 9,45%.

*Further clarification in paragraph "Alternative performance measures"

REVIEW OF RESULTS BY SECTOR

The Group operates on retail, construction and energy sectors.

Review of commercial activity

The Group operates in Greece and in Balkans. The number of stores in Greece is 36 and 11 in Balkans area.

The sales network of the Group is presented in the table below:

GREECE	
ATTICA	18
AGRINIO	1
THESSALONIKI	3
CORFU	1
KORINTHOS	1
CRETE	3
LARISA	1
PATRA	2
CHALKIDA	1
CHIOS	1
FRANCHISE	
IOANNINA	1
CRETE	1
NAFPLIO	1
RHODES	1
TOTAL	**36**
BALKANS	
ALBANIA – TIRANA	1
BULGARIA – SOFIA	1
ROMANIA – BUCHAREST	5
ROMANIA – CONSTANTA	1
SERBIA – BELGRADE	2
F.Y.R.O.M. - SKOPJE	1
TOTAL	**11**

Financial results of the commercial activity:

The turnover in Greece amounted to 26.482.806 € over 27.378.247 € of the previous year, decreased by 3,27%.
The gross profit amounted to 14.443.168 € over 14.686.328 €, decreased by 1,66%. The gross profit margin is increased from 53,64% in 2015 to 54,54% and the operating expenses decreased by 7,49% in relation to the previous year. Due to the above the results before taxes in Greece amounts to profits of 836.282 € over losses of 84.880 € in 2015.
Total retail sales in Greece and Balkans region amounted to 30.832.649 € over 32.515.752 € in 2015, decreased by 5,18%. The gross profit amounted to 16.541.437 € over 17.114.206 € in 2015, decreased by 3,35%. The gross profit margin is increased from 52,63% in 2015 to 53,65% and the operating expenses

decreased by 11,58% in relation to the previous year. Due to the above the results before taxes amounted to profits of 667.745 € over losses of 1.062.124 € in 2015.

Review of the construction activity through the subsidiary Company "IOANNIS KLOUKINAS- IOANNIS LAPPAS ATE"

The inactivity of the market and Company's and bank's lack of liquidity prevent new investment in the construction sector until the economic and political environment is stabilized. Considering the above the Company decided the reduction of the construction activity of the subsidiary Company which its main activity now is the energy production.
Losses before taxes for the construction activity amounts to 202.139 € over 379.501 € in 2015. The losses resulted from the expenses arose from outstanding litigations and debt liabilities of the construction sector.

Review of energy activity
The turnover amounted to 952.954 € over 863.131 € in the previous year, presenting an increase of 10,41%. The gross profit amounts to 652.137 € over 573.565 € increased by 13,70%. The profits before taxes amounted to 669.379 € over 584.344 €, increased by 14,55%.

SECTION 2: Financial risk factors

Foreign exchange risk
a) Risk of reduction of gross profit due to appreciation of foreign currencies:
This risk arises from the fact that the Group purchases the bulk of its commodities at GBP and USD rates and sells a part of these commodities on the markets in which it operates at prices expressed in local rates. The current circumstances are favorable to our Company since, due to BREXIT, the GBP to EURO exchange rate has fallen in favor of EURO.
The selling rates of the Group commodities are finalized several months prior their receipt and payment in full and any potential appreciation of the dollar and of the pound against the local currencies would increase the selling cost but not the selling rate, therefore the Group would lose part of its gross profit.
b) Risk from the translation of foreign currency financial statements:

The Group operates in Balkan countries whose functional currency is not the Euro and their financial statements are drafted in local currency. As a result, the conversion of these statements into Euro in order to be consolidated in the financial statements of the Group exposes the latter to risk.

The Group has not yet implemented hedging mechanisms for the foreign exchange rate risk posed mainly by future trading in Foreign Currency and mainly in pound sterling. This risk is managed by the financial services of the Group in collaboration with the competent Commercial Divisions whereas the strategy and the general planning is undertaken by the Board of the Company. The Commercial Divisions take into account the risk of exchange rate fluctuations while determining the retail prices for their commodities.

Credit Risk

The Group does not have a significant concentration of credit risk as more than 90% of the Group sales are on retail basis. The remaining is related to wholesale of goods to related parties and franchisees.

The energy sector does not have significant concentration of credit risk as it is trading with public entity.

As far as the construction sector the management decided the reduction of the construction activity bαsed on the ongoing crisis in the sector. Therefor the Group is not exposed to major credit risk in relation to the construction sector.

Liquidity Risk

In relation to the liquidity risk, the Group maintains sufficient available funds that amount to 3.388.509 € instead of the 4.176.300 € of the previous fiscal year and despite the problems that were created by the imposition of capital controls and by the sparsity of funding from banking institutions, the Group retains sufficient credit limits. The Management estimates that there will be no problems in liquidity during 2017.

With respect to the bond loan agreement of 19/7/2006 amounting to 10.000.000 €, the Bondholder, if the Company does not meet the threshold of the financial index "earnings before interest, tax, depreciation and amortization to interest expenses”, consents to the non-measurement of that index and waives the rights resulting from this agreement due to the expected non-compliance with the aforementioned index, according to a letter with effect until 31/12/2017.

Interest Rate Risk

The interest rate risk arises mainly from long-term loans. The overall loan is in euro and has a fluctuating interest. Alterations in interest rates expose the Group to cash flow risk. Any fluctuation of the euribor affects the debit interests and the Company results. Specifically, in the second half of the year, the euribor rate fluctuated to zero which resulted in a reduction of the financial cost.

During the second half of this year, the Company re-negotiated the terms of the Bond loans and achieved an extension of their payment deadline.

Corporate Governance

The Group has adopted the Principles of Corporate Governance, as those are applicable in the context of the Greek law and international practices

The Audit Committee is comprised of the 2 independent members of the Board and its mission is to conduct objective internal and external audits and facilitate an effective communication among the auditors and the Board.

Head of the Internal Control Department is Mr. Palmos Vasilis and he is addressed directly to the BoD.

SECTION 3: Prospects and Development

Prospects for Fiscal Year 2017

2016 ended with positive results for the Company and the Group. Since the Company targets a very sensitive and specific group of consumers, the pregnant female and her child, 2017 is estimated to also end with positive results.

Moreover, the Management has taken all required measures in order to ensure sufficient liquidity for the fulfillment of Company obligations and maintenance of its market share.

Dividend policy

The Board of Directors will propose to the Annual General Assembly of Shareholders, the distribution of dividend of a total amount of € 804.384,36 i.e. € 0.02 per share. It should be noted that the aforementioned decision is conditional on the approval by the General Shareholders Meeting.

SECTION 4: INTER COMPANY TRANSACTIONS

The most important transactions between the Company and its related parties as they are described in IAS 24 are analyzed as follows:

(Amounts in €)	GROUP 31/12/2016	COMPANY 31/12/2016	RELATION WITH THE PARENT COMPANY
SALES/INCOME			
KLM A.T.E	0	2.520	SUBSIDIARY
SYSMEROM COM SRL	0	1.113.123	SUBSIDIARY
KLMS COM DOOEL	0	168.691	SUBSIDIARY
KLM BULGARIA EOOD	0	191.112	SUBSIDIARY
KLSAL LTD	0	203.647	SUBSIDIARY
KLSER COMMERCE LTD	0	634.411	SUBSIDIARY
KLSLV D.O.O	0	-156.166	SUBSIDIARY
TOTAL	**0**	**2.157.338**	
PURCHASES/EXPENSES			
SYSMEROM COM SRL	0	582	SUBSIDIARY
KLSLV D.O.O	0	24.813	SUBSIDIARY
TOTAL	**0**	**25.395**	
RECEIVABLES			
KLM A.T.E	0	6.708	SUBSIDIARY
SYSMEROM COM SRL	0	644.723	SUBSIDIARY
KLMS COM DOOEL	0	8.381	SUBSIDIARY
KLM BULGARIA EOOD	0	819.432	SUBSIDIARY
KLSAL LTD	0	273.642	SUBSIDIARY
KLSER COMMERCE LTD	0	261.315	SUBSIDIARY
KLSLV D.O.O	0	711.538	SUBSIDIARY
TOTAL	**0**	**2.725.739**	
PAYABLES			
KLM A.T.E	0	420	SUBSIDIARY
KLSER COMMERCE LTD	0	208	SUBSIDIARY
TOTAL	**0**	**628**	
Transactions of Management and members of BoD	678.375	678.375	
Receivables from management and BoD	1.400	1.400	
Payables from management and BoD	0	0	

All the above transactions have been realized either between the Company and its subsidiaries or between the subsidiaries and have been eliminated from the consolidated financial statements.

All other transactions are created in the context of the commercial transactions between the companies.

SECTION 5: EVENTS AFTER THE REPORTING DATE

On 01/02/2017 the 100% subsidiary Company of the parent Company under the name "KLSLV D.O.O.", whose activity was the trade of Mothercare and ELC products, has been definitively removed from the Trade Register of Slovenia.

SECTION 6: ALTERNATIVE PERFORMANCE MEASURES

The Group utilizes Alternative Performance Measures (APMs') in the context of its decision making with regards to the financial, operational and strategic planning as well as for the evaluation and public disclosure of its performance. The Alternative Performance Measures (APMs') should be always taken into consideration along with the financial results which have been prepared in accordance with the IFRS whereas in no case do they replace IFRS.

Profitability ratios

EBITDA (Earnings before interest, tax, depreciation and amortization)

EBITDA is calculated from the annual financial statements as follows: Oprerating profit plus depreciation, devaluation of tangible and intangible assets and loss from sale of tangible assets minus depreciation of government grants and profits from sale of tangible assets

	01.01-31.12.2016			01.01-31.12.2015		
	Continued activities	Discontinued activities	Total	Continued activities	Discontinued activities	Total
Operating profit	**1.792.179**	**-30.174**	**1.762.005**	**880.851**	**-643.108**	**237.742**
Depreciation	1.337.118	170	1.337.288	1.367.583	94.446	1.462.029
Depreciation of government grants	-37.633	0	-37.633	-37.633	0	-37.633
Devaluation of tangible and intangible assets	52.229	6.922	59.151	0	346.346	346.346
Proceeds from sale of tangible assets	0	-7.288	-7.288	10.258	0	10.258
EBITDA	**3.143.893**	**-30.370**	**3.113.523**	**2.221.059**	**-202.316**	**2.018.743**

EBIT (Earnings before interest and tax)

EBIT is calculated from the annual financial statements as follows: Oprerating profit plus devaluation of tangible and intangible assets and loss from sale of tangible assets minus depreciation of government grants and profits from sale of tangible assets

	01.01-31.12.2016			01.01-31.12.2015		
	Continued activities	Discontinued activities	Total	Continued activities	Discontinued activities	Total
Operating profit	**1.792.179**	**-30.174**	**1.762.005**	**880.851**	**-643.108**	**237.742**
Depreciation of government grants	-37.633	0	-37.633	-37.633	0	-37.633
Devaluation of tangible and intangible assets	52.229	6.922	59.151	0	346.346	346.346
Proceeds from sale of tangible assets	0	-7.288	-7.288	10.258	0	10.258
EBIT	**1.806.775**	**-30.540**	**1.776.235**	**853.476**	**-296.763**	**556.713**

EBT (Earnings before tax)

EBT equals with the earnings deriving before the deduction of taxes from the annual financial statements.

Net Profit

It equals with the earnings after the deduction of taxes as they are recorded in the financial statements. These earnings are distributed to the shareholders of the parent Company.

Financial performance ratios

ROCE ("Return on Capital Employed"): – "Efficiency of the total Capitals Employed":

The index divides the profits before tax, financial, investment results and total depreciations by the total capitals employed (note 3.1) amounting to 4,72% in consolidated level and 3,89% in company level.

	GROUP		COMPANY	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
EBITDA	3.113.523	2.018.743	2.566.367	1.116.641
Total employed capital	66.030.780	66.853.553	65.978.233	66.477.162
ROCE	**4,72%**	**3,02%**	**3,89%**	**1,68%**

ROE (Return on Equity) – "The efficiency of the Equity Capitals":

The index divides profits after tax by the Equity attributable to shareholders (note 3.1) amounting to 0.91% in consolidated level and 0,52% in company level.

	GROUP		COMPANY	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Profit / (loss) after tax	497.267	-861.895	279.253	-900.626
Equity attributable to shareholders of parent company	54.543.178	54.166.548	54.127.052	53.962.325
ROE	**0,91%**	**-1,59%**	**0,52%**	**-1,67%**

B1.CORPORATE GOVERNANCE STATEMENT

(the present statement is drafted according to article 43bb of C.L. 2190/1920, as added by article 2 of L. 4403/2016, constitutes an identifiable section of the Annual Management Report of the Board and contains the information specified in the aforementioned provision of 31.12.2016)

CONTENTS

4.2. Risk Management of the Company and the Group in relation to the process of drafting financial statements (corporate and consolidated).

4.3. Annual re-examination of the corporate strategy, the main business risks and the internal control systems.

5. Composition and functioning of the administrative, management and supervisory bodies and of their committees.

6. Policy on the diversity that is applied on the administrative, management and supervisory bodies of the Company with regard to aspects such as age, gender, educational and professional background of the members.

7. Sufficient information of the Board in order to facilitate decisions that concern transactions between related parties.

8. Additional information pursuant to article 10 par. 1 c), d), e), f) and g) of Directive 2004/25/EC

PREAMBLE

Corporate Governance refers to a set of principles designed for the adequate organization, operation, management and control of a business, with the long-term goal of maximizing its value and safeguarding the legal interests of all those connected to it.

In Greece, the corporate governance framework has mainly developed via the adoption of mandatory rules such as Law 3016/2002 which mandates the participation of non-executive and independent non-executive members on the Boards of Greek listed companies, the establishment and operation of an internal control system and the adoption of internal charters. Furthermore, a number of other legislative acts transposed several European directives on Company law into the Greek legal framework, thus establishing new corporate governance rules. These include Law 3693/2008 which mandates the creation of audit committees and a number of significant disclosure obligations in relation to the ownership and governance of Companies, Law 3884/2010 which concerns the rights of shareholders and additional corporate disclosure obligations to the shareholders in the context of preparation of the General Meeting and Law 3873/2010 which incorporates into Greek legislation EU Directive 2006/46/EC on the annual and consolidated accounts of certain types of companies. Finally, in Greece, as in most countries, the Law on companies limited by shares (Societes Anonymes) - (L.2190/1920 which many of the aforementioned provisions amend) includes the main rules for their governance.

1. Corporate Governance Code

1.1. Disclosure of voluntary compliance of the Company with the Corporate Governance Code.

The Company fully complies with the requirements and regulations of the aforementioned legislative texts (in particular C.L. 2190/1920, 3016/2002 and 3693/2008), which constitute the minimum content of every Corporate Governance Code. Moreover, the Company has adopted as its Corporate Governance Code the widely accepted Corporate Governance Code of the Hellenic Federation of Enterprises (SEV), as in force since its revision/amendment by the Hellenic Corporate Governance Council (HCG Council) on October 2013. This Code is available at the website of the Hellenic Corporate Governance Council (HCG Council) on the following electronic address http://www.helex.gr/documents/10180/906743/HCGC_GR_20131022.pdf/e8e7b6da-6dd0-4c30-90e9-79fe9ca8383d.

Besides the aforementioned website, the Code is also available in printed form at the Division of Financial and Administrative Services of the Company.

1.2. Deviations from the Corporate Governance Code and their justification. Special provisions of the Code not applied by the Company and justification for their non-implementation.

With the present statement, the Company certifies that it faithfully and strictly applies the provisions of Greek law (C.L. 2190/1920, 3016/2002 and 3693/2008) which form the minimum requirements that any Corporate Governance Code must meet when implemented by a Company whose shares are admitted to trading on a regulated market. These minimum requirements are included in the aforementioned Corporate Governance Code to which the Company subjects. However, this Code also includes a set of additional (to the minimum requirements) special practices and principles. In relation to the additional practices and principles in question, at the time being certain deviations are noted (including the option of non-implementation), which will be shortly described and justified below. In particular:

Section A-The Board and its members

I. Roles and Responsibilities of the Board

The Board has not proceeded to the creation of a separate committee that will lead the nomination procedure for Board elections and prepare proposals to submit to the Board in relation to the remuneration of executive board members and key senior executives, given that so far this is not required by law and has not been deemed necessary. More specifically, nominations for election to the Board can be submitted by any interested party to the Board or to the General Meeting of the Company's shareholders without the need for the establishment of a special procedure for this purpose to be considered necessary based on the structure, organization and operation of the Company so far. The Board consists of members who have sufficient experience and expertise in order to evaluate the nominations of new members and form relevant proposals to the General Meeting. In relation to the remuneration of the executive Board members and of the key senior executives, the remuneration of the former is decided in the General meeting of the Company's shareholders, upon a proposal from the Board which is based on the Company Policy according to which they should be remunerated with the average remuneration received by directors of similar companies. The remuneration of the latter is decided by the Board based on a fixed Company Policy (1.2 of the Code).

II. Size and composition of the Board

The Board does not consist of seven (7) to fifteen (15) members but may, according to the Company statute, consist of four (4) to nine (9) members, since the size and organization of the Company do not require the establishment of a Board with many members (2.1 of the Code).

The Board does not consist of three (3) independent, non-executive members relieved from conflicts of interest with the Company and from close links to the Management, key shareholders or the Company, but of two (2) independent, non-executive members who satisfy the aforementioned criteria, since this is the number of independent, non-executive members stipulated by Law (L. 3016/2002) and so far, it has been considered sufficient for the fulfillment of Board duties, the effective operation of the Board and the compliance of the Company with the requirements of L. 3016/2002 (2.3. of the Code).

III. Role and profile of the Chairman of the Board

The responsibilities of the Chairman of the Board are not explicitly established by the Board. They are defined by law and the Company statute. The responsibilities of the Chief Executive Officer are also not explicitly defined by the Board but by the Company statute according to which the Chief Executive Officer undertakes, upon decision of the Board, the rights and responsibilities of the Chief Executive Officer as well as the representation of the Company. In the current composition of the Company Board, the Chairman and Vice-Chairman of the Board must both bear the title of Chief Executive Officer (3.1 of the Code).

The Board does not appoint an independent Vice-Chairman from among its independent members but, according to the Company Statute, the Vice-Chairman replaces the Chairman of the Board when the latter is absent or unable to perform his duties. In the context of these statutory regulations, as Vice-Chairman of the Board can be appointed any member (executive or not) of the Board (3.3 of the Code).

The Company Statute also states the authority of the Vice-Chairman of the Board to convene the Board in the event the Chairman is absent or otherwise impeded, and replace him. Moreover, the Vice-Chairman of the Board can, according to law, jointly request with another member of the Board a convocation and the inclusion of specific issues in the agenda. There is no specific provision or procedure according to which the Vice-Chairman coordinates the communication between the executive and non-executive members of the Board. There is also no provision for a separate meeting of non-executive members of Board, without the presence and participation of executive members (3.4 of the Code).

IV. Duties and conduct of Board members

There is no legislative or statutory provision and therefore there is not, up to this day, in the Company, a procedure according to which the appointment of a Board executive member as a non-executive member in a Company that is not subsidiary or affiliate must be approved by the Board (4.4 of the Code).

V. Nomination of the Board members

According to the Company Statute, the tenure of the Board is not set at four (4) years but at five (5) and it is extended until the convening of the Ordinary General Meeting on the year its tenure ends, without the option to be extended above six (6) years (5.1 of the Code).

There is no nomination committee for Board candidates since such a committee is not provided for by law, any nomination for election to the Board can be submitted by the interested party to the Board or to the General Meeting of the Company's shareholders and based on the structure, organization and operation of the Company so far, it has not been considered necessary to establish such a committee. The Board consists of members who have sufficient experience and expertise in order to evaluate nominations of new members and form relevant proposals to the General Meeting (5.4., 5.5., 5.6., 5.7., 5.8. of the Code).

VI. Functioning of the Board

There is no functioning regulation for the Board since the provisions of the Company statute are considered sufficient for its organization and operation. At the beginning of each calendar year, the Board does not adopt a calendar of meetings and a 12-month agenda, since, according to the Company statute, the Board convenes regularly once a month and in extraordinary cases when this is imposed by law and/or Company needs (6.1 of the Code).

There is no provision for support of the Board during the performance of its work by a competent, qualified and experienced Company Secretary, since it is possible for the minutes of the Board to be recorded by the Board itself and by a member designated by it (6.2 of the Code).

A good flow of information between the Board and its committees as well as between the top Management and the Board is achieved not via the Company Secretary but via the Chairman or Vice-Chairman of the Board. Each member of the Board, immediately after the beginning of his tenure, can access the Board Minutes and thus ensure that he is informed on all related issues. Good communication of the Company's shareholders with the Board is not ensured via the Company's Secretary but via the Shareholder Service, the establishment and operation of which is defined with precision in the Company's Internal Regulation (6.3 of the Code).

The minutes of each meeting of the Board are drawn up during the meeting and are shared and approved at the end of each meeting and not at the next meeting of the Board (6.4 of the Code).

There is no obligation to hold meetings on a regular basis between the Board Chairman and non-executive members, without the presence of executive members, in order to discuss the performance and remuneration of the latter, since all relevant issues are discussed in the presence of all Board members (6.5 of the Code).

There is no provision for induction programs for new Board members or for the continuing professional development and further training of the other members, since as members of the Board are nominated people with evident and proven experience and organizational - administrative skills. In the exceptional case where an induction procedure is deemed necessary, all appropriate actions will be taken, as will in case a special need for vocational training of the other members arises (6.6 of the Code).

There is no provision for providing sufficient resources to the Board committees in order to perform their duties and recruit external consultants to the extent they are needed, since the relevant resources are approved per case by the Management of the Company according to the respective Company needs of each committee (6.10 of the Code).

VII. Board Evaluation

Apart from the Board's evaluation, via its Annual Report at the Ordinary General Meeting of the Company's shareholders, no other statutory evaluation procedure is required in order to evaluate the performance of the Board. There is also no process for evaluating the performance of the Chairman of the Board during which the Vice-Chairman or a non-executive member are appointed as heads, since a procedure as such is not considered necessary, taking into account that any opinion or proposal for the evaluation of the Chairman can be brought to the attention of the Board and be debated. So far there has been no evaluation procedure for the performance of the Audit Committee, however it is under development (7.1 of the Code).

Section B- Internal Controls

I. System of Internal Controls

The internal audit department operates administratively under the Board and not under the Chief Executive Officer and operationally under the Audit Committee (1.2. of the Code).

The Audit committee consists of three non-executive Board members, one (1) of which is an independent non-executive member (1.4 of the Code).

For the main duties of the Audit Committee, those mentioned in the context of provisions of L. 3693/2008 are valid and apply, without the establishment of further duties and of a special operation regulation, since the key duties and responsibilities of the Committee are deemed by the Company to be adequately described in the existing provisions (1.5, 1.7 of the Code).

No particular funds are allowed to the Committee for use of services of external consultants, however funds for this purpose can be allowed at its disposal by the Management of the Company per case, according to expressly stated needs of the Committee and in order to perform its duties more efficiently (1.9 of the Code).

Section C - Remunerations

The remuneration of all Board members, executive or not, for their participation to the Board meetings and Company Committees and the fulfillment of the arising obligations, is approved at the General Meeting of the Shareholders upon proposal of the Board. The Company Policy is for the Board to propose (a) as remuneration of executive members, a total annual amount for each of them corresponding to the average remuneration of directors of similar companies; and (b) as remuneration of non-executive members, a total annual amount for each of them which will be formed according to the duration of their employment in the Company and to the extent of their duties. There is no evaluation method for the performance of the

Board members against predetermined quantitative and qualitative criteria. In relation to the members of the Board, if they belong to the Company staff during their tenure in this Company, the Company Policy was for them to receive the remuneration of their official position and not be entitled to an additional annual salary as members of the Board (1.1., 1.2., 1.3., 1.4., 1.5. and 1.10. of the Code). Starting from 2014, the aforementioned Company Policy was revised and it was decided if the Board members belong to the Company staff they will receive, apart from the salary for their official posts, an independent remuneration for their participation to the Board meetings, the size of which will depend on the time they dedicated for participation to the Board meetings of the Company and to their duties and which will be submitted for approval to the Ordinary General Meeting of the Company's shareholders.

There is no remuneration committee responsible for setting the remuneration of executive and non-executive Board members and therefore there are no regulations for the duties of a committee as such, the frequency of its meetings and for other issues relating to its operation. Establishment of a committee as such, according to the structure and operation of the Company, has not been deemed necessary so far, since the Board can objectively assess and propose remunerations in compliance with the aforementioned Company policies (1.6, 1.7, 1.8, 1.9 of the Code).

<u>The aforementioned deviations from the special practices of the Hellenic Corporate Governance Code in relation to the remuneration of the Board members are justified because the Board has evaluated and decided that these policies are sufficiently effective for the successful performance of the Board, taking also into account the historic background of the Company on the matter.</u>

Section D - Relations with Shareholders

I. Communication with Shareholders

There is no deviation.

II. The General Meeting of shareholders

During the convocation of the Ordinary General Meeting for the fiscal year 2016 (which will take place within 2017), the Company shall comply with provisions of L. 3884/2010 and then with the respective provisions of the Code (2.1. of the Code).

The Company statute does not provide for a procedure in order to perform an electronic or postal voting in General Meetings. In any case, implementation of any special practice requires the issuance of relevant ministerial decisions, in accordance with L. 3884/2010, which has not yet taken place (2.2. of the Code).

For all the aforementioned cases included in the present statement as deviations from the Hellenic Corporate Governance Code, there has not been, so far, any legislative or statutory regulation by the Hellenic Capital Market Commission. The Company re-estimated the detected deviations within 2016 and decided to maintain them and re-estimate them again within 2017, in order to decide whether or not to maintain them for a longer period of time.

1.3. Corporate Governance practices of the Code above and beyond those required by law.

The Company strictly implements the legislative provisions that concern corporate governance. For the time being there are no additional practices implemented above and beyond those required by law.

2. The Board

2.1. Roles and Responsibilities

The Board is the supreme executive management body of the Company. The scope of the Board is to ensure the viability and smooth operation of the Company, the proper and lawful management of the Company assets, the protection of the investment value of shares, the protection of corporate interests and the strengthening of the long-term financial value of the Company.

The Board runs and represents the Company, manages its assets and it decides on all issues that concern the Company and its scope apart from those that by law or statute are subject to the exclusive authority of the General Meeting of the Company's shareholders.

In short, the Board of the Company:

(a) represents the Company before any third natural or legal entity, before any court and any authority, public, administrative or other, appoints proxy attorneys and legal consultants and attends every Court regardless of rank and jurisdiction,

(b) manages and exploits corporate assets, purchases, sells, mortgages, charges, pledges, rents, leases, exchanges movable or immovable assets, takes insurance or other measures in favor of corporate assets, issues, accepts, guarantees or endorses promissory notes, exchange notes or checks and in general securities, collects the Company claims and provides guarantees of all kinds or counter-guarantees in favor of any persons or Banks with which the Company conducts transactions and provided

these Banks facilitate the success of the corporate purpose, agrees to or accepts loans, assigns Company claims and in general concludes any commercial contract or transaction and any promissory or property contract or transaction,
(c) Manages and organizes the Company, concludes contracts of any kind (promissory, property etc.), decides on the establishment, operation, interruption or elimination of offices, warehouses, branches, appoints and dismisses directors, representatives and Company staff, sets their duties and responsibilities, their remuneration and other salaries, except for the remuneration of Board members which is set by the Ordinary General Meeting of the Company's shareholders,
(d) Supervises and monitors every expense that concerns the operation of the Company head offices and of its branches,
(e) Convenes the General Meetings of the shareholders, ordinary or extraordinary, and sets their agenda,
(f) Drafts the turnover and the annual reports of the proceedings, proposes depreciations or deductions, the investment of Company assets and the method for the distribution of profits that must be implemented.
Overall, it proceeds to any action and to any decision for the scope and management of the Company assets in Greece or abroad.
According to article 9 par. 4 of the Company Statute, the Board performs its rights and duties as a Group. However, it can delegate these rights and duties as well as the Company representation, apart from those requiring collective actions, by decision, which is taken by a majority of at least 60% of the present and represented members, in total or in part, for a specific action or area, to one or more members or to non-members.

2.2. Composition and functionality

The members of the Board are elected by the General Meeting of the Shareholders for a tenure of five (5) years which is extended until the convening of the ordinary general meeting at the year its tenure ends, but cannot exceed the six years of duration.
If due to demise, resignation, legal incapacity or any other reason, a seat of a member at the Board becomes vacant, the remaining members, provided they are at least three of them, will temporarily elect a replacement for the remaining tenure. This appointment is submitted for approval to the immediate upcoming General

Meeting. The actions of the aforementioned replacement are considered valid even if his appointment is not approved by the General Meeting.

The Chairman of the Board runs the meetings, manages its workings and discloses the mode of Company operation to the Board. If the Chairman is absent or otherwise impeded, he is replaced by the Vice-Chairman.

The Board meets at the registered office of the Company, convened by the Chairman or his alternate, on a regular basis once a month, on a day and at a time specified by the Board, and in extraordinary cases when the Chairman deems it appropriate or at the request of two of the Board members.

The Board is considered to validly meet outside its registered office, in a place within the country or abroad, if this meeting is attended by all of its members or all of its members are represented and none of them opposes to the convening of the meeting and to the decision-making.

The Board is convened by the Chairman or his alternate, via a convocation notice that is notified to its members at least two (2) working days in advance. The convocation notice must necessarily and clearly state the issues for discussion included in the agenda, otherwise decision-making is only allowed if all Board members are present or represented and no one opposes to the decision-making process.

Convening of a Board meeting can be requested by two (2) of its members via a request submitted to the Chairman or to his alternate, who are obliged to convene a Board meeting within seven (7) days since the submission of the request. In order to be admissible, the request must clearly state the issues that will be discussed by the Board. If a Board meeting is not convened by the Chairman or his alternate within the aforementioned deadline, the members who requested the meeting can convene a Board meeting by themselves, within five (5) days since the elapse of the aforementioned seven (7)-day deadline, by notifying the relevant convocation notice to the other Board members.

The Board is in quorum and validly convenes when half plus one members are present or represented, keeping in mind that the number of the members who are present cannot in any case be less than three (3). In order to meet the quorum number, arising fractions are omitted.

Each member can validly represent only one other member.

Representation in the Board cannot be assigned to a person that does not belong to the Board.

The decisions of the Board are obtained with the absolute majority of the present and represented members, apart from the cases of (a) increase by decision of the Board, in total or in part, of the share capital in accordance with article 5 par. b of the Company statute and with article 13 of C.L. 2190/1920, in which case a decision by the Board can be obtained by a majority of 2/3 of all the members of the Board, b) delegation of rights and duties of the Board, as well as of the representation of the Company, in total or in part, for a specific action or area, to one or more members or other persons who are not members of the Board, in which case a decision of the Board is obtained by a majority of 60% of the present and represented members and c) election from the Board of two of its members as Managing Directors, who may -each- bind the Company via their signatures, in which case a decision of the Board is obtained by a majority of 60% of the present and represented members.

2.3. Information on the functioning of the Board

The Board convened 39 times within 2016 and these meetings were attended by all of its members in person.
Besides the Board evaluation via the Annual Report of Proceedings which is submitted to the Ordinary General Meeting for approval, there is no other method in order to evaluate the performance of the Board.

Remunerations of the Board members

The remuneration of the Board members of the Company is set by a special decision of the Ordinary General Meeting of its shareholders, in accordance with article 24 of C.L. 2190/1920.
Awarding of bonuses, share options or performance-related compensations is not provided for.
The Ordinary General Meeting of the Company's shareholders on 23.06.2016 approved for the fiscal year 2015, the following remunerations, which were deposited within 2015:

1. To Mr. Ioannis Lappas, the amount of 197.600 €,
2. To Mr. Loukas Spentzaris the amount of 208.600 €,
3. To Messrs. Violetta Lappa, Mary Lappa and Avraam Spentzaris, the amount of 20.000 € to each.

All amounts mentioned above are gross and without the respective taxation and legal deductions.

The aforementioned Ordinary General Meeting on 23.06.2016, pre-approved for the fiscal year 2016 the following remunerations of the Board members:

1. To Mr. Ioannis Lappas, the amount of 120.000 €,
2. To Mr. Loukas Spentzaris the amount of 120.000 €,
3. To Messrs. Violetta Lappa, Mary Lappa and Avraam Spentzaris, the amount of 20.000 € to each.
4. To Mr. Georgios Kokkinakis and Mr. Athanassios Fylaktos the amount of 2.500 € to each.

Pursuant to the aforementioned Ordinary General Meeting on 23.06.2016 and to the decision of the Board, the following remunerations were deposited to the Board members in 2016 for the fiscal year 2016, which will be submitted for approval to the upcoming Ordinary General Meeting of the Company's shareholders:

1. To Mr. Ioannis Lappas, the amount of 178.000 €,
2. To Mr. Loukas Spentzaris the amount of 143.500 €,
3. To Messrs. Violetta Lappa, Mary Lappa and Avraam Spentzaris, the amount of 20.000 € to each.
4. To Mr. Georgios Kokkinakis and Mr. Athanassios Fylaktos the amount of 2.531 € to each.

All the above -mentioned amounts are gross and without the respective taxation and legal deductions.

2.4. Information on the members of the Board

The current Board of the Company consists of seven members, was elected by the Extraordinary General Meeting of the Company's shareholders on 14.02.2014 and its tenure expires at 14.02.2019, with extension of its tenure until the convening of the next Ordinary General Meeting, held after the elapse of the deadline. The aforementioned elected Board was created as a body in accordance with its decision on 14.02.2014 and was reorganized in accordance with its decision on 9.10.2014, as follows:

(a) Ioannis Lappas, son of Elias, Chairman of the Board and CEO,

(b) Loukas Spentzaris son of Avraam, Vice-Chairman of the Board and CEO,

(c) Violetta Lappa daughter of Ioannis, executive member of the Board,

(d) Avraam Spentzaris son of Loukas, non-executive member of the Board,

(e) Mary Lappa daughter of Ioannis, non-executive member of the Board,

(f) Georgios Kokkinakis son of Nikolaos, independent non-executive member of the Board,

(g) Athanassios Fylaktos son of Nearchos, independent non-executive member of the Board.

Short biographical data of the Board members are as follows:

Ioannis Lappas - President and CEO

He holds a degree in Civil Engineering from the National Technical University of Athens. He has 45 years of ongoing experience in the field of construction, mainly of industrial buildings and offices.

Loukas Spentzaris - Vice President and CEO

Graduate of the Department of Business Administration of the Athens University of Economics and Business. Until 1981, he served as Chief Financial Officer at Efthimios Papagiannis Sons SA. and until 2003 as a freelance business consultant with great experience on financial-accounting. From 2004, he is a main shareholder in the Company and served as an executive member of the Board. From 14.2.2014, he serves as Vice Chairman of the Board and Chief Executive Officer of the Company.

Violetta Lappa - Commercial Director, Executive Member of the Board

She is a graduate of the Business Research and Marketing Department of the Athens University of Economics and Business with post-graduate studies at the University College of London and holds an Executive MBA from Athens University of Economics and Business. From 2007, she is the Commercial Director of the Early Learning Center (ELC) in Greece and in the Balkan countries, and from 9.10.2014 she serves as a Commercial Director of the Mothercare and ELC network in Greece and in the Balkan countries.

From 2001 until 2007 she worked in various positions at the Group and during the years 1999-2001, she worked at the PriceWaterhouseCoopers.

Avraam Spentzaris – Non-executive member of the Board

Graduate of DEREE-The American College of Greece with a degree on BSc in Business Administration. He joined the Company in 2005. He served as Human

Resources Manager of the Mothercare network of shops and from 2010 he is the Head of the Logistics Department.

Mary Lappa - Non-executive member of the Board

She is a graduate of Civil Engineering from the City University of London with a post-graduate degree in Real Estate Management from the same university. She has worked for Mothercare, Watford-UK. and also in Real Estate Investment companies in London and at EFG Properties SA in Greece. From 2011, she has undertaken the FASHION purchase department of the Company.

Georgios Kokkinakis - Independent Board member

Graduate of the private School of Accounting "Kontolefas". A΄ Class Accountant - Tax consultant, owner of an accounting firm - Business consultant.

Athanassios Fylaktos - Independent Board member

Graduate of the Department of Business Administration of the Athens University of Economics and Business. A΄ Class Accountant - Tax consultant, owner of an accounting firm - Business consultant.

The external professional commitments of the Board members (including their professional obligations as non-executive members of other companies and non-profit organizations) are as follows:

1.	Ioannis Lappas of Elias	1) Shareholder of the Company "GOODYS BURGER HOUSE S.A. SNACK BAR FAST FOOD – EUROPEAN QUALITY FAST SERVICE HOUSES" 2) Vice-Chairman and Chief Executive Officer at the Board of the Company "IOANNIS KLOUKINAS – IOANNIS LAPPAS TECHNIKI S.A." 3) Partner and Chairman at the Board of the maritime Company "ALKYON N.E.P.A" 4) Manager of: SYSMEROM COM SRL, KLM BULGARIA EOOD, KLMS COM DOOEL, KLSAL LTD, KLSER COMMERCE LTD and KLSLV D.O.O.

2.	Loukas Spentzaris of Avraam	1) Chairman and Chief Executive Officer at the Board of the Company "IOANNIS KLOUKINAS – IOANNIS LAPPAS TECHNIKI S.A." 2) Manager of: SYSMEROM COM SRL, KLM BULGARIA EOOD, KLMS COM DOOEL and KLSER COMMERCE LTD.
3.	Violetta Lappa of Ioannis	1) Partner at the Company "YAMY CLOTHING LIMITED LIABILITY COMPANY" 2) Member of the Board of the Company "IOANNIS KLOUKINAS – IOANNIS LAPPAS TECHNIKI S.A." 3) Partner and Secretary of the Board of the maritime Company "ALKYON N.E.P.A" 4) Manager of the Company "CONTROYAMA SRL" 5) Manager of the Company "ONCE UPON A VILLA L.L.C."
4.	Mary Lappa of Ioannis	1) Member of the Board of the Company "IOANNIS KLOUKINAS – IOANNIS LAPPAS TECHNIKI S.A." 2) Partner and Member of the Board of the maritime Company "ALKYON N.E.P.A"
5.	Avraam Spentzaris of Loukas	1) Member of the Board of the Company "IOANNIS KLOUKINAS – IOANNIS LAPPAS TECHNIKI S.A." 2) Partner and Manager of the Company "BIG WEB THEORY L.L.C."
6.	Georgios Kokkinakis of Nikolaos	1) Partner and Manager of the Company "MICHANOLOGISTIKI L.L.C." 2) Chief Executive Officer of the Company "TEFKSIS TECHNICAL INVESTMENT S.A." 3) Partner and legal representative of the Company "G. KOKKINAKIS - A. FYLAKTOS S.A." 4) Chairman of the Board of the Company "GAIOANAPTYXI ENERGY S.A." 5) Chairman of the Board of the Company "ALTERNATIVE HYDROPONIC FARM S.A." 6) Chairman of the Board of the Company SK KTINOTROFIKI S.A."
7.	Athanassios Fylaktos of	1) Partner and Manager of the Company

Nearchos	"MICHANOLOGISTIKI L.L.C." 2) Managing partner and manager of the Company "A. FYLAKTOS AND OTHERS S.A." 3) Partner and legal representative of the Company "G. KOKKINAKIS - A. FYLAKTOS S.A."

2.5. Audit Committee

The Company, fully complying with provisions of L. 3693/2008, elected during the Ordinary General Meeting of its shareholders, which was held on 14.02.2014, an Audit Committee consisting of the following non-executive members of the Company's Board, namely:

a) Avraam Spentzaris of Loukas
b) Violetta Lappa of Ioannis and
c) Georgios Kokkinakis of Nikolaos

Note that out of the aforementioned members, the latter is an independent non-executive member of the Board and has been appointed Chairman of the aforementioned Audit Committee.

Following the reorganization of the Board by its decision of 9.10.2014 and the alteration of Violetta Lappa into an executive member of the Board, by the decision of the Board on 9.10.2014, a new member of the Audit Committee of article 37 of L. 3693/2008 was elected in the place of Violetta Lappa and in particular this member was Mary Lappa. The other members of the Audit Committee remained as they were. Since then, the Audit Committee consists of the following non-executive Board members:

a) Avraam Spentzaris of Loukas
b) Mary Lappa of Ioannis and
c) Georgios Kokkinakis of Nikolaos

The election of the aforementioned new member of the Audit Committee in the place of Violetta Lappa was also approved by the Ordinary General Meeting of the Company's shareholders on 18.06.2015.

The Audit Committee with the aforementioned new composition convened four (4) times within 2016 and all of its members attended.

The Audit Committee has the following duties:

a) Monitor the financial disclosure procedure,

b) Monitor the effective operation of the internal control and of the risk management system, as well as the proper functioning of the internal auditors of the Company,

c) Monitor the progress of the statutory audit of the annual and interim individual and consolidated financial statements,

d) Review and monitor issues related to the existence and preservation of the objectivity and independence of the statutory auditor or audit firm, particularly in relation to the provision to the Company of other services by the statutory auditor or the audit firm.

The scope of the Audit Committee is to ensure the efficiency and effectiveness of corporate operations, to verify the credibility of the financial information provided to the investing public and to the shareholders, to comply with the applicable legal and regulatory framework, to protect the investments and the Company's assets and to identify and address the most significant risks.

It is clarified that the Statutory Auditor of the Company, who conducts the audit of the annual and interim financial statements, does not provide other non-audit services to the Company nor is it related via any other relationship to the Company, in order to ensure objectivity, impartiality and independence.

Following the entry into force of L. 4449/2017, the Company also complies with those stated in article 44 of this law in relation to the Audit Committee.

3. General Meeting of shareholders and their Rights

3.1. Functioning of the General Meeting of Shareholders and its main authorities

The General Meeting of the Company's shareholders is its supreme instrument and has the right to decide on any case that concerns the Company. The lawful decisions of the General Meeting also bind the shareholders who are absent or opposed.

In particular, the General Meeting of the Company's shareholders has the exclusive authority to decide on:

a) Amendments to the Company statute,

b) Election of new Board members and Auditors,

c) Approval of the Company's turnover

d) Allocation of the annual profits,

e) Merging, splitting, alteration, revival, extension of the duration or dissolution of the Company,

g) Appointment of liquidators,

h) Issuance of a bond issue according to articles 3a and 3b of C.L. 2190/1920.

Cases under article 34 par. 2 of C.L. 2190/1920 are excluded from the exclusive authority of the General Meeting.

Pursuant to article 17 of the Company's Statute, the General Meeting is convened by the Board and meets regularly at the registered office of the Company once every year and in particular within the first six months since the end of each fiscal year. The Board can convene a General Meeting of the Company's shareholders in extraordinary cases, if deemed necessary. According to article 4 par. 1 of L. 4403/2016 which replaced article 25 of C.L. 2190/1920 and applies to the financial statements of fiscal periods that expire after the publication of this law (L. 4403/2016, GG A 125/7.7.2016), the General Meeting must meet at the registered office of the Company or in the region of another municipality within the prefecture of the registered office or of another municipality adjacent to the registered office, at least once every fiscal year, no later than the tenth (10) calendar day of the ninth month after the elapse of the fiscal year.

The convening of an ordinary or extraordinary General Meeting of the Company's shareholders and of any repetitive General Meeting must specify the place with the exact address, date and time of the meeting, clearly state the issues included in the agenda and the shareholders entitled to participate as well as provide explicit instructions on the manner in which shareholders can participate in the General Meeting and exercise their rights. The convocation notice shall be posted on a prominent position in the Company's registered office and be published according to the relevant provisions.

The General Meeting is in quorum and validly discusses the issues included in the agenda when at least 1/5 of its paid-up share capital is represented. If the quorum requirements are not met in the first meeting, a repetitive meeting is convened within twenty (20) days since the date of the canceled meeting. The repetitive meeting is in quorum and validly discusses the issues included in the agenda regardless of the percentage of the paid-up share capital that is represented. The decisions of the General Meeting require absolute majority of the votes represented in the Meeting.

In exceptional cases, according to the Company's Statute, the General Meeting is in quorum and validly discusses the issues included in the agenda, if two-thirds (2/3) of the paid-up share capital is represented for decisions that concern the alteration of the Company's nationality or scope, additional obligations of the shareholders, an increase beyond those provided for in article 5 (b) and (c) of the statute or a reduction of the share capital, the issuance of anonymous bond issues as well as bonds according to articles 3a and 3b of C.L. 2190/1920, a change in the manner in which profits are allocated, the merging, extension of duration or dissolution of the Company, and any other case stipulated by law.

If the quorum of the preceding paragraph is not achieved at the first meeting, the General Meeting is convened again, and it is in quorum and validly discusses the issues of the agenda when at least half (1/2) of the paid-up share capital is represented. If the quorum of this paragraph is not achieved, the General Meeting is convened again, and it is in quorum and validly discusses the issues of the agenda when at least one third (1/3) of the paid-up share capital is represented. All decisions on the aforementioned issues are obtained by a two-third majority (2/3) of the votes represented in the Meeting.

3.2. Participation of shareholders to the General Meeting

Any natural or legal person who appears as shareholder in the records of the Dematerialized Securities System managed by the Hellenic Exchanges S.A, which holds the Company's shares at the beginning of the fifth (5th) day prior the convening date of the General Meeting (record date), can participate and vote in the General Meeting.

Proof of the shareholding capacity is achieved via submission of a relevant written statement from the aforementioned institution or, alternatively, via a direct electronic connection of the Company with the records of the latter. The relevant written statement or electronic certification in relation to the shareholding capacity must be received by the Company no later than the third day before the convocation of the General Meeting.

Against the Company, the right to participate and vote in the General Meeting is allowed only to those who have the capacity of a shareholder at the respective record date. In the event of non-compliance of the shareholder with the provisions of article 28 of L. 2190/1920, this person can participate to the General Meeting only upon permission.

Exercise of these rights (participation and voting) does not presuppose binding the shares of the beneficiary or implementing any other procedure as such which limits the option to sell and transfer those shares during the period between the record date and the General Meeting convening date.

The shareholder participates in the General Meeting and votes either in person or via representatives. A representative who acts on behalf of more than one shareholders can vote differently for each shareholder. The appointment and revocation of a shareholder's representative is achieved in writing and must be notified to the Company at least three (3) days prior the convening date for the General Meeting.

3.3. Minority interests of shareholders

1. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board is obliged to convene an Extraordinary General Meeting of Shareholders, appointing a meeting date, which should not be longer than forty-five (45) days from the date the request was submitted to the Chairman of the Board. The request must state the agenda. If a General Meeting is not convened by the Board within twenty (20) days since the submission of the relevant request, the Meeting can be convened by the applicant shareholders at Company's expenses, by decision of the One-Member Court of First Instance of the Company which is issued during the insurance measures. In this decision, the place and time of the meeting as well as its agenda must also be set.

2. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board is obliged to include current issues in the agenda of the General Meeting to be held, if the relevant request is passed on to the Board at least fifteen (15) days prior the General Meeting. The request for inclusion of additional issues to the agenda must be accompanied by justification or a draft decision for approval by the General Meeting and the revised agenda must be published in the same way as the previous agenda, thirteen (13) days before the date of the General Meeting, and at the same time it must be made available to the shareholders on the Company's website along with the justification or the draft decision submitted by the shareholders in accordance with provisions of article 27 par 3 of C.L. 2190/1920.

3. At the request of shareholders who represent one twentieth (1/20) of the paid-up share capital, the Board allows to the shareholders, according to those stated in

article 27 par. 3 of C.L. 2190/1920, at least six (6) days prior the date of the General Meeting, draft decisions on issues included in the initial or in the revised agenda, if the relevant request is submitted to the Board at least seven (7) days prior the date of the General Meeting.

4. At the request of a shareholder or shareholders representing one twentieth (1/20) of the paid-up share capital, the Chairman of the Meeting can postpone only once the decision-making process in the General Meeting, ordinary or extraordinary, on all or on some issues, and set a date in which the meeting will be continued, which will be the date stated in the request submitted by the shareholders and which cannot exceed the thirty (30) days since the date of postponement. The General Meeting that will be convened after the postponement is a continuation of the previous one, does not require repetition of the disclosure of the convening notice and can be attended by new shareholders as well in compliance with provisions of articles 27 par. 2, 28 and 28th of C.L. 2190/1920.

5. At the request of any shareholder, submitted to the Company at least five (5) whole days prior the General Meeting, the Board is obliged to provide to the General Meeting the requested relevant information on Company affairs, at the degree this information can be useful in the actual evaluation of the issues included in the agenda. The Board can provide a single answer to shareholder requests that have the same content. The obligation to disclose information does not apply when the relevant information is already available on the Company website, specifically in the form of Q&A.

6. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the Board is obliged to disclose to the General Meeting, if it is ordinary, the amounts that, during the last two years, were paid to every member of the Board or to the Company Directors, as well as any other provision to these persons arising from any cause or contractual relationship with the Company. In all aforementioned cases the Board can reject the disclosure of information due to insufficient reasons which must be stated in the minutes. Such reasons can include, per case, the representation of absent shareholders in the Board, in accordance with paragraphs 3 or 6 of article 18 of C.L. 2190/1920.

7. At the request of shareholders representing one fifth (1/5) of the paid-up share capital, which must be submitted to the Company within the deadline of the previous paragraph, the Board is obliged to disclose to the General Meeting information on the progress of Company affairs and on the Company assets. The Board can refuse to

disclose information due to insufficient reasons which must be stated in the minutes. Such reasons can include, per case, the representation of absent shareholders in the Board, in accordance with paragraphs 3 or 6 of article 18 of C.L. 2190/20, provided the respective Board members have been sufficiently informed.

8. At the request of shareholders representing one twentieth (1/20) of the paid-up share capital, the decision-making process on an issue included in the agenda of the General Meeting is conducted via roll-call.

4. Internal Control and Risk Management Systems in relation to the creation of financial statements.

4.1 Main features of the internal control system

4.1.1. The Internal Control has the responsibility to review, control and assess the operation and activities of the Company and provide details and evaluations to the Management. In particular, Internal Control has the following responsibilities:

- perform the audit with the required business diligence, proper training, experience, accreditation, business status, conduct and personal integrity,

- notify the Management on issues which fall under the Auditor's notice, either during the audit or from other sources, and which require further investigation from expert professionals,

- notify in writing once every three months the Board (and the competent Committee) on the audit that is carried out and attend the General Meetings of the shareholders (article 8 par. c L.3016/2002),

- notify the Management in writing on any restrictions imposed on the audit either in terms of its scope or in terms of the purpose for which it is carried out (f.i. restriction of the audited areas, problems on the disclosure of information during the audit, etc.) as well as on possible consequences of such an imposition.

4.1.2. During the exercise of their rights, Internal Auditors are entitled to know about any book, document, file, bank account and portfolio of the Company and have complete and unhindered access to any Division-service and natural property of the Company. The Board members and the Company Management must cooperate, facilitate in any way the work of Internal Auditors and provide them with any information and necessary means that will facilitate the implementation of a proper and effective internal control.

4.1.3 The purpose of the audit is to assess the level and operational procedures of the internal control system in relation to adequacy, in order to sufficiently address the business risks for which it was designed, and its effectiveness, namely if it works in practice and is implemented in the way it was designed. The main parameters that affect the design and scheduling of audits are:

- areas/functionalities of high inherent business risk,
- priorities of the Management for specific areas in which new operational parameters are implemented (policies, computer systems, methods etc.),
- demands pursuant to current legislation that concerns the Company and specifically to legislation on companies limited by share and stock exchanges,
- the potential need to repeat audits in which significant weaknesses that affect the overall operation of the Company were detected.

The aforementioned internal control systems concern all the businesses included in the consolidation.

4.2 Risk Management of the Company and Group in relation to the creation process of financial statements (corporate and consolidated).

The key features of the internal control and risk management system implemented by the Company in relation to the creation of financial statements and of its Financial Report are:

- Adequate knowledge, skills and availability of the involved parties, with clearly distinguished roles and areas of responsibility.

- Regular revision of accounting principles and policies.
- Safeguards in relation to the safety of IT systems in use.
- Regular communication of the Independent Certified Accountants with the Management and the Audit Committee.
- Regular meetings for the certification and recording of significant evaluations that affect the financial statements.
- A single accounting plan for all companies of the Group and its central management.
- Annual evaluation of the internal control and risk management system implemented for the issuance of financial statements by the Board, upon proposal of the Audit Committee.

The aforementioned internal control systems concern all the businesses included in the consolidation.

4.3. Annual re-examination of the corporate strategy, the main business risks and the internal control systems.

The Board of the Company declares that it has carried out an annual review of its corporate strategy, main business risks and internal control systems.

5. Composition and functioning of the administrative, management and supervisory bodies and of their committees.

Apart from the Board and the Audit Committee, whose composition and functioning are mentioned above (Board: clause 2.2. & 2.3., Audit Committee: clause 2.6.), there are no other administrative, management and supervisory bodies or Committees.

6. Policy on the diversity that is applied on the administrative, management and supervisory bodies of the Company with regard to aspects such as age, gender, educational and professional background of the members.

The Company must make every effort to create equal opportunities for all employees, not just the current but also the future ones, regardless of their gender, nationality, origin, physical condition, special needs, age, religious or political beliefs, etc. It must ensure that employees are offered equal opportunities at all levels of hierarchy and operate under fair human resources management processes.

The Company must act in accordance with the current legislation on equality and non-discrimination and aim not only to comply with the existing legislative obligations but also to attract, recruit and retain the most suitable people to fill vacant positions, by providing equal opportunities to potential employees who display the same qualitative characteristics irrespective of gender, nationality, origin, etc.

No specific mandatory gender quota has been established for the Board and for the senior executives of the Company, however, the Company particularly encourages participation of women in the Board and in top executive positions in order to achieve participation of women at least at 30%. Until 31 December 2016, the gender percentage in the Board was: 72% men and 28% women and in the top executive positions: 40 % men and 60% women.

Similarly, in relation to placements in the Board and in the highest positions of responsibility, the Company proceeds regardless of gender, nationality, origin, age, etc., ensures that the selections are based on merit criteria and that via these placements, the members of the Company Board and the senior executives of the Company shall possess and combine educational background, professional experience, individual skills, length of employment, knowledge of the Company's progress and development, needs of its clients, peculiarities of the market which are addressed by the Company and guarantees of honesty and experience, in order to achieve sound and prudent administration, management and supervision of the Company.

All Company Board members hold academic degrees from Greek or foreign institutions and some of them also hold postgraduate degrees. The same applies to the top executives of the Company. Apart from the aforementioned fundamental principles of the Company that have been shaped via its many years of operation and are implemented to this day, there is no other, more specific policy on diversity since its existence has not been deemed necessary.

7. Sufficient information of the Board in order to facilitate decisions that concern transactions between related parties.

The internal regulation of the Company sets the different policies that are implemented during the transaction of the Company with its connected businesses, the procedure according to which such transactions are monitored and controlled and the appropriate form of notification of the Board of the Company. At the same time, according to the current legal framework, the Company proceeds, when required, to all necessary actions in order to document the intra-Group transactions among the connected companies of the Group.

8. Additional information pursuant to article 10 par. 1 c), d), e), f) and g) of Directive 2004/25/EC

Article 10 par. 1 of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids states the following for companies whose total securities are admitted to trading on a regulated market:

1. Member States shall ensure that companies as referred to in Article 1 par 1 publish detailed information on the following:

(a) the structure of their capital, including securities which are not admitted to trading on a regulated market in a Member State and, where appropriate, with an indication of the different classes of shares and, for each class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents;

(b) any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the Company or other holders of securities, without prejudice to Article 46 of Directive 2001/34/EC;

(c) significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC;

(d) the holders of any securities with special control rights and a description of those rights;

(e) the system of control of any employee share scheme where the control rights are not exercised directly by the employees;

(f) any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the Company's cooperation, the financial rights attaching to securities are separated from the holding of securities;

(g) any agreements between shareholders which are known to the Company and may result in restrictions on the transfer of securities and/or voting rights within the meaning of Directive 2001/34/EC;

(h) the rules governing the appointment and replacement of board members and the amendment of the articles of association;

(i) the powers of board members, and in particular the power to issue or buy back shares;

(j) any significant agreements to which the Company is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the Company; this exception shall not apply where the Company is specifically obliged to disclose such information based on other legal requirements;

(k) any agreements between the Company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

In reference to notes c,d,f,h and i of par. 1 article 10, the Company states the following:

• in relation to c: The significant direct or indirect shareholdings of the Company are as follows:

STRUCTURE OF THE GROUP

Nomination	**Country of Establishment**	**% Participation**
I.KLOUKINAS-I.LAPPAS COMMERCE- TECHNIKI SA	GREECE	**Parent Company**
K.L.M. A.T.E.	GREECE	100,00%
SYSMEROM COM SRL	ROMANIA	100,00%
KLM BULGARIA EOOD	BULGARIA	100,00%
KLMS COM DOOEL	FYROM	100,00%
KLSAL LTD	ALBANIA	100,00%
KLSER COMMERCE LTD	SERBIA	100,00%
KLSLV D.O.O.	SLOVENIA	100,00%
KLMOL	MOLDOVA	100,00%
ATTIKAT	GREECE	10,00%

in relation to d: there are no securities with special control rights.

in relation to f: there are no restrictions on voting rights (such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the Company's cooperation, the financial rights attaching to securities are separated from the holding of securities).

• in relation to h: in relation to the appointment and replacement of Company Board members and the amendment of the Company's statute, those stated in units "2.2 Composition and functionality of the Board" and "3.1 Functioning of the General Meeting of Shareholders and its main authorities" respectively shall apply, in combination with those provided for in C.L. 2190/1920, as in force up to date.

• in relation to i: there are no powers of board members in relation to the issuance or buying of back shares.

B2. EXPLANATORY REPORT TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS IN THE I. KLOUKINAS – I. LAPPAS S.A. GROUP OF COMPANIES, PURSUANT TO ARTICLE 4a LAW 3556/2007

This explanatory report by the Board of Directors to the Annual General Meeting of shareholders contains detailed information on the issues covered by article 4 of Law 3556/2007.

I. Structure of Company Share Capital

The Company's share capital amounts to twelve million sixty-five thousand and seven hundred sixty-five euro and forty cents (€ 12.065.765,40), divided among forty million two hundred and nineteen thousand two hundred and eighteen (40.219.218) ordinary registered voting shares with a par value of thirty cents (0,30 €) each. The Company's shares are listed for trading on the Securities Market of the Athens Stock Exchange. The shareholders' rights accruing from the share are dependent on the percentage of the capital to which the paid-up value of the share corresponds. Each share carries all the rights envisaged in law and in the articles of association of the Company, specifically:

- The right to a dividend on the annual profits of the Company, or the proceeds of its liquidation. 35% of the net profits after deduction only of the statutory reserve, is distributed from the profits of each year to the shareholders as a first dividend, while the payment of an additional dividend is decided by the AGM. A dividend is paid to each shareholder whose name appears in the register of shareholders kept by the Company at the date on which those entitled to a dividend are appointed. The dividend on each share is paid to the shareholder within two months of the date of the AGM which approved the annual financial statements. The manner and place of the payment are announced in the press. The right to collect the dividend expires and the sum in question is forfeit to the state after the passage of five years from the end of the year in which the payment of the dividend was decided by the General Meeting.

- The right to withdraw one's contribution on liquidation, or repayment of the capital corresponding to the share, when so decided by the General Meeting.

- Preferential right in any increase in the Company's share capital, in cash purchase of new shares.

- The right to receive a copy of the financial statements and reports of the certified auditors and the Board of the Company.

- The right to participate in the General Meeting, involving the following more specific rights: authorization, presence at and participation in discussions; submission of proposals on items of agenda; recording of views in minutes, and right to vote.

- The General Meeting of shareholders in the Company retains all its rights even during the process of liquidation.

The liability of the Company shareholders is limited to the nominal value of the shares they own.

II. Limitations on Transfer of Company Shares

Shares in the Company may be transferred pursuant to the law and there are no limitations in the articles of association affecting their transfer, given that they are intangible shares listed on the Athens Stock Exchange Market.

III. Significant Direct or Indirect Holdings in the Sense of Presidential Decree 51/1992

Shareholders (persons or legal entities) holding – directly or indirectly – more than 5% of the total number of shares outstanding are listed in the following table.

Full Name	Direct	Indirect
Ioannis Lappas	31,07%	
Loukas Spentzaris	28,01%	
Violetta Lappa	2,84%	6,84%

IV. Shares Carrying Special Control Rights

There are no shares in the Company carrying any special control rights.

V. Limitations on Voting Rights

The articles of association of the Company do not envisage any limitations on the voting rights carried by its shares.

VI. Agreements among Shareholders

The Company is not aware of any agreements among its shareholders which would entail limitations on the transfer of shares or on the exercise of the voting rights carried by the shares.

VII. Rules of Appointment and Replacement of Members of the Board of Directors and of Amendment of the Articles of Association

The rules provided for in the Company Statute in relation to the appointment of Board members are not different from those included in C.L. 2190/1920. In particular, according to Article 9 of the Statute, the Company is managed by the Board which consists of four (4) to nine (9) members, shareholders or not, and according to Article 10 of the Statute, they have a five-year tenure which is extended until the convening of the Ordinary General Meeting on the year their tenure expires and which cannot exceed six years in total.

In relation to the replacement of Board members, according to Article 10 of the Company Statute, if due to demise, resignation, legal incapacity or any other reason, a member seat at the Board becomes vacant, the remaining members, provided they are at least three of them, will temporarily elect a replacement for the remaining tenure. This appointment is submitted for approval to the immediate upcoming General Meeting and the actions of the aforementioned replacement are considered valid even if his appointment is not approved by the General Meeting.

In relation to the amendment of the Company Statute, the rules included in the Statute are not different from those stated in C.L. 2190/1920 with the exception of the percentage of quorum required in the General Meeting of Shareholders in order to proceed to a decision concerning the amendment of the Statute, at the third convening of the General Meeting and following the non appearance of (a) the quorum of 2/3 of the paid up share capital (at the first meeting) in accordance with Article 29, par. 3 of C.L. 2190/1920, and of (b) the quorum of 1/2 of the paid up share capital (at the second meeting), in accordance with Article 29 par.4 of C.L. 2190/1920. At the third convening of the General Meeting of the Company

Shareholders, by way of derogation from Article 29 par.4 of C.L. 2190/1920 and according to Article 21 par. 4 of the Company Statute, a quorum of 1/3 of the paid-up share capital is required instead of the stated in C.L. 2190/1920 quorum of 1/5 of the paid-up share capital.

VIII. Authority of Board of Directors to Issue New Shares or Purchase Own Shares pursuant to article 16 of Codified Law 2190/1920.

a) Under the provisions of article 13 par. 1 points b) and c) of Codified Law 2190/1920 and in combination with the provisions of article 5 of the articles of association, the Board of Directors of the Company may, following a decision to this effect by the General Meeting, subject to the provisions on publicity of article 7b of Codified Law 2190/1920, increase the Company's share capital by issue of new shares, by a decision which is taken with a majority of at least two-thirds (2/3) of all its members. In these circumstances the share capital may be increased up to the amount of capital paid-up on the date the Board of Directors was granted the authority in question by the General Meeting. The above authority of the Board of Directors may be renewed by the General Meeting for a period not exceeding five years for each renewal.

b) Under the provisions of article 13 par. 13 of Codified Law 2190/1920, by decision of the General Meeting a stock option scheme may be introduced for members of the Board of Directors and employees of the Company, in the form of preferential right to purchase shares on the special terms set out in the above decision. The decision of the General Meeting will specify the maximum number of shares which can be issued, which, by law, cannot exceed 1/10 of the existing shares, and, if the beneficiaries exercise the right to purchase, the price and terms of distribution of the shares to those beneficiaries.

c) According to the provisions of article 16 of Codified Law 2190/1920, subject to prior approval by the General Meeting, the Company may acquire its own shares. The resolution of the General Meeting must determine the terms and conditions of the acquisitions, the maximum number of shares that may be acquired, the duration of the period for which the authorization is given, which may not exceed 24 months and in case of acquisition for value, the maximum and minimum consideration.

IX. Important Agreements coming into force, amended or expiring in the event of a change of control following a Public Proposal

There are no agreements which would come into force, be amended or expire in the event of a change in the control of the Company following a public proposal.

X. Agreements with members of the Board of Directors or Company employees

There are no agreements between the Company and members of the Board of Directors or its employees which envisage the payment of compensation specifically in the case of resignation or dismissal without good cause or termination of office or employment as a result of a public proposal.

The President of BoD

Ioannis Lappas

THE AUDITOR’S REPORT HAS BEEN TRANSLATED FROM THE GREEK ORIGINAL VERSION

C. INDEPENDENT AUDITOR’S REPORT

To the shareholders of “I. KLOUKINAS – I. LAPPAS S.A.”

Report on Stand-alone and Consolidated Financial Statements

We have audited the accompanying stand alone and consolidated financial statements of “I. KLOUKINAS – I. LAPPAS S.A.”, which consist of the stand alone and consolidated financial position as at 31 December 2016, the stand alone and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Stand-alone and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these stand-alone and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of stand-alone and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these stand-alone and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing that have been incorporated into the Greek Legislation (Government Gazette /Β΄/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the stand-alone and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the stand-alone and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the stand-alone and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the stand-alone and consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the stand-alone and consolidated financial statements.

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

Opinion

In our opinion, the accompanying stand-alone and consolidated financial statements present fairly, in all material respects, the financial position of the "I. KLOUKINAS – I. LAPPAS S.A." and of its subsidiaries as at December 31, 2016, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Taking into consideration that the Management is responsible for the preparation of the Management Report of the Board of Directors and the Statement of Corporate Governance included in the Report, in application of the clauses of paragraph 5 of article 2 (part B) of Law 4336/2015, we note the following:

a) The Management Report of the Board of Directors includes a statement of corporate governance which presents the sets of information required by article 43bb of Codified Law 2190/1920.

b) In our opinion, the Management Report of the Board of Directors has been prepared according to the effective legal requirements of articles 43a and 107a and of paragraph 1 (cases c' and d') of article 43bb of Codified Law 2190/1920, whereas its contents correspond to the attached separate and consolidated financial statements of the fiscal year ended on 31/12/2016.

c) According to our opinion formulated during the audit process, with regard to "I. KLOUKINAS – I. LAPPAS S.A." and its environment, we have not detected any material inaccuracies in the Management Report of the Board of Directors.

Ag. Paraskevi, 12 April 2017
Certified Public Accountant

BDO Certified Public Accountant S.A.
449 Mesogion Av,
Athens- Ag. Paraskevi, Greece
Reg. SOEL: 173

Christoforos I. Achiniotis
Reg. SOEL: 35961

D. ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

Amounts reported in €		GROUP		COMPANY	
		31/12/2016	31/12/2015	31/12/2016	31/12/2015
ASSETS	**Notes**				
Non current assets					
Tangible Assets	**5.1**	28.949.623	29.743.532	22.743.756	23.449.242
Intangible Assets	**5.2**	57.451	70.304	57.263	69.938
Goodwill	**5.3**	5.333.303	5.333.303	5.333.303	5.333.303
Investment Property	**5.4**	25.250.000	25.250.000	25.250.000	25.250.000
Investment in Subsidiaries	**5.5**	0	0	6.560.585	6.560.585
Other long term receivables	**5.6**	576.812	568.156	563.991	567.511
Deferred Tax	**5.7**	778.289	780.888	0	0
		60.945.479	**61.746.182**	**60.508.898**	**61.230.579**
Current assets					
Inventories	**5.8**	10.761.011	11.133.052	9.397.216	9.688.725
Trade debtors and other trading receivables	**5.9**	5.010.648	4.949.581	3.899.623	3.687.703
Prepayments	**5.10**	238.546	238.369	238.546	238.369
Other receivables	**5.11**	126.123	199.055	70.582	118.181
Cash and cash equivalents	**5.12**	3.388.509	4.176.300	2.051.929	3.132.075
		19.524.838	**20.696.357**	**15.657.896**	**16.865.053**
Total Assets		**80.470.317**	**82.442.539**	**76.166.794**	**78.095.632**
EQUITY AND LIABILITIES					
Share Capital	**5.13**	12.065.765	12.065.765	12.065.765	12.065.765
Share Premium	**5.13**	13.288.555	13.288.555	13.288.555	13.288.555
Exchange differences		-751.494	-745.382	0	0
Other Reserves	**5.14**	3.738.687	3.738.687	3.599.536	3.599.536
Accumulated profits/(losses)		26.201.665	25.818.923	25.173.196	25.008.469
Attributable to ordinary shareholders		54.543.178	54.166.548	54.127.052	53.962.325
Minority Interest		0	0	0	0
Total Shareholders' Equity		**54.543.178**	**54.166.548**	**54.127.052**	**53.962.325**
Liabilities					
Non-current liabilities					
Iinterest bearing borrowings	**5.15**	10.285.260	11.061.097	10.285.260	11.061.097
Deferred Tax	**5.7**	2.691.026	2.174.928	1.561.863	1.041.103
Retirement benefit obligation	**5.16**	871.181	655.450	870.677	655.236
Other long term liabilities	**5.17**	392.167	317.255	366.000	291.000
Total Non-current liabilities		**14.239.634**	**14.208.729**	**13.083.801**	**13.048.436**
Current Liabilities					
Trade and other payables	**5.18**	5.578.823	6.687.393	5.125.381	6.217.763
Short term borrowings	**5.15**	3.550.045	4.246.989	2.577.044	3.030.595
Current portion of interest bearing borrowings	**5.15**	1.040.805	1.555.219	1.040.805	1.555.219
Other current liabilities	**5.19**	1.517.831	1.577.661	212.710	281.295
Total current liabilities		**11.687.505**	**14.067.262**	**8.955.941**	**11.084.872**
Total Liabilities		**25.927.139**	**28.275.991**	**22.039.742**	**24.133.307**
Total Equity and Liabilities		**80.470.317**	**82.442.539**	**76.166.794**	**78.095.632**

The attached notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Amounts reported in €	Notes	GROUP 01.01 - 31.12.2016 Continued activities	Discontinued activities	Total	01.01 - 31.12.2015 Continued activities	Discontinued activities	Total
Sales	**5.20**	31.768.790	16.813	31.785.603	32.851.935	526.948	33.378.883
Cost of Sales	**5.21**	-14.578.748	-15.299	-14.594.047	-15.381.440	-309.672	-15.691.112
Gross Profit		**17.190.042**	**1.514**	**17.191.556**	**17.470.495**	**217.276**	**17.687.771**
Other operating income	**5.22**	1.045.247	8.078	1.053.325	1.027.237	838	1.028.074
Distribution costs	**5.21**	-13.615.657	-34.056	-13.649.713	-14.381.391	-465.634	-14.847.026
Administrative expenses	**5.21**	-2.569.839	-5.677	-2.575.516	-2.563.781	-48.864	-2.612.645
Other operating expenses	**5.22**	-257.614	-33	-257.647	-671.709	-346.723	-1.018.432
Operating profit		**1.792.179**	**-30.174**	**1.762.005**	**880.851**	**-643.108**	**237.742**
Gain / Loss from financial assets		0	0	0	-49.651	0	-49.651
Devaluation of tangible and intagible assets	**5.23**	0	0	0	120.000	0	120.000
Finance cost	**5.24**	-692.980	0	-692.980	-1.062.531	-8.719	-1.071.250
Profit before tax		**1.099.199**	**-30.174**	**1.069.025**	**-111.332**	**-651.827**	**-763.159**
Tax	**5.25**	-571.758	0	-571.758	-98.736	0	-98.736
Profit after tax		**527.441**	**-30.174**	**497.267**	**-210.067**	**-651.827**	**-861.895**
Net profit after tax attributable to:							
Owners of the parent company		527.441	-30.174	497.267	-209.293	-651.827	-861.120
Minority interests		0	0	0	-775	0	-775
		527.441	**-30.174**	**497.267**	**-210.067**	**-651.827**	**-861.895**

		GROUP 01.01 - 31.12.2016 Continued activities	Discontinued activities	Total	01.01 - 31.12.2015 Continued activities	Discontinued activities	Total
Net profit for the period		**527.441**	**-30.174**	**497.267**	**-210.067**	**-651.827**	**-861.895**
Other comprehensive income							
Other comprehensive income/(loss) that will be reclassified to profit & loss							
Available-for-sale investments		0	0	0	209.605	0	209.605
Exchange differences from transalation of subsidiaries		-6.111	0	-6.111	-7.970	0	-7.970
Total other comprehensive income/(loss) that will be reclassified to profit & loss		**-6.111**	**0**	**-6.111**	**201.635**	**0**	**201.635**
Re-measurement losses/(gains)		-161.303	0	-161.303	-29.996	0	-29.996
Deffered tax on losses/gains		46.778	0	46.778	10.535	0	10.535
Total other comprehensive income/(loss) that will not be reclassified to profit & loss		**-114.525**	**0**	**-114.525**	**-19.460**	**0**	**-19.460**
Other comprehensive income for the period after taxes		**-120.637**	**0**	**-120.637**	**182.175**	**0**	**182.175**
Total comprehensive income for the period after taxes		**406.805**	**-30.174**	**376.631**	**-27.893**	**-651.827**	**-679.720**
Attributable to:							
Owners of the parent company		406.805	-30.174	376.631	-27.118	-651.827	-678.946
Minority interests		0	0	0	-774	0	-774
Basic earnings per share (€/share)	**9.**	0,0131	-0,0008	0,0124	-0,0052	-0,0162	-0,0214

		COMPANY					
Amounts reported in €		01.01 - 31.12.2016			01.01 - 31.12.2015		
	Notes	**Continued activities**	**Discontinued activities**	**Total**	**Continued activities**	**Discontinued activities**	**Total**
Sales	**5.20**	28.663.403	0	28.663.403	29.635.670	209.742	29.845.412
Cost of Sales	**5.21**	-14.210.105	0	-14.210.105	-14.945.886	-191.374	-15.137.260
Gross Profit		**14.453.298**	**0**	**14.453.298**	**14.689.784**	**18.368**	**14.708.152**
Other operating income	**5.22**	919.820	0	919.820	863.212	0	863.212
Distribution costs	**5.21**	-11.648.531	0	-11.648.531	-12.239.687	0	-12.239.687
Administrative expenses	**5.21**	-2.091.964	0	-2.091.964	-2.053.476	0	-2.053.476
Other operating expenses	**5.22**	-180.473		-180.473	-507.042	-711.538	-1.218.581
Operating profit		**1.452.149**	**0**	**1.452.149**	**752.791**	**-693.171**	**59.620**
Gain / Loss from financial assets		0	0	0	-49.651	0	-49.651
Devaluation of tangible and intagible assets	**5.23**	0	0	0	120.000	0	120.000
Finance cost	**5.24**	-605.358	0	-605.358	-941.744	0	-941.744
Profit before tax		**846.791**	**0**	**846.791**	**-118.605**	**-693.171**	**-811.776**
Tax	**5.25**	-567.539	0	-567.539	-88.850	0	-88.850
Profit after tax		**279.253**	**0**	**279.253**	**-207.455**	**-693.171**	**-900.626**
Net profit after tax attributable to:							
Owners of the parent company		279.253	0	279.253	-207.455	-693.171	-900.626
Minority interests		0	0	0	0	0	0
		279.253	**0**	**279.253**	**-207.455**	**-693.171**	**-900.626**

		COMPANY					
		01.01 - 31.12.2016			01.01 - 31.12.2015		
		Continued activities	**Discontinued activities**	**Total**	**Continued activities**	**Discontinued activities**	**Total**
Net profit for the period		279.253	0	279.253	-207.455	-693.171	-900.626
Other comprehensive income							
Other comprehensive income/(loss) that will be reclassified to profit & loss							
Available-for-sale investments		0	0	0	209.605	0	209.605
Total other comprehensive income/(loss) that will be reclassified to profit & loss		**0**	**0**	**0**	**209.605**	**0**	**209.605**
Re-measurement losses/(gains)		-161.303	0	-161.303	-29.996	0	-29.996
Deffered tax on losses/gains		46.778	0	46.778	10.535	0	10.535
Total other comprehensive income/(loss) that will not be reclassified to profit & loss		**-114.525**	**0**	**-114.525**	**-19.460**	**0**	**-19.460**
Other comprehensive income for the period after taxes		**-114.525**	**0**	**-114.525**	**190.144**	**0**	**190.144**
Total comprehensive income for the period after taxes		**164.727**	**0**	**164.727**	**-17.311**	**-693.171**	**-710.481**
Attributable to:							
Owners of the parent company		164.727	0	164.727	-17.311	-693.171	-710.481
Minority interests		0	0	0	0	0	0
Basic earnings per share (€/share)	**9.**	0,0069	0,0000	0,0069	-0,0052	-0,0172	-0,0224

The attached notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts reported in €	Share capital	Share premium	Reserves of fair value	Exchange differences	Other Reserves	Accumulated profit/(losses)	Total	Minority Interests	Total
	Attributable to the parent company shareholders								
Balance as of January 1 2015, according to IFRS	**12.065.765**	**13.288.555**	**-209.605**	**-737.413**	**3.738.687**	**27.014.423**	**55.160.412**	**445.997**	**55.606.410**
Changes in equity during the period 01.01 - 31.12.2015									
Change due to liquidation of subsidiary company						-314.919	-314.919	-445.223	-760.142
Net income recognised directly in Equity			209.605	-7.970		-19.460	182.175		182.175
Net operating profit for the period 01.01 - 31.12.2015						-861.120	-861.120	-775	-861.895
Total recognised profit/loss for the period	0	0	209.605	-7.970	0	-1.195.500	-993.864	-445.997	-1.439.862
Balance as of December 31, 2015	**12.065.765**	**13.288.555**	**0**	**-745.382**	**3.738.687**	**25.818.923**	**54.166.548**	**0**	**54.166.548**
Balance as of January 1 2016, according to IFRS	**12.065.765**	**13.288.555**	**0**	**-745.382**	**3.738.687**	**25.818.923**	**54.166.548**	**0**	**54.166.548**
Changes in equity during the period 01.01 - 31.12.2016									
Net income recognised directly in Equity				-6.111		-114.525	-120.637		-120.637
Net operating profit for the period 01.01 - 31.12.2016						497.267	497.267	0	497.267
Total recognised profit/loss for the period	0	0	0	-6.111	0	382.742	376.631	0	376.631
Balance as of December 31, 2016	**12.065.765**	**13.288.555**	**0**	**-751.494**	**3.738.687**	**26.201.665**	**54.543.178**	**0**	**54.543.178**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amounts reported in €	Attributable to the parent company shareholders					
	Share capital	**Share premium**	**Reserves of fair value**	**Other Reserves**	**Accumulated profit/(losses)**	**Total**
Balance as of January 1 2015, according to IFRS	**12.065.765**	**13.288.555**	**-209.605**	**3.599.536**	**25.928.555**	**54.672.807**
Changes in equity during the period 01.01 - 31.12.2015						
Net income recognised directly in Equity			209.605		-19.460	190.144
Net operating profit for the period 01.01 - 31.12.2015					-900.626	-900.626
Total recognised profit/loss for the period	0	0	209.605	0	-920.086	-710.481
Balance as of December 31, 2015	**12.065.765**	**13.288.555**	**0**	**3.599.536**	**25.008.469**	**53.962.325**
Balance as of January 1 2016, according to IFRS	**12.065.765**	**13.288.555**	**0**	**3.599.536**	**25.008.469**	**53.962.325**
Changes in equity during the period 01.01 - 31.12.2016						
Net income recognised directly in Equity					-114.525	-114.525
Net operating profit for the period 01.01 - 31.12.2016					279.253	279.253
Total recognised profit/loss for the period	0	0	0	0	164.727	164.727
Balance as of December 31, 2016	**12.065.765**	**13.288.555**	**0**	**3.599.536**	**25.173.196**	**54.127.052**

CASH FLOW STATEMENT

Amounts reported in €		**GROUP**		**COMPANY**	
	Notes	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**
Cash flows from operating activities	**5.26**	**2.357.954**	**4.431.912**	**1.532.870**	**3.348.677**
Less: Interest paid		(551.564)	(974.865)	(476.772)	(851.188)
Less: Income taxes paid		(793)	(64.863)	0	0
Operating activities from discontinued operations		(26.141)	645.065	0	711.538
Net Cash flows from operating activities(a)		**1.779.457**	**4.037.250**	**1.056.098**	**3.209.028**
Cash flows from investing activities					
Purchase of tangible and intangible assets		(591.605)	(222.174)	(396.057)	(190.430)
Proceeds of sale of tangible asset		0	4.681	0	0
Sale of financial assets		0	1.447.155	0	1.447.155
Interest received		580	65.289	409	24.246
Investing activities from discontinued activities		7.288	0	0	0
Net Cash flows from investing activities(b)		**(583.738)**	**1.294.951**	**(395.648)**	**1.280.971**
Cash flows from financing activities					
Proceeds from issued/andertaken loans		1.000.000	500.000	1.000.000	500.000
Repayment of loans		(2.980.595)	(4.700.931)	(2.740.595)	(3.537.578)
Net Cash flows from financing activities(c)		**(1.980.595)**	**(4.200.931)**	**(1.740.595)**	**(3.037.578)**
Net increase in cash and cash equivalents(a)+(b)+ (c)		**(784.876)**	**1.131.270**	**(1.080.145)**	**1.452.421**
Cash and cash equivalents at beginning of period		4.176.300	3.047.608	3.132.075	1.679.654
Exchange differences from transalation of isubsidiaries		(2.914)	(2.579)	0	0
Net increase in cash and cash equivalents at end of period		**3.388.509**	**4.176.300**	**2.051.929**	**3.132.075**

The attached notes are an integral part of these financial statements.

1. ADDITIONAL INFORMATION

1.1 General Information

The financial statements include the Company financial statements of "I. KLOUKINAS – I. LAPPAS CONSTRUCTION & COMMERCIAL SOCIETE ANONYME" operating as K.L.M. S.A. (the Company), and the consolidated financial statements of the Company and its subsidiaries (the Group) for the period ended on 31st December 2016, according to the International Financial Reporting Standards (IFRS).

The Group engages in the execution of construction projects of any nature, whether as contractors or not, and the import, production and sale of clothing and footwear products, baby and child products, toys, furniture, cosmetics and houseware.

The Company was established in Greece, with headquarters located at Omirou 2 and Teo Street, Tavros. Its telephone number is: 210-4821186.

The Company's website is: www.klmate.gr

The Company's shares are traded on the Athens Stock Exchange.

Company and consolidated financial statements for the financial year 2016 have been approved for publication by the Company's BOD on 07/04/2017 and are subject to the final approval of the Annual General Shareholders Meeting.

1.2 Basis of Preparation

The financial statements were prepared by management according to the International Financial Reporting Standards, including International Accounting Standards (IAS), as adopted by the European Union as well as the interpretations of IFRS as published by the Internationals Accounting Standards Board (IASB).

The Financial statements were prepared under the historical cost convention, as amended as a consequence of the adjustment of specific assets and liabilities to their current value, and based on the principle of continuing operations, in accordance with the International Financial Reporting Standards.

The preparation of financial statements in accordance to IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. Significant assumptions made by management during the application of the Company's accounting methods have been noted when deemed necessary.

1.3 Amendments in accounting principals

Adoption of New and Revised International Standards

New standards, amendments of standards and interpretations have been issued and are mandatory for the accounting periods beginning on or after 1st January 2016. The effect from the adoption of these new standards, amendments and interpretations are presented below.

Standards and Interpretations mandatory for the current financial year 2016

Amendments to IAS 1: «Disclosure Initiative» (effective for annual accounting periods beginning on or after 1 January 2016)

On 18 December 2014, the IASB proceeded with the publication of amendments to the IAS 1. The amendments concern the significance, the sequence of the notes, the subtotals and the separation, the accounting policies and the presentation of the figures of the other comprehensive income which is generated from investments recorded with the equity method. The amendments were made in order to resolve issues with regard to existing presentation and disclosure requirements and ensure the ability of economic entities to make judgments when preparing their financial statements.

The amendment is applied for accounting periods beginning on or after 1st January 2016 and was adopted by the European Union on 18 December 2015.

IAS 16 and IAS 38 (Amendments): "Clarifications of Acceptable Methods of Depreciation and Amortization" (effective for annual accounting periods beginning on or after 1 January 2016)

These amendments clarify that the use of methods based on income are not appropriate in the calculation of the depreciation of an asset and also clarify that income is not the appropriate basis in the measurement of consumption of the economic benefits incorporated into an intangible asset.

The amendment is applied for accounting periods beginning on or after 1st January 2016 and was adopted by the European Union on 2 December 2015.

IAS 27 (Amendment) "Separate Financial Statements" (effective for annual accounting periods beginning on or after 1 January 2016)

This amendment allows economic entities to use the equity method in order to record the investments in subsidiaries, joint ventures and associate companies in their separate financial statements. It also clarifies the definition of separate financial statements.

The amendment is applied for accounting periods beginning on or after 1st January 2016 and was adopted by the European Union on 18 December 2015.

Annual Improvements in IFRS, Cycle 2012-2014

The amendments of the Cycle 2012 – 2014 were issued by the Board on 25 September 2014, are applicable for accounting periods beginning on or after 1st January 2016 and have been adopted by the European Union on 15 December 2015. The following amendments are not expected to have a material effect on the financial statements of the Company and the Group unless it is stated otherwise.

- **IFRS 5 "Non-current assets held for sale and discontinued operations".**
  The amendment clarifies that when an asset (or Group of assets) is reclassified from "held for sale" to "held for distribution", or vice versa, this does not constitute change in the plan for sale or distribution and therefore must not be recorded as a change.

- **IFRS 7 "Financial Instruments: Disclosures".**
  The amendment adds certain guidance in order to assist the management to define whether the terms of a servicing contract is continuing involvement in a transferred asset. It also clarifies that additional disclosures required according to the amendment of IFRS 7 "Disclosures – Offsetting financial asset and financial liabilities" are not required for all interim periods unless such requirement is defined by IAS 34.

- **IAS 19 "Employee Benefits".**
  The amendment clarifies that, when the discount rate is defined with regard to liabilities for post retirement personnel benefits, the important issue is the currency at which the relevant liabilities are recorded and not the country from which the liabilities originate.

- **IAS 34 "Interim Financial Reporting".**
  The amendment clarifies that requirements of disclosure of interim financial

statements must be placed either in the financial statements or incorporated via footnotes between the interim financial statements and the field where they are included in the interim financial report (for example in the Management Report). It is also clarified that the other sets of information, within the interim financial report must be available to users under the same terms and at the same time as in the case of the interim financial statements. If the users do not have access to the other sets of information in this manner, then the interim financial report is incomplete.

IFRS 10, IFRS 12 and IAS 28 (Amendments): "Investment entities: Applying the consolidation exception" (effective for annual accounting periods beginning on or after 1 January 2016)

On 18 December 2014, the Board issued amendments to IFRS 10, IFRS 12 and IAS 28 concerning issues that have arisen in the context of the consolidation exemptions for Investment Entities. The amendments clarify the application of the consolidation exception with regard to investment entities and their subsidiaries.

More analytically, the exception from the presentation of consolidated financial statements is valid in the case of a parent Company which is subsidiary of an investment Company even if the investment Company measures all subsidiaries at fair value instead of consolidating them, under the condition that the financial statements prepared by the latter are in accordance with the requirements of IFRS 10. Furthermore, the amendments clarify that only the subsidiaries which themselves are not investment companies and offer support services to a parent investment Company, are consolidated. All other subsidiaries of the investment Company are measured at fair value. Finally, the amendments clarify that for an entity which does not constitute an investment Company but it participates in an associate Company or joint venture which constitutes an investment Company, the investor may, during the application of the equity method, maintain the fair value measurement which is applied from the associate investment Company or joint venture in the case of the latter's participation in subsidiaries.

The amendment is applied for accounting periods beginning on or after 1st January 2016 and was adopted by the European Union on 15 December 2015.

IFRS 11 (Amendment) "Joint Arrangements" (effective for annual accounting periods beginning on or after 1 January 2016)

This amendment was adopted by the European Union on 24 November 2015 and requires from an investor to apply the purchase method (according to IFRS 3) when the investor acquires an interest in a joint arrangement that constitutes a "Company".

Standards and Interpretations mandatory for subsequent periods and without earlier adoption by the Company and the Group

The following new standards, amendments of standards and interpretations have been issued but they are mandatory for subsequent periods. The Group has not applied earlier the following standards and contemplates their effect on the financial statements.

IFRS 9 "Financial Instruments" and subsequent amendments in IFRS 9 (effective for annual accounting periods beginning on or after 1 January 2018)

The final version of IFRS 9 replaces the provisions of IAS 39 "Financial Instruments: Recognition and measurement" referring to the classification and measurement of financial assets and financial liabilities and also includes a single, forward-looking 'expected loss' impairment model which replaces the model of actual loss currently in effect. Furthermore, if a financial liability has been classified (according to IFRS 9) based on fair value via the results, then any change in the fair value of the particular financial liability due to changes of the credit risk of the economic entity, will be recorded in the Other Comprehensive Income instead of the results. The standard IFRS 9 also establishes an approach to hedge accounting based on principles and handles inconsistencies and weaknesses in the current model of IAS 39.

The Group is in the process of assessing the effect of IFRS 9 on their financial statements. IFRS is mandatorily applicable for accounting periods beginning on or after 1 January 2018 and was adopted by the European Union on 22 November 2016.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual accounting periods beginning on or after 1 January 2018)

IFRS 15 was issued in May 2014 and includes the most immediate and accurate requirements compared to the existing standards (IAS 18 and IAS 11). The purpose of the standard is to provide a unified and clear model for the recognition of income from all customer contracts and to improve the comparability among companies of the same sector, different sectors and different capital markets. It includes the principles which must be applied by an economic entity in order to define the measurement of income and the timing of recognition. The basic principle is that an economic entity will recognize income in a manner that depicts the actual transfer of goods or services to customers at the amount expected to fairly collect in exchange for these goods or services with the application of five stages.

- Recognition of contract,
- Recognition of criteria for the measurement of liability' return,
- Determination of the transaction's price,
- Allocation of the transaction's price to each part of the liability,
- Recognition of income when each part of the liability is satisfied.

The Group currently assess the potential effect of IFRS 15 on their financial statements. The standard was adopted by the European Union on September 22nd, 2016.

IFRS 16 «Leases» (effective for annual accounting periods beginning on or after 1 January 2019)

IFRS 16 was issued in January 2016 and replaces IAS 17. The purpose of the standard is to ensure that the lessor and the lessee provide useful information that fairly presents the substance of the transactions concerning leasing agreements. IFRS 16 introduces a new model for the accounting treatment from the side of the lessor. The model requires that the lessor recognizes assets and liabilities for all leasing agreements with duration longer than 12 months, unless the underlying asset has no significant value. With regard to the accounting treatment from the side of the lessee, IFRS 16 practically incorporates the requirements of IAS 17. As a result, the lessee continues to categorize the leasing agreements between operating and financial ones, and to follow different accounting treatment for each type of leasing agreement.

The Group currently assess the potential effect of IFRS 16 on their financial statements. The standard has not been yet adopted by the European Union.

IFRS 10 (Amendment) "Consolidated Financial Statements" and IAS 28 (Amendment) "Investments in Associates and Joint Ventures" – Sales or

Contributions of assets between an investor and its associate / joint venture (the mandatory adoption was postponed indefinitely)

The amendments, issued by the Board on 11 September 2014, clarify the accounting treatment of transactions in which the parent Company loses control of a subsidiary, which does not constitute a business as defined in the IFRS 3 "Business Combinations", by transferring the entire or part of its investment in the particular subsidiary to an associate or joint venture which is recorded via the equity method. With regard to the investment in the former subsidiary which has been sold to the associate or the joint venture, the profit recognized is limited to the amount which corresponds to the interests of the unrelated investors in that associate or joint venture.

IAS 12 (Amendment): "Recognition of deferred tax assets for unrealized losses" (effective for annual accounting periods beginning on or after 1 January 2017)

The amendments clarify the accounting treatment with regard to the recognition of deferred tax assets for unrealized losses which have derived from securities measured at fair value.

The Group currently assess the potential effect of the amendments of IAS 12 on their financial statements. The amendments of IAS 12 have not been yet adopted by the European Union.

IAS 7 (Amendment): "Statement of Cash Flows" (effective for annual accounting periods beginning on or after 1 January 2017)

Based on the amendment of IAS 7, a Company is required to provide disclosures which assist the users of the financial statements to evaluate the changes of those liabilities which have cash flows classified under the financing activities in the statement of cash flows.

The Group currently assess the potential effect of the amendments of IAS 7 on their financial statements. The amendments of IAS 7 have not been yet adopted by the European Union.

IFRS 2 "Share-based Payments" (Amendment) "Clarification and Measurement of Share-based Payment Transactions" (effective for annual accounting periods beginning on or after 1 January 2018)

The amendment provides clarifications regarding the basis of measurement of share-based payments which are arranged in cash and the accounting treatment concerning the amendments of the terms which may change a payment that is arranged in cash or in a payment that is arranged in shares. Furthermore, they introduce an exemption with regard to the principles of IFRS 2 according to which a payment should be treated as an arrangement only and fully in shares, in those cases where the employer is obliged to withhold an amount for the coverage of the employees' tax obligations emanating from the share-based payments and return it to the tax authorities.
The amendment is applied for accounting periods beginning on or after 1st January 2018 and has not been adopted by the European Union.

IFRS 4 (Amendment) "Applying the new IFRS 9 with the IFRS 4" (effective for annual accounting periods beginning on or after 1 January 2018)
The Board issued on 12 September amendments on IFRS 4 in an effort to address concerns about the application of the new standard of financial instruments (IFRS 9), prior to the application of the new amended, by the Board, IFRS 4. The amendments introduce two approaches: overlay and deferral. The amended standard will:

- provide the companies issuing insurance contracts with the option to recognize in the other comprehensive income, and not in the profit and loss, the instability arising when the IFRS 9 is applied prior to the new insurance contracts.
- provide the companies with activities mainly related to insurance, with a temporary exemption from the application of IFRS 9 until the year 2021.

The amendment is applied for accounting periods beginning on or after 1st January 2018 and has not been adopted by the European Union.

Clarifications on IFRS 15 "Revenue from Contracts with Customers" (effective for annual accounting periods beginning on or after 1 January 2018)
In April 2016, the IASB proceeded with the issuance of clarifications on IFRS 15. The amendments of IFRS 15 do not alter the basic principles of the Standard, however they provide clarifications with regard to the application of these principles. The amendments clarify the manner by which a commitment to execution of a contract is recognized, the principle which determines whether a business entity constitutes a principal or an agent, and the principle which determines whether the revenue from

granting a license should be recognized at a point in time or over time. The Group will review the effect of all the above on their Financial Statements although they expect that no effect will finally materialize.
The amendment is applied for accounting periods beginning on or after 1st January 2018 and has not been adopted by the European Union.

Annual Improvements in IFRS, 2014 – 2016 Cycle
The amendments of 2014 – 2016 Cycle were issued by the Board on 8 December 2016, are effective for annual accounting periods beginning on or after 1st January 2018 and have not been adopted by the European Union. The following amendments are not expected to significantly affect the financial statements of the Group unless it is stated otherwise.

- **IAS 28 (Amendment) "Measurement of Associates or Joint Ventures at Fair Value"**
  The amendment clarifies that the offered option -according to which investments in associates or joint ventures held by an entity which is an investment management organization or by another entity which fulfils the conditions are measured at fair value through the results- is available for each investment in associate or joint venture on a separate basis at the time of the initial recognition.

- **IFRS 12 "Disclosure of Interests in Other Entities": Clarification of the scope of the standard**
  The amendment clarified the scope of the standard's application by defining that the requirements of disclosure of the standard, apart from those of paragraphs B10-B16, are effective for the interests of the entity independently of whether they have been classified as held for sale, as held for distribution or as discontinued activities according to the IFRS 5 "Non-current assets held for sale and discontinued activities".

IAS 40 "Investment Property" Transfers of Investment Property (effective for annual accounting periods beginning on or after 1 January 2018)
The amendment of IAS 40 issued by the Board on 8 December 2016 clarifies that a business entity may transfer a property to or from the investment properties only and

only when there is evidence for change of use. A change of use occurs when the property fulfils or ceases to fulfill the definition of investment property. On stand-alone basis, a change in the intention of the management with regard to the use of the property does not constitute evidence for change of use.
The amendment is applied for accounting periods beginning on or after 1st January 2018 and has not been adopted by the European Union.

IFRIC 22 Interpretation "Foreign Currency Transactions and Advance Consideration" (effective for annual accounting periods beginning on or after 1 January 2018)

The Interpretation 22 clarifies the accounting treatment for the transactions referring to the cash collection or the payment of advances in foreign currency. Specifically, it is applied for the transactions in foreign currency when the business entity recognizes a non-monetary asset or a non-monetary liability that derives from the payment or the cash collection of advances before the business entity recognizes the relevant asset as expense or income. According to the interpretation, the date of the transaction, for defining the currency rate, is the date of the initial recognition of the non-monetary advance payments of the asset or the liability from the collection of the advance. If there are multiple payments or cash collections in advance, the date of the transactions is determined with regard to each payment or cash collection.
The interpretation is applied for accounting periods beginning on or after 1st January 2018 and has not been adopted by the European Union.

2. BASIC ACCOUNTING PRINCIPLES

The following accounting principles were used in the drafting of the attached financial statements and are consistently applied by the Group:

2.1 Consolidation

Subsidiaries: These are all companies managed and controlled, either directly or indirectly, by another Company (parent), either by holding the majority of voting rights in the Company in which investment was made, or, in the event the majority of shares has not been acquired, following an agreement with the other shareholders of the Company in which the investment was made. In other words, subsidiaries are companies controlled by the parent Company. Subsidiaries are fully consolidated using the purchase method as of the date in which control over them is acquired and cease to be consolidated from the date this control ceases to exist.

The purchase method of accounting is used to account for the acquisition of a subsidiary by the Group. The cost of an acquisition is measured at the fair value of assets transferred, equity instruments issued and liabilities incurred or assumed at the date of the transaction. The costs related to the acquisition are recorded directly to the profit and loss account. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the date of acquisition. Depending on the case the Group is recognized the value of the minority interests either at fair value or as a percentage of the minority shareholders on the net assets acquired. The difference between the acquisition cost, the proportion of the minority interest plus fair value during the acquisition date of a previous participation and the Group’s share in the net assets acquired, is booked as goodwill. If this value is less than the fair value of net assets acquired, the difference is registered directly in the results.

Transactions between group companies and unrealized profit related to transactions between Group companies are eliminated. Unrealized losses are also eliminated. The accounting principles of subsidiaries have been amended when necessary in order to conform to the accounting principles of the Group. In the financial statements of the parent company, investments in subsidiaries are valued at acquisition cost minus any cumulative impairment loss.

Affiliates: These are the enterprises over which the Group can exercise a significant influence without however them meeting the criteria that would classify them as either subsidiaries or joint-ventures. Significant influence is the authority to participate in decisions that regard decisions for the issuer's financial and business policies, but not control on such polices. Significant influence is usually implied when the group holds a percentage between 20% and 50% of the voting rights through ownership of shares or another type of agreement. Investment in affiliated companies are initially recorded at cost and subsequently accounted according to the equity method for consolidation purposes.

Goodwill is included in the book cost of the investment and is examined for impairment as part of the investment. When an economic unit of the group transacts with a group's associate company, any possible intra-company profit and losses are written-off by the participation percentage of the group in the relevant associate company All subsequent changes of the participation percentage in the associate company's net position are recognized in book value of the group's investment. Changes that arise from the profit or losses of associates are recorded in the consolidated profit and loss account. Changes that have been directly recognized in equity of the associates are recognized in the group's consolidated equity.

Any changes recognized directly in equity that are not related to a result, such as the distribution of dividends or other transactions with shareholders of the associate, are recorded against the book value of the participation. No effect in the net result or equity is recognized in the context of such transactions.

When the share of losses of the Group in an associate is equal or over the book value of the investment, including any other not secured receivables, the group does not recognize further losses, unless it has been burdened with commitments or has proceeded with payments on behalf of the associate.

The accounting principles of subsidiaries have been adjusted to ensure consistency with the accounting principles adopted by the Group. In the parent's financial statements, investments in associates are valued, according to IAS 28, at acquisition cost minus any accumulated impairment loss.

2.2 Consolidation of subsidiaries abroad

The translation of the financial statements of Group companies (none of which operate within a hyperinflationary economy– consequently IAS 29 «Financial reporting in hyperinflationary economies» in not applicable), having a different functional currency than the Group's presentation currency, is carried out as follows:

A) Assets and liabilities are translated at the closing exchange rate on the Balance Sheet date.

B) Income and expenses are translated at the average exchange rate for the period, unless the average exchange rate is not a rational approach to the accumulated impact of exchange rates valid on the dates of transactions, in which case income and expenses are converted at the rates valid on the day of each transaction

C) Exchange differences arising are recorded in Equity reserves and are transferred to profit or loss upon disposal of these enterprises.

2.3 Group structure and method of Company consolidation

The consolidated financial statements include, with the method of full consolidation, in addition to the parent Company the following subsidiaries:

GROUP STRUCTURE

Name	Headquarters	Participation %	Relation that dictated consolidation	Consolidation method
I. KLOUKINAS – I. LAPPAS S.A.	Greece	**Parent Company**	-	-
KLM A.T.E	Greece	100,00%	Direct	Full Consolidation
SYSMEROM COM SRL	Romania	100,00%	Direct	Full Consolidation
KLM BULGARIA EOOD	Bulgaria	100,00%	Direct	Full Consolidation
KLMS COM DOOEL	FYROM	100,00%	Direct	Full Consolidation
KLSAL LTD	Albania	100,00%	Direct	Full Consolidation
KLSER COMMERCE LTD	Serbia	100,00%	Direct	Full Consolidation
KLSLV D.O.O	Slovenia	100,00%	Direct 28,98% Indirect 71,02%	Full Consolidation
KLMOL	Moldavia	100,00%	Direct	Full Consolidation
ATTIKAT	Greece	10,00%	Indirect(IKLM ATE with100%)	Equity

On 01/02/2017 the 100% subsidiary company of the parent Company under the name "KLSLV D.O.O.", whose activity was the trade of Mothercare and ELC products, has been definitively removed from the Trade Register of Slovenia.

In the consolidated financial statements for the period 01.01-31.12.2016 the Company KLM ATE- ISTOS LTD Joint venture is not included due to its project completion and its dissolution as at 15.12.2015.

2.4 Report by Segment

The chief operating decision-maker has been identified as the Board of Directors. Management has determined the operating segments based on these reports as follows:

- Commerce
- Construction
- Energy

2.5 Recognition of revenues / costs

2.5.1 Revenues

Revenues are generated by the sale of goods, the execution of works and the provision of services, as well as the receipt of interest and dividends. Revenues are measured at the fair value of the consideration receivable or received and include the true sales value, net of taxes recovered, discounts and returns. Revenue recognition by category is carried out as follows:

(a) Sales of merchandise / goods

Sales of goods are recognized when the Group/the Company delivers the goods to the customer, the customer accepts them, the consideration for the sale has been agreed upon, collection of claims is assured only in cash, and the cost can be reliably measured.

(b) Revenues from the execution of projects

Revenues from the execution of projects arise from the Company's fees for the construction of assets, namely buildings, on behalf of its clients with whom it signs a relevant contract for the execution of works. These are mainly «fixed amount» contracts and can be long or short term depending on their duration.

(bi) Long-term project contracts

In order to recognize revenues arising from the execution of projects spanning two or more accounting periods, the Company applies the «percentage of completion» accounting method provided for in IAS 11. According to this method, if the outcome of a construction contract can be reliably estimated, revenue and costs linked to the contract are recognized in proportion to the stage (percentage) of completion of contract activity at the balance sheet date. No profit is recognized for project contracts for which the outcome cannot be reliably estimated and the revenue recognized is equivalent to the cost of sales in the income statement. An expected loss on a project contract is recognized in its entirety in the income statements of the fiscal year in which this loss is identified.

The stage (percentage) of completion of each project contract is calculated as the proportion of contract costs incurred for works performed at the balance sheet date in relation to the estimated total contract costs to completion of works and delivery to the client. The project contract costs, as per above, do not include costs pertaining to future works nor down-payments to sub-contractors.

Changes in initial revenue and cost estimates for project contracts are dealt with according to IAS 8, bearing on the current and future financial years.

(bii) Short-term project contracts

Revenue and costs of project contracts executed, from beginning to completion of works, within the same accounting period are recognized in their entirety in the income statement of the period.

(c) Revenues from provision of services

Revenues arising from the provision of services are recognized when the amount of revenue can be reliably measured, it is probable that the economic benefits will flow to the Company, the stage of completion of the transaction at the balance sheet date can be reliably measured, and the costs incurred in respect of the transaction as well as those to be incurred for the completion thereof can also be reliably estimated.

(d) Interest income

Interest income is recognized on a time proportion basis using the effective interest method.

(e) Dividend income

Dividend income is recognized when the shareholders right to receive payment is established.

(f) Revenue from leases

Rents receivable are recognized in the income statement according to the rent amount corresponding to the period in question.

2.5.2 Costs

a) Cost of sales

The cost of goods sold is recognized concurrently with the delivery of goods (issuance of the corresponding fiscal document) to customers.

b) Cost of project contracts

The cost of project contracts includes a) all costs directly related to each contract (direct cost), b) costs attributable to the general contracting activity to the extent that they can be reasonably allocated to each contract (indirect cost) and c) all other expenses specifically charged to an individual contract.

The direct cost of contracts includes direct labor costs, sub-contractor fees, the cost of materials used, depreciation of machinery and equipment used in construction, expenses for the transfer of machinery and materials, and the estimated cost of site restoration works and guarantees.

The indirect cost of construction contracts includes insurance premiums, design and technical assistance expenses and general construction costs. They are allocated in a systematic and rational way to contracts.

Expenses specifically related to a contract include any administrative or sales & marketing expense related to it.

The costs of a project contract are encompassed in the period from the signing of the contract until its full completion (delivery of the project to the client). Expenses directly linked to a contract and incurred prior to signing are included in the contract costs only if the signing of the contract and the incurring of said expenses fall in the same fiscal year.

2.6 Effects of Exchange rate fluctuations

Foreign currency transactions are translated into euros at the rate of exchange at the date of the transaction.

At the balance sheet date, foreign currency assets and liabilities are converted into euros at the exchange rate on that date. Foreign currency gains or losses resulting from translation are recognized in profit & loss.

2.7 Income Tax and Deferred Taxes

The period is charged with income taxes consisting of current taxes and deferred taxes, that is taxes or tax exemptions related to the economic benefits ensuing within the period but have already been or will be imputed by fiscal authorities to different periods. Income taxes are recognized in the period's income statement, except to the extent that the tax arises from transactions recognized directly in equity, in which case the tax is also directly recognized in equity in a corresponding manner.

Current income taxes include short term liabilities and/or receivables expected to be paid (recovered from) on the period's taxable income and any additional income tax carried over from previous fiscal years.

Current taxes are measured according to the tax rates and fiscal laws applicable in the fiscal periods to which they relate, based on taxable profits for that year. All changes in the short-term tax assets or liabilities are recognized as expenses in the income statement.

Deferred income taxes are recognized with the liability method on all temporary differences between the carrying value of an asset or liability and its tax base. Deferred income taxes are not recognized if they arise from the initial recognition of assets or liabilities in a transaction, other than in a business combination which, at the time of the transaction, did not affect either the accounting or the taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and fiscal laws that have been enacted or substantively enacted by the balance sheet date.

In the event, it is impossible to determine the timing of the reversal of temporary differences, the tax rate in force on the day following the balance sheet date is applied.

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

Deferred income taxes are recognized for deductible temporary differences arising from investments in subsidiaries and affiliates, unless the reversal of temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse

in the foreseeable future. Deferred tax liabilities are also measured taking into account the possible tax differences ensuing from an audit by competent authorities.
Most changes in deferred tax assets or liabilities are recognized as part of tax-related expenses in the income statement. Only changes in assets or liabilities having an impact on temporary differences are directly recognized in the Group's equity, such as revaluation of real estate properties, result in the corresponding change in deferred tax assets or liabilities charged against the relevant equity account.

2.8 Tangible assets

Tangible assets are recorded in financial statements at their purchase plus all expenses directly attributed to the acquisition of the assets. Subsequent expenses are recognized at revaluation of the carrying value of tangible assets or as a separate asset only if it is probable that the future economic benefits associated with the asset will flow to the Group and their cost can be reliably measured. The cost of repair and maintenance is recognized in the income statement at the moment it is actually incurred.
Depreciation of tangible assets (other than land that does not depreciate) is calculated with the straight-line method over the asset's useful life as follows:

Buildings and installations	from 25 to 50 years
Machinery and Equipment	from 5 to 10 years
Vehicles and Transport Equipment	from 8 to 10 years
Other equipment	from 5 to 10 years

The residual value and useful life of tangible assets are reviewed at each balance sheet date. When the carrying value of tangible assets exceeds their residual value, the difference (impairment) is directly recognized as an expense in the income statement.
When a fixed tangible asset is disposed of, the differences between the proceeds and the carrying value are recorded as gains or losses in the income statement.
Self-produced tangible assets represent an addition to the purchase value of tangible assets at values that include the direct cost of salaries of the personnel participating in the construction (corresponding employer contributions), the cost of consumables and other general costs.

2.9 Investments in property

Investments in property are carried out to earn rentals or realize capital gains or both. Investment properties are properties (including land, buildings, or parts of a building or both) held by the Group either to earn rentals from their lease or to realize capital gains or both.

According to the recognition criteria, the Group recognizes all the expenses related to an investment property when they are incurred. These expenses include all expenses initially incurred for the acquisition of the property and all subsequent expenses incurred for the extension or replacement of part of the property. According to the recognition criteria, the Group does not include repair expenses in the carrying value of investment properties, being directly recognized in the income statement.

Investment properties are initially recognized at their purchase cost, incremented by all the expenses related to the purchase transaction (e.g. notary fees, agent fees, property transfer taxes). The cost of investment properties is the equivalent price in cash. If payment for the acquisition of an investment property is deferred beyond usual credit terms, the difference between the total of payments and the equivalent amount in cash will be recognized and recorded in the income statement as interest (expense) throughout the duration of the credit.

The Group chose to value property investments on a fair value basis. According to this policy, the fair value of a property investment is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value excludes a valued price accrued or reduced because of special terms or circumstances, such as unusual financing, sale with lease back agreement, special considerations or concessions made by any party involved in the sale. Gains (or losses) arising from changes in the fair value of an investment property are recognized in the income statement in the period in which it arises.

Key factors in determining fair value are current prices in an active market for similar properties in the same location and condition.

2.10 Intangible assets

Software licenses: These include primarily the costs of implementing the computer software program. The cost of software licenses is capitalized based on the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives with the straight-line method (3 to 5 years).

Commercial brands and licenses: the acquired commercial brand and licenses are initially recognized at acquisition cost. Licenses have limited useful life and recognized at cost less accumulated amortization. The amortization is calculated with the straight-line method over their useful life (20 years).

Intangible Market Value of Retail Stores: The intangible market value of the Company's retail stores is measured at cost less depreciation. Depreciation is performed based on the lease term of the stores, which is 8 to 12 years.

2.11 Asset impairment

Assets having an indefinite useful life are not depreciated and are subject to an annual impairment control or whenever there is an indication that the carrying value is not recoverable. Assets that are depreciated are subject to an impairment control whenever there is an indication that the carrying value is not recoverable. The recoverable amount is the higher of an asset's net selling price and its value in use.

An impairment loss is recognized by the Company whenever the recoverable amount of assets is below their carrying value (or their Cash Generation Unit).

Net selling price is the amount ensuing from the sale of an asset within the framework of a bargained transaction between fully knowledgeable and willing parties, less any additional direct cost of disposal of the asset; value in use is the current value of estimated future cash flows the enterprise expects to derive from the asset's use and its disposal at the end of its estimated useful life.

2.12 Valuation of subsidiaries and affiliates

Participations in subsidiaries and affiliated companies are accounted in the parent Company's financial statements at the cost of acquisition less impairment losses.

2.13 Inventories

Inventory is stated at the lower of cost and net realizable value. Cost of inventories is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Customer Receivables

Customer Receivables are initially recorded at their fair value which corresponds to the nominal value, less impairment losses. Impairment losses (losses from doubtful receivables) are recognized when there is an objective proof that the Group is not able to collect all the amounts due based on contractual terms. Impairment losses are the difference between the carrying value of receivables and estimated future cash-flows. Any impairment loss amount is recorded as an expense in the income statement of the year in which the concurrence of the above conditions has been identified.

2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.
The Group's financial instruments are classified in the categories below based on the substance of the contract and the purpose for which they were acquired.

2.15.1 Financial instruments at fair value through profit and loss.

These are financial assets meeting any of the below mentioned criteria:

- Financial assets held for trading (including derivatives other than those that are fixed effective offsetting means, those that are acquired or created with a view to selling or re-purchasing and those that are part of a portfolio of recognized financial instruments).
- At initial recognition, the enterprise records these assets at fair value, recognizing changes in the income statement.

2.15.2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading.

They are included in current assets, except for maturities greater than 12 months after the balance sheet date. The latter are included in non-current assets.

2.15.3 Financial assets available for sale

It includes non-derivative financial assets that are either designated in this category or cannot be classified in any of the above categories.

Subsequent valuations of these financial instruments are carried out at fair value, provided it can be reliably measured, whereas in the opposite case valuations are based on cost of acquisition.

Profits or losses arising from assets available for sale are directly recognized in equity until the asset is disposed of.

In the event the value of financial assets decreases; the amount is not recognized in equity but in profit & loss. The same holds true for profits or losses arising from foreign exchange differences.

Purchases and sales of investments are recognized at the transaction date, which is the date that the Group commits to purchase or sell the item. Investments are initially recorded at fair value plus directly allocated costs. Investments are written-off when the right to the cash flows of the investment expire or are transferred and the Group has essentially transferred all the risks and rewards related to the ownership of the investment.

The fair values of financial assets, which are traded on active markets, are determined by the market values. The fair value of financial assets not traded on active markets is determined using valuation techniques determined by the net present value of cash flows.

At each balance sheet date, the Group determines if there are objective indications which may lead to the conclusion that the financial assets are impaired. For shares in companies which have been classified as Available for sale, such an indication is the significant or protracted decrease in the fair valued as compared to the cost. If the impairment can be substantiated, the accumulated loss recorded under Equity is transferred to the income statement.

2.15.4 Financial assets held until maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that an entity intends and is able to hold to maturity

Financial assets with maturity date above 12 months are classified in non-current assets, apart from bonds ending within a 12-month period from the balance sheet date, which are classified in current assets. Held-to-maturity investments are measured at amortized cost using the effective interest rate method.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits together with short-term, highly liquid investments such as money market products and bank deposits. Money market products are financial assets recorded at fair value in profit & loss.

2.17 Share capital

Expenses incurred for the issue of shares are recognized after the deduction of the relevant income tax and charged against the issue proceeds. Expenses related to the issue of shares towards the acquisition of enterprises are included in the cost of acquisition of said entity.

Company shares are traded on the Athens Stock Exchange under the KLM ticker symbol. Each ordinary nominal share is entitled to one vote.

2.18 Borrowings

Loans are initially recognized at fair value net of any transaction costs incurred. Subsequently, they are recognized at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest rate method.

2.19 Leases

2.19.1 As lessee:

Leases in which the risks and rewards of ownership are retained by a third party, that is the lessor, are classified as operating leases. Payments made, including down-payments, are correspondingly recognized in the income statements over the term of the lease.

Fixed asset leases in which all the risks and rewards of ownership are retained by the Company are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is analyzed between capital and interest. The corresponding lease commitment net of finance charges, is shown in long-term and short-term liabilities, while the interest element is recognized in the comprehensive income. Profits arising from the sale of the asset are recorded as deferred income and are recognized as income in the income statement over the lease period.

Tangible assets acquired through finance leases are depreciated over the shorter of the lease term or the useful life of the asset.

2.19.2 As lessor:

Assets leased under operating leases are included in the tangible assets of the balance sheet. They are depreciated over the duration of their useful life in a way consistent with that for owned assets. Lease income (net of any incentive granted to lessees) is recognized over the lease term on a straight-line basis. The Group does not lease assets under finance leases but under operating leases.

2.20 Employee benefits

2.20.1 Short-term benefits:

Short-term employee benefits (except for termination benefits) in cash and in kind are recognized as an expense when incurred. Any unpaid amount is recorded under liabilities, whereas whenever the amount paid exceeds benefits, the enterprise recognizes the amount in excess as an asset (pre-paid expense) only to the extent that this pre-payment will lead to a decrease of future payments or to a return.

The actuarial benefit valuation method used was the Projected Unit Credit Method.

2.20.2 Termination benefits:

The benefits to which employees are entitled as compensation either due to a decision of the Company to terminate their employment before the set retirement date or when all conditions for a complete age pension are satisfied, is a legal obligation of the Employer according to L.2112/20.

According to L.2112/20, there are two main compensation categories:

a) if an employee is dismissed, the Employer is obliged to pay 100% of the compensation and

b) if an employee leaves when all requirements in order to receive a complete age pension are satisfied, the Employer is obliged to pay 40% of the compensation if the employee is included in a supplementary insurance fund and 50% of the compensation if not.

The Company has the sole responsibility to fund the compensation of L. 2112/20 and there is no other obligation towards the staff such as, for instance, defined-benefit plan for the entire staff, employee stock options, voluntary defined-benefit plan etc.

The liability to the employees of the Company is based on the principles of IAS 19 and the actuarial method used is the Projected Unit Credit Method.

Actuarial gains and losses are identified in the statement of Changes in Equity and not in the Income statement of the fiscal year.

2.21 Government grants

The Group recognizes government grants that cumulatively satisfy the following criteria: a) there is reasonable assurance that the enterprise will comply with any conditions attached to the grant and b) there is reasonable assurance that the grant will be received. Grants are recorded at fair value and are systematically recognized as income, based on the principle of the correlation of grants with the corresponding costs they compensate.

Grants relating to assets are included in long-term liabilities as deferred income and are systematically and rationally recognized as income over the useful life of the asset.

2.22 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2.23 Provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, their settlement will probably result in an outflow of resources and the exact amount of the obligations can be reliably estimated. Provisions are reviewed at each balance sheet date and adjusted to reflect the amount that an enterprise would rationally pay to settle the obligations. Possible obligations (contingent liabilities) are not recognized in financial statements but only disclosed, unless the probability of outflow of resources incorporating economic benefits is minimal. Contingent assets are not recognized in financial statements but are disclosed when an inflow of economic benefits is probable.

2.24 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a Group of interrelated assets for and on behalf of customers, according to the terms provided for in the relevant contracts, the execution of which usually covers a period of time exceeding one financial year.

Expenses related to the contract are recognized whenever they are actually incurred. If the outcome of a construction contract cannot be reliably estimated, particularly in the early stages of the project, then the expense is recognized only to the extent that the contract costs incurred are expected to be recoverable and contract costs should be expensed as incurred. Consequently, in these contracts, the income recognized must be such that there is a zero profit from the specific project.

If the outcome of a construction contract can be reliably estimated, revenue and costs are recognized respectively as revenue and costs for the duration of the contract. The Group uses the percentage of completion method of accounting in order to determine the suitable revenue and costs to be recognized in a specific period.

The stage of completion of a contract is measured based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Whenever there is a reasonable indication that the total contract cost will exceed total revenue, the expected loss on a construction contract is directly recognized as an expense in the income statement.

In order to measure the cost incurred until the end of the fiscal year, any expense related to future works in relation to the contract is excluded and is accounted as work in progress. The total cost incurred and the total profit/loss recognized for each contract is compared with the progressive invoicing until the end of the fiscal year.

Whenever the incurred expenses plus net profits (minus losses) that have been recognized exceed progressive invoicing, the difference is accounted as a receivable from contract customers under «Trade debtors and other receivables». Whenever progressive invoicing exceeds the expenses incurred plus net profits (minus losses) that have been recognized, the balance is accounted as an obligation to contract customers under «Suppliers and other liabilities».

2.25 Dividend Distribution

The distribution of dividends to the shareholders of the parent Company and the remuneration of the Board of Directors from the profits of the fiscal year are recognized as a liability in the separate and consolidated financial statements on the date the distribution is approved by the General Shareholders Meeting.

3. Financial risk factors

The Group is exposed to financial risks such as market risk (exchange rate risk, price fluctuation, interests), credit risk and liquidity risk.

Risk management is performed by the Financial Service which operates under specific rules, approved by the Board.

Market risk

- Foreign exchange risk

The Group operates in an international environment and is exposed to exchange rate risks arising from trading in foreign currencies, identified assets and liabilities and investments in companies that have their registered office and operation abroad.

The Management has adopted a policy that demands from the Group companies to manage their exchange rate risk in relation to the currency under which they operate.

Exchange rate risk stems from commercial transactions and identified assets and liabilities when these are carried out in a currency that is different from the currency under which they operate.

The Group has specific investments in foreign businesses whose assets are exposed to exchange rate risks.

The following table illustrates the sensitivity of the result for the year and the equity in regard to hypothetical fluctuation of € / Ron exchange rate. It assumes a 10% change for the year ended 31 December 2016.

	31.12.2016	
	Increase of Exchange rate	**Decrease of Exchange rate**
Profit/Loss after tax	7.025	(8.586)
Equity	(39.989)	48.876

The financial assets and liabilities in foreign currency translated into euro using the exchange rate at the balance sheet date as follows:

	31.12.2016
	£
Financial Assets	0
Financial Liabilities	1.349.349
	1.349.349

	31.12.2016
	$
Financial Assets	95.539
Financial Liabilities	234.455
	329.994

The following table illustrates the sensitivity of the result for the year and the equity in regard to hypothetical fluctuation of € / £ exchange rate. It assumes a 2% change for the year ended 31 December 2016.

	31.12.2016	
	Increase of Exchange rate	**Decrease of Exchange rate**
Profit/Loss after tax	30.974	(32.238)
Equity	30.974	(32.238)

The following table illustrates the sensitivity of the result for the year and the equity in regard to hypothetical fluctuation of € / $ exchange rate. It assumes a 2% change for the year ended 31 December 2016.

	31.12.2016	
	Increase of Exchange rate	**Decrease of Exchange rate**
Profit/Loss after tax	6.138	(6.388)
Equity	6.138	(6.388)

- Price Risk

The Group is exposed to commodity price risk due to transactions mainly in British pounds and US dollar. A change in selling price of goods protects the Company against this volatility.

- Interest rate risk

Interest rate risk is usually due to long term loan agreements. All loans are expressed in floating rates. Changes in interest rates expose the Group to cash-flow risks. Financial expenses increase or decrease as a result of such changes.

The following table reflects the sensitivity of income and equity in relation to a hypothetical assumption regarding interest fluctuation. It assumes a 1% change for the year ended 31 December 2016.

	31.12.2016	
	Increase of Interest rate	**Decrease of Interest rate**
Profit/Loss after tax	(102.853)	102.853
Equity	(102.853)	102.853

Credit Risk

The Group does not have a significant concentration of credit risk as more than 90% of the Group sales are on retail basis. The remaining is related to wholesale of goods to related parties and franchisees.

The energy sector does not have significant concentration of credit risk as it is trading with public entity.

As far as the construction sector the management decided the reduction of the construction activity based on the ongoing crisis in the sector. Therefor the Group is not exposed to major credit risk in relation to the construction sector.

Liquidity Risk

The Group manages its liquidity requirements by monitoring its long-term and short-term financial obligations on a daily basis. The Group ensures that there is sufficient available credit facilities to be able to cover its short-term business needs, after the calculation of cash inflows arising from its operation as well as of the cash and cash equivalents which are held. The funds for long-term liquidity needs are ensured by a sufficient amount of loanable funds. Analytical information is presented in note 5.15.

3.1 Capital Management

The Group's objectives as regards to management of capital, is to reassure the ability for the Group's smooth operation, which aims at providing satisfactory returns to shareholders and to maintain an ideal capital structure by reducing thus the cost of capital. The Group monitors its capital based on the leverage rate. The leverage rate is calculated by dividing net debt with total employed capital. Net debt is calculated as "Total debt" (including "short-term and long-term debt" as presented in the Balance Sheet) minus "Cash and cash equivalents". Total employed capital is calculated as "Equity attributed to shareholders of the parent" as presented in the balance sheet plus net debt. The leverage ratio on December 31st, 2016 was as follows:

	GROUP		COMPANY	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Total Debt	14.876.110	16.863.305	13.903.110	15.646.911
Less: Cash and Cash Equivalent	-3.388.509	-4.176.300	-2.051.929	-3.132.075
Net debt	**11.487.602**	**12.687.005**	**11.851.180**	**12.514.837**
Equity attributable to shareholders of parent company	54.543.178	54.166.548	54.127.052	53.962.325
Total employed capital	**66.030.780**	**66.853.553**	**65.978.233**	**66.477.162**
Leverage Ratio	**17%**	**19%**	**18%**	**19%**

3.2 Fair value estimation

The following table presents the financial assets measured at fair value, according to the measurement method. The different categories are as follows:

• Publicized market prices (without amendment or adjustment) for the financial assets traded in active money markets (level 1)

• Measurement or valuation techniques based directly on publicized market prices or calculated indirectly from publicized market prices for similar instruments (level 2).

• Measurement or valuation techniques that are not based on available information from current transactions in active money markets (level 3).

The financial assets measured at fair value during 31 December 2016, are as follows:

	GROUP			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment Property	-	-	25.250.000	25.250.000

	COMPANY			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment Property	-	-	25.250.000	25.250.000

The fair value of financial assets traded on active markets (i.e. derivatives, equity, bonds, mutual funds), is defined based on the published prices in effect during the end of the reporting period. A market is considered "Active" when there are available and revised prices in frequent intervals, that are published by a stock exchange, broker, sector, rating agency or regulatory authority. Such financial instruments are included in level 1. The fair value of financial assets not traded on active markets (i.e. over the counter derivative contracts) is defined using valuation techniques that are based primarily on available information for transactions carried out in active markets, while they use the least possible estimations by the entity. Such financial instruments are included in level 2. If the valuation techniques are not based on available market information, then the financial instruments are included in level 3.

Investment property is related to a leased property owned by the parent Company, located in Ermou str., categorized in level 3 due to the absence of market transactions in the located area. The method based on which the value of the property is calculated is "Revenue capitalization method". Analytical information is presented in note 5.4.

3.3 Critical accounting estimates and judgements

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

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

3.4 Income taxes

Current income tax liabilities for the current and prior periods are measured, in accordance with IAS 12, at the amounts expected to be paid to the taxation authorities and includes provision for current income taxes reported in the respective income tax returns and the potential additional tax assessments that may be imposed by the tax authorities upon settlement of the unaudited tax years.
Group entities are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.5 Provision for doubtful customers

The Management of the Company proceeds to periodical revaluation of the provision sufficiency concerning the doubtful customers in accordance with the credit policy taking into account its Legal Councelor advices for the cases it handles.

4. Segment information

The Group's main business activities involve the sale of goods and revenues from construction contracts. To enhance the understanding of the financial statements, the results of these activities are presented in detail below.

4.1 Review by business segment

The chief operating decision-maker has been identified as the Board of Directors. Management has determined the operating segments based on these reports as follows:

- Commerce
- Construction
- Energy

GROUP 01.01 - 31.12.2016	Commerce	Construct	Energy	Total
Amounts in €				
Revenues from external customers	30.832.649	0	952.954	31.785.603
Revenues from intersegmental sales	0	0	0	0
Depreciation	-1.149.865	-66.584	-120.840	-1.337.288
Finance expense	-627.520	0	-66.039	-693.559
Finance income	501		79	580
Segment Profit/(Loss) pre tax	**667.745**	**-202.139**	**603.419**	**1.069.025**
Total Profit/(Loss) pre tax				**1.069.025**

GROUP 01.01 - 31.12.2015	Commerce	Construct	Energy	Total
Amounts in €				
Revenues from external customers	32.515.752	0	863.131	33.378.883
Revenues from intersegmental sales	0	0	0	0
Depreciation	-1.277.358	-63.831	-120.840	-1.462.029
Finance expense	-954.556	-141.795	0	-1.096.351
Finance income	1.238	47	44	1.329
Segment Profit/(Loss) pre tax	**-1.062.124**	**-379.501**	**584.344**	**-857.280**
Gain / Loss from valuation of assets				120.000
Investment income				23.773
Gain / Loss from valuation of financial assets (fair value through P&L account)				-49.651
Total Profit/(Loss) pre tax				**-763.159**

31/12/2016	**Commerce**	**Construct**	**Energy**	**Total**
Segment Assets	**45.400.033**	**0**	**9.794.960**	**55.194.993**
Investment Property				25.250.000
Other Debtors				25.324
Total Assets				**80.470.317**
Segment liabilities	**21.898.186**	**0**	**4.053.980**	**25.952.166**
Professional and other fees payable				-201.028
Other long term liabilities				176.000
Total Liabilities				**25.927.139**

31/12/2015	**Commerce**	**Construct**	**Energy**	**Total**
Segment Assets	**47.470.668**	**3.824.664**	**5.870.282**	**57.165.615**
Investment Property				25.250.000
Other Debtors				26.924
Total Assets				**82.442.539**
Segment liabilities	**23.841.780**	**2.287.046**	**2.071.064**	**28.199.890**
Professional and other fees payable				101
Other long term liabilities				76.000
Total Liabilities				**28.275.991**

4.2 Review by geographical segment for commercial activity

Domestic sales are generated by the Company "I. KLOUKINAS - I. LAPPAS S.A.". Sales abroad are generated by the following companies:

SYSMEROM COM SRL (Romania), KLMS KOM DOOEL (FYROM), KLM BULGARIA LTD (Bulgaria), KLSAL LTD (Albania), KLSER COMMERSE LTD (Serbia) and KLSV DOO (Slovenia).

	GREECE		BALKANS	
	01.01 - 31.12.2016	01.01 - 31.12.2015	01.01 - 31.12.2016	01.01 - 31.12.2015
Amounts reported in €				
Sales	26.482.806	27.378.247	4.349.843	5.137.505
Cost of Sales	-12.039.637	-12.691.919	-2.251.575	-2.709.627
Gross Profit	**14.443.168**	**14.686.328**	**2.098.269**	**2.427.878**
Other operating income	917.300	858.805	98.393	89.447
Distribution costs	-11.648.129	-12.239.687	-2.001.584	-2.607.339
Administrative expenses	-2.090.226	-2.052.076	-267.917	-296.234
Other operating expenses	-180.473	-507.042	-74.035	-468.886
Operating profit	**1.441.640**	**746.328**	**-146.876**	**-855.133**
Devaluation of tangible and intangible assets	0	120.000	0	0
Finance cost	-605.358	-901.557	-21.661	-27.989
Profit/ loss from financial assets	0	-49.651	0	0
Profit before tax	**836.282**	**-84.880**	**-168.537**	**-883.122**

4.3 Review of construction segment

The revenue recognized from construction contracts as at 31.12.2016 and 31.12.2015 is 10.053.371 € and 14.838.818 € respectively.

The Group uses the percentage of completion method of accounting in order to determine the suitable revenue and costs to be recognized in a specific period. The stage of completion of a contract is measured based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

The total realized cost and the recognized profits (less losses) for the work in progress as at 31.12.16 and 31.12.15 are 10.053.371 €.

The gross amount receivable (payable) from (to) customers is analyzed as follows:

Amounts in €	Group	
	31.12.2016	**31.12.2015**
Realized cost	8.180.684	13.828.951
Plus: recognized profit	1.872.687	1.009.867
Less: total recognized losses	0,00	0,00
Less: invoiced amounts	9.040.879	13.826.325
Amounts receivables/ payables	**1.012.492**	**1.012.492**

5. NOTES ON FINANCIAL STATEMENTS

5.1 Tangible Assets (property, plant & equipment)

The Company holds legal title on its tangible assets which are not burdened by mortgages or mortgage prenotations, except for those mentioned in detail in paragraph 6.1.4 “Existing mortgages and prenotations” of these notes.

The Group’s tangible assets (property, plant & equipment) are as follows:

	Land	Buildings	Plant and Machinery	Motor vehicles	Fixtures and Fittings	Total
Cost						
Balance 01.01.15	4.279.508	37.976.813	5.615.286	450.124	4.999.968	53.321.699
Additions	0	139.596	574	0	78.423	218.592
Disposals	0	0	-9.784	0	-38.540	-48.324
Assets Write-off	0	-989.774	0	0	-6.100	-995.874
Foreign exchange movements	0	-2.219	253	-419	-1.460	-3.845
Balance 31.12.15	**4.279.508**	**37.124.416**	**5.606.329**	**449.705**	**5.032.290**	**52.492.249**
Depreciation						
Balance 01.01.15	0	14.829.118	1.978.458	442.291	4.741.223	21.991.090
Additions	0	1.197.527	120.798	6.858	119.563	1.444.746
Disposals	0	0	-9.031	0	-34.747	-43.778
Assets Write-off	0	-635.425	0	0	-3.711	-639.135
Foreign exchange movements	0	-3.230	222	-419	-778	-4.205
Balance 31.12.15	**0**	**15.387.991**	**2.090.447**	**448.730**	**4.821.550**	**22.748.718**
Net book Value 31.12.15	**4.279.508**	**21.736.426**	**3.515.882**	**975**	**210.740**	**29.743.531**

	Land	Buildings	Plant and Machinery	Motor vehicles	Fixtures and Fittings	Total
Cost						
Balance 01.01.16	4.279.508	37.124.416	5.606.329	449.705	5.032.290	52.492.249
Additions	0	363.334	86	53.940	171.151	588.512
Assets Write-off	0	-129.621	0	0	-266.473	-396.094
Foreign exchange movements	0	-2.255	266	-151	-2.297	-4.436
Balance 31.12.16	**4.279.508**	**37.355.875**	**5.606.681**	**503.495**	**4.934.671**	**52.680.231**
Depreciation						
Balance 01.01.16	0	15.387.991	2.090.447	448.730	4.821.550	22.748.718
Additions	0	1.059.681	116.833	5.307	139.521	1.321.341
Assets Write-off	0	-77.392	0	0	-259.550	-336.942
Foreign exchange movements	0	-1.924	233	-151	-668	-2.509
Transfers	0	0	-980	0	980	0
Balance 31.12.16	**0**	**16.368.356**	**2.206.533**	**453.887**	**4.701.832**	**23.730.608**
Net book Value 31.12.16	**4.279.508**	**20.987.519**	**3.400.149**	**49.608**	**232.839**	**28.949.623**

The Company’s tangible assets (property, plant & equipment) are as follows:

	Land	Buildings	Plant and Machinery	Motor vehicles	Fixtures and Fittings	Total
Cost						
Balance 01.01.15	3.671.908	32.273.251	172.657	271.087	4.045.456	40.434.359
Additions		120.078			67.210	187.288
Balance 31.12.15	**3.671.908**	**32.393.329**	**172.657**	**271.087**	**4.112.666**	**40.621.646**
Depreciation						
Balance 01.01.15	0	11.783.690	81.314	263.910	4.003.402	16.132.316
Additions		958.252	5.182	5.098	71.556	1.040.088
Balance 31.12.15	**0**	**12.741.943**	**86.496**	**269.008**	**4.074.958**	**17.172.404**
Net book Value 31.12.15	**3.671.908**	**19.651.386**	**86.161**	**2.079**	**37.708**	**23.449.242**

	Land	Buildings	Plant and Machinery	Motor vehicles	Fixtures and Fittings	Total
Cost						
Balance 01.01.16	3.671.908	32.393.329	172.657	271.087	4.112.666	40.621.646
Additions		243.993		53.940	95.096	393.030
Assets Write-off		-112.969				-112.969
Balance 31.12.16	**3.671.908**	**32.524.353**	**172.657**	**325.027**	**4.207.762**	**40.901.707**
Depreciation						
Balance 01.01.16	0	12.741.943	86.496	269.008	4.074.958	17.172.404
Additions		938.330	4.055	3.547	100.355	1.046.287
Assets Write-off		-60.740				-60.740
Balance 31.12.16	**0**	**13.619.533**	**90.550**	**272.555**	**4.175.313**	**18.157.952**
Net book Value 31.12.16	**3.671.908**	**18.904.820**	**82.106**	**52.472**	**32.449**	**22.743.756**

5.2 Intangible Assets

The Group's and the Company's intangible assets are as follows:

GROUP	Software	Other	Total
Cost			
Balance 01.01.15	45.407	174.000	219.407
Additions	3.581	0	3.581
Foreign exchange movements	-18	0	-18
Balance 31.12.15	**48.970**	**174.000**	**222.970**
Depreciation			
Balance 01.01.15	43.106	92.292	135.398
Additions	2.783	14.500	17.283
Foreign exchange movements	-14	0	-14
Balance 31.12.15	**45.875**	**106.792**	**152.667**
Net book Value 31.12.15	**3.095**	**67.208**	**70.303**

GROUP	Software	Other	Total
Cost			
Balance 01.01.16	48.970	174.000	222.970
Additions	3.094	0	3.094
Assets Write-off	-690	0	-690
Foreign exchange movements	1	0	1
Balance 31.12.16	**51.375**	**174.000**	**225.375**
Depreciation			
Balance 01.01.16	45.875	106.792	152.667
Additions	1.447	14.500	15.947
Assets Write-off	-690	0	-690
Foreign exchange movements	1	0	1
Balance 31.12.16	**46.632**	**121.292**	**167.924**
Net book Value 31.12.16	**4.743**	**52.708**	**57.451**

COMPANY	Software	Other	Total
Cost			
Balance 01.01.15	30.318	174.000	204.318
Additions	3.142		3.142
Balance 31.12.15	**33.460**	**174.000**	**207.460**
Depreciation			
Balance 01.01.15	28.298	92.292	120.590
Additions	2.433	14.500	16.933
Balance 31.12.15	**30.731**	**106.792**	**137.523**
Net book Value 31.12.15	**2.730**	**67.208**	**69.938**

COMPANY	Software	Other	Total
Cost			
Balance 01.01.16	33.460	174.000	207.460
Additions	3.027		3.027
Balance 31.12.16	**36.487**	**174.000**	**210.487**
Depreciation			
Balance 01.01.16	30.731	106.792	137.523
Additions	1.201	14.500	15.701
Balance 31.12.16	**31.932**	**121.292**	**153.224**
Net book Value 31.12.16	**4.555**	**52.708**	**57.263**

5.3 Goodwill

	GROUP		COMPANY	
Amounts in €	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Balance at 01/01/2016 & 01/01/2015	5.333.303	5.333.303	5.333.303	5.333.303
Balance at 31/12/2016 & 31/12/2015	**5.333.303**	**5.333.303**	**5.333.303**	**5.333.303**

Goodwill is attributable to the acquisition of the Company a) "Papagianni SA and Sons" that holds "mothercare" brand and b) "Compton House Properties SA" that holds "early learning centre" brand. The Company monitors both activities of the commercial sector as one, since 2013, for impairment purposes. After conducting the annual control for impairment no further need occurred for recognition of impairment loss.

5.4 Real Estate Investments

Real estate investment is related to a parent Company's property which is leased. The valuation of the property is based on the provision that is privately owned and is free from any mortgages. The investment property is valued using the Revenue Capitalization method and is based on the provision that the market value of the business property occurs from the capitalization of rentals.

A reconciliation of the opening and closing fair value balance is provided below:

INVESTMENT PROPERTY			
	Land	**Buildings**	**Total**
Amounts in €			
Balance as at 01.01.15	9.298.100	15.831.900	25.130.000
Revaluation	44.400	75.600	120.000
Balance as at 31.12.15	**9.342.500**	**15.907.500**	**25.250.000**
Balance as at 01.01.16	9.342.500	15.907.500	25.250.000
Balance as at 31.12.16	**9.342.500**	**15.907.500**	**25.250.000**

5.5 Investments in Subsidiaries

In the Company's financial statements, investments in subsidiary companies are valued at acquisition cost. Changes during the year were as follows:

	COMPANY	
Amounts in €	**31/12/2016**	**31/12/2015**
Balance at 01/01/2016 & 01/01/2015	**6.560.585**	**6.560.585**
Balance at 31/12/2016 & 31/12/2015	**6.560.585**	**6.560.585**

5.6 Other long-term receivables

	GROUP		**COMPANY**	
Amounts in €	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Guarantees given	576.812	568.156	563.991	567.511

Other long-Term receivables are referring mainly to the guaranties given by the Company for the leased premises.

5.7 Deferred tax assets and tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts offset was as follows:

	GROUP				COMPANY			
	31/12/2016		31/12/2015		31/12/2016		31/12/2015	
Amounts in €	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability
Non-current assets								
Intangible Assets	15.667	-8.359	24.277	-10.302	0	-8.359	0	-10.302
Tangible Assets	289	-3.827.501	243	-3.882.175	0	-2.991.961	0	-3.041.972
Current Assets					0	0	0	0
Inventories	393.810	0	422.810	0	0	0	29.000	0
Trade debtors & Other Receivables	84.267	-293.623	84.267	-293.623	0	0	0	0
Long-term Liabilities					0	0	0	0
Interest bearing loans	893	0	788	0	893	0	788	0
Provisions for retirement benefits	252.643	0	190.080	0	252.496	0	190.018	0
Other Long-term Liabilities	0	-5.099	0	-20.798	0	-5.099	0	-20.798
Short - term Liabilities					0	0	0	0
Current portion of interest bearing borrowings	0	0	0	0	0	0	0	0
Other Short - term Liabilities	226.239	0	239.790	0	0	0	20.814	0
					0	0	0	0
Tax loss	1.248.037	0	1.850.600	0	1.190.166	0	1.791.349	0
Total	*2.221.845*	*-4.134.582*	*2.812.856*	*-4.206.897*	*1.443.556*	*-3.005.419*	*2.031.969*	*-3.073.071*
Offset	-1.443.556	1.443.556	-2.031.969	2.031.969	-1.443.556	1.443.556	-2.031.969	2.031.969
Total	**778.289**	**-2.691.026**	**780.888**	**-2.174.928**	**0**	**-1.561.863**	**0**	**-1.041.103**

5.8 Inventories

	GROUP		COMPANY	
Amounts in €	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Finished Goods	10.758.544	11.127.114	9.397.216	9.688.725
Raw Material	2.467	5.938	0	0
Total	**10.761.011**	**11.133.052**	**9.397.216**	**9.688.725**

Inventories are valued at the lower of current cost and net realizable value

5.9 Trade debtors and other receivables

Receivables from trade debtors and other receivables for the Group and the Company are presented below:

Trade receivables	GROUP		COMPANY	
Amounts in €	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Trade receivables	3.974.952	3.775.934	1.529.618	1.554.478
Receivables from related parties	0	0	2.804.912	2.581.374
Cheques receivable	4.960	3.598	4.960	3.598
Bad debt provisions	-803.123	-803.123	-711.538	-711.538
Receivables related to construction work	1.012.492	1.012.492	0	0
Total	**4.189.282**	**3.988.901**	**3.627.951**	**3.427.911**

Other receivables				
Amounts in €	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Receivables from related parties	0	0	6.708	0
Bad debt debtors	279.144	279.144	279.144	279.144
Other debtors	788.509	929.008	261.334	257.095
Bad debt provisions	-279.144	-279.144	-279.144	-279.144
Prepayments	32.858	31.672	3.630	2.698
Total	**821.367**	**960.680**	**271.672**	**259.793**
Total	**5.010.648**	**4.949.581**	**3.899.623**	**3.687.703**

The above requirements are considered to be short-term. The fair value of these short-term financial assets cannot be determined independently because the book value is considered that it approaches their fair value. Moreover, some of the debtors which have not been suffered impairment are in delay.

The Group's management periodically reassess the adequately of the allowance for doubtful accounts receivable and there was no indication for further provision.

The maturity of trade receivables is presented in the table below:

	GROUP		COMPANY	
Amounts in €	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Past due but not impaired	2.136.049	2.195.247	0	0
Up to 3 months	221.048	214.954	227.567	225.399
3 to 6 months	743.919	609.745	1.291.022	1.034.130
6 to 12 months	124.178	127.425	124.178	124.371
more than 12 months	964.088	841.530	1.985.183	2.044.011
Total	**4.189.282**	**3.988.901**	**3.627.951**	**3.427.911**

5.10 Advances

Advances for the Group and the Company are presented below:

	GROUP		COMPANY	
Amounts in €	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Suppliers	238.546	238.369	238.546	238.369
Total	**238.546**	**238.369**	**238.546**	**238.369**

5.11 Transitory Accounts

	GROUP		COMPANY	
Amounts in €	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Defferred Expenses	126.123	199.055	70.582	118.181
Total	**126.123**	**199.055**	**70.582**	**118.181**

5.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand held by the Group and the Company and deposits held at call with banks.

The Group's and the Company's cash and cash equivalents for the period were as follows:

	GROUP		COMPANY	
Amounts in €	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Cash	1.074.139	749.363	1.038.490	720.716
Current & term deposits	2.314.370	3.426.936	1.013.439	2.411.359
Total	**3.388.509**	**4.176.300**	**2.051.929**	**3.132.075**

5.13 Shareholders' Equity

Amounts in €	Share capital	Share premium	Total
Balance at January 1st, 2015	12.065.765	13.288.555	25.354.320
Balance at December 31st, 2015	**12.065.765**	**13.288.555**	**25.354.320**
Balance at January 1st, 2016	12.065.765	13.288.555	25.354.320
Balance at December 31st, 2016	**12.065.765**	**13.288.555**	**25.354.320**

	Issued shares
Balance at January 1st, 2015	40.219.218
Balance at December 31st, 2015	**40.219.218**

	Issued shares
Balance at January 1st, 2016	40.219.218
Balance at December 31st, 2016	**40.219.218**

5.14 Reserves

Amounts in €	GROUP		COMPANY	
Other Reserves	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Statutory reserve	1.967.406	1.967.406	1.872.626	1.872.626
Extraordinary reserves	1.667.836	1.667.836	1.643.452	1.643.452
Tax-free reserves	103.444	103.444	83.458	83.458
Total	**3.738.687**	**3.738.687**	**3.599.536**	**3.599.536**

5.15 Borrowings

Amounts in €	GROUP		COMPANY	
Long-term borrowings	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Bank loans	10.285.260	11.061.097	10.285.260	11.061.097
Total	**10.285.260**	**11.061.097**	**10.285.260**	**11.061.097**
Short-term borrowings	**GROUP**		**COMPANY**	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Bank loans	4.590.850	5.802.208	3.617.850	4.585.814
Total	**4.590.850**	**5.802.208**	**3.617.850**	**4.585.814**
Total	**14.876.110**	**16.863.305**	**13.903.110**	**15.646.911**

The maturity of the borrowings as at 31/12/2016 for the Group and the Company is presented below:

Amounts in €	GROUP			
As at 31/12/2016	**Up to 1 year**	**1 to 2 years**	**3 to 5 years**	**More than 5 years**
Borrowings	4.055.850	1.115.336	3.733.590	5.971.334

Amounts in €	COMPANY			
As at 31/12/2016	**Up to 1 year**	**1 to 2 years**	**3 to 5 years**	**More than 5 years**
Borrowings	3.617.850	1.055.336	3.258.590	5.971.334

With respect to the bond loan agreement of 19/7/2006 amounting to 10.000.000 €, the Bondholder, if the Company does not meet the threshold of the financial index "earnings before interest, tax, depreciation and amortization to interest expenses", consents to the non-measurement of that index and waives the rights resulting from this agreement due to the expected non-compliance with the aforementioned index, according to a letter with effect until 31/12/2017. The bond loans payment dates are as follows:

€ 10.000.000 BOND LOAN

Due Date	Amount
21/1/2017	201.300
21/7/2017	201.300
21/1/2018	201.300
21/7/2018	201.300
21/1/2019	201.300
21/7/2019	201.300
21/1/2020	201.300
21/7/2020	201.300
21/1/2021	201.300
21/7/2021	201.300
21/1/2022	201.300
21/7/2022	201.300
21/1/2023	201.300
21/7/2023	201.300

€ 6.000.000 BOND LOAN	
Due Date	**Amount**
11/4/2017	120.000
11/10/2017	120.000
11/4/2018	120.000
11/10/2018	120.000
11/4/2019	120.000
11/10/2019	120.000
11/4/2020	120.000
11/10/2020	120.000
11/4/2021	120.000
11/10/2021	120.000
11/4/2022	120.000
11/10/2022	120.000
11/4/2023	120.000
11/10/2023	120.000
11/4/2024	120.000
11/10/2024	120.000
11/4/2025	120.000
11/10/2025	600.000

€ 9.200.000 LONG TERM LOAN	
Due Date	**Amount**
17/2/2017	98.217
17/5/2017	99.101
17/8/2017	99.993
17/11/2017	100.893
17/2/2018	101.801
17/5/2018	102.718
17/8/2018	103.642
17/11/2018	104.575
17/2/2019	105.516
17/5/2019	106.466
17/8/2019	107.424
17/11/2019	108.391
17/2/2020	109.366
17/5/2020	110.351
17/8/2020	111.344
17/11/2020	112.346
17/2/2021	113.357
17/5/2021	114.377
17/8/2021	115.407
17/11/2021	116.445
17/2/2022	117.494
17/5/2022	118.551
17/8/2022	119.618
17/11/2022	120.695
17/2/2023	121.781
17/5/2023	122.877
17/8/2023	123.983
17/11/2023	125.099
17/2/2024	126.225
17/5/2024	127.361
17/8/2024	128.507
17/11/2024	129.664
17/2/2025	130.831
17/5/2025	132.008
17/8/2025	133.196
17/11/2025	134.395
17/2/2026	135.605
17/5/2026	136.825
17/8/2026	138.056
17/11/2026	139.299
17/2/2027	140.553
17/5/2027	141.818
17/8/2027	143.094
17/11/2027	144.382
17/2/2028	145.682
17/5/2028	146.993
17/8/2028	148.316
17/11/2028	149.650

5.16 Employee retirement benefit obligations

The Company's and the Group's obligation towards their employees as regards the future payment of retirement benefits according to their years of service is calculated and reflected based on the expected amount of pension benefit that each employee will be entitled to receive at the balance sheet date, discounted to its present value, based on the expected date the benefit liability becomes due.

	GROUP		COMPANY	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Balance (1 January)	**(655.449)**	**(617.266)**	**(655.236)**	**(591.220)**
Total expense	(74.800)	(141.839)	(74.509)	(141.625)
Actuarial loss/gain	(161.303)	(29.996)	(161.303)	(29.996)
Total	**(236.103)**	**(171.835)**	**(235.813)**	**(171.621)**
Additional expense	20.372	133.652	20.372	107.605
Total	**(215.731)**	**(38.183)**	**(215.441)**	**(64.016)**
Balance (31 December)	**(871.181)**	**(655.449)**	**(870.677)**	**(655.236)**

	GROUP		COMPANY	
	01.01 - 31.12.2016	01.01 - 31.12.2015	01.01 - 31.12.2016	01.01 - 31.12.2015
Service cost	61.836	55.679	61.546	55.466
Interest cost	13.105	12.416	13.105	12.416
Additional post retirement and termination benefits paid out but not provided	-141	73.744	-141	73.744
Total expense	**74.800**	**141.839**	**74.509**	**141.625**

The main actuarial assumptions used for accounting purposes were the following:

	01.01 - 31.12.2016	01.01 - 31.12.2015
Discount rate	1,60%	2,00%
Average rate of future salary increases	2,25%	2,50%
Average increase of inflation rate	1,75%	2,00%

	01.01.-31.12.2016		01.01.-31.12.2015	
Demographic analysis	Voluntary withdrawal	Dismissals	Voluntary withdrawal	Dismissals
Age				
Up to 40 years old	4%	3%	13%	5%
41 to 50 years old	1%	1%	3%	1%
more than 51 years old	0%	0%	0%	0%

5.17 Other long-term liabilities

	GROUP		COMPANY	
Amounts in €	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Rent Guarantees	175.580	100.580	176.000	101.000
Provisions	216.586	216.674	190.000	190.000
Total	**392.167**	**317.255**	**366.000**	**291.000**

5.18 Suppliers and other liabilities

Liabilities to suppliers and related liabilities for the Group and the Company were as follows:

	GROUP		COMPANY	
Amounts in €	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Suppliers	2.885.215	3.944.462	2.605.104	3.678.202
Cheques payable	813.249	792.978	813.249	792.978
Current tax liabilities	936.727	1.012.249	887.920	949.012
Social security contributions	385.907	376.278	322.303	313.401
Customer advances	241.782	218.421	241.782	218.421
Other creditors	315.943	343.005	255.022	265.748
Total	**5.578.823**	**6.687.393**	**5.125.381**	**6.217.763**

5.19 Transitory Accounts

	GROUP		COMPANY	
Amounts in €	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Deferred income	59.174	0	0	0
Accrued expenses	240.249	321.504	212.710	281.295
Government grants	1.218.409	1.256.042	0	0
Other transitory accounts	0	116	0	0
Total	**1.517.831**	**1.577.661**	**212.710**	**281.295**

5.20 Turnover (Sales)

Turnover for the Group and the Company in the current and previous period were comprised of the following:

	GROUP		COMPANY	
Amounts in €	01.01 - 31.12.2016	01.01 - 31.12.2015	01.01 - 31.12.2016	01.01 - 31.12.2015
Income from commerce	30.811.897	32.501.644	28.616.871	29.805.629
Income from product sales	952.954	863.131	25.779	25.676
Income from repairs and other services	10.726	5.224	10.726	5.224
Sales of obsolete material and other inventories	10.026	8.883	10.026	8.883
Total	**31.785.603**	**33.378.883**	**28.663.403**	**29.845.412**

5.21 Expenses analysis by category

The cost of operations for the Group and the Company as of December 31, 2016 and 2015 is analyzed as follows:

	GROUP				GROUP			
	01.01 - 31.12.2016				01.01 - 31.12.2015			
Amounts in €	Cost of sales	Distribution expenses	Administrative expenses	Total	Cost of sales	Distribution expenses	Administrative expenses	Total
Wages, salaries & employee benefits	13.175	5.634.247	1.192.358	6.839.779	12.320	5.990.025	1.226.757	7.229.101
Cost of inventories recognized as expense	14.295.065	0	0	14.295.065	15.406.352	0	0	15.406.352
Depreciation	118.261	1.112.437	106.591	1.337.289	116.987	1.231.455	113.587	1.462.029
Royalties	0	821.977	38	822.014	0	932.069	447	932.517
Subcontractor fees & expenses	11.000	1.366	0	12.366	10.600	9.948	0	20.548
Other third-party fees & expenses	66.177	1.699.000	512.839	2.278.016	71.534	1.778.112	447.531	2.297.176
BOD fees	0	0	386.562	386.562	0	0	466.200	466.200
Insurance premiums	3.287	68.863	40.805	112.955	3.322	73.314	35.576	112.211
Rents	46.359	2.631.320	76.559	2.754.238	44.060	2.981.011	71.503	3.096.574
Repair & maintenance	2.613	143.096	14.501	160.211	2.330	128.855	13.744	144.928
Other third-party services	36.215	585.152	27.579	648.946	21.191	630.964	57.841	709.995
Advertisement expenses	0	453.777	15.105	468.882	0	493.920	9.701	503.621
Other sundry expenses	1.896	498.478	202.579	702.954	2.416	597.354	169.759	769.528
Total	**14.594.047**	**13.649.713**	**2.575.516**	**30.819.276**	**15.691.112**	**14.847.026**	**2.612.645**	**33.150.783**

	COMPANY				COMPANY			
	01.01 - 31.12.2016				01.01 - 31.12.2015			
Amounts in €	Cost of sales	Distribution expenses	Administrative expenses	Total	Cost of sales	Distribution expenses	Administrative expenses	Total
Wages, salaries & employee benefits	0	5.166.042	1.032.826	6.198.868	0	5.409.470	1.057.890	6.467.360
Cost of inventories recognized as expense	14.210.105	0	0	14.210.105	15.137.260	0	0	15.137.260
Depreciation	0	1.020.707	41.281	1.061.988	0	1.011.118	45.903	1.057.021
Royalties	0	821.977	38	822.014	0	860.472	447	860.919
Subcontractor fees & expenses	0	1.366	0	1.366	0	0	0	0
Other third-party fees & expenses	0	1.445.738	357.604	1.803.342	0	1.483.179	269.122	1.752.302
BOD fees	0	0	386.562	386.562	0	0	466.200	466.200
Insurance premiums	0	59.159	17.832	76.990	0	64.931	7.177	72.108
Rents	0	1.775.399	62.500	1.837.899	0	1.896.672	60.000	1.956.672
Repair & maintenance	0	105.628	6.928	112.556	0	121.308	2.833	124.142
Other third-party services	0	497.475	5.984	503.459	0	518.988	5.566	524.553
Advertisement expenses	0	322.749	14.869	337.619	0	349.881	9.163	359.044
Other sundry expenses	0	432.292	165.541	597.833	0	523.668	129.174	652.842
Total	**14.210.105**	**11.648.531**	**2.091.964**	**27.950.600**	**15.137.260**	**12.239.687**	**2.053.476**	**29.430.423**

5.22 Other operating income and expense

Other operating income and expenses for the Group and the Company are analyzed as follows:

Amounts in €	GROUP		COMPANY	
Other operating income	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**
Income from government grants	7.682	42.392	7.682	42.392
Indemnities	550	42.981	550	42.516
Gains from exchange differences	451.224	281.169	399.975	239.795
Rental Income	497.334	516.377	499.854	518.897
Amortization of goverments grants	37.633	37.633	0	0
Other income	20.847	90.589	11.759	19.611
Income from unused provisions	30.768	16.811	0	0
Profit from sale of assets	7.288	122	0	0
Total	**1.053.325**	**1.028.074**	**919.820**	**863.212**
Other operating expense				
Losses from exchange differences	(182.744)	(165.322)	(122.581)	(116.720)
Receivables write-off	(40)	(83.303)	0	(83.303)
Bad dedts provision	0	(279.144)	0	(990.682)
Tangible Assets write-off	(59.151)	(400.550)	(52.229)	0
Other Expenses	(10.995)	(87.924)	(4.598)	(27.875)
Other taxes	(735)	(146)	0	0
Penalties	(3.982)	(2.044)	(1.065)	0
Total	**(257.647)**	**(1.018.432)**	**(180.473)**	**(1.218.581)**

5.23 Devaluation of tangible and intangible assets

Amounts in €	GROUP		COMPANY	
Devaluation of tangible and intangible assets	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**
Profit /Loss from revaluation of investment property	0	120.000	0	120.000
Total	**0**	**120.000**	**0**	**120.000**

5.24 Financing cost

The financing income and expenses of the Group and the Company were as follows:

Amounts in €	01.01 - 31.12.2016	01.01 - 31.12.2015	01.01 - 31.12.2016	01.01 - 31.12.2015
Financing Income				
Banks	580	564	409	473
Bonds	0	23.773	0	23.773
Other	0	765	0	0
	580	**25.101**	**409**	**24.246**
Financing Expenses				
Bank loans	(586.911)	(926.206)	(530.821)	(803.491)
Letter of Guarantee commissions	(37.492)	(45.415)	(22.855)	(23.701)
Other	(69.157)	(124.731)	(52.090)	(138.798)
	(693.559)	**(1.096.351)**	**(605.767)**	**(965.990)**
Net Financial Expenses	**(692.980)**	**(1.071.250)**	**(605.358)**	**(941.744)**

5.25 Income tax

The Group is subject to varying tax rates depending on the country in which it operates. The Group's operations abroad, specifically in Romania, Bulgaria, FYROM, Albania, Serbia and Slovenia were subject to income tax rates of 16%, 10%, 10%, 15%, 15% and 17% respectively.

Deferred taxes on temporary differences were calculated based on the tax rates that will apply in the period tax assets or liabilities will be settled and on the tax rates that apply on the balance sheet date.

The Group's tax provision for the un-audited fiscal years amounts to € 216.589 and is recognized in the account "Other long term liabilities" in the Statement of Financial Position.

	GROUP		COMPANY	
Amounts in €	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**
Income tax	6.283	1.057	0	0
Deferred tax	565.475	97.678	567.539	88.850
Total	**571.758**	**98.736**	**567.539**	**88.850**

The tax on Group profit differs from the amount that would arise had the Group used the average tax rate of the country in which the parent Company is based as follows:

	GROUP		COMPANY	
Profit/loss pre-tax	**1.069.025**	**(763.159)**	**846.791**	**(811.776)**
less/plus: temporary differences on income	80.988	(1.462.013)	54.132	(1.824.553)
less/plus: temporary differences on expenses	48.557	1.622.155	61.880	1.915.954
Adjustments in tax for incomes not subjected to taxation				
Untaxed income	0	0	0	0
Income differences	0	(1.255.080)	0	(1.255.080)
Profit from acquisitions	0	0	0	0
Other adjustments	0	0	0	0
Adjustments in tax for expenses not deductible for taxation purposes				
Differences in cost	(29.401)	1.720.387	(1.819)	1.718.568
Non deductible expenses	132.598	190.326	93.127	127.056
Set off of losses from previous years	(1.259.204)	(42.427)	(5.158.134)	(6.177.064)
	42.562	**10.189**	**(4.104.021)**	**(6.306.896)**
Tax rate(average rate for the Group)	*15%*	*10%*	*29%*	*29%*
Expected tax expense	6.283	1.057	0	0
Tax adjustments as tax rate changes	0	157.933	0	113.179
Tax recognition from tax losses	602.694	(6.963)	601.183	0
Tax for temporary differences	(37.219)	(46.532)	(33.644)	(26.506)
Provisions and expenses for additional tax liabilities	0	(6.759)	0	2.177
Total tax	**571.758**	**98.736**	**567.539**	**88.850**
Analysed in:				
Income tax for the period	6.283	1.057	0	0
Deffered tax	565.475	97.678	567.539	88.850

5.26 Cash flow from operating activities

Amounts reported in €	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**
Cash flows from operating activities				
Net profit before taxation (continued operations)	**1.099.199**	**(111.332)**	**846.791**	**(118.605)**
Net profit before taxation (discontinued operations)	**(30.174)**	**(651.827)**	**0**	**(693.171)**
Adjustments for				
Depreciation	1.337.118	1.367.583	1.061.988	1.057.021
Provisions	95.165	1.009.178	100.916	323.700
Exchange differences	(24.708)	(66.512)	(17.584)	(71.716)
Depreciation of government grants	(37.633)	(37.633)	0	0
Devaluation of tangible and intangible assets	52.229	(120.000)	52.229	(120.000)
Gain / Loss from valuation of financial assets	0	49.651	0	49.651
Proceeds from sale of tangible assets	0	10.258	0	0
Interest received	(580)	(25.101)	(409)	(24.246)
Interest expense	693.559	1.087.632	605.767	965.990
Operating profit before working capital changes				
(Increase) /Decrease in inventories	194.752	(198.688)	291.510	(249.031)
(Increase)/Decrease in trade receivables	(162.280)	(772.913)	(160.978)	691.488
Increase/(Decrease) in trade payables	(858.694)	2.891.616	(1.247.361)	1.537.596
Cash flows from operating activities	**2.357.954**	**4.431.912**	**1.532.870**	**3.348.677**

6. ADDITIONAL INFORMATION AND NOTES ON THE ANNUAL FINANCIAL STATEMENTS

6.1 Contingent Claims and Liabilities

6.1.1 Information on contingent liabilities

According to the letter of the Company's legal counsel, there are claims by private parties (against the Company) amounting to € 5.298 thousand approximately and claims by the Company (against third parties) amounting to € 4.129 thousand approximately. The Group's provision for bad debts amounts to € 1.082 thousand.
According to the estimates of the Company's legal counsel, there are strong legal arguments for the rejection of the overwhelming majority of the above claims (against the Company). It is also the opinion of management that the outcome of the above cases will not influence the Company's financial results.

6.1.2 Un-audited fiscal years

Name	Headquarters	Tax Un-audited fiscal year
I. KLOUKINAS – I. LAPPAS S.A.	Greece	2010
SYSMEROM COM SRL	Romania	2007-2015
KLM BULGARIA EOOD	Bulgaria	2005-2015
KLMS COM DOOEL	FYROM	2007-2015
KLSAL LTD	Albania	2007-2015
KLSER COMMERCE LTD	Serbia	2006-2015
KLSLV D.O.O	Slovenia	2006-2015
KLMOL	Moldavia	2008-2015

The Company's 'provision for the tax-unaudited year 2010 amounts to € 190.000. For the tax-unaudited years of the Group's subsidiaries the tax provisions amount to € 26.586.
For the fiscal years 2011-2015, Certified Auditors Accountants tax audited the parent Company and its subsidiary "KLM A.T.E." according to the provisions of article 65A of the Law 4174/2013. With regards to the fiscal year 2016 the audit is under progress and the relevant tax certificate is expected to be granted after the release of the annual financial statements for the fiscal year 2016. If, until the completion of the audit, further tax liabilities occur the Management estimates that will not have substantial impact on the financial statements.

6.1.3 Information on contingent claims

There are no contingent claims.

6.1.4 Existing encumbrances

Encumbrances over Company assets are reported in the following table:

S/N	Description	Location	Charges	Bank	Amount €
1.	Buildable and integral parcel of 6.042.33 sq.m. Woodwork factory: 2.669.65 sq.m. Underground tanks, filtering unit and silo 116.49 sq.m.	Municipal district of Agios Thomas in the Municipality of Oinofyta in the Prefecture of Boeotia at "MADARO"	Mortgage Prenotation on 2002 and on 20.06.2013	"National Bank of Greece S.A."	1.581.511
2.	Horizontal property of 8.525 sq.m. built in a plot of 2.731.36 sq.m.	Municipality of Tavros in Attica, on the block at the corner of Sakellariou and Teo streets.	Mortgage Prenotation on 09.10.2008	"ALPHA Bank S.A."	9.300.000
3.	Plot: 619.87	Municipality of Athens on 47 Ermou street	Mortgage Prenotation on 20.07.2012	"ALPHA Bank S.A."	3.000.000
4.	Building: Basement 157.87 sq.m. Ground floor 604.62 sq.m. Top floor 313.89 sq.m. First Floor 221.41 sq.m. and Second floor 139.71 sq.m.	Municipality of Athens on 47 Ermou street	Mortgage Prenotation on 20.07.2012, on 19.07.2013 and on 22.12.2015	"ALPHA Bank S.A."	12.500.000
5.	Buildable and integral land plot with all its buildings, annexes, appurtenances and components	Municipality of Athens on 3 Loudovikos Paster street	Mortgage Prenotation on 17.09.2012	"ALPHA Bank S.A."	1.500.000
Total:					**27.881.511**

For the amount of € 1.581.511 procedures for lifting the above mortgage prenotations have been initiated as all related loans have been settled in full.

6.1.5 Commitments

	GROUP		COMPANY	
Letters of Guarantee	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Letter of Guarantee for safeguarding liabilities	1.828.174	1.801.522	1.732.862	1.696.841
Letter of Guarantee for fulfilment of contract secure	672.901	672.901	0	0
Total	**2.501.075**	**2.474.423**	**1.732.862**	**1.696.841**

7. Employees and employee benefits

The Company's and the Group's employees were as follows:

	GROUP		COMPANY	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Salaried	**416**	**402**	**338**	**315**
Wage-earners	**20**	**21**	**19**	**20**
Total	**436**	**423**	**357**	**335**

	GROUP		COMPANY	
Amounts in €	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**
Salaries and other short-term benefits	5.412.860	5.657.290	4.922.536	5.092.145
Social insurance contributions	1.314.136	1.380.925	1.214.786	1.246.006
Employment termination indemnities	0	75.534	0	73.744
Other emloyee benefits	19.095	42.226	0	0
Provisions for emloyee retirement benefit	93.688	73.125	61.546	55.466
Total	**6.839.779**	**7.229.101**	**6.198.868**	**6.467.360**

8. Inter-Company transactions

INTERCOMPANY TRANSACTIONS INCOME STATEMENT 31.12.2016

	Purchases	I.KLOUKINAS-I.LAPPAS CONSTRUCTION & COMMERCE S.A.	KLM A.T.E	SYSMEROM COM SRL	KLMS COM DOOEL	KLM BULGARIA EOOD	KLSAL LTD	KLSER COMMERCE LTD	KLSLV D.O.O	KLMOL	TOTAL
Sales	I.KLOUKINAS-I.LAPPAS CONSTRUCTION & COMMERCE S.A.		2.520	1.113.123	168.691	191.112	203.647	634.411	-156.166	-	2.157.338
	KLM A.T.E			-	-	-	-	-	-	-	-
	SYSMEROM COM SRL	582	-		-	-	-	-	-	-	582
	KLMS COM DOOEL	-	-	-		-	-	-	-	-	0
	KLM BULGARIA EOOD	-	-	-	-		-	-	-	-	0
	KLSAL LTD	-	-	-	-	-		-	-	-	0
	KLSER COMMERCE LTD	-	-	-	-	-	-		-	-	0
	KLSLV D.O.O	24.813	-	-	-	-	-	-		-	24.813
	KLMOL	-	-	-	-	-	-	-	-		0
	TOTAL	25.395	2.520	1.113.123	168.691	191.112	203.647	634.411	-156.166	0	2.182.733

INTERCOMPANY TRANSACTIONS BALANCE SHEET 31.12.2016

	Liabilities	I.KLOUKINAS-I.LAPPAS CONSTRUCTION & COMMERCE S.A.	KLM A.T.E	SYSMEROM COM SRL	KLMS COM DOOEL	KLM BULGARIA EOOD	KLSAL LTD	KLSER COMMERCE LTD	KLSLV D.O.O	KLMOL	TOTAL
Receivables	I.KLOUKINAS-I.LAPPAS CONSTRUCTION & COMMERCE S.A.		6.708	644.723	8.381	819.432	273.642	261.315	711.538	-	2.725.740
	KLM A.T.E	420		-	-	-	-	-	-	-	420
	SYSMEROM COM SRL	-	-		-	-	-	-	-	-	0
	KLMS COM DOOEL	-	-	-		-	-	-	-	-	0
	KLM BULGARIA EOOD	-	-	-	-		-	-	-	-	0
	KLSAL LTD	-	-	-	-	-		-	-	-	0
	KLSER COMMERCE LTD	208	-	-	-	-	-		-	-	208
	KLSLV D.O.O	-	-	-	-	-	-	-		-	0
	KLMOL	-	-	-	-	-	-	-	-		0
	TOTAL	628	6.708	644.723	8.381	819.432	273.642	261.315	711.538	0	2.726.368

INTERCOMPANY TRANSACTIONS INCOME STATEMENT 31.12.2015

	Purchases	I.KLOUKINAS-I.LAPPAS CONSTRUCTION & COMMERCE S.A.	KLM A.T.E.	KLM SA-ISTOS LTD joint venture(Larisa project)	SYSMEROM COM SRL	KLMS COM DOOEL	KLM BULGARIA EOOD	KLSAL LTD	KLSER COMMERCE LTD	KLSLV D.O.O	KLMOL	TOTAL
Sales	I.KLOUKINAS-I.LAPPAS CONSTRUCTION & COMMERCE S.A.		2.520	-	1.074.710	144.538	179.137	171.423	661.939	209.742	-	2.444.009
	KLM A.T.E.	40.187		-	-	-	-	-	-	-	-	40.187
	KLM SA-ISTOS LTD joint venture(Larisa project)	-	-		-	-	-	-	-	-	-	0
	SYSMEROM COM SRL	-	-	-		-	-	-	-	-	-	0
	KLMS COM DOOEL	-	-	-	-		-	-	-	-	-	0
	KLM BULGARIA EOOD	-	-	-	-	-		-	-	-	-	0
	KLSAL LTD	-	-	-	-	-	-		-	-	-	0
	KLSER COMMERCE LTD	-	-	-	-	-	-	-		-	-	0
	KLSLV D.O.O	-	-	-	-	-	-	-	-		-	0
	KLMOL	-	-	-	-	-	-	-	-	-		0
	TOTAL	40.187	2.520	0	1.074.710	144.538	179.137	171.423	661.939	209.742	0	2.484.197

INTERCOMPANY TRANSACTIONS BALANCE SHEET 31.12.2015

	Liabilities	I.KLOUKINAS-I.LAPPAS CONSTRUCTION & COMMERCE S.A.	KLM A.T.E.	KLM SA-ISTOS LTD joint venture(Larisa project)	SYSMEROM COM SRL	KLMS COM DOOEL	KLM BULGARIA EOOD	KLSAL LTD	KLSER COMMERCE LTD	KLSLV D.O.O	KLMOL	TOTAL
Receivables	I.KLOUKINAS-I.LAPPAS CONSTRUCTION & COMMERCE S.A.		4.048	0	399.428	10.445	745.111	284.342	249.531	892.517	-	2.585.421
	KLM A.T.E.	420		-	-	-	-	-	-	-	-	420
	KLM SA-ISTOS LTD joint venture(Larisa project)	-	-		-	-	-	-	-	-	-	0
	SYSMEROM COM SRL	-	-	-		-	-	-	-	-	-	0
	KLMS COM DOOEL		-	-	-		-	-	-	-	-	0
	KLM BULGARIA EOOD	-	-	-	-	-		-	-	-	-	0
	KLSAL LTD	-	-	-	-	-	-		-	-	-	0
	KLSER COMMERCE LTD	-	-	-	-	-	-	-		-	-	0
	KLSLV D.O.O	-	-	-	-	-	-	-	-		-	0
	KLMOL	-	-	-	-	-	-	-	-	-		0
	TOTAL	420	4.048	0	399.428	10.445	745.111	284.342	249.531	892.517	0	2.585.841

Management compensation for the Group and the Company were as follows:

Amounts in €	GROUP		COMPANY	
Salaries and other short-term benefits	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Salaries of BOD members (salaried)	210.347	189.175	210.347	189.175
Senior management executives	81.466	81.280	81.466	81.280
BOD fees	386.562	466.200	386.562	466.200
Total	**678.375**	**736.655**	**678.375**	**736.655**

Receivables by the members of the BoD amounted to € 1.400 as at 31.12.2016 for the Company and the Group.

9. Earnings per share

Earnings per share were calculated based on the average weighted number of shares outstanding.

	GROUP		COMPANY	
Amounts in €	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**	**01.01 - 31.12.2016**	**01.01 - 31.12.2015**
Profits after income tax	**497.267**	**(861.895)**	**279.253**	**(900.626)**
Profits after income tax (1)	**497.267**	**(861.895)**	**279.253**	**(900.626)**
Distributed as follows:				
Parent company shareholders (2)	497.267	(861.120)	279.253	(900.626)
Minority rights	0	(775)		
	497.267	**(861.895)**	**279.253**	**(900.626)**
Weighted number of shares outstanding (3)	**40.219.218**	**40.219.218**	**40.219.218**	**40.219.218**
Basic earnings/losses per share (euro/share) (2/3)	0,0124	-0,0214	0,0069	-0,0224

10. Dividends per share

The Board of Directors will propose to the Annual General Assembly of Shareholders, the distribution of dividend of a total amount of € 804.384,36 i.e. €0.02 per share. It should be noted that the aforementioned decision is conditional on the approval by the General Shareholders Meeting.

11. Post balance sheet date events

On 01/02/2017 the 100% subsidiary Company of the parent Company under the name "KLSLV D.O.O.", whose activity was the trade of Mothercare and ELC products, has been definitively removed from the Trade Register of Slovenia.

12. Other important information

There is no other important information for the fiscal year 2016.

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE VICE CHAIRMAN OF THE BOARD OF DIRECTORS	THE FINANCIAL MANAGER
IOANNIS LAPPAS	LOUKAS SPENTZARIS	ANTHODESMI-MARIA BENETATOU

THE CHIEF ACCOUNTANT

EIRINI TYRASKI

E. WEBSITE ACCESS OF THE ANNUAL FINANCIAL REPORT

The Annual Financial Statements of the Company and Group, the Audit Report and the Board of Directors' Management Report for 2016, have been posted on the Company's website www.klmate.gr