"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 2017

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 01.01.2017 to 31.12.2017, 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 25th, 2018

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, 2017 to December 31, 2017.

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 01/01/2017 to 31/12/2017. 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 2017 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
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 (01/01/2017–31/12/2017) 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 2017. 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:

SECTION 1: FINANCIAL DEVELOPMENTS & PERFORMANCE OF FISCAL YEAR 2017

1.1 Significant Events of Fiscal Year 2017.

The consolidated turnover during the fiscal year 2017 was reduced by 4,70%, amounting to 30.290.460 € over 31.785.603 € for 2016. Gross profits amounted to 15.820.248 €, over 17.191.556 €, decreased by 7,98% in relation to 2016.
The consolidated profits before interest, tax, depreciation and amortization (EBITDA)* amounted to 2.185.906 € over 3.113.523 € for 2016 decreased by 29,79%. Consolidated profits before interest and tax (EBIT)* amounted to 930.136 € over 1.776.235 € for 2016, decreased by 47,63 %, while the consolidated results before taxes amounted to profits of 370.696 € over 1.069.025 € of the past fiscal year decreased by 65,32%. Finally, the consolidated results after taxes amounted to profits of 63.690 €, over 497.267 € in 2016 decreased by 87,19 %.

The turnover of the parent Company decreased by 5,26% during 2017, amounting to 27.156.361 € over 28.663.403 € for 2016. Gross Profits amounted to 13.316.463 €, over 14.453.298 €, decreased by 7,87% in relation to 2016.

The profits before interest, tax, depreciation and amortization (EBITDA)* of the parent Company amounted to 1.838.504 € over 2.566.367 € in 2016, decreased by 28,36%.

Profits before interest and tax (EBIT)* amounted to 845.813 € over 1.504.378 € for 2016 decreased by 43,78%. The results before taxes amounted to profits of 320.517 € over 846.791 € of the past fiscal year decreased by 62,15%. Finally, the results after taxes amounted to profits of 80.907 € over 279.253 € in 2016 decreased by 71,03%.

The Group's inventory amounted to 10.151.837 € over 10.761.011 € on 31/12/2016, decreased by 5,66%.

Group's Equity on 31/12/2017 amounted to 53.705.587 €, over 54.543.178 € on 31/12/2016, decreased by 1,54%.

Cash and cash equivalent on 31/12/2017 amounted to 5.006.575 €, consequently the Group's net debt is 10.429.038 € over 11.487.602€ on 31/12/2016, decreased by 9,21%.

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. The subsidiary's activity was discontinued since 2016.

*Further clarification in paragraph "Alternative performance measures"

REVIEW OF RESULTS BY SECTOR

The Group operates on retail, construction and energy sectors.

Financial results of the commercial activity:

The Group operates in Greece and in Balkans. The number of stores in Greece is 34 and 10 in Balkans area.

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

GREECE	
ATTICA	17
AGRINIO	1
THESSALONIKI	3
CORFU	1
KORINTHOS	1
CRETE	2
LARISA	1
PATRA	2
CHALKIDA	1
CHIOS	1
FRANCISE	
IOANNINA	1
CRETE	1
NAFPLIO	1
RHODES	1
TOTAL	**34**
BALKANS	
ALBANIA-TIRANA	1
BULGARIA-SOFIA	1
ROMANIA-BUCHAREST	5
ROMANIA-CONSTANTA	1
SERBIA-BELGRADE	1
SKOPIA	1
TOTAL	**10**

The strong demand for low budjeted products continue to lead the retailers not only to apply special offers and discount policies but also to decrease sales prices in order to increase or at least maintain the sales level. Key features of the market are the pursuit of "value for money" products. All the above lead the Company to decrease selling prices through offers and discounts which resulted in the gross profit reduction.

The turnover in Greece amounted to 25.424.471 € over 26.482.806 € of the previous year, decreased by 4,00%. The gross profit amounted to 13.316.283 € over 14.443.168 €, decreased by 7,80%. The gross profit margin is decreased from 54,54% in 2016 to 52,38% and the distribution expenses decreased by 4,44% in relation to the previous year and profits before taxes amounted to 321.093 € over 836.282 € in 2016 decreased by 61,60%.

Total retail sales in Greece and Balkans region amounted to 29.615.197 € over 30.832.649 € in 2016, decreased by 3,95%. The gross profit amounted to

15.419.178 € over 16.541.437 € in 2016, decreased by 6,78%. The gross profit margin decreased from 53,65% in 2016 to 52,07%. The distribution expenses decreased by 4,10% in relation to the previous year and the profits before taxes amounted to 247.372 € over 667.745 € in 2016 decreased by 62,95%.

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

The Company decided the reduction of the construction activity of the subsidiary company which its main activity now is the energy production.

Review of energy activity

2017 was a very dry year and that resulted to a decreased production with a turnover amounted to 675.264 € over 952.954 € in the previous year, decreased by 29,14%. The gross profit amounted to 401.070 € over 652.137 € decreased by 38,50%. The profits before taxes amounted to 168.628 € over 669.379 €, decreased by 81,58%.

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 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 consider 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. Therefor the exposure to credit risk is limited.
The energy sector does not have significant concentration of credit risk as it is trading with public entity.

Liquidity Risk

In relation to the liquidity risk, the Group maintains sufficient available funds that amount to 5.006.575 € instead of the 3.388.509 € 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 2018.
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 31/12/2018.

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, throughout the year, the Euribor rate fluctuated to zero which resulted in a reduction of the financial cost.

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 2018

The Greek market for children's clothing and footwear showed the first signs of recovery in 2017. The prolonged economic recession has led to low incomes and low levels of trust, resulting to Greeks being vulnerable to changes in the economic climate.

The company's management estimates that the demand will be increased in 2018, especially in the second semester with the improvement of the economic climate.

With the appropriate purchasing policy, which is expected to improve the gross profit, and with the drastic cut of costs the company will return dynamically to higher levels of profitability.

The search for lower prices as well as for product variety has led Greeks to purchase online, a practice that continues to gain ground as a viable selling alternative. In addition, the gradual entry of large companies into internet sales makes online retail more and more popular as a distribution channel for clothing and footwear. The company will begin online sales during the second semester of 2018.

The Hydroelectric power plant in Kerasovo, continues its very good operation, with high availability exceeding 98%. The state of the production equipment remains very good and the efficiency of the hydraulic works is in line with the company's expectations.

After a relatively dry period such as that of the year 2017, the first trimester of 2018 was particularly humid with beneficial effects on the exploitation of the project. The production of only the first quarter is already 50% of that recorded during the entire last year.

Late payments from LAGIE SA were improved after the provisions of L.4414/16 were taken, having already been reduced to about 120 days. The combination of increased production and reduced delays in payment of invoiced production, is expected to have a positive effect on the liquidity of the subsidiary from the exploitation of the hydroelectric plant.

Regarding the establishment of the Real Estate Investment Company (R.E.I.C.), according to the provisions of law 2778/1999, preliminary work has been completed, i.e. the estimation of the value of the company's real estate portfolio from Certified evaluators, after having completed the necessary surveying of the properties. The management examines the next moves intending to select an appropriate, with relevant experience legal office as well as a tax consultant.

Dividend policy

The Board of Directors will propose to the Annual General Assembly of Shareholders, the distribution of dividend of a total amount of € 1.126.138,10 i.e. € 0.028s 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 31/12/2017	COMPANY 31/12/2017	RELATION WITH THE PARENT COMPANY
SALES/INCOME			
SYSMEROM COM SRL	0	1.011.772	SUBSIDIARY
KLMS COM DOOEL	0	112.343	SUBSIDIARY
KLM BULGARIA EOOD	0	42.949	SUBSIDIARY
KLSAL LTD	0	161.463	SUBSIDIARY
KLSER COMMERCE LTD	0	376.995	SUBSIDIARY
K.Λ.M. A.T.E.	0	2.520	SUBSIDIARY
TOTAL	**0**	**1.708.042**	
PURCHASES/EXPENSES			
KLM BULGARIA EOOD	0	25.901	SUBSIDIARY
KLSER COMMERCE LTD	0	2.415	SUBSIDIARY
TOTAL	**0**	**28.316**	
RECEIVABLES			
K.Λ.M. A.T.E.	0	3.614	SUBSIDIARY
SYSMEROM COM SRL	0	532.052	SUBSIDIARY
KLMS COM DOOEL	0	14.506	SUBSIDIARY
KLM BULGARIA EOOD	0	648.413	SUBSIDIARY
KLSAL LTD	0	231.362	SUBSIDIARY
KLSER COMMERCE LTD	0	198.185	SUBSIDIARY
TOTAL	**0**	**1.628.134**	
PAYABLES			
K.Λ.M. A.T.E.	0	420	SUBSIDIARY
TOTAL	**0**	**420**	
Transactions of Management and members of BoD	647.271	647.271	
Receivables from management and BoD	0	0	
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

There are no other significant events after the Balance sheet date.

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: Operating 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

	GROUP					
	01.01 - 31.12.2017			01.01 - 31.12.2016		
	Continued activities	Discontinued activities	Total	Continued activities	Discontinued activities	Total
Operating profit	**884.875**	**0**	**884.875**	**1.792.179**	**-30.174**	**1.762.005**
Depreciation	1.255.769	0	1.255.769	1.337.118	170	1.337.288
Depreciation of government grants	-37.633	0	-37.633	-37.633	0	-37.633
Devaluation of tangible and intangible assets	83.394	0	83.394	52.229	6.922	59.151
Proceeds from sale of tangible assets	-500	0	-500	0	-7.288	-7.288
EBITDA	**2.185.906**	**0**	**2.185.906**	**3.143.893**	**-30.370**	**3.113.523**

EBIT (Earnings before interest and tax)

EBIT is calculated from the annual financial statements as follows: Operating 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

	GROUP					
	01.01 - 31.12.2017			01.01 - 31.12.2016		
	Continued activities	Discontinued activities	Total	Continued activities	Discontinued activities	Total
Operating profit	**884.875**	**0**	**884.875**	**1.792.179**	**-30.174**	**1.762.005**
Depreciation of government grants	-37.633	0	-37.633	-37.633	0	-37.633
Devaluation of tangible and intangible	83.394	0	83.394	52.229	6.922	59.151
Proceeds from sale of tangible assets	-500	0	-500	0	-7.288	-7.288
EBIT	**930.136**	**0**	**930.136**	**1.806.775**	**-30.540**	**1.776.235**

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 3,41% in consolidated level and 2,85% in company level.

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
EBITDA	2.185.906	3.113.523	1.838.504	2.566.367
Total employed capital	64.134.625	66.030.780	64.553.281	65.978.233
ROCE	**3,41%**	**4,72%**	**2,85%**	**3,89%**

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 0.12% in consolidated level and 0,15% in company level.

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Profit / (loss) after tax	63.690	497.267	80.907	279.253
Equity attributable to shareholders of parent company	53.705.587	54.543.178	53.340.679	54.127.052
ROE	**0,12%**	**0,91%**	**0,15%**	**0,52%**

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 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, considering 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. After the date of entry into force of L. 4449/2017, the company in accordance with the provisions of article 44 of the aforementioned law and the resolutions of the Ordinary General Meeting of its Shareholders, which convened on 15.06.2017, elected new members of the Audit Committee consisted of three non-executive Board members, two (2) of which are independent non-executive members (1.4 of the Code).

For the main duties of the Audit Committee, those mentioned in the context of provisions of L. 4449/2017 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).

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.

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 2017 (which will take place within 2018), 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 2017 and decided to maintain them and re-estimate them again within 2018, 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 37 times within 2017 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 15.06.2017 approved for the fiscal year 2016, the following remunerations, which were deposited within 2016:

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

The aforementioned Ordinary General Meeting on 15.06.2017, pre-approved for the fiscal year 2017 the following remunerations of the Board members:

1. To Mr. Ioannis Lappas, the amount of 150.000 €,
2. To Mr. Loukas Spentzaris the amount of 150.000 €,
3. To Messrs. Violetta Lappa, Mary Lappa and Avraam Spentzaris, the amount of 25.000 € to each.
4. To Mr. Georgios Kokkinakis and Mr. Athanassios Fylaktos the amount of 2.500 € 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.
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."
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 "ALTERNATIVE HYDROPONIC FARM S.A." 5) Chairman of the Board of the Company SK KTINOTROFIKI S.A."
7.	Athanassios Fylaktos of Nearchos	1) Partner and Manager of the Company "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." 4) Manager of the Company "NOBLE MEN IKE"

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 and until 15.06.2017, 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 two (2) times within 2017 and all of its members attended.
After the date of entry into force of L. 4449/2017, the company in accordance with the provisions of article 44 of the aforementioned law for the Audit Committee, and the resolutions of the Ordinary General Meeting of its Shareholders, which convened

on 15.06.2017, elected members of the Audit Committee the following Board members as follows:

a) Athanassios Fylaktos of Nearchos, independent non-executive member of the Board, Chairman of the Audit committee.

b) Georgios Kokkinakis of Nikolaos, independent non-executive member of the Board, member of the Audit committee.

c) Mary Lappa of Ioannis, non-executive member of the Board, member of the Audit committee.

The Audit Committee with the aforementioned new composition convened two (2) times within 2017 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 way 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 2017, 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:

GROUP STRUCTURE

Name	Headquarters	Participation %
I. KLOUKINAS – I. LAPPAS S.A.	Greece	**Parent Company**
KLM 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%
KLMOL	Moldavia	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	27,51%	
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 the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of the Company "I. KLOUKINAS - I. LAPPAS S.A." (the Company), which comprise the separate and consolidated statement of financial position as at December 31, 2017, and the separate and consolidated statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company "I. KLOUKINAS - I. LAPPAS S.A." and its subsidiaries (the Group) as of December 31, 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as incorporated in Greek Legislation. Our responsibilities, under those standards are described in the "Auditor's Responsibilities for the Audit of the separate and consolidated financial statements" section of our report. During our audit, we remained independent of the Company and the Group, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as incorporated in Greek legislation and the ethical requirements relevant to the audit of the separate and consolidated financial statements in Greece and we have fulfilled our responsibilities in accordance with the provisions of the currently enacted law and the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	Audit response
Assessment of goodwill impairment	
As it is presented in note 5.3 of the financial statements, the book value of the goodwill in the balance sheet of the Group and the Company on 31st December 2017 amounts to € 5,333 k. The goodwill is tested for impairment at least on an annual basis. This review includes estimates based on assumptions of future cash flows, including the assumptions in relation to revenue growth, profit margins and projected cash flows, the selection of the appropriate discount rates and the assessment of the Cash Generating Unit of the Company. Due to the significance of the value of the above item, the subjectivity with regard to the assumptions of the management and the significant judgments and estimates that are being made for the determination of the recoverable amount, we consider the assessment of the potential goodwill impairment as one of the most significant issues within our audit. The disclosures of the Group and the Company and with regard to the accounting policy, as well as the judgments and estimates that were utilized during the assessment of goodwill impairment are included in notes 2.10 and 5.3 of the financial statements.	Our audit approach was based on the audit risk and includes, among others, the performance of the following procedures: - We obtained the goodwill impairment report that was prepared by the management's external expert and we assessed the judgments, estimates and assumptions with regard to the future cash flows, the future fluctuations in sales, the expected growth rates as well as the discount rate used for the cash flows of the Cash Generating Unit. - We have evaluated and confirmed the independence and objectivity of the external expert. - We assessed the consistency between the years, the methods, the assumptions and the calculations which are being followed by the Group and the Company, and the extent to which the management has taken into account any events within the year which affect the environment or the conditions and the elements which affect the assumptions used or changes in business practices, accounting principles and policies that affect the calculations. - We assessed the adequacy and the appropriateness of the relevant disclosures in the financial statements.

Inventory Valuation

As it is presented in note 5.8 of the financial statements, the value of the inventory on the balance sheet of the Group and the Company on 31 December 2017, amounts to € 10.152 k. and € 9.092 k. respectively.

The Group and the Company measures the inventory at the lower price between their cost and their net realisable value. The net realisable value is the estimated sales price during the normal course of the Company's and Group's activities, minus the estimated cost which is deemed as necessary for the realization of the sale.

Based on the above, the Group's management performs estimates in identifying and assessing the amount of allowance for inventories, which include among others, estimation of the slow-moving inventories, estimation of obsolete inventories, that will be destructed during the following period, evaluation and estimation of the future selling prices of the products.

Due to the significance of the value of inventory at the year end and the management's judgments and estimates in the determination of the net realisable value, we deem that the proper valuation of inventories comprises one of the most significant issues of our audit.

The Group's and the Company's disclosures regarding the accounting policy that is utilized for the valuation of the inventory is included in the Notes 2.14 and 5.8 of the financial statements.

Our audit approach was based on the audit risk and includes, among others, the performance of the following procedures:

- We attended on and observed the inventory physical count process in a selected number of Group's and Company's stores and warehouses.

- We evaluated, on a sampling basis, the occurrence of inventory sold with negative gross profit margin and that these inventories have been taken into account in the valuation of inventory.

- We examined Company's accounting records in order to identify slow-moving inventories in the Company's accounting records.

- We evaluated the reasonableness of estimates by reviewing the assumptions used by the management for slow-moving inventories.

- We assessed the adequacy and the appropriateness of the relevant disclosures in the financial statements.

Valuation of Investment Property	
As it is presented in note 5.4 of the financial statements, the fair value of investment property of the Group and the Company on 31 December 2017 amounts to € 25.400 k. The gain from the revaluation of the aforementioned investment property for the year ended 31 December 2017, amounted to € 150 k. for the Group and the Company. “Investment Property” comprises owned land and buildings held for the purpose of generating long-term lease revenue. Investment property is measured at fair value on an annual basis by external certified valuer in accordance with International Valuation Standards. In order to determine the fair value of investment property, the Capitalization of Earnings approach has been used, taking into account comparative data regarding current or previous rental rates in the wider area of the property, as well as specific features of the property (location, size, construction quality and maintenance status). Due to the significance of the value of the above item, the subjectivity with regard to the assumptions of the management and the significant judgments and estimates that are being made for the determination of the fair value, we consider the valuation of Investment Property as one of the most significant issues within our audit. The Group’s and the Company’s disclosures regarding the accounting policy that is utilized for the valuation of the investment property is included in the Notes 2.9 and 5.4 of the financial statements.	Our audit approach was based on the audit risk and includes, among others, the performance of the following procedures: - We obtained investment property valuation report for the year ended 31 December 2017, that were prepared by certified external valuer and reconciled the fair value of investment property to the values in the Group’s and Company’s financial statements. - We have evaluated and confirmed the independence and objectivity of the certified external valuer. - We have evaluated the accuracy and relevance of the data used by Management’s certified external valuer to determine the fair value of the Group's and the Company's investment property. This data mainly concerned information on property leases, the discount rate, and other data and assumptions included in the valuation report. - We assessed the adequacy and suitability of the relevant disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information is included in the Board of Directors' Report, as referred to the "Report on other Legal and Regulatory Requirements" section, in the Declaration of the Board of Directors Representatives, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this respect.

Responsibilities of Management and Those Charged with Governance for the separate and consolidated Financial Statements

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

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

The Audit Committee (art. 44 of Law 4449/2017) of the Company is responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the separate and consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and the Group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1) Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and the Corporate Governance Statement that is include therein, according to the provisions of paragraph 5 of article 2 of L. 4336/2015 (part B), we note that:

a) The Board of Directors' Report includes the Corporate Governance Statement which provides the information required by Article 43bb of Codified Law 2190/1920.

b) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of articles 43a and 107A and of paragraph 1 (cases c' and d') of article 43bb of Codified Law 2190/1920 and its content is consistent with the

accompanying separate and consolidated financial statements for the year ended 31/12/2017.
c) Based on the knowledge we obtained during our audit about the company “I. KLOUKINAS - I. LAPPAS S.A.” and its environment, we have not identified any material inconsistencies in the Board of Directors’ Report.

2) Additional Report to the Audit Committee

Our audit opinion on the separate and the consolidated financial statements is consistent with our Additional Report to the Audit Committee of the Company, referred to in article 11 of EU Regulation 537/2014.

3) Provision of Non-Audit Services

We have not provided to the Company and the Group any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014 or other permissible non-audit services.

4) Auditor’s Appointment

We were appointed as statutory auditors for the first time by the General Assembly of shareholders of the Company on 27/06/2014. Our appointment has been, since then, uninterrupted renewed by the Annual General Assembly of shareholders of the Company for 4 consecutive years.

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

Ag. Paraskevi, April 27, 2018
Certified Public Accountant

Christoforos Achiniotis
Reg. SOEL: 35961

D. ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

Amounts reported in €		GROUP		COMPANY	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
ASSETS	**Notes**				
Non current assets					
Tangible Assets	**5.1**	27.959.637	28.949.623	22.019.454	22.743.756
Intangible Assets	**5.2**	41.622	57.451	41.314	57.263
Goodwill	**5.3**	5.333.303	5.333.303	5.333.303	5.333.303
Investment Property	**5.4**	25.400.000	25.250.000	25.400.000	25.250.000
Investment in Subsidiaries	**5.5**	0	0	6.560.585	6.560.585
Other long term receivables	**5.6**	552.800	576.812	513.274	563.991
Deferred Tax	**5.7**	710.852	778.289	0	0
		59.998.214	**60.945.479**	**59.867.931**	**60.508.898**
Current assets					
Inventories	**5.8**	10.151.837	10.761.011	9.091.731	9.397.216
Trade debtors and other trading receivables	**5.9**	4.508.483	5.010.648	3.451.942	3.899.623
Prepayments	**5.10**	183.726	238.546	183.726	238.546
Other receivables	**5.11**	112.018	126.123	76.339	70.582
Cash and cash equivalents	**5.12**	5.006.575	3.388.509	3.665.214	2.051.929
		19.962.639	**19.524.838**	**16.468.952**	**15.657.896**
Total Assets		**79.960.853**	**80.470.317**	**76.336.882**	**76.166.794**
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		-785.495	-751.494	0	0
Other Reserves	**5.14**	3.768.748	3.738.687	3.629.597	3.599.536
Accumulated profits/(losses)		25.368.014	26.201.665	24.356.762	25.173.196
Attributable to ordinary shareholders		53.705.587	54.543.178	53.340.679	54.127.052
Minority Interest		0	0	0	0
Total Shareholders' Equity		**53.705.587**	**54.543.178**	**53.340.679**	**54.127.052**
Liabilities					
Non-current liabilities					
Iinterest bearing borrowings	**5.15**	9.230.050	10.285.260	9.230.050	10.285.260
Deferred Tax	**5.7**	2.900.284	2.691.026	1.775.784	1.561.863
Retirement benefit obligation	**5.16**	930.079	871.181	929.575	870.677
Other long term liabilities	**5.17**	391.485	392.167	366.000	366.000
Total Non-current liabilities		**13.451.897**	**14.239.634**	**12.301.408**	**13.083.801**
Current Liabilities					
Trade and other payables	**5.18**	5.147.408	5.578.823	4.849.226	5.125.381
Short term borrowings	**5.15**	5.150.225	3.550.045	4.592.429	2.577.044
Current portion of interest bearing borrowings	**5.15**	1.055.338	1.040.805	1.055.338	1.040.805
Other current liabilities	**5.19**	1.450.397	1.517.831	197.802	212.710
Total current liabilities		**12.803.369**	**11.687.505**	**10.694.794**	**8.955.941**
Total Liabilities		**26.255.266**	**25.927.139**	**22.996.203**	**22.039.742**
Total Equity and Liabilities		**79.960.853**	**80.470.317**	**76.336.882**	**76.166.794**

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

STATEMENT OF COMPREHENSIVE INCOME

Amounts reported in €		GROUP			
		01.01 - 31.12.2017	01.01 - 31.12.2016		
		Continued activities	Continued activities	Discontinued activities	Total
	Notes				
Sales	**5.20**	30.290.460	31.768.790	16.813	31.785.603
Cost of Sales	**5.21**	-14.470.213	-14.578.748	-15.299	-14.594.047
Gross Profit		**15.820.248**	**17.190.042**	**1.514**	**17.191.556**
Other operating income	**5.22**	1.240.877	1.045.247	8.078	1.053.325
Distribution costs	**5.21**	-13.089.607	-13.615.657	-34.056	-13.649.713
Administrative expenses	**5.21**	-2.587.652	-2.569.839	-5.677	-2.575.516
Other operating expenses	**5.22**	-498.991	-257.614	-33	-257.647
Operating profit		**884.875**	**1.792.179**	**-30.174**	**1.762.005**
Gain / Loss from valuation of assets	**5.23**	150.000	0	0	0
Finance cost	**5.24**	-664.179	-692.980	0	-692.980
Profit before tax		**370.696**	**1.099.199**	**-30.174**	**1.069.025**
Tax	**5.25**	-307.006	-571.758	0	-571.758
Profit after tax		**63.690**	**527.441**	**-30.174**	**497.267**
Net profit after tax attributable to:					
Owners of the parent company		63.690	527.441	-30.174	497.267
Minority interests		0	0	0	0
		63.690	**527.441**	**-30.174**	**497.267**

		01.01 - 31.12.2017	01.01 - 31.12.2016		
		Continued activities	Continued activities	Discontinued activities	Total
Net profit for the period		**63.690**	**527.441**	**-30.174**	**497.267**
Other comprehensive income					
Other comprehensive income/(loss) that will be reclassified to profit & loss					
Exchange differences from transalation of subsidiaries		-34.001	-6.111	0	-6.111
Total other comprehensive income/(loss) that will be reclassified to profit & loss		**-34.001**	**-6.111**	**0**	**-6.111**
Other comprehensive income/(loss) that will not be reclassified to profit & loss					
Actuarial (gain)/loss		-88.585	-161.303	0	-161.303
Deffered tax on actuarial (gain)/loss		25.690	46.778	0	46.778
Total other comprehensive income/(loss) that will not be reclassified to profit & loss		**-62.895**	**-114.525**	**0**	**-114.525**
Other comprehensive income for the period after taxes		**-96.897**	**-120.637**	**0**	**-120.637**
Total comprehensive income for the period after taxes		**-33.207**	**406.805**	**-30.174**	**376.631**
Attributable to:					
Owners of the parent company		-33.207	406.805	-30.174	376.631
Minority interests		0		0	0
Basic earnings per share (€/share)	**9.**	0,0016	0,0131	-0,0008	0,0124

Amounts reported in €		COMPANY	
		01.01 - 31.12.2017	**01.01 - 31.12.2016**
	Notes		
Sales	**5.20**	27.156.361	28.663.403
Cost of Sales	**5.21**	-13.839.897	-14.210.105
Gross Profit		**13.316.463**	**14.453.298**
Other operating income	**5.22**	940.313	919.820
Distribution costs	**5.21**	-11.131.529	-11.648.531
Administrative expenses	**5.21**	-2.185.113	-2.091.964
Other operating expenses	**5.22**	-169.631	-180.473
Operating profit		**770.504**	**1.452.149**
Gain / Loss from valuation of assets	**5.23**	150.000	0
Finance cost	**5.24**	-599.987	-605.358
Profit before tax		**320.517**	**846.791**
Tax	**5.25**	-239.610	-567.539
Profit after tax		**80.907**	**279.253**
Net profit after tax attributable to:			
Owners of the parent company		80.907	279.253
Minority interests		0	0
		80.907	**279.253**

		COMPANY	
		01.01 - 31.12.2017	**01.01 - 31.12.2016**
Net profit for the period		80.907	279.253
Other comprehensive income			
Other comprehensive income/(loss) that will be reclassified to profit & loss			
Total other comprehensive income/(loss) that will be reclassified to profit & loss		**0**	**0**
Other comprehensive income/(loss) that will not be reclassified to profit & loss			
Actuarial (gain)/loss		-88.585	-161.303
Deffered tax on actuarial (gain)/loss		25.690	46.778
Total other comprehensive income/(loss) that will not be reclassified to profit & loss		**-62.895**	**-114.525**
Other comprehensive income for the period after taxes		**-62.895**	**-114.525**
Total comprehensive income for the period after taxes		**18.011**	**164.727**
Attributable to:			
Owners of the parent company		18.011	164.727
Minority interests		0	0
Basic earnings per share (€/share)	**9.**	0,0020	0,0069

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts reported in €	Attributable to the parent company shareholders							
	Share capital	Share premium	Exchange differences	Other Reserves	Accumulated profit/(losses)	Total	Minority Interests	Total
Balance as of January 1 2016, according to IFRS	**12.065.765**	**13.288.555**	**-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	-6.111	0	382.742	376.631	0	376.631
Balance as of December 31, 2016	**12.065.765**	**13.288.555**	**-751.494**	**3.738.687**	**26.201.665**	**54.543.178**	**0**	**54.543.178**
Balance as of January 1 2017, according to IFRS	**12.065.765**	**13.288.555**	**-751.494**	**3.738.687**	**26.201.665**	**54.543.178**	**0**	**54.543.178**
Changes in equity during the period 01.01 - 31.12.2017								
Dividends					-804.384	-804.384		-804.384
Transfer from accumulated profits/(losses) to other reserves				30.061	-30.061	0		0
Net income recognised directly in Equity			-34.001		-62.895	-96.897		-96.897
Net operating profit for the period 01.01 - 31.12.2017					63.690	63.690	0	63.690
Total recognised profit/loss for the period	0	0	-34.001	30.061	-833.651	-837.591	0	-837.591
Balance as of December 31, 2017	**12.065.765**	**13.288.555**	**-785.495**	**3.768.748**	**25.368.014**	**53.705.587**	**0**	**53.705.587**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Attributable to the parent company shareholders				
Amounts reported in €	Share capital	Share premium	Other Reserves	Accumulated profit/(losses)	Total
Balance as of January 1 2016, according to IFRS	**12.065.765**	**13.288.555**	**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	164.727	164.727
Balance as of December 31, 2016	**12.065.765**	**13.288.555**	**3.599.536**	**25.173.196**	**54.127.052**
Balance as of January 1 2017, according to IFRS	**12.065.765**	**13.288.555**	**3.599.536**	**25.173.196**	**54.127.052**
Changes in equity during the period 01.01 - 31.12.2017					
Dividends				-804.384	-804.384
Transfer from accumulated profits/(losses) to other reserves			30.061	-30.061	0
Net income recognised directly in Equity				-62.895	-62.895
Net operating profit for the period 01.01 - 31.12.2017				80.907	80.907
Total recognised profit/loss for the period	0	0	30.061	-816.434	-786.373
Balance as of December 31, 2017	**12.065.765**	**13.288.555**	**3.629.597**	**24.356.762**	**53.340.679**

CASH FLOW STATEMENT

Amounts reported in €		GROUP		COMPANY	
	Notes	01.01 - 31.12.2017	01.01 - 31.12.2016	01.01 - 31.12.2017	01.01 - 31.12.2016
Cash flows from operating activities	**5.26**	**2.792.328**	**2.357.954**	**2.278.588**	**1.532.870**
Less: Interest paid		(531.467)	(551.564)	(467.176)	(476.772)
Less: Income taxes paid		(5.845)	(793)	0	0
Operating activities from discontinued operations		0	(26.141)	0	0
Net Cash flows from operating activities(a)		**2.255.016**	**1.779.457**	**1.811.412**	**1.056.098**
Cash flows from investing activities					
Purchase of tangible and intangible assets		(337.107)	(591.605)	(328.248)	(396.057)
Proceeds of sale of tangible asset		500	0	500	0
Cash and cash equivalents from liquidation of subsidiary company		(5.531)	0	0	0
Interest received		954	580	846	409
Investing activities from discontinued activities		0	7.288	0	0
Net Cash flows from investing activities(b)		**(341.183)**	**(583.738)**	**(326.902)**	**(395.648)**
Cash flows from financing activities					
Proceeds from issued/andertaken loans	**5.15**	2.000.000	1.000.000	2.000.000	1.000.000
Repayment of loans	**5.15**	(1.490.648)	(2.980.595)	(1.067.647)	(2.740.595)
Dividends paid		(803.578)	0	(803.578)	0
Net Cash flows from financing activities(c)		**(294.226)**	**(1.980.595)**	**128.775**	**(1.740.595)**
Net increase in cash and cash equivalents(a)+(b)+ (c)		**1.619.607**	**(784.876)**	**1.613.285**	**(1.080.145)**
Cash and cash equivalents at beginning of period		3.388.509	4.176.300	2.051.929	3.132.075
Exchange differences from transalation of subsidiaries		(1.541)	(2.914)	0	0
Net increase in cash and cash equivalents at end of period		**5.006.575**	**3.388.509**	**3.665.214**	**2.051.929**

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 2017, 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 2017 have been approved for publication by the Company's BOD on 25/04/2018 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

New standards, amendments to standards and interpretations effective for the current financial year

None of the amendments set out below are applicable and/or have a significant impact on the company or the Group's consolidated financial statements, unless stated otherwise.

- **IAS 7 (Amendments) "Disclosure initiative"** (effective for annual periods beginning on or after 1 January 2017 - Endorsed by the EU on 6 November 2017). These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
  The amendment to IAS 7 has resulted in a reconciliation of liabilities disclosed for the first time in note 5.15.

- **IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealized Losses"** (effective for annual periods beginning on or after 1 January 2017 - Endorsed by the EU on 6 November 2017). These amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

- **Annual Improvements to IFRSs (2014 – 2016 Cycle)** (effective for annual periods beginning on or after 1 January 2017 – Endorsed by the EU on 7 February 2018)
  - **IFRS 12 "Disclosures of Interests in Other Entities".** The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale or distribution according to IFRS 5, except for the summarized financial information required (par B10-B16).

New standards, amendments to standards and interpretations issued not yet effective, nor early adopted

There are a number of standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early.

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018 – Endorsed by the EU on 22 November 2016). IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.
  Considering management estimates, IFRS 9 during its first application and in subsequent periods, is not expected to have significant impact on the Company and Group's financial statements. The Group will apply the new standard within 2018 adjusting the opening balance of accumulated profit/losses and will not proceed to adjustment of the comparable figures of 2017. In relation to the new impairment model of trade receivables the group will apply the simplified approach for recognition of credit losses. The loss allowance is likely to be increased but the final amount will not significantly differ from the existing provision. The Group is on the process of determining the impact on the financial statements relied on supportable information available within 2018.

- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after 1 January 2018 – Endorsed by the EU on 22 September 2016) & **IFRS 15 (Clarifications)** (effective for annual periods beginning on or after 1 January 2018 – Endorsed by the EU on 31 October 2017). The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.

The Group will apply the standard for 2018, recognizing the cumulative result from the transition into the opening balance of equity as at 01 January 2018 and will give information about the previous years for comparability purposes.
The Group identified the relevant considerations, applying the five criteria described in the standard. Based on the management's current estimation IFRS 15 during its first application and in subsequent periods, is not expected to have significant impact on the Company and Group's financial statements.

- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019 – Endorsed by the EU on 31 October 2017). IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
  The Group is on the process to assess the impact from applying IFRS 16 as well as the measurement method at the commencement date. The standard shall affect mainly the accounting principles of Group's operating leases. However, the Group has not yet determined if the lease contracts will lead to recognition of assets and liabilities associated with future lease payments as the leases might be exempted as short-term or leases for which the underlying asset is of low value.

Other Standards and Interpretations

- **IFRIC 22 "Foreign currency transactions and advance consideration"** (effective for annual periods beginning on or after 1 January 2018 – it has not yet been endorsed by the EU). The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency denominated contracts.

- **IFRIC 23 "Uncertainty over Income Tax Treatments"** (effective for annual periods beginning on or after 1 January 2019 – it has not yet been endorsed by the EU). The interpretation is to be applied when there is uncertainty over income tax treatments under IAS 12. An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment in its calculations.

Other Amendments

- **IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions"** (effective for annual periods beginning on or after 1 January 2018 – Endorsed by the EU on 26 February 2018). The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- **Annual Improvements to IFRSs (2014 – 2016 Cycle)** (effective for annual periods beginning on or after 1 January 2018 – Endorsed by the EU on 7 February 2018)
    - **IAS 28 "Investments in associates and Joint ventures".** The amendments clarified that when venture capital organizations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

    - **IFRS 1 "First-time adoption of IFRS".** IFRS 1 has been amended to remove short-term exemptions which are no longer applicable and had been available to entities for reporting periods that have now passed

- **IAS 40 (Amendments) "Transfers of Investment Property"** (effective for annual periods beginning on or after 1 January 2018 – it has not yet been endorsed by the EU). The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. A change in management’s intentions alone does not constitute evidence of change in use.

- **IFRS 9 (Amendments) “Prepayment Features with Negative Compensation”** (effective for annual periods beginning on or after 1 January 2019 – it has not yet been endorsed by the EU). The amendment clarifies that an entity can measure at amortized cost some prepayable financial assets with negative compensation. The assets affected, that include some loans and debt securities, would otherwise have been measured at fair value through profit or loss (FVTPL). Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortized cost measurement, the negative compensation must be “reasonable compensation for early termination of the contract”.

- **IAS 28 (Amendments) “Long-term Interests in Associates and Joint Ventures”** (effective for annual periods beginning on or after 1 January 2019 – it has not yet been endorsed by the EU). The amendment clarifies that an entity should apply IFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity’s net investment in an associate or joint venture.

- **Annual Improvements to IFRSs (2015 – 2017 Cycle)** (effective for annual periods beginning on or after 1 January 2019 – it has not yet been endorsed by the EU).

    - **IFRS 3 “Business Combinations”.** The amendment clarifies that when an entity obtains control over a previously held interest in a joint operation that is a business, it must remeasure its previously held interest at the acquisition-date fair value and recognize any difference as a gain or loss.

- **IFRS 11 "Joint Arrangements".** The amendment clarifies that when an entity participates in a joint operation that is a business and obtains joint control, it must not remeasure its previously held interest at the acquisition-date fair value.

- **IAS 12 "Income Taxes".** The amendment clarifies that the income tax consequences of dividends must be recognized at the same time as the liability to pay those dividends is recognized and in the same statement where the entity originally recognized the past transactions or events that generated the distributable profits from which the dividends are being paid.

- **IAS 23 "Borrowing Costs".** The amendment clarifies that once a qualifying asset funded through specific borrowings becomes ready for its intended use or sale, those borrowings then become part of the pool of general borrowings. Therefore, from that date, the rate applied on those borrowings are included in the determination of the capitalization rate applied to general borrowings.

• **IAS 19 (Amendments) "Plan Amendment, Curtailment or Settlement"** (effective for annual periods beginning on or after 1 January 2019 – it has not yet been endorsed by the EU). The amendment specifies that entities should determine pension expenses when changes to a defined benefit pension plan occur during an annual reporting period, by requiring the use of the updated assumptions to determine current service cost and net interest for the remainder of the reporting period after the date of change to the plan.

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
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.

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) Revenues from sale of electrical energy

Revenues arising from sale of electrical energy are recognized in the fiscal year in which these are identified. Revenues from sale of electricity to LAGIE S.A. which are not yet invoiced are recognized on the financial statements as deferred income.

(e) Interest income

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

(f) Dividend income

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

(g) 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 considering 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 Goodwill

Goodwill acquired at a business combination is recognized initially at cost, which is the excess of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets and liabilities acquired.

After the initial recognition goodwill is recognized at cost minus any impairment loss. The Group is testing for goodwill impairment on an annual basis. Impairment loss allocated to goodwill is not reversed in future periods.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.16.1 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.

2.16.2. 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.

2.16.3 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.

2.16.4 Financial assets held until maturity

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

2.17 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.

2.18 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.

2.19 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.

2.20 Leases

2.20.1 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.

2.20.2 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.

2.21 Employee benefits

2.21.1 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.

2.21.2 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.

2.22 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.

2.23 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.

2.24 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.

2.25 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».

2.26 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 regarding hypothetical fluctuation of €/Ron exchange rate. It assumes a 10% change for the year ended 31 December 2017.

	31.12.2017	
	Increase of exchange rate	**Decrease of exchange rate**
Profit/Loss after tax	8.048	(9.836)
Equity	(31.071)	37.976

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

	31.12.2017
	£
Financial Assets	0
Financial Liabilities	1.307.486
	1.307.486

	31.12.2017
	$
Financial Assets	2.135
Financial Liabilities	187.829
	189.963

The following table illustrates the sensitivity of the result for the year and the equity regarding hypothetical fluctuation of €/£ exchange rate. It assumes a 2% change for the year ended 31 December 2017.

	31.12.2017	
	Increase of exchange rate	**Decrease of exchange rate**
Profit/Loss after tax	(28.927)	30.107
Equity	(28.927)	30.107

The following table illustrates the sensitivity of the result for the year and the equity regarding hypothetical fluctuation of €/$ exchange rate. It assumes a 2% change for the year ended 31 December 2017.

	31.12.2017	
	Increase of exchange rate	**Decrease of exchange rate**
Profit/Loss after tax	(3.073)	3.198
Equity	(3.073)	3.198

- 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 because 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 2017.

	31.12.2017	
	Increase of exchange rate	**Decrease of exchange rate**
Profit/Loss after tax	(92.299)	92.299
Equity	(92.299)	92.299

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, 2017 was as follows:

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Total Debt	15.435.613	14.876.110	14.877.816	13.903.110
Less: Cash and Cash Equivalent	-5.006.575	-3.388.509	-3.665.214	-2.051.929
Net debt	**10.429.038**	**11.487.602**	**11.212.602**	**11.851.180**
Equity attributable to shareholders of parent company	53.705.587	54.543.178	53.340.679	54.127.052
Total employed capital	**64.134.625**	**66.030.780**	**64.553.281**	**65.978.233**
Leverage Ratio	**16%**	**17%**	**17%**	**18%**

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 2017, are as follows:

		GROUP		
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment Property			25.400.000	25.400.000

		COMPANY		
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment Property			25.400.000	25.400.000

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 considering its Legal Councilor 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 - 31.12.2017	**Commerce**	**Construct**	**Energy**	**Total**
Amounts in €				
Revenues from external customers	29.615.197	0	675.264	30.290.460
Revenues from intersegmental sales	0	0	0	0
Depreciation	-1.065.379	0	-190.390	-1.255.769
Finance expense	-619.754	0	-45.380	-665.133
Finance income	879		76	954
Segment Profit/(Loss) pre tax	**97.372**	**0**	**123.324**	**220.696**
Gain / Loss from valuation of assets				150.000
Total Profit/(Loss) pre tax				**370.696**

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**

31/12/2017	**Commerce**	**Construct**	**Energy**	**Total**
Segment Assets	**45.188.610**	**0**	**9.372.243**	**54.560.853**
Investment Property				25.400.000
Total Assets				**79.960.853**
Segment liabilities	**22.652.827**	**0**	**3.526.858**	**26.179.686**
Other long term liabilities				75.580
Total Liabilities				**26.255.266**

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	**21.697.158**	**0**	**4.053.980**	**25.751.138**
Other long term liabilities				176.000
Total Liabilities				**25.927.139**

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) and KLSER COMMERSE LTD (Serbia).

	GREECE		BALKANS	
	01.01 - 31.12.2017	01.01 - 31.12.2016	01.01 - 31.12.2017	01.01 - 31.12.2016
Amounts reported in €				
Sales	25.424.471	26.482.806	4.190.726	4.349.843
Cost of Sales	-12.108.188	-12.039.637	-2.087.830	-2.251.575
Gross Profit	**13.316.283**	**14.443.168**	**2.102.896**	**2.098.269**
Other operating income	937.793	917.300	148.556	98.393
Distribution costs	-11.131.529	-11.648.129	-1.958.078	-2.001.584
Administrative expenses	-2.181.836	-2.090.226	-254.556	-267.917
Other operating expenses	-169.631	-180.473	-93.652	-74.035
Operating profit	**771.080**	**1.441.640**	**-54.833**	**-146.876**
Gain / Loss from valuation of assets	150.000	0	0	0
Finance cost	-599.987	-605.358	-18.888	-21.661
Profit before tax	**321.093**	**836.282**	**-73.722**	**-168.537**

4.3 Review of construction segment

The revenue recognized from construction contracts as at 31.12.2017 and 31.12.2016 is 10.053.371 €.

The Group uses the percentage of completion method of accounting 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 31.12.17 and 31.12.16 are 10.053.371 €.

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

Amounts in €	Group	
	31/12/2017	**31/12/2016**
Realized cost	8.180.684	8.180.684
Plus: recognized profits	1.872.687	1.872.687
Less: total recognized losses	0	0
Less: invoiced amounts	9.040.879	9.040.879
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 01.01.16	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
Disposals	0	0	0	0	0	0
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**

	Land	Buildings	Plant and Machinery	Motor vehicles	Fixtures and Fittings	Total
Cost						
Balance 01.01.17	4.279.508	37.355.875	5.606.681	503.495	4.934.671	52.680.231
Additions	0	215.315	2.133	0	118.483	335.931
Disposals	0	0	0	-14.811	0	-14.811
Assets Write-off	0	-777.555	-13.004	0	-47.681	-838.240
Foreign exchange movements	0	-12.273	268	-1.165	-3.732	-16.902
Balance 31.12.17	**4.279.508**	**36.781.363**	**5.596.079**	**487.519**	**5.001.740**	**52.146.209**
Depreciation						
Balance 01.01.17	0	16.368.356	2.206.533	453.887	4.701.832	23.730.608
Additions	0	991.048	117.255	8.930	121.537	1.238.771
Disposals	0	0	0	-14.811	0	-14.811
Assets Write-off	0	-697.953	-13.004	0	-43.889	-754.846
Foreign exchange movements	0	-10.357	219	-1.165	-1.847	-13.150
Balance 31.12.17	**0**	**16.651.095**	**2.311.004**	**446.840**	**4.777.633**	**24.186.572**
Net book Value 31.12.17	**4.279.508**	**20.130.268**	**3.285.075**	**40.678**	**224.107**	**27.959.637**

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

	Land	Buildings	Plant and Machinery	Motor vehicles	Fixtures and Fittings	Total
Cost						
Balance 01.01.16	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**

	Land	Buildings	Plant and Machinery	Motor vehicles	Fixtures and Fittings	Total
Cost						
Balance 01.01.17	3.671.908	32.524.353	172.657	325.027	4.207.762	40.901.707
Additions		215.315			112.134	327.449
Disposals				-14.811		-14.811
Assets Write-off		-769.916				-769.916
Balance 31.12.17	**3.671.908**	**31.969.752**	**172.657**	**310.216**	**4.319.896**	**40.444.429**
Depreciation						
Balance 01.01.17	0	13.619.533	90.550	272.555	4.175.313	18.157.952
Additions		870.975	5.837	8.527	90.602	975.941
Disposals				-14.811		-14.811
Assets Write-off		-694.107				-694.107
Balance 31.12.17	**0**	**13.796.401**	**96.388**	**266.271**	**4.265.915**	**18.424.975**
Net book Value 31.12.17	**3.671.908**	**18.173.351**	**76.269**	**43.945**	**53.981**	**22.019.454**

5.2 Intangible Assets

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

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**

GROUP	Software	Other	Total
Cost			
Balance 01.01.17	51.375	174.000	225.375
Additions	1.176	0	1.176
Foreign exchange movements	-32	0	-32
Balance 31.12.17	**52.519**	**174.000**	**226.519**
Depreciation			
Balance 01.01.17	46.632	121.292	167.924
Additions	2.499	14.500	16.999
Foreign exchange movements	-25	0	-25
Balance 31.12.17	**49.106**	**135.792**	**184.898**
Net book Value 31.12.17	**3.413**	**38.208**	**41.621**

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**

COMPANY	Software	Other	Total
Cost			
Balance 01.01.17	36.487	174.000	210.487
Additions	800		800
Balance 31.12.17	**37.287**	**174.000**	**211.287**
Depreciation			
Balance 01.01.17	31.932	121.292	153.224
Additions	2.250	14.500	16.750
Balance 31.12.17	**34.182**	**135.792**	**169.974**
Net book Value 31.12.17	**3.105**	**38.208**	**41.314**

5.3 Goodwill

	GROUP		COMPANY	
Amounts in €	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Balance at 01/01/2017 & 01/01/2016	5.333.303	5.333.303	5.333.303	5.333.303
Balance at 31/12/2017 & 31/12/2016	**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 for impairment purposes.

As of December 31, 2017, the Group performed its annual impairment test. The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2017, the market capitalization of the Group was over the book value of its equity, suggesting there is no indication for a potential impairment of goodwill and impairment of the assets of the commercial segment. The recoverable amount of the segment has been

determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been calculated in such a way so as to reflect the demand conditions of the commercial segment. The pre-tax discount rate applied to cash flow projections is 8.9%, while growth rate to perpetuity (beyond the five-year period) is 2.00% taking into consideration the long-term prospective of the group for the specific cash generating unit (CGU).
The above rates were based on management estimates. Specifically, management considers that the commercial sector is affected by the current bad economic conditions and aimed at the reduction of the cost through new agreements with its suppliers and as a result the management reconsidered its estimates for the future. As a result of this analysis management did not identify any impairment for this CGU.

The calculation of value-in-use is most sensitive to the following assumptions:
a) Margin of earnings before interest, taxes, depreciation and amortisation
b) Discount rates
c) Market share during the forecast period
d) Growth rate to perpetuity

Margin of earnings before interest, taxes, depreciation and amortisation (EBITDA margin). Margin of earnings before interest, taxes, depreciation and amortisation based on estimations during the five-year forecast period in order to incorporate future changes in profitability as anticipated by the management.

Discount rates. Discount rates reflect the current market assessment of the risks specific to the CGU. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the segment. This rate was further adjusted to reflect the market assessment of any risk specific to the cash generating unit for which future estimates of cash-flows have not been adjusted. Such discount rate includes additional factors such as a company specific risk premium that was calculated based on a sensitivity analysis performed on key operational of the projected cash flows.

Market share during the forecast period. These assumptions are important as, except for using industry data for growth rates, management assesses how its market share, relative to its competitors, might change over the forecast period. Management expects pressure in the market it operates, while it expects to maintain its position relative to its competitors.

Growth rate to perpetuity. Rates are based on long-term prospective of the Group for the specific CGU.

Sensitivity to changes in assumptions

A sensitivity analysis was performed on positive or negative discount rate changes of 0.25%, on positive or negative growth rate to perpetuity changes of 0.20%. The carrying amount of the Group appears much lower than the estimated Value in Use and therefore, it is not probable that impairment issue will arise in case of a reasonably possible change in the above assumptions.

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 01.01.16	9.342.500	15.907.500	25.250.000
Balance as at 31.12.16	**9.342.500**	**15.907.500**	**25.250.000**
Balance as at 01.01.17	9.342.500	15.907.500	25.250.000
Revaluation	55.500	94.500	150.000
Balance as at 31.12.17	**9.398.000**	**16.002.000**	**25.400.000**

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 €	**31/12/2017**	**31/12/2016**
Balance at 01/01/2017 & 01/01/2016	**6.560.585**	**6.560.585**
Balance at 31/12/2017 & 31/12/2016	**6.560.585**	**6.560.585**

5.6 Other long-term receivables

	GROUP		COMPANY	
Amounts in €	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Guarantees given	552.800	576.812	513.274	563.991

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			
	31/12/2017		31/12/2016		31/12/2017		31/12/2016	
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	8.803	-5.953	15.667	-8.359	0	-5.953	0	-8.359
Tangible Assets	0	-3.817.287	289	-3.827.501	0	-2.986.410	0	-2.991.961
					0	0	0	0
Current Assets					0	0	0	0
Inventories	393.810	0	393.810	0	0	0	0	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	921	0	893	0	921	0	893	0
Provisions for retirement benefits	269.723	0	252.643	0	269.577	0	252.496	0
Other Long-term Liabilities	0	-11.223	0	-5.099	0	-11.223	0	-5.099
Short - term Liabilities					0	0	0	0
Other Short - term Liabilities	223.825	0	226.239	0	0	0	0	0
					0	0	0	0
Tax loss	957.304	0	1.248.037	0	957.304	0	1.190.166	0
Total	*1.938.654*	*-4.128.086*	*2.221.845*	*-4.134.582*	*1.227.802*	*-3.003.586*	*1.443.556*	*-3.005.419*
Offset	-1.227.802	1.227.802	-1.443.556	1.443.556	-1.227.802	1.227.802	-1.443.556	1.443.556
Total	**710.852**	**-2.900.284**	**778.289**	**-2.691.026**	**0**	**-1.775.784**	**0**	**-1.561.863**

5.8 Inventories

	GROUP		COMPANY	
Amounts in €	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Finished Goods	10.148.874	10.758.544	9.091.731	9.397.216
Raw Material	2.964	2.467	0	0
Total	**10.151.837**	**10.761.011**	**9.091.731**	**9.397.216**

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 €	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Trade receivables	3.762.315	3.974.952	1.593.684	1.529.618
Trade receivables from related parties	0	0	1.624.520	2.804.912
Cheques receivable	530	4.960	530	4.960
Bad debt provisions	-803.123	-803.123	0	-711.538
Receivables related to construction work	1.012.492	1.012.492	0	0
Total	**3.972.215**	**4.189.281**	**3.218.734**	**3.627.952**

Other receivables				
Amounts in €	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Receivables from related parties	0	0	0	6.708
Bad debt debtors	305.355	279.144	305.355	279.144
Other debtors	477.526	788.509	203.966	261.334
Bad debt provisions	-279.144	-279.144	-279.144	-279.144
Prepayments	32.530	32.858	3.030	3.630
Total	**536.268**	**821.367**	**233.207**	**271.672**
Total	**4.508.482**	**5.010.648**	**3.451.941**	**3.899.624**

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:

Trade receivables	GROUP		COMPANY	
Amounts in €	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Current (within credit line)	1.024.103	1.003.555	804.542	1.518.590
0-90 days	15.783	124.178	213.968	124.178
more than 360 days	2.932.328	3.061.548	2.200.224	1.985.183
Total	**3.972.215**	**4.189.281**	**3.218.734**	**3.627.951**

5.10 Advances

Advances for the Group and the Company are presented below:

	GROUP		COMPANY	
Amounts in €	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Suppliers	183.726	238.546	183.726	238.546
Total	**183.726**	**238.546**	**183.726**	**238.546**

5.11 Transitory Accounts

	GROUP		COMPANY	
Amounts in €	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Deferred Expenses	104.314	126.123	68.635	70.582
Accrued Income	7.704	0	7.704	0
Total	**112.018**	**126.123**	**76.339**	**70.582**

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 €	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Cash	910.019	1.074.139	863.868	1.038.490
Current & term deposits	4.096.556	2.314.370	2.801.346	1.013.439
Total	**5.006.575**	**3.388.509**	**3.665.214**	**2.051.929**

5.13 Shareholders' Equity

	Share capital	Share premium	Total
Amounts in €			
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**
Balance at January 1st, 2017	12.065.765	13.288.555	25.354.320
Balance at December 31st, 2017	**12.065.765**	**13.288.555**	**25.354.320**

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

	Issued shares
Balance at January 1st, 2017	40.219.218
Balance at December 31st, 2017	**40.219.218**

5.14 Reserves

Amounts in €	GROUP		COMPANY	
Other Reserves	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Statutory reserve	1.997.467	1.967.406	1.902.687	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	**3.768.748**	**3.738.687**	**3.629.597**	**3.599.536**

5.15 Borrowings

Amounts in €	GROUP		COMPANY	
Long-term borrowings	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Bank loans	9.230.050	10.285.260	9.230.050	10.285.260
Total	**9.230.050**	**10.285.260**	**9.230.050**	**10.285.260**

Short-term borrowings	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Bank loans	6.205.563	4.590.850	5.647.766	3.617.850
Total	**6.205.563**	**4.590.850**	**5.647.766**	**3.617.850**
Total	**15.435.613**	**14.876.110**	**14.877.816**	**13.903.110**

The maturity of the borrowings as at 31/12/2017 for the Group and the Company is presented below:

Amounts in €	GROUP			
As at 31/12/2017	**Up to 1 year**	**1 to 2 years**	**3 to 5 years**	**More than 5 years**
Borrowings	5.730.563	1.130.526	3.722.151	4.852.372

Amounts in €	COMPANY			
As at 31/12/2017	**Up to 1 year**	**1 to 2 years**	**3 to 5 years**	**More than 5 years**
Borrowings	5.647.766	1.070.526	3.307.151	4.852.372

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 his letter with effect until 31/12/2018.

The bond loans payment dates are as follows:

€ 10.000.000 BOND LOAN

Due Date	Amount
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
11/4/2018	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**
17/2/2018	101.802
17/5/2018	102.718
17/8/2018	103.643
17/11/2018	104.575
17/2/2019	105.517
17/5/2019	106.466
17/8/2019	107.424
17/11/2019	108.391
17/2/2020	109.367
17/5/2020	110.351
17/8/2020	111.344
17/11/2020	112.346
17/2/2021	113.357
17/5/2021	114.378
17/8/2021	115.407
17/11/2021	116.446
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	129.663
17/2/2025	130.830
17/5/2025	132.008
17/8/2025	133.196
17/11/2025	134.395
17/2/2026	135.604
17/5/2026	136.825
17/8/2026	138.056
17/11/2026	139.299
17/2/2027	140.552
17/5/2027	141.817
17/8/2027	143.094
17/11/2027	144.381
17/2/2028	145.681
17/5/2028	146.992
17/8/2028	148.315
17/11/2028	149.650

Based on the amendment to IAS 7 “Disclosure initiative” you may find a reconciliation of liabilities arising from financing activities.

Amounts in €	GROUP		COMPANY	
	Non-current loans and borrowings	Current loans and borrowings	Non-current loans and borrowings	Current loans and borrowings
As at 01/01/2017	**10.285.260**	**4.590.850**	**10.285.260**	**3.617.850**
Cash flows	128	509.225	128	932.226
Non cash flows				
Loans and borrowings classified as non current as at 31 December 2016 becoming current during 2017	-1.055.338	1.055.338	-1.055.338	1.055.338
Accrued interest in period	0	50.150	0	42.354
As at 31/12/2017	**9.230.050**	**6.205.563**	**9.230.050**	**5.647.767**

5.16 Employee retirement benefit obligations

The Company's and the Group's obligation towards their employees regarding 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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Balance (1 January)	**(871.181)**	**(655.449)**	**(870.677)**	**(655.236)**
Total expense	(201.759)	(74.800)	(201.759)	(74.509)
Actuarial loss/gain	(88.585)	(161.303)	(88.585)	(161.303)
Total	**(290.344)**	**(236.103)**	**(290.344)**	**(235.813)**
Additional expense	231.446	20.372	231.446	20.372
Total	**(58.897)**	**(215.731)**	**(58.897)**	**(215.441)**
Balance (31 December)	**(930.078)**	**(871.181)**	**(929.575)**	**(870.677)**

	GROUP		COMPANY	
	01.01 - 31.12.2017	01.01 - 31.12.2016	01.01 - 31.12.2017	01.01 - 31.12.2016
Service cost	92.116	61.836	92.116	61.546
Interest cost	13.931	13.105	13.931	13.105
Additional post retirement and termination benefits paid out but not provided	95.712	-141	95.712	-141
Total expense	**201.759**	**74.800**	**201.759**	**74.509**

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

	01.01 - 31.12.2017	01.01 - 31.12.2016
Discount rate	1,70%	1,60%
Average rate of future salary increases	2,25%	2,25%
Average increase of inflation rate	1,75%	1,75%

	01.01.-31.12.2017		01.01.-31.12.2016	
Demographic analysis	Voluntary withdrawal	Dismissals	Voluntary withdrawal	Dismissals
Age				
Up to 40 years old	4%	3%	4%	3%
41 to 50 years old	1%	1%	1%	1%
more than 51 years old	0%	0%	0%	0%

5.17 Other long-term liabilities

	GROUP		COMPANY	
Amounts in €	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Rent Guarantees	175.580	175.580	176.000	176.000
Provisions	215.904	216.586	190.000	190.000
Total	**391.485**	**392.167**	**366.000**	**366.000**

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 €	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Suppliers	2.415.976	2.885.215	2.306.246	2.605.104
Cheques payable	873.105	813.249	873.105	813.249
Current tax liabilities	867.893	936.727	811.752	887.920
Social security contributions	368.844	385.907	302.378	322.303
Customer advances	280.139	241.782	280.139	241.782
Other creditors	341.451	315.943	275.606	255.022
Total	**5.147.408**	**5.578.823**	**4.849.226**	**5.125.381**

5.19 Transitory Accounts

	GROUP		COMPANY	
Amounts in €	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Deferred income	42.066	59.174	0	0
Accrued expenses	230.241	240.249	197.802	212.710
Government grants	1.178.090	1.218.409	0	0
Total	**1.450.397**	**1.517.831**	**197.802**	**212.710**

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 - 31.12.2017**	**01.01 - 31.12.2016**	**01.01 - 31.12.2017**	**01.01 - 31.12.2016**
Income from commerce	29.578.051	30.811.897	27.092.847	28.616.871
Income from product sales	675.264	952.954	26.368	25.779
Income from repairs and other services	26.683	10.726	26.683	10.726
Sales of obsolete material and other inventories	10.463	10.026	10.463	10.026
Total	**30.290.460**	**31.785.603**	**27.156.361**	**28.663.403**

5.21 Expenses analysis by category

The cost of operations for the Group and the Company as of December 31, 2017 and 2016 is analyzed as follows:

	GROUP				GROUP			
	01.01 - 31.12.2017				01.01 - 31.12.2016			
Amounts in €	**Cost of sales**	**Distribution expenses**	**Administrative expenses**	**Total**	**Cost of sales**	**Distribution expenses**	**Administrative expenses**	**Total**
Wages, salaries & employee benefits	13.332	5.454.508	1.243.515	6.711.355	13.175	5.634.247	1.192.358	6.839.779
Cost of inventories recognized as expense	14.201.676	0	0	14.201.676	14.295.065	0	0	14.295.065
Depreciation	117.987	1.009.645	128.137	1.255.769	118.261	1.112.437	106.591	1.337.289
Subcontractor fees & expenses	5.650	0	0	5.650	11.000	1.366	0	12.366
Other third-party fees & expenses	66.459	2.426.788	509.968	3.003.215	66.177	2.520.977	512.877	3.100.030
BOD fees	0	0	380.000	380.000	0	0	386.562	386.562
Insurance premiums	4.776	65.431	40.097	110.304	3.287	68.863	40.805	112.955
Rents	32.445	2.569.994	74.377	2.676.816	46.359	2.631.320	76.559	2.754.238
Repair & maintenance	3.946	171.761	12.723	188.431	2.613	143.096	14.501	160.211
Other third-party services	22.495	514.598	21.070	558.164	36.215	585.152	27.579	648.946
Advertisement expenses	0	398.851	22.754	421.605	0	453.777	15.105	468.882
Other sundry expenses	1.446	478.032	155.011	634.489	1.896	498.478	202.579	702.954
Total	**14.470.213**	**13.089.607**	**2.587.652**	**30.147.472**	**14.594.047**	**13.649.713**	**2.575.516**	**30.819.276**

	COMPANY				COMPANY			
	01.01 - 31.12.2017				01.01 - 31.12.2016			
Amounts in €	**Cost of sales**	**expenses**	**ve expenses**	**Total**	**Cost of sales**	**expenses**	**e expenses**	**Total**
Wages, salaries & employee benefits	0	4.977.585	1.081.205	6.058.790	0	5.166.042	1.032.826	6.198.868
Cost of inventories recognized as expense	13.839.897	0	0	13.839.897	14.210.105	0	0	14.210.105
Depreciation	0	928.508	64.183	992.691	0	1.020.707	41.281	1.061.988
Subcontractor fees & expenses	0	0	0	0	0	1.366	0	1.366
Other third-party fees & expenses	0	2.160.977	421.097	2.582.073	0	2.267.715	357.641	2.625.356
BOD fees	0	0	380.000	380.000	0	0	386.562	386.562
Insurance premiums	0	57.566	17.555	75.121	0	59.159	17.832	76.990
Rents	0	1.723.399	60.000	1.783.399	0	1.775.399	62.500	1.837.899
Repair & maintenance	0	116.669	10.067	126.736	0	105.628	6.928	112.556
Other third-party services	0	440.291	5.839	446.130	0	497.475	5.984	503.459
Advertisement expenses	0	284.779	22.754	307.533	0	322.749	14.869	337.619
Other sundry expenses	0	441.757	122.412	564.168	0	432.292	165.541	597.833
Total	**13.839.897**	**11.131.529**	**2.185.113**	**27.156.539**	**14.210.105**	**11.648.531**	**2.091.964**	**27.950.600**

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 - 31.12.2017**	**01.01 - 31.12.2016**	**01.01 - 31.12.2017**	**01.01 - 31.12.2016**
Income from government grants	0	7.682	0	7.682
Indemnities	7.392	550	7.392	550
Gains from exchange differences	456.852	451.224	387.223	399.975
Rental Income	458.394	497.334	460.914	499.854
Amortization of goverments grants	37.633	37.633	0	0
Other income	233.741	20.847	84.285	11.759
Income from payables write off	504	0	0	0
Income from unused provisions	45.861	30.768	0	0
Profit from sale of assets	500	7.288	500	0
Total	**1.240.877**	**1.053.325**	**940.313**	**919.820**
Other operating expense				
Losses from exchange differences	(87.005)	(182.744)	(36.561)	(122.581)
Receivables write-off	(37)	(40)	0	0
Tangible Assets write-off	(99.070)	(59.151)	(75.809)	(52.229)
Other Expenses	(306.198)	(10.995)	(55.854)	(4.598)
Other taxes	(2.196)	(735)	0	0
Penalties	(4.486)	(3.982)	(1.408)	(1.065)
Total	**(498.991)**	**(257.647)**	**(169.631)**	**(180.473)**

5.23 Devaluation of tangible and intangible assets

Amounts in €	GROUP		COMPANY	
Devaluation of tangible and intangible assets	**01.01 - 31.12.2017**	**01.01 - 31.12.2016**	**01.01 - 31.12.2017**	**01.01 - 31.12.2016**
Profit /Loss from revaluation of investment property	150.000	0	150.000	0
Total	**150.000**	**0**	**150.000**	**0**

5.24 Financing cost

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

	GROUP		COMPANY	
Amounts in €	**01.01 - 31.12.2017**	**01.01 - 31.12.2016**	**01.01 - 31.12.2017**	**01.01 - 31.12.2016**
Financing Income				
Banks	954	580	846	409
	954	**580**	**846**	**409**
Financing Expenses				
Bank loans	(572.775)	(586.911)	(534.099)	(530.821)
Letter of Guarantee commissions	(48.428)	(37.492)	(36.405)	(22.855)
Other	(43.930)	(69.157)	(30.330)	(52.090)
	(665.133)	**(693.559)**	**(600.833)**	**(605.767)**
Net Financial Expenses	**(664.179)**	**(692.980)**	**(599.987)**	**(605.358)**

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 and Serbia were subject to income tax rates of 16%, 10%, 10%, 15% and 15% 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 € 215.904 and is recognized in the account "Other long-term liabilities" in the Statement of Financial Position.

	GROUP		COMPANY	
Amounts in €	01.01 - 31.12.2017	01.01 - 31.12.2016	01.01 - 31.12.2017	01.01 - 31.12.2016
Income tax	4.621	6.283	0	0
Deferred tax	302.385	565.475	239.610	567.539
Total	**307.006**	**571.758**	**239.610**	**567.539**

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	**370.696**	**1.069.025**	**320.517**	**846.791**
less/plus: temporary differences on income	(179.025)	80.988	(171.117)	54.132
less/plus: temporary differences on expenses	140.259	48.557	147.847	61.880
Adjustments in tax for incomes not subjected to taxation				
Other adjustments	380.000	0	380.000	0
Adjustments in tax for expenses not deductible for taxation purposes				
Differences in cost	(24.576)	(29.401)	(1.819)	(1.819)
Non deductible expenses	289.969	132.598	127.544	93.127
Set off of losses from previous years	(946.513)	(1.259.204)	(4.104.021)	(5.158.134)
	30.809	**42.562**	**(3.301.049)**	**(4.104.021)**
Tax rate(average rate for the Group)	*15%*	*15%*	*29%*	*29%*
Expected tax expense	4.621	6.283	0	0
Tax recognition from tax losses	291.143	602.694	232.862	601.183
Tax for temporary differences	11.242	(37.219)	6.748	(33.644)
Provisions and expenses for additional tax liabilities	0	0	0	0
Total tax	**307.006**	**571.758**	**239.610**	**567.539**
Analysed in:				
Income tax for the period	4.621	6.283	0	0
Deffered tax	302.385	565.475	239.610	567.539

5.26 Cash flow from operating activities

Amounts reported in €	GROUP		COMPANY	
	01.01 - 31.12.2017	01.01 - 31.12.2016	01.01 - 31.12.2017	01.01 - 31.12.2016
Cash flows from operating activities				
Net profit before taxation (continued operations)	**370.696**	**1.099.199**	**320.517**	**846.791**
Net profit before taxation (discontinued operations)	**0**	**(30.174)**	**0**	**0**
Adjustments for				
Depreciation	1.255.769	1.337.118	992.691	1.061.988
Provisions	(16.762)	95.165	(3.998)	100.916
Exchange differences	(53.698)	(24.708)	(38.701)	(17.584)
Depreciation of government grants	(37.633)	(37.633)	0	0
Devaluation of tangible and intangible assets	(66.606)	52.229	(74.191)	52.229
Proceeds from sale of tangible assets	(500)	0	(500)	0
Interest received	(954)	(580)	(846)	(409)
Interest expense	665.133	693.559	600.833	605.767
Operating profit before working capital changes				
(Increase) /Decrease in inventories	601.318	194.752	305.485	291.510
(Increase)/Decrease in trade receivables	56.000	(162.280)	547.461	(160.978)
Increase/(Decrease) in trade payables	19.565	(858.694)	(370.162)	(1.247.361)
Cash flows from operating activities	**2.792.328**	**2.357.954**	**2.278.588**	**1.532.870**

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 € 4.317 thousand approximately and claims by the Company (against third parties) amounting to € 4.240 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	2007-2017
KLM BULGARIA EOOD	Bulgaria	2005-2017
KLMS COM DOOEL	FYROM	2007-2017
KLSAL LTD	Albania	2007-2017
KLSER COMMERCE LTD	Serbia	2006-2017
KLMOL	Moldavia	2008-2017

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 € 25.904.
For the fiscal years 2011-2016, 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 2017 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 2017. 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:

No	Description	Location	Encumbrance	Bank	Amount in €
1.	Building 8.525 sq.m. Costructed on plot of land of 2.731,36 sq.m..	Municipality of Tavros	Mortgage prenotation 09.10.2008	"ALPHA BANK"	9.300.000
2.	Plot of land: 619,87 τ.μ	Municipality of Athens, 47 Ermou str.	Mortgage prenotation 20.07.2012	"ALPHA BANK"	3.000.000
3.	Building: Basement: 157,87 sq.m., Groundfloor: 604,62 sq.m., Loft: 313,89 τ.μ., a' floor: 221,41 sq.m. and b' floor 139,71 sq.m.	Municipality of Athens, 47 Ermou str.	Mortgage prenotation 20.07.2012 and 19.07.2013	"ALPHA BANK"	12.500.000
4.	Building	Municipality of Athens, 3 Pasteur str.	Mortgage prenotation 17.09.2012	"ALPHA BANK"	1.500.000
5.	Building	Municipality of Tavros, 2 Omirou & Teo str.	Mortgage prenotation 15.01.2017	"ALPHA BANK"	1.500.000
		Total:			**27.800.000**

6.1.5 Commitments

	GROUP		COMPANY	
Letters of Guarantee	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Letter of Guarantee for safeguarding liabilities	1.702.957	1.828.174	1.626.714	1.732.862
Letter of Guarantee for fulfilment of contract secure	427.186	672.901	0	0
Total	**2.130.143**	**2.501.075**	**1.626.714**	**1.732.862**

7. Employees and employee benefits

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

	GROUP		COMPANY	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Salaried	**374**	**416**	**307**	**338**
Wage-earners	**18**	**20**	**18**	**19**
Total	**392**	**436**	**325**	**357**

	GROUP		COMPANY	
Amounts in €	**01.01 - 31.12.2017**	**01.01 - 31.12.2016**	**01.01 - 31.12.2017**	**01.01 - 31.12.2016**
Salaries and other short-term benefits	5.179.626	5.412.860	4.683.405	4.922.536
Social insurance contributions	1.286.359	1.314.136	1.187.557	1.214.786
Employment termination indemnities	95.712	0	95.712	0
Other employee benefits	23.899	19.095	0	0
Provisions for employee retirement benefit	125.760	93.688	92.116	61.546
Total	**6.711.355**	**6.839.779**	**6.058.790**	**6.198.868**

8. Inter-Company transactions

INTERCOMPANY TRANSACTIONS INCOME STATEMENT 31.12.2017

Sales / 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	KLMOL	TOTAL
I.KLOUKINAS-I.LAPPAS CONSTRUCTION & COMMERCE S.A.		2.520	1.011.772	112.343	42.949	161.463	376.995	-	1.708.042
KLM A.T.E			-	-	-	-	-	-	-
SYSMEROM COM SRL	-	-		-	-	-	-	-	0
KLMS COM DOOEL		-	-		-	-	-	-	0
KLM BULGARIA EOOD	25.901	-	-	-		-	-	-	25.901
KLSAL LTD		-	-	-	-		-	-	0
KLSER COMMERCE LTD	2.415	-	-	-	-	-		-	2.415
KLMOL	-	-	-	-	-	-	-		0
TOTAL	28.316	2.520	1.011.772	112.343	42.949	161.463	376.995	0	1.736.358

INTERCOMPANY TRANSACTIONS BALANCE SHEET 31.12.2017

Receivables / 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	KLMOL	TOTAL
I.KLOUKINAS-I.LAPPAS CONSTRUCTION & COMMERCE S.A.		3.614	532.052	14.506	648.413	231.362	198.185	-	1.628.134
KLM A.T.E	420		-	-	-	-	-	-	420
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	3.614	532.052	14.506	648.413	231.362	198.185	0	1.628.554

INTERCOMPANY TRANSACTIONS INCOME STATEMENT 31.12.2016

Sales

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
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

Receivables

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
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**

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

Amounts in €	GROUP		COMPANY	
Salaries and other short-term benefits	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Salaries of BOD members (salaried)	190.025	210.347	190.025	210.347
Senior management executives	77.247	81.466	77.247	81.466
BOD fees	380.000	386.562	380.000	386.562
Total	**647.271**	**678.375**	**647.271**	**678.375**

9. Earnings per share

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

	GROUP		COMPANY	
	01.01 - 31.12.2017	**01.01 - 31.12.2016**	**01.01 - 31.12.2017**	**01.01 - 31.12.2016**
Amounts in €				
Profits after income tax	**63.690**	**497.267**	**80.907**	**279.253**
Profits after income tax (1)	**63.690**	**497.267**	**80.907**	**279.253**
Distributed as follows:				
Parent company shareholders (2)	63.690	497.267	80.907	279.253
Minority rights	0	0		
	63.690	**497.267**	**80.907**	**279.253**
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)	0,0016	0,0124	0,0020	0,0069

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 € 1.126.138,10 i.e. €0.028 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

There are no post-dated balance sheet events for the fiscal year 2017.

12. Other important information

There is no other important information for the fiscal year 2017.

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 2017, have been posted on the Company’s website www.klmate.gr