LOGICOM PUBLIC LIMITED

REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2017

LOGICOM PUBLIC LIMITED

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Year ended 31 December 2017

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We hereby certify that the report and financial statements of Logicom Public Limited for the year ended 31 December 2017 is a true copy of the report and financial statements laid and deposited at the General Meeting of the Company.

A Papachristoforou

....
Director
Anthoulis Papachristoforou

....
Secretary
Adaminco Secretarial Limited

FOR LOGICOM PUBLIC LTD

LOGICOM PUBLIC LTD

BOARD OF DIRECTORS AND PROFESSIONAL ADVISORS

DIRECTORS
Adamos K. Adamides, Chairman
Varnavas Irinarchos, Vice Chairman and Managing Director
Takis Klerides, Director
Nicos Michaelas, Director
George Papaioannou, Director
Anthoulis Papachristoforou, Deputy Managing Director
Anastasios Athanasiades, Director

GROUP CHIEF FINANCIAL OFFICER
Anthoulis Papachristoforou

SECRETARY
Adaminco Secretarial Limited
Zenonos Sozou 3, 1st floor
3105 Limassol

REGISTERED OFFICE
Zenonos Sozou 3, 1st floor
3105 Limassol

MANAGEMENT OFFICE
26 Stasinou Street, Ayia Paraskevi
2003 Strovolos, Nicosia

INDEPENDENT AUDITORS
KPMG Limited
14 Esperidon street
1087 Nicosia

LEGAL ADVISORS
Scordis, Papapetrou & Co LLC
Zenonos Sozou 3, 1st floor
3105 Limassol

BANKERS
Commercial Bank of Qatar
Credito Valtellinese Societa Cooperativa
Emirates NBD Bank PJSC
USB Bank PLC
TFI Markets Limited
HypoVereinsbank
Romanian Commercial Bank
The First Insurance Brokers
Turk Ekonomi Bankasi
Bancpost SA
Banco Popolare Societa Cooperativa

BANKERS
Hellenic Bank Public Company Limited
Bank of Cyprus Public Company Limited
National Bank of Greece (Cyprus) Ltd
HSBC Bank Middle East
Banque Audi SAL
Alpha Bank Cyprus Ltd
Societe Generale Bank - Cyprus Limited
Standard Chartered Bank
Eurobank Ergasias S.A.
AstroBank Limited
Unicredit Bank AG
The Cyprus Development Bank Public Company Limited
Societe Generale de banque au Liban
Turkiye Garanti Bankasi A.S
National Bank of Greece S.A.
Eurobank Cyprus Ltd
Eurobank Factors S.A
Alpha Bank S.A.
FIMBank PLC
Saudi British Bank
National Bank of Fujairah PJSC
Arab Bank PLC
Mashreq Bank PSC
Alpha Bank Romania SA
Piraeus Bank A.E.
Marfin Bank SA
Noor Bank PJSC
ABC Factors S.A.
Commercial Bank of Dubai PSC
Bank of Beirut
Akbank TAS
Finansbank AS
Yapi ve Kredi Bankasi AS
Asya Katilim Bankasi AS
Turkiye Is Bankasi
Emporiki Bank SA
Ancoria Bank Limited
Bank of Bahrain and Kuwait BSC
Cyprus Cooperative Bank Ltd
NGB Factors S.A.
Albaraka Turk Katilim Bankasi A.S
Global Supply Chain Finance Ltd
Arab Bank Jordan
Alternative Distribution Financing Ltd

LOGICOM PUBLIC LIMITED

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE OFFICIALS OF THE COMPANY RESPONSIBLE FOR THE FINANCIAL STATEMENTS

According to the articles of the Conditions for Transparency (Movable Securities for Trading in Controlled Market) Law of 2007 (''Law''), we the members of the Board of Directors and Anthoulis Papachristoforou, BA (Hons) FCCA, Group Chief Financial Officer responsible for the preparation of the financial statements, of the Group and the Company Logicom Public Ltd, for the year ended 31 December 2017, we confirm that to the best of our knowledge:

(a) The annual consolidated and separate financial statements that are presented in pages 33 to 120.

(i) were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, and in accordance with the provisions of Article 9, section (4) of the Law, and

(ii) give a true and fair view of the assets and liabilities, of the financial position and of the profit or losses of Logicom Public Ltd and the businesses that are included in the Consolidated Financial Statements as a whole, and

(b) The consolidated and separate management report gives a fair review of the developments and the performance of the business as well as the financial position of Logicom Public Limited and the businesses that are included in the Consolidated Financial Statements as a whole, together with a description of the main risks and uncertainties which are faced.

Members of the Board of Directors:

Adamos K. Adamides, Chairman

Varnavas Irinarchos, Vice Chairman and Managing Director

Takis Klerides

Nicos Michaelas

George Papaioannou

Anthoulis Papachristoforou, Deputy Managing Director

Anastasios Athanasiades

Responsible for the preparation of financial statements

Anthoulis Papachristoforou (Group Chief Financial Officer)

Nicosia, 1 March 2018

LOGICOM PUBLIC LIMITED

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

The Board of Directors of Logicom Public Limited (the "Company") presents to the members its consolidated and separate report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") and the separate financial statements of the Company for the year ended 31 December 2017.

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION

The Group's turnover increased by 8,3% in relation to 2016, mainly due to the increased turnover of the Distribution sector. The turnover of the Distribution Sector shows an increase of 8,5% mainly due to the increase of sales in the Gulf and Saudi Arabia markets. The turnover of the Software and Integrated Solutions Division also shows an increase of 7,6%, mainly due to new projects in the Cypriot market.

The Company's Turnover increased by 22,8% in relation to 2016, mainly due to the increase of the intragroup sales to foreign subsidiaries which show an increase in their turnover, and to the increase of sales to third parties.

The percentage of the Group's gross profit margin shows a marginal decrease from 7,1% in 2016 to 7,0%, mainly due to the increase in the percentage of the Distribution Sector sales, where the gross profit margin is lower compared to the other operating Sectors.

The percentage of the Company's gross profit margin has marginally increased from 4,5% in 2016 to 4,7% mainly due to the sales with gross profit margins higher than the average.

Group's Other Income mainly relates to contributions from suppliers for promotion of their products and income through business relationships with third parties. Additionally, in 2017 Other Income includes the amount of €661.459 which relates to the difference of the purchase price of the distribution agreements of Hewlett Packard Enterprise N.V., Hewlett Packard Europe N.V. and Dell Distribution (EMEA) Ltd from Gemini SP SRL by the Group's subsidiary company Logicom IT Distribution s.r.l in Romania, compared to the fair value of the Intangible Asset acquired.

Company's Other Income mainly relates to dividends receivable from subsidiaries and income through business relationships with third parties.

The increase in Group's Other Expenses mainly relates to the provision for impairment of the loan receivable from M.N. Larnaca Desalination Co. Ltd to Verendrya Ventures Limited amounting to €2.214.726.

The increase in Company's Other Expenses mainly relates to the provision of impairment of its investments in the subsidiary companies Rehab Technologies Ltd in Saudi Arabia and Cadmus Tech Points S.A.L. in Lebanon.

The increase in Group's Administration Expenses by €1.509.713, and in percentage terms 4,1% compared to 2016, is mainly due to the increase of personnel and infrastructure expenses (31,9% of the increase derives from the infrastructure cost of the cloud services department), as a result of the Group's expansion in new markets and the enhancement in the variety of available products for sale. The term 'Administration Expenses' encompasses all the operating expenses of the Group, including Administrative, Distribution and Operational expenses.

The decrease in the Company's Administration Expenses by €1.946.070 and in percentage terms 24,1%, compared to 2016, is mainly due to the decrease of the provision for impairment of the receivable balances from the subsidiaries Logicom Bulgaria EOOD and Enet Solutions LLC from €2.381.244 in 2016 to €136.106 in 2017.

The Group's profit from operating activities amounted to €22.853.896, increased by 8,0% compared to 2016 mainly due to the increase in Turnover.

The Company's profit from operating activities amounted to €7.203.085, increased by 27,4% compared to 2016 mainly due to the increase in turnover and the decrease in administration expenses.

The Group's Net Bank Finance Cost, including Interest Receivable and Payable, and related Bank Charges resulting from the banking facilities used for the performance of the Group's operations decreased to €5.704.034 compared to €6.305.650 in 2016 and in percentage terms, 9,5% due to the decrease in the bank facilities' utilization and the decrease of bank interest rates.

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

The Company's Net Bank Finance Cost, including Interest Receivable and Payable, and related Bank Charges resulting from the bank facilities used for the performance of the Company's operations amounted to €2.497.375 compared to €2.543.218 in 2016 and in percentage terms 1,8% decrease.

The Foreign Exchange Difference, resulting from the exchange rate fluctuation between the US Dollar and the Euro, had a positive impact on the Group's results amounting to a profit of €1.051.610, compared to 2016 where the profit amounted to €27.080. It is clarified that as from 1 January 2010 the provisions of the IAS39 in relation to Hedge Accounting have been adopted, with the aim to reduce the effects of the exchange rate fluctuation between the US Dollar and the Euro in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The adoption of the provisions of IAS 39 limited the effect on Group results. Profit amounting to €3.069.531 which arose on the conversion of the net investment in foreign subsidiaries was hedged in reserves with a loss of €3.069.531 that arose on the conversion of the net investments in foreign subsidiary companies.

According to the directives of the Revised International Accounting Standard 21, the decrease in the value of the Company's long term investments in foreign subsidiaries, due to exchange differences, amounting to €1.240.111 is transferred to the Reserves until the date of liquidation where any result will be transferred to the Statement of Profit or Loss and Other Comprehensive Income.

The Share of loss from jointly controlled companies and partnership and the Share of loss attributable to Non-Controlling interest mainly relates to the operational losses of the Larnaca Desalination Unit. The Desalination Unit in Episkopi has made a profit in the current year.

The Group's taxation amounts to €3.164.048 compared to €1.724.370 in 2016, mainly due to the significant increase in the provisions for Corporate tax of group companies and the reversal of the provisions for Deferred Taxation resulting from the restriction of previous years tax losses as calculated by the local Tax Authorities of the Group companies.

The Company's taxation amounted to €490.099 compared to €1.302.739 in 2016, mainly due to the decrease in the reversal of the provision for Deferred Taxation.

The Group's profit before tax amounted to €17.792.310 for the year 2017 compared to €13.382.432 in 2016 and in percentage terms an increase of 33,0%. The increase is mainly due to the increase in Turnover. The profit attributable to the Company's shareholders has increased by €3.409.838 and in percentage terms by 27,9%, from €12.214.872 in 2016 to €15.624.710 in 2017.

The Company's profit before tax amounted to €4.113.299 for the year 2017 compared to €3.326.710 in 2016, that corresponds to an increase in percentage terms of 23,6%. The increase is mainly due to the increase in Turnover and to the decrease of administration expenses.

The Group's earnings per share and diluted earnings per share in 2017 increased by 27,9% compared to 2016 to 21,09 cents.

The Company's earnings per share and diluted earnings per share in 2017 increased by 79,1% compared to 2016 to 4,89 cents.

The Group's cash and cash equivalents compared to the bank overdrafts present a credit balance of €1.981.224 at the end of 2017 compared to €12.867.118 at the end of 2016. The short-term loans have decreased to €62.295.134 from €67.114.604. The long-term loans have increased to €17.749.332 from €3.793.410.

The Company's cash and cash equivalents compared to the bank overdrafts present a credit balance of €8.066.548 at the end of 2017 compared to €20.493.079 at the end of 2016. The short-term loans have decreased to €23.733.890 from €27.611.076. The long-term loans have increased to €11.006.496 from €3.068.295.

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

Verendrya Ventures Limited, of which the Company holds 60% of its share capital, in a joint venture with a 50% share completed the construction of the Desalination plant in Episkopi based on the agreement with the Water Development Department dated 7 August 2009. As announced, as per the agreement dated 20 July 2011 Demetra Investments Public Ltd, participates indirectly to the execution and operation of the desalination project in Episkopi as a result of the indirect 40% share in Verendrya Ventures Limited. The construction of the project was completed in June 2012 and the desalination unit remained in stand by mode from1 July 2012 until 27 April 2014. The desalination unit started production on the 28th of April 2014.

On 26 January 2012, Verendrya Ventures Limited, of which the Company holds 60% of its share capital, in a joint venture with a 50% share, signed an agreement with the Water Development Department for the renovation and operation of the existing desalination unit in Larnaca. Demetra Investment Public Ltd participates indirectly in the implementation and operation of the desalination project in Larnaca with 40% share in Verendrya Ventures Limited. The renovation of the unit was completed in June 2015 and started operations on the 4th of July 2015. As of today, claims are pending in regards to the execution of this contract.

During 2017, despite the continuous uncertainty and the economic instability in some regions of the Group's operations, the profit attributable to the Shareholders has improved significantly due to the increase in the Turnover, which resulted in the increased Operating Profit despite the increase in the Administration Expenses, due to the impementation of the planned operations expansion.

The performance of the Group and the Company is also assessed with the following financial ratios:

	Group			Company		
Ratio	Change	2017	2016	Change	2017	2016
Working Capital	2,4%	2,51	2,45	17,4%	0,27	0,23
Inventory Days	(24,0)%	29	39	(15,6)%	28	33
Trade Receivables Days	(1,8)%	67	68	15,7%	80	70
Net Debt to Equity	(8,6)%	0,96	1,05	(16,4)%	1,27	1,51
Net Debt to Profit before Taxation, Depreciation, Amortization and Interest	(19,0)%	3,45	4,26	(35,9)%	6,79	10,59
Interest Coverage	1,0%	3,91	3,87	(12,8)%	2,98	3,51

Working Capital Ratio ((Trade Receivables + Inventories) / Trade Creditors) - The marginal increase in the ratio for the Group is mainly due to the increase of trade receivables despite the decrease in inventories and trade payables compared to 2016. The increase for the Company resulted from the increase of trade receivables and the decrease of trade payables compared to 2016.

Inventory Days ((Inventories / Cost of Sales) X 365) -The Group's ratio decrease is mainly due to the decrease in inventories from €78,9 m in 2016 to €65,0 m in 2017. The Company's ratio decrease is due to the increase in Turnover.

Trade Receivable Days ((Trade Receivables / Turnover) X 365) - The decrease shown for the Group is due to the increase in Turnover despite the increase in trade receivables from €149,7 m in 2016 to €159,3 m in 2017. The increase shown for the Company is due to the increase in Turnover especially in the final quarter of 2017.

Net Debt to Equity Ratio ((Bank Borrowings - Cash and Cash Equivalents) / Equity) - For the Group, the ratio shows a decrease in relation to the previous year due to the decrease in net debt and the increase in equity. For the Company, the ratio also shows a decrease for the same reason stated above.

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

Net Debt to Profit before Tax, Depreciation, Amortisation and Interest ((Bank Borrowings - Cash and Cash Equivalent) / Profit before Tax, Depreciation, Amortisation and Interest) - For the Group and the Company, the ratio shows a decrease compared to the previous year due to the decrease in net debt and the increase in profitability.

Interest coverage ratio (Profit before Tax, Depreciation, Amortization and Interest / Interest expense) - For the Group, the ratio remains at approximately the same levels as in 2016. For the Company, the ratio shows a decrease due to the increase in interest payable.

RISKS AND UNCERTAINTIES

The main risks faced by the Group and the Company are stated and analysed in note 35 of the consolidated and separate financial statements.

Credit risk

Credit risk is the risk of default by counter parties to transactions mainly from trade receivables of the Group and the Company. The Group and the Company ensure the application of appropriate mechanisms and ensure the maintenance of related monitoring procedures and controls over credits. Credit risk is monitored on an ongoing basis.

The Group entered into an agreement with Atradius Credit Insurance N.V. for the insurance of the credit that the Group offers to its customers. The issuance of such insurance agreement is considered to be the most appropriate method for hedging against credit risk.

Interest rate risk

Interest rate risk is the risk of fluctuations in the value of financial instruments due to movements in market interest rates. Income and cash flows from operations of the Group and the Company are dependent on changes of market interest rates, since the Group and the Company have material assets which bear interest. The Group and the Company are exposed to interest rate risk on borrowings. Borrowing in variable interest rates exposes the Group and the Company in interest rate risk that affects cash flows. Borrowing in fixed interest rates exposes the Group and the Company in interest rate risk that affects the fair value. The management of the Group and the Company is monitoring the fluctuations of interest rates on an ongoing basis and ensures that the necessary actions are taken.

Foreign exchange risk

This risk arises from adverse movements in foreign exchange rates.

The Company and the Group are subject to foreign exchange risk on sales, purchases and loans in currencies other than the Company's and subsidiary companies functional currency, and on the long term loans to foreign subsidiaries. Management is aware of the foreign exchange risk and is examining alternative methods to hedge the risk.

The hedging of foreign exchange risk is managed by the Group Chief Financial Officer together with the Executive Directors. This issue is discussed and examined at the Board of Directors meetings because the Company is materially affected from the movements in foreign currencies against the Euro.

DEVELOPMENT AND PERFORMANCE OF THE GROUP'S AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

Liquidity risk

Liquidity risk is the risk that arises when the expiry date of assets and liabilities does not concur. When expiry dates do not concur, the performance can increase but at the same time the risk for losses can also increase. The Group and the Company have procedures in place to minimize such losses, such as retaining sufficient amounts in cash and other highly liquid assets and retaining sufficient amounts in secured credit facilities in order to cover liabilities when they fall due.

Management estimates that the ability of the Group to receive in advance its trade receivables through the factoring agreement with recourse in Greece, Cyprus and United Arab Emirates reduces even further the liquidity risk.

Fair Value

Fair Value risk is the risk that arises when the book values of the Group's and Company's assets and liabilities are significantly different from their fair values at the reporting date.

Management believes that by valuating the financial assets and liabilities of the Group and the Company at their fair value, where this can be measured reliably, the risk is significantly limited.

Capital Management

Group’s and Company’s management has as a principle the maintenance of a strong capital base for the support of the credibility and trust of the investors and creditors as well as the market as a whole. Management monitors continuously the return on equity.

OPERATIONS OF THE COMPANY AND ITS SUBSIDIARY COMPANIES

The Group continued during the year 2017 the distribution of high technology products, the supply of services and complete information technology, telecommunication and software solutions and the participation in large infrastructure projects in the water sector.

FORSEEABLE DEVELOPMENT OF THE COMPANY

Despite the existing market conditions which are outlined by the uncertainty resulting from the economic instability in some of the regions of the Group's operations, during 2018, the prospects are positive.

Further empowerment of the competitive position of the Company is expected.

RESEARCH AND DEVELOPMENT ACTIVITIES

There were no significant activities in the sector of research and development from the Group companies.

BRANCHES - FOREIGN OPERATIONS

The Group operates branches in Bahrain and Malta. The Group operates through subsidiary companies in United Arab Emirates, Saudi Arabia, Lebanon, Jordan, Greece, Italy, Turkey, Romania, Germany, Qatar, Kuwait and Oman.

USE OF FINANCIAL INSTRUMENTS

The derivative financial instruments of the Group and the Company relate to contracts for differences for the hedging of the fluctuations in foreign currencies. The Group and the Company's management follow a policy to minimize the risk arising from the fluctuation of foreign exchange differences, as stated in the significant accounting policies.

The loss arising from the change in the fair value of derivative financial instruments for the year, that was recognised in Group's and Company's results amounted to €2.576.032 (2016 profit: €694.463) and €2.526.881 (2016 profit: €650.935) respectively.

SHARE CAPITAL

There was no change to the issued share capital of the Company for the year 2017.

All shares are listed and traded in the Cyprus Stock Exchange, they have the same and equal rights and have no limitations in their transfer. Detailed information in relation to the Company's share capital is presented in note 24 of the consolidated and separate financial statements.

All shares of the Companny's subsidiary companies are held directly or indirectly by the Company.

COMPOSITION, SEGREGATION OF DUTIES AND REIMBURSEMENT OF THE BOARD OF DIRECTORS - SHARE CAPITAL PARTICIPATION - REELECTION

The Board of Directors members as at 31 December 2017 and as at the date of the present report are presented in page 2. Details regarding the segregation of duties and the reimbursement of the Board of Directors members are included in Part I (A and B) and II (B) of the Board of Directors Report on Corporate Governance for 2017 respectively, which is presented after this Report. Additional information is provided in the part 'Report on Corporate Governance' of the present Report. Please also refer to note 39 of the consolidated and separate financial statements.

The percentages of participation in the Company's share capital that were held directly or indirectly by the members of the Board of Directors of the Company as at 31 December 2017 and 1 March 2018 are presented in notes 37 and 38 of the consolidated and separate financial statements.

According to article 94 of the Company's articles of association George Papaioannou and Anastasios Athanasiades resign and offer themselves for re-election.

Adamos Adamides, after restricting his service to one year following his re-eleciton in the Annual General Meeting of 2017, resigns and does not offer himself for re-election.

The Company's subsidiary companies' Board of Directors are comprised by executive directors.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The significant events after the reporting date that have a bearing on the understanding of the consolidated and separate financial statements are presented in note 43.

PROPOSALS REGARDING PROFIT DISTRIBUTION, ABSORPTION OF LOSSES AND FORMATION OF PROVISIONS

The Board of Directors decided to propose for approval at the Annual General Meeting of the shareholders, a final dividend of €4.815.174 for 2017, which corresponds to €0,065 cent per share and in percentage terms to 30,8% of the profits for the year attributable to the Company's shareholders.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors of the Company has decided on 6 March 2003 to implement all the provisions of the Corporate Governance Code ('the Code') which was issued by the Cyprus Stock Exchange (CSE) Board. The Code is implemented as amended from time to time. The Code is also uploaded on the Company's Website and the Board of Directors Corporate Governance Report for 2017 is presented after the present Consolidated and Separate Management Report. The Report and the Consolidated and Separate (of Parent Company's) Financial Statements are announced and uploaded both on the Cyprus Stock Exchange and Company's website.

There are no material deviations from the provisions of the Code.

The internal control and risk management systems ensure the orderly operation of the Group and the adherence to the internal controls and procedures.

Through the internal control system, which it is under the supervision of the Audit Committee and the Risk Management Committee, the Company has implemented effective procedures for the compilation and preparation of the financial statements, as well as for the preparation of the periodic information reporting as required for the listed companies. The main characteristics of these procedures, in addition to what has already been stated above, are:

- The Financial Statements of the Subsidiary Companies of the Group are prepared with the responsibility of the Financial Controller of each company under the supervision of the Group Chief Financial Officer.

- The Financial Statements of the Group and the Company are prepared with the responsibility of the Company's Financial Controller under the supervision of the Group Chief Financial Officer.

- The announcements of the Group's results per quarter as well as the explanatory statements are prepared by the Group Chief Financial Officer and are reviewed by the Audit Committee. The relevant announcements are approved by the Board of Directors prior to their publication.

The shareholders who held, directly or indirectly, a significant interest (including indirect participation through pyramid structures or cross participations) in the Company are stated in note 38 of the consolidated and separate financial statements.

The Company's share capital is divided into ordinary shares with equal rights. There were no issued shares with preference control or voting rights.

Each Board Member is elected from the Company's shareholders general meeting or appointed from the Board of Directors. A Member who is appointed by the Board of Directors is mandatory to resign at the first annual general meeting following his appointment, where his election will be decided. In every annual general meeting one third of the oldest board members in terms of the time served on the board, retires and their reelection is decided on the annual general meeting, provided that they are available for reelection. Any member of the Board of Directors can be forced to an early retirement following a decision of the general meeting.

The Company's Articles of Association can be amended with a special resolution of the shareholders general meeting.

The Board of Directors' authority is general and it is only limited by the power given to the Company's shareholders' General Meeting either by the Law or the Company's Articles of Association. The decision for the issue of new shares, except the case where this relates to granting of shares to the members on the proportion of the shares already held, is taken by the general meeting and in any case the current legislation is applied to any information that is relevant. The right to purchase own shares of the Company , unless otherwise permitted by law, is given to the Board of Directors from the general meeting for a specific period with a special resolution.

The composition, the terms of execution and the operation of the directive, managerial and supervision bodies as defined by the Code are stated in the Board of Directors report on the Corporate Governance.

REPORT ON CORPORATE GOVERNANCE *(continued)*

The benefits arising from the diversity in the composition of the Board of Directors are recognised. The Board of Directors should be composed by members of high academic training and successful professional background taking also into account that the experience is a significant element of perception and fair judgement. However, the extent and the significance of these parametres should be evaluated in parallel to the necessity of age renewal. The necessity for diversity in the training and specialization of the directors to optimally cover the requirements of the Company's areas of operations, also exists. In the evaluation of these criteria no discrimination should be made in regards to the gender.

The policy for diversity is implemented by the Board of Directors at the appointment of the directors, following the recommendations of the Corporate Governance Code's Nomination Committee. The final decision is taken on the basis of objective criteria.

The composition of the Company's Board of Directors at the period under review is considered to be in adherence with the above mentioned policy and is as follows:

Adamos Adamides, 76 years old. Graduate of Ethniko and Kapodistriako University Law School of Athens. He exercised the profession of lawyer with a specific interest, among others, in the fields of Corporate Governance, Securities Law, Telecommunications Law and Public Contracts Law. He served as a Minister of Communications and Works and as a member of the Board of Directors of the Electricity Authority of Cyprus. He serves on the Board of Directors of the Company since 8 July 1999.

Varnavas Irinarchos, 59 years old. Graduate of Stockholm University Business Administration school and post graduate of the same University in Computers Science. He is an entrepreneur in the sector of information technology. He serves on the Board of Directors of the Company since 9 December 1986.

Takis Klerides, 66 years old. He holds a business Studies Diploma of the United Kingdom and he is a member of the Chartered Association of Certified Accountants- UK. He exercised the profession of Certified Accountant up to 1999. From 2003 onwards he exercises the profession of Business Consultant specialised in the field of banking, financing and insurance activities. He served as a Minister of Finance and he was a member of the Cyprus Assosiation of Certified Public Accountants' Board. He serves on the Board of Directors of the Company since 15 September 2003.

Nicos Michaelas, 45 years old. He holds a BSc Industrial Economics with Accounting of the Nottingham University and a PhD in financial economics from Manchester Business School. He is a Director of Operations specialised, among others, in the field of investments. He is also the chairman of the Association of Portfolio Investments and Mutual Funds and is a member of the Board of Directors of other public companies. He serves on the Board of Directors of the Company since 28 September 2006.

George Papaioannou, 55 years old. Graduate of Ehtniko Kapodistriako University Law School of Athens. From 1990 up to 2002 he served at the Law Office of the Republic of Cyprus, as an Attorney of the Republic with a specific interest in issues of administrative and criminal law. He took part in legal congresses and was a member of the anti-corruption committee of the Council of Europe. In 2002 he resigned from his position in the Republic's Law Office and since then he runs his own law firm in Nicosia, with specific interest in issues of criminal nature. He serves on the Board of Directors of the Company since 21 August 2008.

Anthoulis Papachristoforou, 49 years old. He holds a Bachelor's degree in Accounting and Finance from the London South Bank University, and a degree in Business Studies from the Institute of Commercial Management in Bournemouth, UK, and professionally specialised in the field of finance. He is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Certified Public Accountants of Cyprus (ICPAC). He serves on the Board of Directors since 17 November 2013.

REPORT ON CORPORATE GOVERNANCE *(continued)*

Anastasios Athanasiades, 49 years old. He holds a Bachelor of Arts Honors Degree in Economics, Accounting, and Finance from the University of Manchester. He is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA) and a member of the Institute of Certified Public Accountants of Cyprus. He exercises the profession of Certified Accountant and Tax Consultant, specializing on the issues of international tax and audit of financial statements. He served as Deputy Chairman and Deputy Government Commissioner of the Cyprus Securities and Exchange Commission until 2001. He serves on the Board of Directors of the Company since 7 December 2015.

The Corporate Governance Report of the members of the Board of Directors for the year 2017 is presented after the present Report.

INDEPENDENT AUDITORS

Taking into consideration the expiry of the maximum duration of the Company's statutory auditors,the process of the selection of new statutory auditors will be followed as required by the Auditors Law 53(I)/2017 and the EU Regulation 537/2014 of the European Parliament and Commission. The Board of Directors, following the recommendation of the Audit Committee, will submit a proposal for the appointment of new statutory auditors at the Annual General Meeting.

NON-FINANCIAL STATEMENT

The Non- Financial Report of the Company and the Group will be published by the 30th of June 2018.[1]

By order of the Board of Directors,

Adaminco Secretarial Limited
Secretary

Nicosia, 1 March 2018

1. Section 113, aa 151A.(9)(b) and 151B.(9)(b)

LOGICOM PUBLIC LIMITED

CORPORATE GOVERNANCE REPORT OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEAR 2017

I Part One -The Adoption of the Corporate Governance Code
II Part Two - The Implementation of the Corporate Governance Code

I. PART ONE – The Adoption of the Corporate Governance Code

A. THE COMPANY'S RESOLUTION– The Members of the Governance Committees

On 6 March 2003, the Company's Board of Directors resolved to implement all of the provisions of the Corporate Governance Code ("the Code") [2]. Through the Code Committees, the Company also implements the provisions of the Code for all its subsidiary companies, with the exception of the provisions concerning the composition of the boards of directors, where it is deemed that their composition is more effective by Executive directors.

During 2017, and up until the drafting of this Report, the positions of the officers and members of the Code Committees have been held by the following individuals:

1. **Reference Officer** *(§ A.2.5. of the Code The Board of Directors must appoint one of the Independent, Non-Executive Directors to be the Senior Independent Director. He/she shall be available to listen to the concerns of the shareholders which have not been resolved through normal communication channels).*

   George Papaioannou (Non-Executive, Independent Director).

2. **Nomination Committee** *(§ A.4.1. of the Code – A Nomination Committee must be established to present its views to the Board of Directors on recommendations for the appointment of new Directors. The majority of the Members of this Committee must be Non-Executive Directors and its Chairman may be either the Chairman of the Board of Directors (in case he/she is Non-Executive) or a Non-Executive Director. The Chairman and the members of the Nomination Committee must be stated in the Annual Report).*

   Adamos Adamides (Chairman, Non-Executive, Non-Independent Director), Varnavas Irinarchos (Executive Director), Takis Clerides (Non-Executive, Independent Director), George Papaioannou (Non-Executive, Independent Director) and Anastasios Athanasiades (Non-Executive, Independent Director).

3. **Remuneration Committee** *(§ B.1.1. of the Code –To avoid potential conflicts of interest, the Board of Directors must set up a Remuneration Committee comprising exclusively Non-Executive Directors which shall make recommendations to the Board of Directors, based on agreed terms of reference, on the framework and amount of the remuneration of the Executive Directors, determining on behalf of the Board of Directors specific remuneration packages for each Executive Director, including pension rights and any compensation payments. Companies are urged to include in the Remuneration Committee at least one member with knowledge and experience in remuneration policy.)*

   Takis Clerides (Chairman, Non-Executive, Independent Director), Nicos Michaelas (Non-Executive, Non-Independent Director) and Anastasios Athanasiades (Non-Executive, Independent Director).

2. The Corporate Governance Code in force is Annex 3 to RAA 379/2014 (4th Edition– April 2014). It is posted on the website of the CSE http://www.cse.com.cy/CMSPages/GetFile.aspx?guid=152de83a defa 48cb 8fb1 8230321dc5e5 as well as on the company's website http://www.logicom.net/EN/CorporateGovernance/Documents/Corporate%20Governance%20Code%20 %20September%202012.pdf

4. **Audit Committee** *(§ C.3.1. of the Code – The Board of Directors must set up an Audit Committee comprising at least two Non-Executive Directors with written terms of reference which must expressly set out their powers and duties. The members of the Committee, the majority of whom must be Independent Non-Executive Directors, must be stated in the Annual Report. The Chairman of the Committee or any other Member thereof must have experience in Accounting or Audit. The Committee must meet at regular intervals, at least four times a year).*
The Company's Audit Committee was recomposed in June 2017 for conformity purposes with the additional requirements of the Auditors Law 53(I)/2017, which refer to the composition being exclusively by non-executive board members with sufficient knowledge in the field in which the Company is operating and the appointment of the Chairman from the other members of the Committee or from the Supervisory Board.

Anastasios Athanasiades (Chairman, Non-Executive, Independent Director), Varnavas Irinarchos (Executive Director until 08/06/2017), Takis Clerides (Non-Executive, Independent Director), Nicos Michaelas (Non-Executive, Non-Independent Director), George Papaioannou (Non-Executive, Independent Director).

5. **Risk Management Committee** *(§ C.3.8. and § C.3.9 of the Code – The risk management systems are supervised by a separate Risk Management Committee which comprises Non-Executive Directors. The Risk Management Committee must meet at least once every quarter and its Chairman must report to the Board of Directors – All companies whose securities are listed in the Main Market are required to set up a Risk Management Committee […].)*

Nicos Michaelas (Chairman, Non-Executive, Non-Independent Director), Takis Clerides (Non-Executive, Independent Director) and Anastasios Athanasiades (Non-Executive, Independent Director).

6. **Corporate Governance Code Compliance Officer** *(§ C.3.7. of the Code – The Board of Directors must appoint a competent executive as Corporate Governance Code Compliance Officer).*

Adamos Adamides.

7. **Investor Liaison Officer***(§ D.2.4. of the Code – The Board of Directors must appoint a management executive or officer of the company as Investor Liaison Officer. The information pertaining to the company must be distributed to all shareholders fairly, timely and free of charge).*

Demos Anastasiou.

B. TERMS OF REFERENCE

The Terms of Reference of each Officer and Committee, approved by the Board of Directors upon their recommendation, are as follows:

B.1. Terms of Reference of the Reference Officer

The Reference Officer addresses the concerns and problems of the shareholders arising from their relations with the Company which have not been resolved through other communication procedures.

B.2. Terms of Reference of the Nomination Committee

2.1. The purpose of the Committee is to assist the Board of Directors in:
- finding qualified individuals to become members of the Board of Directors,
- determining the composition of the Board of Directors and its Committees,
- monitoring the procedures for the evaluation of the efficiency of the Board of Directors, and
- developing and implementing the Company’s Corporate Governance guidelines.

2.2. For this purpose, the Committee shall have the following powers and responsibilities:

a. Guide the search for qualified individuals to become members of the Board of Directors and select candidate directors to be proposed to the shareholders for approval at the annual general meeting. The Committee shall select candidate directors of utmost personal and professional integrity, who have demonstrated particular skill and judgment and are highly competent to work as a team, in collaboration with the other directors, in order to serve the long-term interests of the shareholders.
b. Review the composition of the committees of the Board of Directors and recommend to the Board the appointment of Directors to each committee. The Committee shall review and recommend the composition of the Committees on an annual basis and shall propose additional members to fill vacancies, if required.
c. Elaborate and propose Corporate Governance guidelines to the Board of Directors for approval. The Committee shall review these guidelines on an annual basis or more frequently if deemed necessary, and propose changes if required.
d. Elaborate and propose the annual reporting process on the work of the Board of Directors and its committees to the Board of Directors for approval. The Committee shall supervise the annual reports.
e. Review, on an annual basis, the remuneration and benefits of the Directors.
f. Delegate any of its responsibilities to sub-committees, as the Committee shall deem appropriate.
g. Assign investigations on candidate directors and retain external advisors, as the Committee shall deem appropriate. The Committee shall have exclusive power to approve the relevant remuneration and terms of reference.

2.3. The Committee shall have respective powers and responsibilities for the entire Group of the Company.

2.4. The Committee shall submit a report on its actions and recommendations to the Board of Directors after each meeting and shall prepare and present to the Board an annual performance report. The Committee shall review the adequacy of these terms of reference at least once a year and shall propose any changes to the Board of Directors for approval.

B.3. Terms of Reference of the Remuneration Committee

3.1. The purpose of the Committee is to have the overall responsibility arising from the obligations of the Board of Directors to control and determine the remuneration of the Company's executive officers.

3.2. In order to be able to fulfill its purpose, the Committee shall have the following powers and responsibilities:

a. Review the remuneration policy of executive or managing directors on a periodic basis, including the policy on share-based remuneration and its implementation.

   Similarly, it shall assess the degree of success and fulfillment of the objectives by each officer and, based on that assessment, shall recommend to the Board of Directors their proposed remuneration, including salary, bonus, incentives, etc. and the form in which these shall be paid (Share Options, etc.)

   The amount of the remuneration must be adequate, but not excessive, to attract and retain in the service of the Company, the Chief Executive Officer and the other Executive Directors that enhance the Company's management. Part of the remuneration of the Chief Executive Officer and the other Executive Directors must be determined in such manner as to link this remuneration to the performance of both the Company and the individual concerned.

   The Committee shall request the views of the Chairman and the Chief Executive Officer on the proposals relating to the remuneration of the other Executive Directors.

   The Remuneration Committee shall not determine the remuneration of the Directors for participating in activities of the committees. This shall be determined by the Company's Board of Directors.

b. Process and revise the incentive schemes for the Company's personnel and propose to the Board of Directors schemes or changes that will encourage the personnel to make even greater effort towards fulfilling the Company's objectives.
   The incentive schemes must:
   (i) Aim at the long-term increase of the performance of the incentives, in order to encourage officers and other members of personnel to remain with the Company;
   (ii) Not burden the Company's profitability; and

(iii) Be compatible with the shareholders' interests.

3.3.

a. The Committee shall be able to access professional advice both within and outside the Company and take into consideration the remuneration paid in comparable companies in view of determining the remuneration of the Chief Executive Officer and other Executive Directors, with due regard to the principle of maintaining and increasing the performance of the Company and/or the area of responsibility of each officer in question and that remuneration increases must reflect a corresponding improvement in the Company's performance.
b. When determining salary increases, the Remuneration Committee must take into consideration the terms of remuneration and employment conditions at all levels of the Company, so that all members of personnel perceive the distribution by the Company of its positive results as being equitable, to the extent that this reflects their role and contribution towards improving the Company's performance.
c. The Committee must examine the compensation-related commitments (including pension contributions) arising from the employment contracts of the Chief Executive Officer and other Executive Directors, if any, in case of early termination, and pursue the inclusion of an express provision on this matter in the initial contract. The employment contracts of these Officers must not include provisions which may reasonably be considered as prohibitive in cases of acquisition or merger of the Company, nor provisions that burden the Company with any fines that may be imposed on the Directors.
d. In case the initial contract does not include an express provision on compensation-related commitments, in case of early removal, the Committee must, in accordance with the legal framework and depending on the specificities of each case, adapt its approach with the broader aim of avoiding the reward of decreased performance, applying fair treatment where the removal is not due to decreased performance and ensuring strict treatment aiming at reducing compensation in the cases of retiring Executive Directors so as to reflect the obligation of those retiring to mitigate the loss.

3.4. The Committee has respective powers and responsibilities for the entire Group of the Company.

3.5. The Committee shall prepare the Annual Remuneration Report which shall be submitted by the Board of Directors to the Company's shareholders as well as the part of the Corporate Governance Report which relates to the remuneration of the Directors, in accordance with the instructions and provisions of the Corporate Governance Code of the Cyprus Stock Exchange.

B.4. Terms of Reference of the Audit Committee

4.1. The role of the Committee is to assist the Board of Directors in supervising the quality and accuracy of the Company's financial statements, complying with legal and administrative rules, examining the professional level of the auditors, their audit work and independence, as well as the performance of the internal control. The Chairman of the Audit Committee must have experience in Accounting or Finance.

4.2. The number of the Committee's Members is determined by the Board of Directors. The majority of the Members must be Non-Executive Directors.

4.3. The Committee's duties and responsibilities are as follows:

a. Assess the standard of internal audit, review the Company's internal financial controls and internal control systems and ensure the implementation of the provisions of the Corporate Governance Code relating to the staffing, operation and independence of the Department.
b. Review all of the Company's financial statements and overview of the financial information procedure and the submission of recommendations or suggestions for the safeguard of its integrity.
c. Make suggestions and recommendations for improving the management control.
d. Review circulars, financial reports or other information relating to the rights of the shareholders before these are forwarded to them.
e. Responsibility for the procedure of selection and appointment suggestion of the statutory auditors or audit firms.
f. Inform the Board of Directors about the results of the statutory audit and the explanation of the statutory audit contribution to the integrity of the financial information and the role of the Committee in this procedure.
g. Assume responsibility for the Company's relations with the statutory auditors in general, including discussions on the auditors' personnel who shall be responsible for the Company's audit.

h. Review the extent and effectiveness of the audit as well as of the independence and effectiveness of the statutory auditors or audit firms and especially the adequacy of the provision of non audit services from the statutory auditors based on the current legislation.
i. Monitor the observations/suggestions of the statutory auditors on the Company's management, the preparation and presentation of its financial statements and the monitoring of their implementation.
j. Submit to the Board of Directors an annual report which includes:
   (i) The remuneration for auditing and advisory services paid to the Company's Statutory Auditors by the Company and its subsidiaries
   (ii) The assignment to Auditors of advisory duties if deemed essential, either on the basis of the significance of the matter for the Company and its subsidiaries or on the basis of the remuneration to the statutory auditors.
k. Supervise the selection procedures by the Chief Financial Officer of the Accounting Policies and Accounting Estimates used in the Company's financial statements.
l. Draft, with the assistance of the Corporate Governance Code Compliance Officer, the Board of Directors' Report on Corporate Governance, to be included in the Company' Annual Report.
m. Review the Company's transactions referred to in paragraph A.1.2 (g) of the Corporate Governance Code in order to ensure they are carried out at arm's length.

4.4 The Committee has respective powers and duties for the entire Group of the Company

B.5. Terms of Reference of the Risk Management Committee

5.1. The Committee has the following objectives:
   a. Form its strategy for undertaking every form of risk that corresponds to the Company's corporate objectives and the adequacy of available resources in both technical means and personnel.
   b. Verify the independence, adequacy and effectiveness of the functioning of the Risk Management Directorate of which the Committee shall have responsibility to appoint and supervise.
   c. Ensure the development and ongoing effectiveness of the internal risk management system and its integration into the business decision making process with regard to any form of risk.
   d. Determine the principles that must regulate the risk management in terms of identification, prediction, measurement, monitoring, control and addressing them, in accordance with the business strategy implemented at the time and adequacy of available resources.
   e. Be informed on a regular basis and monitor the Company's overall risk profile, guide the Risk Management Directorate in the implementation of the risk taking strategy and their policy management.
   f. Ensure that the Company's Board of Directors is adequately informed in relation to all issues regarding the underwriting strategy, the tolerance level and risk profile when executing its strategic and supervisory duties.

5.2. The Committee has the following powers and responsibilities:

   a. Investigate any activity that falls within the scope of its operation and obtain all necessary information.

   b. To appoint external, legal or other professional consultants who will be deemed necessary for the implementation of its work and to secure resources for the payment of the respective remunerations and expenses.

   c. To form on an annual basis and suggest to the Board of Directors the risk undertaking strategy of the Company, to observe the implementation of the Board of Directors' relevant decisions and to suggest appropriate amendments.

   d. To approve and review on an annual basis and any other time that this is required, the risk management principles and policies.

   e. To obtain and review the quarterly submitted Risk Management reports relevant to the Company's total risk tolerance level and the impovement and efficiency of the risk management process, to inform the Board of Directors about the significant risks that the Company has undertaken and to observe and confirm their effective treatment.

f. To annually assess the adequacy and effectiveness of the Company's risk management policy based on the annual Risk Management report and especially its adherence to the defined risk tolerance level.

g. To formulate suggestions and recommend corrective actions to the Board of Directors, in the case where it identifies a weakness in the implementation of the strategy that has been formed for the Company's risk management or deviations on its implementation.

h. To formulate suggestions to the Board of Directors regarding any matter that falls within its purpose and duties.

i. To prepare and review a Risk Management Manual which will record:
   i. The Company's risk management policy (risk appetite/tolerance, risk capacity, risk target, actual risks),
   ii. The amount of the audit and advisory remuneration paid by the Company and its subsidiaries to the Auditors of the Company.
   iii. The procedure of Risk Management (risk measurement, risk control, risk mitigation, risk monitoring and performance).

5.3. The Committee has respective powers and duties for the entire Group of the Company.

B.6. Terms of Reference of the Compliance Officer

The Compliance Officer is responsible for the implementation of the Code. In performing his duties, he may consult with the other members of the Board of Directors and obtain advice from the Company's internal and external advisors, as the case may be. The Directors may address the Compliance Officer to ensure that their actions are in full compliance with the Code. The Directors who are informed or suspect that a breach of the Code has occurred or may occur must immediately notify the Compliance Officer.

B.7. Terms of Reference of the Investor Liaison Officer

The Investor Liaison Officer shall act in order to:

1. Ensure the ongoing and smooth communication with all the shareholders;
2. Provide the shareholders with sound and accurate information on material changes in the Company concerning its financial situation, performance, assets and their governance, in an ongoing and timely manner;
3. Encourage the shareholders to have a greater participation in the General Meetings and their business and provide them with the opportunity to express their views on various matters affecting the Company;
4. Where deemed necessary by the Board of Directors, organize meetings, workshops, seminars and lectures aimed at providing additional information to investors;
5. Ensure the Company's presence and participation in press conferences, meetings and other activities that may be organized by the Cyprus Stock Exchange in Cyprus and abroad.

The Investor Liaison Officer must have knowledge of the Company's financial situation and growth strategy and be updated on any significant developments in the Company.

B.8. B.8. The Corporate Governance Code applicable at any time

The Terms of Reference of the Committees and the Officers will also include all powers and responsibilities provided for in the Corporate Governance Code applicable at any time.

II. PART TWO – The Implementation of the Corporate Governance Code

A. DIRECTORS

A.1. Board of Directors

During 2017, the Board of Directors held 12 meetings. It has also taken 40 Written Decisions according to the article 112 of the Company's Article of Association. The Board's regular meetings were scheduled for the last Thursday of each month. The Company's Management is aware of the schedule of the meetings of the Board of Directors and the issues on the agenda, where deemed advisable. The Group Planning and Development Manager, the Director of Distribution, the Group Director of Sales, Marketing and Services, and the Director of Group Operations as a rule, attend the meetings of the Board of Directors.

The Directors hold offices on other boards of directors as well. Unless otherwise expressly stated, holding such offices on other boards of directors does not affect the Board of Directors' independence.

The exclusive responsibility of the Board of Directors covers all the matters set out in provision A.1.2. of the Code.

In view of the better exercise of their duties, Directors may obtain independent, professional advice at the Company's expense, provided they notify the Board of Directors or, in exceptional cases, the Chairman or another member of the Board of Directors. The Directors have access to the advice and services of the Company's Secretary.

It is deemed that the judgment of the Directors is impartial and independent and is taken in the interests of the Company and, by extension, of its shareholders.

There is no specific training programme for the Directors in relation to the legislation on the Stock Exchange and the companies. They are, however, informed about the basic provisions that regulate the status and function of directors of public companies and the relevant amendments made from time to time.

The responsibilities of the Board of Directors are exercised collectively and performed with the authorization granted by the Managing Director.

The managerial staff is considered to be the backbone of the Company's business and the employment procedure follows rational criteria aimed at recruiting the best available candidates under the circumstances.

A.2. Balance in the Board of Directors

The Board of Directors comprises seven members (Adamos Adamides, Varnavas Irinarchos, Takis Clerides, Nicos Michaelas, George Papaioannou, Anthoulis Papachristoforou and Anastasios Athanasiades).

Adamos Adamides, Takis Clerides, Nicos Michaelas, George Papaioannou and Anastasios Athanasiades are Non-Executive Directors.

Based on the criteria of the Code, amongst the Non-Executive Directors, Anastasios Athanasiades is an Independent Director.

On 15/09/2012 Takis Clerides and on 21/08/2017 Geroge Papaioannou completed nine years of service on the Board of Directors and according to provision A.2.3.(h) of the Code, following that date they ought to have been considered as Non-Independent. However, the Board of Directors is of the opinion that their personality, scientific knowledge, professional experience and background, on the one hand, and proven objectivity and impartiality in the exercise of their duties as Directors of the Company on the other, as well as the absence of any interconnection with the Management or the Main Shareholders and of any direct or indirect conflict of interest with the interests of the Company and its shareholders, confirm and guarantee that their independence is not affected. For the reasons stated above, the Board of Directors considers them to be Independent Directors.

Amongst the Non-Executive Directors, Adamos Adamides was at the material time a partner in the firm of the Company's legal advisors and a member of the board of directors of the Company's Secretary.

The Chairman of the Company is Adamos Adamides and the Chief Executive Officer is the Vice-Chairman and Managing Director Varnavas Irinarchos and from 24/08/2017 Deputy Chief Executive and Managing Director Anthoulis Papachristoforou.

Anthoulis Papachristoforou is the Group's Chief Financial Officer.

Pursuant to provision A.2.3.(g) of the Code, Nicos Michaelas is considered to be Non-Independent.

Based on the above, out of the seven members of the Board of Directors, excluding the Chairman, three are Independent Directors, two are Executive Directors and one is a Non-Independent Director.

Independent Directors have confirmed their independence in accordance with the criteria laid down in provision A.2.3. of the Code.

There have been no issues between the Shareholders and the Company and no reports have been made to the Compliance Officer to resolve any such issues.

A.3. Provision of Information

The Board of Directors has been regularly informed about the Company's financial situation and prospects. Directors are notified of the items to be discussed prior to the meetings.

The businesses of the Board of Directors are held on the basis of the agenda which is drafted following liaison between the Chairman, the Managing Director and the other members of the Board and forwarded to the Secretary at least three days prior to the date set for the meeting. In addition to the issues on the agenda, at its meetings the Board of Directors also addresses issues raised by the Directors after the drafting of the agenda.

The minutes of each meeting are prepared and forwarded to the members of the Board of Directors prior to the date of the next meeting and, upon approval, are signed by all Directors present at the meeting in question.

A.4. Appointments to the Board of Directors

The composition of the Nomination Committee is set out in Part I.A.2. of this Report. The majority of the Members of the Nomination Committee are Non-Executive Directors and its chairman is the Chairman of the Company's Board of Directors. The Terms of Reference of the Nomination Committee are set out in Part I under B.2., with reference also to paragraph 1.B.8.

A.5. Re-election

According to article 94 of the Company's Articles of Association, at every Annual General Meeting 1/3 of the members of the Board of Directors (or the nearest percentage thereof) retires by rotation. Moreover, according to Provision A.5 of the Code, Directors are required to resign […] at least every three years […] but may offer themselves for re-election.

The members of the Board of Directors retiring by rotation at the Annual General Meeting of 2018 are George Papaioannou and Anastasios Athanasiades who offer themselves for re-election.
Adamos Adamides after restricting his service to one year following his re-eleciton in the Annual General Meeting of 2017, resigns and does not offer himself for re-election.

George Papaioannou was born in Nicosia in 1962. Graduate of Ehtniko Kapodistriako University Law School of Athens. He was distinguished in the academic studies and excelled at the law profession entry exams. From 1990 up to 2002 he served at the Law Office of the Republic of Cyprus, as an Attorney of the Republic with a specific interest in issues of administrative and criminal law. He took part in legal congresses and was a member of the anti-corruption committee in the Council of Europe. In 2002 he resigned from his position in the Republic's Law Office and he runs his own law firm in Nicosia.

Anastasios Athanasiades was born on 16/03/1969. He holds a Bachelor of Arts Honors Degree in Economics, Accounting, and Finance from the University of Manchester, United Kingdom in 1991. In Cyprus, he was employed by Coopers and Lybrand as Audit Manager from 1994 to 1996, before moving to the Public Sector (Treasury of the Republic of Cyprus). There, he was in charge of the Ministry's Internal Audit from 1996 to 2000. In 2000, he was appointed by the Council of Ministers as Deputy Chairman and Deputy Government Commissioner of the Cyprus Securities and Exchange Commission until 2001. He has since been engaged in the auditing of financial statements. He is a member of the Institute of Certified Public Accountants of Cyprus and Fellow of the Institute of Chartered Accountants in England and Wales. He specializes in the audit of financial statements and international tax.

Save as stated above, no member of the Board has been elected or re-elected for a period exceeding three years.

B. REMUNERATION OF DIRECTORS

B.1. Procedure

The composition of the Remuneration Committee is set out in Part I.A.3 of this Report. The Members of the Committee are Non-Executive Directors and have no business or other relationship that could materially affect the performance of their duties. The majority of the Members are Independent Directors. Due to his long-standing experience with a business consulting firm, the Chairman of the Remuneration Committee has knowledge and experience in remuneration policy issues. The Terms of Reference of the Remuneration Committee are set out in Part I.B.3 with reference also to paragraph I.B.8.

B.2. The level and composition of the remuneration – Remuneration Policy

In the year under review, it was not deemed necessary to use the services of a consultant on market standards for remuneration systems.
The Company's policy on the remuneration of its managerial staff consists in correlating remuneration to individual performance and the Company's overall progress and the competitive comparison against other businesses of similar operations and comparable size. The bonus' calculation is connected to the net profitability of the business sector/division in which the managerial staff works.

The report of the Remuneration Committee was approved by the Board of Directors and is submitted to the Company's shareholders for approval as part of this Report and of the Annual Report.

B.3. Notification

The remuneration and other benefits of the Executive Directors in 2017 were as follows:

Varnavas Irinarchos, Managing Director- €176.800 (Salary €151.800 plus Entertainment Expenses €25.000). Running and maintenance costs of privately owned car are also covered, amounting to €15.629 in the period under review. His employment contract was renewed and is valid from 01/01/2018 until 31/12/2018 with a salary of €150.000 plus entertainment expenses of €25.000 plus running and maintenance costs of privately owned car.

Anthoulis Papachristoforou, Deputy Managing Director- €175.800 (Salary €151.800 plus Entertainment Expenses €24.000). He is provided with a car the value of which was fully depreciated in 2012 and the relevant running and maintenance costs amounting to €4.674 in the period under review are covered.

The Executive Directors participate in the Share Option or other Bonus Schemes, if and where applicable to the Company's regular personnel, but are not remunerated for their participation in the Board of Directors and its committees. No Share Option Schemes or Options were in force during 2017 and are not in force at the present time.

The remuneration of the Non-Executive Directors for their participation in the Board of Directors is determined by the Annual General Meeting. According to the resolution taken in the Annual General Meeting of 2008 and repeated in the Annual General Meetings of 2009, 2010, 2011 and 2012, the remuneration of the Chairman was determined on an annual lump sum amount of €20.000 plus €500 per participation at the meetings of the Board of Directors, while for the other Non-Executive Directors it was determined on an annual lump sum amount of €2.500 plus €350 per participation at the meetings of the Board of Directors. The chairman of the Audit Committee is remunerated with an additional annual lump sum amount of €1.000. The Annual General Meeting of 2013, with the abstention of the shareholding company controlled by the Vice-Chairman and Managing Director, adopted the recommendation of the Chairman and the Non-Executive Members of the Board of Directors to reduce their remuneration by 20% that was submitted taking into account the prevailing conditions as a result of the economic crisis. Therefore, the remuneration of the Chairman at the time was revised to an annual lump sum amount of €16.000 plus €400 for every Board meeting attended and of the other Non-Executive Directors to the annual lump sum amount of €2.000 plus €280 for every Board meeting attended, while the additional lump sum amount for the chairman of the Audit Committee was revised to €800. At the Annual General Meeting of 2015 it was resolved to restore the remuneration of the Non-Executive Members of the Board to the levels that had been determined at the Annual General Meeting of 2008.

Unless otherwise resolved by the Board of Directors, the remuneration of the Non-Executive Directors for their participation in the Committees set up pursuant to the Code, is equal to their remuneration for participating in the Board of Directors meetings.

The above arrangements were maintained by resolution of the Annual General Meeting of 2016 and 2017.

The total remuneration received by Non-Executive Directors in 2017 relating to the period between the Annual General Meetings of 2016 and 2017 is as follows: Adamos Adamides (Chairman) €26.050 Takis Clerides €10.200, Nicos Michaelas €11.600, George Papaioannou €9.500 and Anastasios Athanasiades €12.600.

Total fees for legal and advisory services provided by the law firm Skordis, Papapetrou & Co LLC, as well as the total fees for Adaminco Secretarial Ltd, which provides Secretarial services to the Group’s companies, are referred to in Note 8 Administrative expenses, to the Consolidated and Separate Financial Statements.

No remuneration is paid for the participation of members of the Company’s Board of Directors in the boards of directors of its subsidiary companies.

C. RESPONSIBILITY AND INTERNAL AUDIT – RISK MANAGEMENT

C.1. Financial Statements

The notifications, reports and statements of the Company, reflect the true picture of the Board of Directors data and estimates at the material time. Notifications are issued where required under statutory obligations and where deemed advisable in order to provide shareholders and investors in general with timely information.

The Company intends to continue to operate as a going concern for the next 12 months.

C.2. Internal Control and Risk Management Systems

The internal control services are carried out by the Internal Audit Department, headed by Mr. Michael Kourtellas, member of the Association of Chartered Certified Accountants.

The Company’s statutory auditors do not provide internal audit services.

The Directors have reviewed the Company’s internal control systems as well as the procedures for verifying the accuracy, completeness and validity of the information provided to investors and confirm their effectiveness. The review carried out and the confirmation provided covers all the control systems including financial and operational systems as well as compliance and risk management systems that threaten the fulfillment of the Company’s objectives and in respect of which relevant procedures apply and the Internal Auditor has submitted a relevant report.

The Board of Directors has not become aware of any breach of the Laws and Regulations that regulate the operation of the Cyprus Stock Exchange and the Securities and Exchange Commission.

No loans or guarantees have been granted to any Directors (or to any person associated with the same within the first degree or to their spouses or to companies in which they hold more than 20% of the voting rights) of the Company or the Company's subsidiaries either by the Company itself or its subsidiaries or by a company associated with the Company and, with the exception of normal business practice, there are no amounts receivable from a Director or any person associated therewith as stated above.

C.3. Audit Committee, Auditors and Compliance with the Code – Risk Management Committee

The Audit Committee comprises four members and its composition is set out in Part I.A.4 of this Report. Its Chairman and two of the members are Non-Executive, Independent Directors and have no business or other relationship that could materially affect the exercise of their duties. The other member is an Executive Director and the other is a Non-Executive, Non-Independent Director. The Terms of Reference of the Audit Committee are set out in Part I.B.4 with additional reference in paragraph I.B.8. The Chairman of the audit Committee has experience in Accounting and Audit and is a Qualified Accountant/Auditor. The members of the Committee, as a whole, have sufficient experience in the area in which the Company operates.

In 2017, the Audit Committee held 8[3] meetings and, as per its Terms of Reference, examined, amongst other issues, the issues related to the services of the Auditors, which have been found to be adequate, including their remuneration, which it considers reasonable. The relevant report has been submitted to the Board of Directors.

The statutory auditors and the entities belonging to the same group as the statutory auditors of the company do not provide to the Company any other services which as statutory auditors are not allowed to provide.

The accounting policies and accounting estimates followed are deemed to be satisfactory. The Company has adopted the International Financial Reporting Standards in relation to its business.

There have been no material transactions of the Company or its subsidiaries or associated companies, of any kind, in which the Chief Executive Officer, a senior management executive, secretary, auditor or major shareholder of the Company holding directly or indirectly more than 5% of the Company's issued share capital or voting rights, has any material interest, either directly or indirectly.

It is hereby confirmed that the Company has complied with the provisions of the Code.

This Report was drafted with the assistance of the Compliance Officer.

3. On 07/02/2017, 21/03/2017, 02/05/2017, 25/05/2017, 02/06/2017, 27/07/2017, 03/10/2017, 23/10/2017

Risk Management Committee

The Risk Management Committee comprises three members who are Non-Executive Directors. Its composition is set out in Part I.A.5 of this Report. The Committee's Terms of Reference are set out in Part I.B.5 with additional reference in paragraph I.B.8.

The Risk Management Committee has perused, approved and adopted a Risk Management Manual, prepared by the Company's Internal Auditor, which records in detail, the categories of risks encountered by the Company and the Management's policy and procedures for addressing these risks.

In 2017, the Risk Management Committee held 4 meetings. At the quarterly meetings of the Committee, the Management presented the results of the methods and processes of managing the risks based on the Manual and the Committee confirmed the ongoing effectiveness of the internal risk management system and its continuous development across the range of the Company's operations. The Chairman of the Committee informed the Board of Directors accordingly.

D. RELATIONSHIP WITH SHAREHOLDERS

D.1. Constructive use of the Annual General Meeting

The Annual General Meeting was convened and held in accordance with legal and regulatory provisions as well as with the provisions of the Corporate Governance Code.

The procedures followed at the general meetings permit, challenge and support the participation of the shareholders in the discussion of the issues on the agenda and the adoption of relevant resolutions. The shareholders are provided with satisfactory evidence and adequate time is provided for investigation and additional explanations in relation to the issues concerning extraordinary business at the annual general meetings or issues relating to the agenda of an extraordinary general meeting. Prior to and after concluding the business of the general meetings, opportunities are provided for communication and discussion amongst the shareholders and the members of the Board of Directors and the other officers and management executives of the Company.

D.2. Equal Treatment of Shareholders

The entire authorized and issued share capital is divided into ordinary shares and there are no shareholders holding any titles with varied rights in relation to the exercise of voting rights or participation in the Company's profits. During voting, every shareholder is entitled to one vote for every share held.

Participation in the general meeting by proxy requires authorizations for which relevant forms are proposed and attached to the invitation.

The invitations are sent out within the deadlines determined by the Companies Law.

Provided they represent an adequate number of shares (5%), shareholders may propose issues to be discussed at the general meetings of the shareholders in accordance with the procedures established by the Companies Law.

The members of the Board of Directors and management executives are aware of their obligations, subject to their ongoing obligations for immediate announcement, to communicate information to the Board of Directors and to the shareholders through the Company's annual report and the accounts, relating to any material own interest which may arise from Company's transactions that fall within their duties, as well as any other conflicts of interest with those of the Company or its associated companies arising in the performance of their duties.

The information concerning the Company is provided to all shareholders fairly, promptly and free of charge.

The Company has a website providing information on important developments in the Company's operations, including the announcements made to the Stock Exchange, and allows visitors to personally contact the Investor Liaison Officer.

The Company’s announcements and reports provide prompt and accurate information on the material changes concerning the Group and its business, including issues relating to the Company’s financial statements, the objectives and activities, as amended, the main shareholders and voting rights, material foreseeable risks, material issues concerning employees (upgrading and restructuring of personnel) and the shareholders, governance structure and policies and the Company’s extraordinary transactions.

Nicosia, 1 March 2018

By order of the Board of Directors,

Adaminco Secretarial Limited
Secretary of Logicom Public Limited

Independent Auditors' report

To the Members of Logicom Public Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Logicom Public Limited and its subsidiaries ("the Group") and the separate financial statements of Logicom Public Limited (the "Company"), which are presented on pages 36 to 129 and comprise the consolidated statement of financial position and statement of financial position as at 31 December 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows and statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the year then ended, and including, a summary of significant accounting policies and notes to the consolidated and separate financial statements.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report.

We remained independent of the Group throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

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

<table>
<tr><td colspan="2">Valuation of trade receivables for the Group and trade receivables and other receivables for the Company</td></tr>
<tr><td colspan="2">Refer to notes 22 and 35 to the consolidated and separate financial statements</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The significance of the balances for the Group and the Company, the general economic and political environment in the countries the Group is operating in which creates a risk concerning the recoverability of these balances and the uncertainty regarding the estimation of the provision for doubtful debts, constitute the valuation of these balances one of the key audit matters.</td><td>Audit procedures performed included the following:
Assessment of the operational effectiveness of the controls in relation to the insurance of the Group's customers;
Review of subsequent to the year-end cash receipts;
Assessment of the Group's experience in developing expectations regarding provision for doubtful debts taking into account the expectations of the previous years and whether these expectations were representative of the future conditions and events;
Assessment of the reasonableness of the assumptions and information taken into account in the calculation of the provision for doubtful debts such as the age of the balances, the characteristics of the customers and the countries in which the Group is operating, the extent of the insurance coverage and whether the amounts have been recovered post year end.</td></tr>
</table>

Valuation of inventories for the Group and the Company	
Refer to note 21 to the consolidated and separate financial statements	
The key audit matter	**How the matter was addressed in our audit**
Considering that the activities of the Group include the provision of high tech products and the fact that this industry is characterized by rapid developments and changes, there is a risk that the inventories held at year end may be slow moving or that they may have suffered a decrease in value. The uncertainty that accompanies the estimate of the provision for slow moving stock constitute the valuation of these balances one of the key audit matters.	Audit procedures performed included the following: • Assessment of the Group's experience in developing expectations regarding provision for slow moving stock taking into account the expectations of the previous years and whether these expectations were representative of the future conditions and events; • Assessment of the amount of provision for slow moving stock based on the characteristics of the country in which the inventories are held, the age and type of inventories, their marketability as well as the Group's option for stock rotation and price protection from the vendors; • Comparison of the carrying value of inventories with their net realizable value.

Amount payable and share of loss from related company for the Group and amount payable from subsidiary company for the Company	
Refer to notes 22 and 42 to the consolidated and separate financial statements	
The key audit matter	**How the matter was addressed in our audit**
The Group and the Company have significant receivable balances from M.N. Larnaca Desalination Co. Limited (the "desalination company"), as a result of financing the desalination project in Larnaca through its subsidiary, Verendrya Ventures Limited.	Audit procedures performed included the following: • Assessment of the reasonableness of the assumptions used to determine the value of significant assets of the desalination company, in comparison with statistical and other data, and consequently the share of loss recognized in the Group; • Review of the expected discounted cash flows of the subsidiary company Verendrya Ventures Limited which consists of the expected discounted cashflows of the desalination company in Larnaca as well as those of the company that has undertaken the similar project of the desalination unit in Limassol to determine a possible impairment on the amount payable by Verendrya Ventures Limited to the Company;

The share of the results and the impairment of the amount due by the desalination company which were recognized during the year have been determined on the basis of assumptions and estimates that involve inherent uncertainty in the calculation of the expected discounted cash flows in relation to the desalination project. The subject matter is one of the key issues that the Board of Directors has exercised significant judgment and therefore is one of the key audit matters.	• Evaluate the reasonableness of the estimates and assumptions used to calculate the expected discounted cashflows from the desalination company in Larnaca such as the validity of the claims in favor and against the desalination company in Larnaca on the basis of legal advice received from the Group's legal advisors and the level of compensation that the desalination company is expected to receive based on the opinion of its advisors which are specialized in the subject matter, the level of the expected inflows and outflows resulting from the normal operations of the desalination company and the review of the calculation of the impairment resulting from the assessment of a possible impairment of the amount owed by the desalination company to Verendrya Ventures Limited and ultimately to the Group. • Assessment of the Group's experience in developing expectations in relation to the expected future inflows and outflows taking into account the expectations of the previous years and whether these expectations were representative of the future conditions and events.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the management report and the consolidated management report and the corporate governance statement, but does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

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

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

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

In preparing the consolidated and separate financial statements, the Board of Directors is responsible for assessing the 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 the Board of Directors either intends to liquidate the Company and the Group or to cease operations, or there is no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Appointment of the Auditor and Period of Engagement

We were appointed first auditors of the Company since its incorporation in 1986 and since then our appointment is renewed annually by shareholder resolution.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated and separate financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 27 February 2018 in accordance with Article 11 of the European Union (EU) Regulation 537/2014.

Provision of Non-audit Services

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

Other legal requirements

Pursuant to the additional requirements of the Auditors Law of 2017 N.53(I)/2017, as amended from time to time ("N.53(I)/2017"), and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report and the consolidated management report, which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap. 113, and the information given is consistent with the consolidated and separate financial statements.
- In the light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit of the consolidated and separate financial statements, we are required to report if we have identified material misstatements in the management report and the consolidated management report. We have nothing to report in this respect.
- In our opinion, the information included in the corporate governance statement which are presented in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the management report and the consolidated management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the consolidated and separate financial statements.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Company and Group and their environment obtained in the course of the audit of the consolidated and separate financial statements, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other Matter

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

The engagement partner on the audit resulting in this independent auditors' report is Maria A. Karantoni.

Maria A. Karantoni, FCA
Certified Public Accountant and Registered Auditor
for and on behalf of
KPMG Limited

Certified Public Accountants and Registered Auditors
14 Esperidon street
1087 Nicosia
Cyprus

1 March 2018

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	2017 €	2016 €
Revenue	5	865.808.647	799.131.522
Cost of sales		(804.898.678)	(742.686.033)
Gross profit		60.909.969	56.445.489
Other income	6	2.163.417	1.199.137
Other expenses	7	(2.244.282)	(9.199)
Administrative expenses	8	(37.975.208)	(36.465.495)
Profit from operations		22.853.896	21.169.932
Net foreign exchange profit		1.051.610	27.080
Interest receivable		1.481.184	1.277.720
Interest payable and bank charges		(7.185.218)	(7.583.370)
Net finance expenses	9	(4.652.424)	(6.278.570)
Share of loss of jointly controlled companies and partnership (net of taxation)	17	(409.162)	(1.508.930)
Profit before taxation		17.792.310	13.382.432
Taxation	10	(3.164.048)	(1.724.370)
Profit for the year after tax		14.628.262	11.658.062
Other comprehensive income that will not be reclassified to profit or loss in future periods			
Surplus on revaluation of land and buildings		-	1.455.891
Deferred taxation arising from revaluation of land and buildings		168.689	21.896
		168.689	1.477.787
Other comprehensive income that are to be reclassified to profit or loss in future periods			
Surplus/ (deficit) from revaluation of available for sale investments	9	1.151.284	(574.448)
Exchange difference from translation and consolidation of financial statements from foreign operations	9	(10.566.579)	3.126.261
Exchange difference in relation to hedge of a net investment in a foreign operation		3.069.531	(1.175.343)
Other comprehensive (expenses)/income for the year after tax		(6.177.075)	2.854.257
Total comprehensive income for the year after tax		8.451.187	14.512.319
Profit for the year after tax attributable to:			
Company's shareholders		15.624.710	12.214.872
Non-controlling interest		(996.448)	(556.810)
Profit for the year after tax		14.628.262	11.658.062
Total comprehensive income for the year after tax attributable to:			
Company's shareholders		9.447.635	15.069.129
Non-controlling interest		(996.448)	(556.810)
Total comprehensive income		8.451.187	14.512.319
Basic earnings per share (cent)	12	21,09	16,49
Diluted earnings per share (cent)	12	21,09	16,49

The notes on pages 41 to 120 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	2017 €	2016 €
Assets			
Property, plant and equipment	13	12.180.638	13.777.623
Intangible assets and goodwill	14	9.909.558	8.669.161
Available-for-sale investments	19	6.428.220	5.276.936
Trade and other receivables	22	21.129.431	22.557.386
Deferred taxation	31	1.619.047	2.315.497
Total non-current assets		51.266.894	52.596.603
Inventories	21	64.957.047	78.890.775
Trade and other receivables	22	181.643.637	157.598.708
Derivative financial instruments	20	-	239.944
Investments at fair value through profit and loss	18	16.448	16.448
Current tax assets	28	739.810	7.835.637
Cash and cash equivalents	23	38.582.807	39.266.277
Total current assets		285.939.749	283.847.789
Total assets		337.206.643	336.444.392
Equity			
Share capital	24	25.187.064	25.187.064
Reserves	25	64.169.458	58.796.201
Equity attributable to shareholders of the company		89.356.522	83.983.265
Non-controlling interest		(2.402.663)	(1.406.215)
Total equity		86.953.859	82.577.050
Liabilities			
Long-term loans	29	13.326.255	486.011
Trade and other payables	27	11.066.714	10.625.561
Deferred taxation	31	794.200	503.574
Provisions for other liabilities	26	2.139.532	1.729.765
Total non-current liabilities		27.326.701	13.344.911
Trade and other payables	27	109.987.681	113.725.335
Bank overdrafts	29	40.564.031	52.133.395
Short term loans	29	62.295.134	67.114.604
Current portion of long-term loans	29	4.423.077	3.307.399
Promissory notes	30	1.781.542	2.588.889
Derivative financial instruments	20	2.338.169	-
Current tax liabilities	28	1.483.489	1.581.810
Provisions for other liabilities	26	52.960	70.999
Total current liabilities		222.926.083	240.522.431
Total liabilities		250.252.784	253.867.342
Total equity and liabilities		337.206.643	336.444.392

The consolidated financial statements were approved by the Board of Directors of Logicom Public Limited on 1 March 2018.

....	....
Varnavas Irinarchos	Anthoulis Papachristoforou
Vice Chairman and Managing Director	Group Chief Financial Officer/ Director

The notes on pages 41 to 120 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2017

	Share capital €	Share Premium €	Revaluation Reserve €	Fair Value Reserve €	Difference arising on the conversion the share capital to Euro €	Hedge reserve €	Statutory reserve €	Translation reserve €	Retained earnings €	Total €	Non-controlling interest €	Total €
Balance at 1 January 2016	25.187.064	10.443.375	3.144.659	1.304.971	116.818	(9.331.678)	900.739	2.006.269	38.845.899	72.618.116	(849.405)	71.768.711
Total comprehensive income												
Profit for the year	-	-	-	-	-	-	-	-	12.214.872	12.214.872	(556.810)	11.658.062
Other comprehensive income	-	-	1.477.787	(574.448)	-	(1.175.343)	-	3.126.261	-	2.854.257	-	2.854.257
Transactions with owners of the Company, recognized directly in equity												
Proposed dividend for 2015 that was paid in 2016 (note 11)	-	-	-	-	-	-	-	-	(3.703.980)	(3.703.980)	-	(3.703.980)
Transfer	-	-	-	-	-	-	77.224	-	(77.224)	-	-	-
Revaluation reserve realised through use	-	-	(1.464)	-	-	-	-	-	1.464	-	-	-
Balance at 1 January 2017	25.187.064	10.443.375	4.620.982	730.523	116.818	(10.507.021)	977.963	5.132.530	47.281.031	83.983.265	(1.406.215)	82.577.050
Total comprehensive income												
Profit for the year	-	-	-	-	-	-	-	-	15.624.710	15.624.710	(996.448)	14.628.262
Other comprehensive income	-	-	168.689	1.151.284	-	3.069.531	-	(10.566.579)	-	(6.177.075)	-	(6.177.075)
Transactions with owners of the Company, recognized directly in equity												
Proposed dividend for 2016 that was paid in 2017 (note 11)	-	-	-	-	-	-	-	-	(4.074.378)	(4.074.378)	-	(4.074.378)
Transfer	-	-	-	-	-	-	400.467	-	(400.467)	-	-	-
Revaluation reserve realised through use	-	-	(28.844)	-	-	-	-	-	28.844	-	-	-
Balance at 31 December 2017	25.187.064	10.443.375	4.760.827	1.881.807	116.818	(7.437.490)	1.378.430	(5.434.049)	58.459.740	89.356.522	(2.402.663)	86.953.859

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

Retained earnings is the only reserve that is available for distribution.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2017

	Note	2017 €	2016 €
Cash flows from operations			
Profit for the year after tax		14.628.262	11.658.062
Adjustments for:			
Exchange differences		(9.392.460)	1.687.102
Depreciation	13	1.320.144	1.275.272
Depreciation on leased property, plant and equipment	13	421.161	506.440
Interest payable		6.209.496	6.332.109
Interest receivable	9	(1.481.184)	(1.277.720)
Change in fair value of derivative financial instruments		2.576.032	(694.463)
Realised exchange profit on derivative financial instruments		2.081	-
Share of loss of jointly controlled companies and partnership after tax	17	409.162	1.508.930
Loss on revaluation of investments at fair value through profit and loss		-	7.187
Profit from bargain purchase of operations		(661.459)	-
Impairment of available-for-sale investments	19	-	2.012
Impairement of the loan receivable from jointly controlled company	6	2.214.726	-
Impairment of property, plant and equipment	13	29.556	-
Profit from the disposal of property, plant and equipment		(19.739)	(1.654)
Amortisation of research and development	14	6.226	62.390
Write off of property, plant and equipment		-	24.646
Charge to profit or loss for provisions	26	627.614	604.316
Taxation		3.164.048	1.724.370
		20.053.666	23.418.999
Decrease/(increase) in inventories		13.933.728	(9.266.277)
(Increase)/decrease in trade and other receivables		(22.616.974)	15.147.971
(Decrease)/increase in trade and other payables		(3.296.500)	7.339.515
Repayments from promissory notes		(807.347)	(28.219.339)
		7.266.573	8.420.869
Interest paid		(6.209.496)	(6.332.109)
Taxation refunded		4.885.128	(3.176.160)
Net cash flow from/(used in) operations		5.942.205	(1.087.400)
Cash flows used in investing activities			
Proceeds from disposal of property, plant and equipment		155.934	74.924
Payments to acquire intangible assets	14	(495.514)	-
Payments for provisions		(143.943)	(199.547)
Adjustments on provisions		99.650	(465.697)
Payments to acquire property, plant and equipment	13	(1.215.696)	(2.084.465)
Interest received		1.481.184	1.277.720
Net cash flow used in investing activities		(118.385)	(1.397.065)
Cash flows from financing activities			
Proceeds from issue of new loans		79.558.455	67.960.630
Repayment of loans		(70.422.003)	(47.029.745)
Dividends paid		(4.074.378)	(3.703.980)
Proceeds from derivative financial instruments		-	103.111
Net cash flow from financing activities		5.062.074	17.330.016
Net change in cash and cash equivalents		10.885.894	14.845.551
Cash and cash equivalents at beginning of the year		(12.867.118)	(27.712.669)
Cash and cash equivalents at end of the year	23	(1.981.224)	(12.867.118)

The notes on pages 41 to 120 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2017

	Note	2017 €	2016 €
Revenue	5	79.872.213	65.049.928
Cost of sales		(76.135.230)	(62.126.040)
Gross profit		3.736.983	2.923.888
Other income	6	9.699.627	10.822.469
Other expenses	7	(116.748)	(28.449)
Administrative expenses	8	(6.116.777)	(8.062.847)
Profit from operations		7.203.085	5.655.061
Net foreign exchange (loss)/profit		(592.411)	214.867
Interest receivable		147	37
Interest payable and bank charges		(2.497.522)	(2.543.255)
Net finance expenses	9	(3.089.786)	(2.328.351)
Profit before taxation		4.113.299	3.326.710
Taxation	10	(490.099)	(1.302.739)
Profit for the year after tax		3.623.200	2.023.971
Other comprehensive income that will not be reclassified to profit or loss in future periods			
Surplus on revaluation of land and buildings		-	126.841
Deferred taxation arising from revaluation of land and buildings		168.689	(4.133)
Other comprehensive income for the year after tax		168.689	122.708
Total comprehensive income for the year after tax		3.791.889	2.146.679
Basic earnings per share (cent)	12	4,89	2,73
Diluted earnings per share (cent)	12	4,89	2,73

The notes on pages 41 to 120 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	2017 €	2016 €
Assets			
Property, plant and equipment	13	4.328.136	4.220.807
Intangible assets	14	-	6.226
Investments in subsidiary companies	16	43.427.339	14.292.965
Long-term loans to subsidiary companies	41	27.554.737	28.504.488
Deferred taxation	31	959.528	1.385.609
Total non-current assets		76.269.740	48.410.095
Inventories	21	5.869.194	5.675.402
Trade and other receivables	22	16.775.495	13.295.695
Receivables from subsidiary companies	41	38.687.577	80.204.568
Derivative financial instruments	20	-	228.195
Investments at fair value through profit and loss	18	9.594	9.594
Cash and cash equivalents	23	15.965.365	9.507.156
Total current assets		77.307.225	108.920.610
Total assets		153.576.965	157.330.705
Equity			
Share capital	24	25.187.064	25.187.064
Reserves	25	10.055.516	10.338.005
Total equity		35.242.580	35.525.069
Liabilities			
Long-term loans	29	7.156.085	-
Deferred taxation	31	299.551	445.287
Total non-current liabilities		7.455.636	445.287
Trade and other payables	27	55.176.919	58.088.183
Bank overdrafts	29	24.031.913	30.000.235
Short term loans	29	23.733.890	27.611.076
Current portion of long-term loans	29	3.850.411	3.068.295
Promissory notes	30	1.781.542	2.588.889
Derivative financial instruments	20	2.300.767	-
Current tax liabilities	28	3.307	3.671
Total current liabilities		110.878.749	121.360.349
Total liabilities		118.334.385	121.805.636
Total equity and liabilities		153.576.965	157.330.705

The financial statements were approved by the Board of Directors of Logicom Public Limited on 1 March 2018.

....	....
Varnavas Irinarchos	Anthoulis Papachristoforou
Managing Director	Group Chief Financial Officer / Director

The notes on pages 41 to 120 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2017

	Share capital €	Share Premium €	Revaluation Reserve €	Difference arising on the conversion the share capital to Euro €	Retained earnings €	Total €
Balance at 1 January 2016	25.187.064	10.443.375	1.935.420	116.818	(600.307)	37.082.370
Total comprehensive income						
Profit for the year	-	-	-	-	2.023.971	2.023.971
Other comprehensive income for the year	-	-	122.708	-	-	122.708
Transactions with owners of the Company, recognized directly in equity						
Proposed dividend for 2015 that was paid in 2016 (note 11)	-	-	-	-	(3.703.980)	(3.703.980)
Revaluation reserve realised through use	-	-	(1.464)	-	1.464	-
Balance at 1 January 2017	25.187.064	10.443.375	2.056.664	116.818	(2.278.852)	35.525.069
Total comprehensive income						
Profit for the year	-	-	-	-	3.623.200	3.623.200
Other comprehensive income for the year	-	-	168.689	-	-	168.689
Transactions with owners of the Company, recognized directly in equity						
Proposed dividend for 2016 that was paid in 2017 (note 11)	-	-	-	-	(4.074.378)	(4.074.378)
Revaluation reserve realised through use	-	-	(28.844)	-	28.844	-
Balance at 31 December 2017	25.187.064	10.443.375	2.196.509	116.818	(2.701.186)	35.242.580

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

Retained earnings is the only reserve that is available for distribution.

The notes on pages 41 to 120 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF CASH FLOWS
Year ended 31 December 2017

	Note	2017 €	2016 €
Cash flows from operations			
Profit for the year after tax		3.623.200	2.023.971
Adjustments for:			
Exchange differences		2.081	-
Depreciation	13	302.143	252.693
Net exchange profit from derivative financial instruments		2.526.881	(650.935)
Amortisation of research and development	14	6.226	52.626
Profit from the disposal of property, plant and equipment		(7.638)	-
Loss from impairment of investments in subsidiary companies		116.748	21.262
Loss on revaluation of investments at fair value through profit and loss		-	7.187
Write off of property, plant and equipment	13	-	24.619
Dividends receivable	6	(9.367.792)	(10.414.479)
Interest receivable	9	(147)	(37)
Interest payable		2.147.492	2.034.467
Taxation		490.099	1.302.739
		(160.707)	(5.345.887)
Increase in inventories		(193.792)	(1.421.289)
(Increase)/decrease in trade and other receivables		(3.479.799)	3.813.502
Decrease/(increase) in balances with subsidiary companies		13.215.620	(14.414.614)
(Decrease)/increase in trade and other payables		(2.911.264)	3.428.925
Decrease in promissory notes		(807.347)	(93.472)
		5.662.711	(14.032.835)
Interest paid		(2.147.492)	(2.034.467)
Taxation paid		(41.430)	(378.374)
Net cash flow from/(used in) operations		3.473.789	(16.445.676)
Cash flows from investing activities			
Payments to acquire property, plant and equipment	13	(432.922)	(227.016)
Payments to acquire investments in subsidiary companies	16	-	(1.473.167)
Proceeds from disposal of property, plant and equipment		31.088	-
Proceeds from sale of derivative financial instruments		-	146.009
Interest received		147	37
Dividends received		9.367.792	10.088.479
Net cash flow from investing activities		8.966.105	8.534.342
Cash flows from financing activities			
Repayment of loans		(30.679.371)	(5.709.368)
Proceeds from issue of new loans		34.740.386	26.294.155
Dividends paid		(4.074.378)	(3.703.980)
Net cash flow (used in)/from financing activities		(13.363)	16.880.807
Net change in cash and cash equivalents		12.426.531	8.969.473
Cash and cash equivalents at beginning of the year		(20.493.079)	(29.462.552)
Cash and cash equivalents at end of the year	23	(8.066.548)	(20.493.079)

The notes on pages 41 to 120 form an integral part of these consolidated and separate financial statements.

1. STATUS AND PRINCIPAL ACTIVITY

Logicom Public Limited (the "Company") was incorporated in Cyprus on 9 December 1986 as a private company with limited liability. The principal activity of the Company is the distribution of high technology products. On 23 July 1999 the Company became public in accordance with the provisions of the Cyprus Companies Law and on 4 January 2000 commenced trading of its shares in the Cyprus Stock Exchange.

The address of the registered office of the Company is the following:
Zenonos Sozou 3
1st floor
3105 Limassol

The address of the management office of the Company is the following:
Stasinou 26
Ayia Paraskevi
2003 Strovolos
Nicosia

On 1 January 1999, Logicom Public Limited acquired the whole share capital of Logicom (Overseas) Limited of €17.100. The principal activity of Logicom (Overseas) Limited is the distribution of high technology products and the assembly of computers. The company remained dormant during 2017.

On 1 January 2000, Logicom Public Limited acquired the whole share capital of SOLATHERM ELECTRO – TELECOMS “SET” Limited, of €5.135 which was renamed to ENET Solutions Limited on 11 January 2001. The principal activity of ENET Solutions Limited is the supply of solutions and services for networks and telecommunications. The company ENET Solutions Limited was renamed to Logicom Solutions Limited on 30 January 2009. The operations of the companies DAP Noesis Business Solutions Ltd and Netvision Ltd were transferred to Logicom Solutions Ltd in January 2009. The share capital of Logicom Solutions Ltd was transferred to Logicom Services Ltd for €2.398.056 on 31 December 2011.

On 27 April 2000, Netcom Limited was incorporated in Cyprus with a share capital of €17.100, which is wholly owned by Logicom Public Limited. The principal activity of Netcom Limited is the execution of infrastructure projects, such as the construction of a desalination plant in Episkopi Limassol and the renovation and operation of a desalination plant in Larnaca. On 20 July 2010 the whole share capital of Netcom Limited was acquired by Verendrya Ventures Limited. The company remained dormant during 2017.

On 25 July 2000, Logicom (Middle East) SAL was incorporated in Lebanon, with a share capital of LBP 75.000.000 which is wholly owned by Logicom Public Limited. The principal activity of Logicom (Middle East) SAL is the distribution of high technology products.

On 21 February 2001, ENET Solutions Logicom S.A. was incorporated in Greece with a share capital of €601.083, which is wholly owned by Logicom Public Limited. The principal activity of ENET Solutions Logicom S.A. is the distribution of high technology products.

On 7 August 2001, Logicom Jordan LLC was incorporated in Jordan, with a share capital of JOD 50.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Jordan LLC is the distribution of high technology products.

On 3 October 2001, Logicom FZE was incorporated in the United Arab Emirates, with a share capital of AED 1.000.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom FZE is the distribution of high technology products.

On 7 November 2001, Logicom Dubai LLC was incorporated in the United Arab Emirates, with a share capital of AED 300.000, which is wholly owned, directly and indirectly, by Logicom Public Limited. The principal activity of Logicom Dubai LLC is the distribution of high technology products.

1. STATUS AND PRINCIPAL ACTIVITY *(continued)*

On 14 June 2005, Logicom Italia s.r.l. was incorporated in Italy, with a share capital of €10.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Italia s.r.l. is the distribution of high technology products. On 5 May 2014 there was an increase in the share capital of Logicom Italia s.r.l to €200.000 which is wholly owned by Logicom Public Ltd.

On 1 December 2005, Logicom IT Distribution Ltd was incorporated in Turkey, with a share capital of 5.000 Turkish liras, which is owned evenly by subsidiary companies ENET Solutions Logicom S.A. and Logicom FZE. On 30 March 2007 there was an increase in the share capital of Logicom IT Distribution Ltd to 140.000 Turkish liras, which is owned by 40 % from Enet Solutions Logicom S.A. and by 60% from Logicom FZE. On 27 December 2007 there was a further increase in the share capital of Logicom IT Distribution Ltd to 1.540.000 Turkish liras which is owned by 4% from Enet Solutions Logicom S.A. and by 96% from Logicom FZE. The principal activity of Logicom IT Distribution Ltd is the distribution of high technology products.

On 1 August 2006, Rehab Technologies Ltd was incorporated in Saudi Arabia, with a share capital of SAR 500.000 which is held by a trustee on behalf of Logicom Public Ltd. Logicom Public Ltd has full control of the operations of Rehab Technologies Ltd through a contractual agreement. The principal activity of Rehab Technologies Ltd is the distribution of high technology products. The activities of Rehab Technologies Ltd were transferred to Logicom Saudi Arabia LLC on 8 June 2010 and the company has since remained dormant.

On 19 March 2007, Logicom Information Technology Distribution S.R.L. was incorporated in Romania with a share capital of 200 Romanian Lei, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Information Technology Distribution S.R.L. is the distribution of high technology products.

On 12 April 2007, Logicom Bulgaria EOOD was incorporated in Bulgaria, with a share capital of 20.000 Bulgarian Lev, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Bulgaria EOOD is the distribution of high technology products. During 2017, the company remained dormant.

On 30 January 2008, Verendrya Ventures Limited was incorporated in Cyprus, with a share capital of EUR1.000 which belongs to Logicom Public Limited and to Demetra Investments Public Limited by 60% and 40% respectively. The principal activity of Verendrya Ventrures Limited is the execution of projects relating to the construction and renovation of desalination units.

On 6 May 2009, Logicom Services Limited was incorporated in Cyprus, with a share capital of €10.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Services Limited is the holding of investments.

On 28 July 2009, the Group acquired, through its subsidiary Logicom Services Limited, the 36,77% of the company Newcytech Business Solutions Limited. The main activity of Newcytech Business Solutions Limited is the provision of complete IT solutions. On 30 October 2009 Logicom Services Limited acquired the 100% of the share capital of Newcytech Business Solutions Limited amounting to €756.776.

With the acquisition of Newcytech Business Solutions Limited the Group acquired also the 100% of the company Newcytech Distribution Ltd with share capital of €8.550. The main activity of Newcytech Distribution Ltd is the import and wholesale of computers in the local market. The share capital of Newcytech Distribution Ltd was transferred to Logicom Services Limited on 30 June 2010.

On 16 August 2009, Enet Solutions LLC was incorporated, in the United Arab Emirates, with a share capital of AED300.000. The main activity of Enet Solutions LLC is the provision of complete IT solutions.

On 29 September 2009, Logicom Saudi Arabia LLC was incorporated in Saudi Arabia, with a share capital of SAR 26.800.000 which is owned by 75% from Logicom FZE and by 25% from a trustee on behalf of Logicom Public Limited. Logicom Public Limited has contractually the full control of the operations of Logicom Saudi Arabia LLC. The principal activity of Logicom Saudi Arabia LLC is the distribution of high technology products.

1. STATUS AND PRINCIPAL ACTIVITY *(continued)*

On 3 November 2009, ICT Logicom Solutions SA was incorporated in Greece, with a share capital of €100.000. The principal activity of ICT Logicom Solutions SA is the provision of complete IT solutions.

On 29 September 2010, Logicom Distribution Germany Gmbh was incorporated in Germany, with a share capital of €27.000 which is wholly owned by Logicom Public Limited. The principal activity of Logicom Distribution Germany Gmbh is the distribution of high technology products.

On 7 April 2010, M.N. E.P.C. Water Co. was incorporated in Cyprus with a partners' share of €10.000 which is owned by 50% from the Group's company Veredrya Ventures Ltd, through its subsidiary Netcom Ltd. M.N. E.P.C. Water Co. undertook the construction of Episkopi desalination plant on behalf of M.N. Limassol Water Co. Ltd.

On 4 November 2010, M.N. Limassol Water Co. Limited was incorporated in Cyprus with a share capital of €10.000 which is composed of 5.000 shares Class A and 5.000 shares Class B. The Group's company Verendrya Ventures Limited, through its subsidiary Netcom Ltd holds 2.500 shares Class A and 2.495 shares Class B. M.N. Limassol Water Co. Limited was assigned the construction and operation of Episkopi Desalination plant.

On 29 November 2011, the Group obtained 100% of Inteli-scape Limited, through its subsidiary Logicom Services Limited, with share capital of €85.500. The principal activity of Inteli-scape Limited is the development and sale of computer software. On 1 January 2015, the company Inteli- Scape Limited merged with Logicom Solutions Limited which is wholly owned by Logicom Services Limited.

On 7 August 2012, M.N. Larnaca Desalination Co. Limited was incorporated in Cyprus with a share capital of €10.000 which is composed of 5.000 shares Class A and 5.000 shares Class B. The Group's company Verendrya Ventures Ltd, through its subsidiary Netcom Ltd holds 2.500 shares Class A and 2.495 shares Class B. M.N. Larnaca Desalination Co. Limited was assigned the renovation and operation of Larnaca Desalination plant.

On 2 September 2012, Logicom LLC was incorporated in Oman with a share capital of USD 51.800 which is owned by 99% by the subsidiary company Logicom FZE and by 1% by the subsidiary Logicom Dubai LLC. The principal activity of Logicom LLC is the distribution of high technology products.

On 1 October 2013, Cadmus Tech Points S.A.L. was incorporated in Lebanon with a share capital of LBP 30.000.000 which is wholly owned by Logicom Public Limited. The principal activity of Cadmus Tech Points S.A.L. is the distribution of high technology products. During the year, the company remained dormant.

On 23 March 2014, Logicom Trading and Distribution LLC was incorporated in Qatar with a share capital of QAR 200.000 which is owned by 49% by the subsidiary company Logicom Dubai LLC and by 51% by a trustee on behalf of Logicom Public Limited. The principal activity of Logicom Trading and Distribution LLC is the distribution of high technology products.

On 1 June 2014, Logicom Kuwait for Computer Company W.L.L. was incorporated in Kuwait with a share capital of KD 20.000 which is owned by 49% by the subsidiary company Logicom FZE and by 51% by a trustee on behalf of Logicom Public Limited. The principal activity of Logicom Kuwait for Computer Company W.L.L. is the distribution of high technology products.

On 23 May 2017, the Group aquired the company Najada Holdings Limited in Cyprus, with a share capital of €100, which is wholly owned by Logicom Public Limited. The principal activity of Najada Holdings Limited is the purchase and holding of immovable property.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113 and the requirements of the Stocks and Cyprus Stock Exchange laws and regulations and the Transparency (securities admitted to trading on a regulated market) Law.

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 1 March 2018.

Basis of presentation

The consolidated and separate financial statements have been prepared under the historical cost convention, except for the land and buildings, investments at fair value through profit or loss and available for sale investments which are stated at their fair value. The methods used to measure the fair values are analysed further in note 3.

Going concern

Even though, as at 31 December 2017, the Company's current liabilities exceeded its current assets, the Board of Directors taking into consideration the prospects of the Company, the planned development and the available banking facilities for use, has evaluated that the Company has the ability to continue as a going concern and therefore has prepared the financial statements on this basis.

Functional and presentation currency

The consolidated and separate financial statements are presented in Euro (€) which is the functional currency of the Company.

Estimates and judgments

The preparation of the consolidated and separate financial statements in conformity with the IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about judgements in applying accounting policies that have significant effects on the amounts recognised in the consolidated and separate financial statements are included in the following notes:

- Note 33 – Operating lease

Information about assumptions and estimates that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 14 – Measurement of the recoverable amount of goodwill
- Note 16 – Recoverability of investments in subsidiary companies
- Note 17, 42 – Measurement of impairment in investments in jointly controlled companies
- Note 21 – Measurement of provision/impairment of obsolete and slow moving stock
- Note 22, 35 – Measurement of provision for doubtful debts
- Note 31 - Recognition of deferred taxation: Utilisation of tax losses
- Note 41 - Recoverability of receivables from subsidiary companies

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to all periods presented in the consolidated and separate financial statements of the Company, and have been applied consistently by all Group entities.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Adoption of new and revised IFRSs and Interpretations as adopted by the European Union (EU)
From 1 January 2017, the Group has adopted all the changes to International Financial Reporting Standards (IFRS) as adopted by the EU that are relevant to its operations.

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2017. Those that are relevant to the activities of the Group are presented below. The Group does not intend to adopt the following before the date of validity.

(i) Standards and Interpretations adopted by the EU

Annual Improvements to IFRSs 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2018 (IFRS1 and IAS28)).
The annual improvements impact three standards. The amendments to IFRS 1 remove the outdated exemptions for first-time adopters of IFRS. The amendments to IFRS 12 clarify that the disclosure requirements for interest in other entities also apply to interests that are classified as held for sale or distribution. The amendments to IAS 28 clarify that the election to measure at fair value through profit or loss an investment in associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements.

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
IFRS 9 replaces the existing guidance in IAS 39. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.
The Management has evaluated the expected impact on the consolidated and separate financial statements. The expected impact from the application of this standard on the Group and Company's results is analysed as follows:

i. *Impairment of Financial assets*
The Management expects that the adoption of IFRS 9 may marginally increase the provisions for doubtful debts based on the methodology described by the standard.
Specifically, the provision for bad debts has been evaluated based on the geographical spread of the trade receivables, any possible delays that the trade balances may present, the doubtful debts history of each Group company, as well as the exposure of the Group to the credit risk in the extent that this is not covered by the credit insurance.

ii. *Classification of Financial assets and liabilities*
After evaluating the provisions of the standard, the Management considers that no material differences will occur in the classification of financial assets and liabilities.

iii. *Hedge Accounting*
The Group will continue to apply hedge accounting as applied on the provisions of IAS 39 following the provisions of IFRS 9. No effect on the results is expected due to this change.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Standards and Interpretations adopted by the EU (continued)

IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2018).
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.
The Management has evaluated the expected impact on the consolidated and separate financial statements. The expected impact from the application of this standard on the Group and Company's results is analysed as follows:

i. *Distribution Sector Sales*
According to the evaluation of the IFRS 15 provisions, the sales of goods and services of the distribution sector are not expected to be materially affected as to the timing or amount of recognition.

ii. *Services Sector Sales*
The sales of the services sector have been evaluated according to the provisions of IFRS 15. According to the assessement made the turnover will not be materially affected as to the timing or amount of recognition. The contracts for the provision of Services have also been assessed and no material differences arise as to the sales recognition.

IFRS 15 (Clarifications) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).
The amendments in Clarifications to IFRS 15 address three of the five topics identified i.e. identifying performance obligations, principal versus agent considerations, and licensing. The clarifications provide some transition relief for modified contracts and completed contracts. Additionally, the IASB concluded that it was not necessary to amend IFRS 15 with respect to the collectability or measuring non-cash consideration.

IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).
IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements

IFRS 2 (Amendments) "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods beginning on or after 1 January 2018).
The amendments cover the following accounting areas: a) measurement of cash-settled share-based payments; b) classification of share-based payment transactions with net settlement features; and c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurements of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards. The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ii) Standards and Interpretations not yet adopted by the EU

IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).
The amendments clarify when a company should transfer a property asset to, or from, investment property. A transfer is made when, and only when, there is an actual change in use i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use. A change in management intention alone does not support a transfer. In addition, it is clarified that the revised examples of evidence of a change in use in the amended version of IAS 40 are not exhaustive.
The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements

IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).
The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.
The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements.

IFRS9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 1 January 2019).
The objective is to examine whether the depreciated cost measurement will provide relevant and useful information on the financial instruments that contain symmetric options or otherwise have conventional cash flows that are only principal and interest payments (SPPIs). A company will classify and recognize a debt instrument if the borrower has the ability to prepay the instrument at less than the unpaid principal and the interest due. Such a prepayment amount is often described as 'negative compensation'. Applying IFRS 9, a company will measure a financial asset with the so-called negative compensation at fair value through other comprehensive income.
The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements.

IAS 19 (Amendments) "Plan Amendment, Curtailment or Settlement" (effective for annual periods beginning on or after 1 January 2019).
The amendments relate to the case that a plan amendment, curtailment or settlement occurs under which it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement and the clarification on the effects of a plan amendment, curtailment or settlement has on the requirements regarding the asset ceiling.
The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements.

IAS 28 (Amendments) "Long-term Interest in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2019).
The amendments clarify that an entity applies IFRS 9 'Financial instruments', including its impairment requirements, to long-term equity instruments in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ii) Standards and Interpretations not yet adopted by the EU (continued)

Annual Improvements to IFRSs 2015-2017 Cycle (effective for annual periods beginning on or after 1 January 2019).
The amendments impact four standards. The amendments to IFRS3 'Business Combinations' clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business while the amendments to IFRS11 'Joint Arrangements' clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The amendments to IAS12 'Income taxes' clarify that an entity recognized the effects of income tax on dividend payments in the same way. The amendments of IAS23 'Borrowings costs' clarify that if any specific borrowings remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.
The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements

IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).
IFRIC23 clarifies the accounting treatment of income tax uncertainties. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.
The Group at this stage evaluates the effect of the amendments in the consolidated and separate financial statements.

Basis of consolidation

Business combinations
Business combinations are accounted using the 'acquisition method' when control is tranferred to the Group. The cost of an acquisition is measured as the total consideration which is transferred at the fair values on the date of acquisition and the amount of non controlling interests in the acquired company. For each business combination the Group decides whether it will measure the non controlling interests in the acquired company in fair value or in proportion of the share of identifiable assets of the acquired company. When the acquisition cost exceeds the share of the Group in the identifiable net asstes acquired, the difference is recognised as goodwill in the consolidated statement of financial position. In the case where the share of the Group in the identifiable net asstes acquired exceeds the acquisition cost (i.e. negative goodwill), the difference is recognised directly in the consolidated income statement at the year of acquisition. Expenses related to the acquisition are recognised as they occur and they are included in oher operating expenses.
When the Group acquires a company, it evaluates the financial assets and liabilities undertaken in regards to their classification and predetermination based on the terms of the contract, the economic circumstances and the relevant terms at the date of acquisition.

Subsidiary companies
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiary companies acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commences until the date that control ceases to exist.

Adjustments were made in the financial statements of the subsidiaries, where was considered necessary, in order to align their accounting policies with the accounting policies applied by the Group.

In the separate financial statements of the Company, the investments in subsidiary companies are presented at cost. In the event where the value of one investment is estimated to be permanently impaired, the deficit is transferred to the results.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation (continued)

Minority interest
Minority interest relates to the portion of profit or loss and the net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. Profits or losses attributable to the minority interest are disclosed in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss for the period. Minority interest is presented in the consolidated statement of financial position in equity, separately from equity attributable to equity holders of the parent company.

Contingent Consideration
Any contingent consideration is recognized initially at fair value at the acquisition date. If the contingent consideration is classified as equity it should not be recounted and its subsequent settlement must be accounted for within equity. If the contingent consideration is classified as an asset or a liability, any changes in its fair value should be recognized in the Statement of profit or loss and other comprehensive income.

Equity accounted investees
Investments in jointly controlled companies relate to all entities, in which the Group exercises significant influence, but not control or joint control, and are in general accompanied with a share between 20% and 50% in the voting rights. Entities under common control relate to entities in which the Group exercises joint control based on contractual arrangement that provides for the unanimous consent of the parties exercising control over the strategic financial and operating decisions.

Investments in jointly controlled companies and entities under common control are accounted for using the equity method. Investments which are accounted for using the equity method, which includes transaction costs, are recognised initially at cost. After the recognition, the consolidated financial statements include the share of profit/(loss) from the equity accounted investees until the date on which the Group ceases to exercise significant influence or joint control.

When Group's share of losses exceeds the share of investments recognised under the equity method, the carrying amount of investments, including any long term share which is part of the investment is eliminated and no additional losses are recognized, except to the degree that the Group has an obligation or has made payments on behalf of its investment.

Elimination of transactions on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions within equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Revenue
Revenue from sales is recognised when the significant risks and rewards of ownership have been transferred to the buyer, there are no material doubts regarding the repayment of the due amount, related expenses or possible return of products which can be estimated, there is no continuing management involvement with the products and the amount of revenue can be measured reliably. Income from services is recognised in proportion of the stage of completion at the end of the year.

Revenue represents amounts invoiced for products sold or services rendered during the year and are stated after the deduction of trade discounts and returns.

Cost of sales
Cost of sales is presented after the deduction of rebates from suppliers and provisions for slow moving stock.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other income

Other income is recognised when it is considered as receivable. The income from dividend is recognized at the date the right to receive payment is established from the Group.

Finance income/expenses

Finance income comprises interest receivable on funds invested, interest receivable for prepayment of suppliers and gains arising from foreign exchange differences. Interest income is recognised in profit or loss, using the effective interest method.

Finance expenses comprise interest payable on borrowings calculated using the effective interest method, bank charges, losses arising on foreign exchange differences and losses arising for the use of financing instruments. Interest payable is recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except in the case of land and buildings which are stated at fair value. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised as net within other income in the profit or loss. When revalued assets are sold, the relating amounts included in the revaluation reserve are transferred to retained earnings.

Depreciation is provided to write off the cost or the revalued amount less the estimated residual value of items of property, plant and equipment on a straight line basis over their expected useful economic lives as follows:

	%
Buildings	4-5
Furniture and fittings	10
Computers	20-33,3
Motor vehicles	20

No depreciation is provided on land.

Depreciation is calculated on a daily basis from the date that the property, plant and equipment are acquired until the date of their disposal.

Depreciation methods, estimated useful economic lives and estimated residual values of all property, plant and equipment are reviewed at the reporting date of the accounts.

Expenses for replacement improvement or repair of buildings

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of repair and maintenance of the buildings and other parts of property, plant and equipment are charged in profit or loss during the year they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment (continued)

Revaluation and provision for impairment of parts of property, plant and equipment
Every year or earlier if necessary, assessments are performed to estimate the fair value amount of property, plant and equipment. If it is determined that the net recoverable amount of a part is significantly lower than its net value as it appears in the books of the Company and this difference is considered to be permanent, then the book value is reduced to the net recoverable amount. Approximately every three years, or earlier if necessary, assessments are performed to estimate the net values of land and buildings. The revaluation is made by professional independent valuers.

Inventories
Inventories are stated at the lower of cost and net realisable value. The cost of inventories is assigned by using the first-in-first-out method. The cost calculation includes the cost of purchase, transportation costs to the warehouse and freight charges.

The net realisable value is the estimated selling price in which the inventories can be sold in the ordinary course of business, less costs to sell.

Non-derivative financial instruments
The Group has the following non-derivative financial instruments: trade and other receivables, trade and other payables, cash and cash equivalents, investments at fair value through profit or loss, investments available for sale and interest bearing loans.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets, that is created or retained by the Group, is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Trade and other receivables
Trade and other receivables are initially recognized at fair value plus any attributable transaction costs and subsequently these are stated at amortized cost using the effective interest method less any impairment losses.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and bank overdrafts.

Trade and other payables
Trade and other payables are initially recognized at fair value plus any attributable transaction costs and subsequently these are stated at amortized cost using the effective interest method less any impairment losses.

Investments
The Group has classified all its investments in shares to the category fair value through profit or loss and to available for sale investments. Investments at fair value through profit or loss comprise of investments held for trading and are presented as assets in the statement of financial position based on their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-derivative financial instruments (continued)

Investments (continued)

The investments are firstly recognised at cost and then adjusted to fair value. For publicly available securities, the fair value is estimated by reference to the closing bid prices of the stock exchange at the end of the year. For non publicly available securities, the fair value is determined based on the net asset position at the end of the year. Any surplus or deficit that arises from the revaluation at fair value is recognised in the profit or loss.

Available for sale investments comprise of bonds and investments in public companies and are presented as assets based on their fair value. The fair value is calculated based on their bid value according to the market values in the stock exchange at the year end. For non listed stocks or where it is determined that there is no active market, the fair value is calculated based on certain stocks valuation methods. Such valuation methods take into account the market conditions and the discounted cash flows using the expected future cash flows and the discounting rate that is based on the market conditions. Any surplus or deficit that arises from the revaluation at fair value, except from the cases of impairment described below is recognized in other comprehensive income and are presented in equity in the fair value reserve.

When an investment is derecognsied, the cumulative gains or losses in other comprehensive income are transferred to profit or loss.

Measurement at fair value
Fair value is the amount that could be recovered from the sale of an asset or paid to transfer a liability in a current transaction between participants in the principal or, failing this, in the most advantageous market in which the Group has access at the measurement date. The fair value of the liability reflects the risk of a failure.

The Group measures the fair value of an element using the values presented in an active market where these are available. A market is considered active if the transactions for the asset or liability are presented with sufficient frequency and volume to provide values on a continuous basis.

If there is no quoted price in an active market, the Group uses valuation techniques that maximize the use of data in the markets and minimize the use of unobservable inputs. The valuation technique used incorporates all the main parameters that market participants would consider in pricing a transaction. The best evidence of fair value of a financial instrument on initial recognition is normally the transaction price, which is the fair value of the consideration paid or received.

Based on the Group's judgment on whether the fair value on the initial recognition differs from the transaction price and the fair value is not established by the quoted market price in an active market for similar assets or liabilities, and it is not based on a valuation technique that uses only data extracted from the markets then, the financial asset is measured initially at fair value, adjusted so that the difference between the fair value at initial recognition and transaction value is presented as deferred income / expense. Then, the difference is recognised to the profit or loss throughout the life of the instrument using appropriate apportionment methodology, but not later than when the valuation is entirely supported by data extracted exclusively from the markets or the transaction has been completed.

If an asset or a liability measured at fair value has a bid price and an ask price, the Group measures its assets at bid price and liabilities at an ask price.

The Group recognises transfers between levels of the fair value hierarchy at the end of reporting period in which the change occurs.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-derivative financial instruments (continued)

Interest -bearing borrowings
Borrowings are recorded initially at the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Promissory notes
Promissory notes comprise of Company's and Group's liabilities towards financial institutions that undertake the financing of invoices issued from certain suppliers. The financing of invoices by the subject financial institutions decreases the vendors' liabilities and is recognised as borrowings. The promissory notes bear discounting cost which is recognised in finance expenses.

Impairment of assets

Financial assets
A financial asset not carried at fair value through profit or loss is assessed at the end of the reporting period to determine whether there is objective evidence for impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's initial effective interest rate.

Losses on assets are recognised as an expense of the year. When an event occurs which causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed in profit or loss.

Impairment losses on available for sale investments are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve, in profit or loss. The cumulative loss that is transferred from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available for sale investments increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. Any subsequent recovery in the fair value of an impaired investment available for sale is recognised in other comprehensive income.

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at end of the year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives the recoverable amount is estimated each year at the same time.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of assets *(continued)*

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of the year for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Investments in subsidiary companies

Investments in subsidiary companies are stated in the parent company's books at cost less adjustments for any permanent impairment in the value of the investments. Any adjustments that arise are recorded in profit or loss.

Taxation

Taxation comprises current and deferred tax. Taxation is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the year, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the year.

Deferred tax assets and liabilities are offset if there is a legally enforceable right from the Group to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of the year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Foreign currency transactions

Transactions in foreign currencies are translated using the exchange rates enacted at the date of the transaction at the respective functional currency of each company of the Group. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated to the functional currency at the exchange rate ruling at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Translation of results of foreign subsidiary companies

The results of foreign subsidiary companies are translated to Euro at the average exchange rate prevailing during the year, while assets and liabilities are translated to Euro at the rate prevailing at the end of the year. Any foreign currency differences on translation are transferred to other comprehensive income.

Long term loans that represent part of the Group's net investment in foreign subsidiary companies

All foreign exchange differences arising on long term loans to foreign subsidiaries are recorded in other comprehensive income in the financial statements of the Group and are transferred to profit or loss at the disposal of the subsidiary company.

All foreign exchange differences arising on long-term loans, are recognised in profit or loss in the year they are incurred in the parent company's financial statements.

Deferred taxation arising from net foreign exchange differences that arise from the long-term loans is transferred to other comprehensive income.

Hedge of a net investment in foreign operation

The Group applies hedge accounting to exchange differences arising between the functional currency of the investment in foreign operation and the parent Company's functional currency, irrespectively of whether the net investment is held directly or through a different Group company. Exchange differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the Hedge Reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the Hedge Reserve is transferred to profit or loss as part of the profit or loss on disposal.

Non-derivative financial instruments including hedge accounting

On initial designation of the non derivative financial instrument as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship.

The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Software development and licensing costs for the use and distribution of computer software are capitalized and amortised in profit or loss on a straight line basis over their useful economic lives. Intangible assets are amortised as follows:

Development costs	5 years
Licensing costs	2 years

Goodwill arising from the difference between the acquisition cost and the net assets of subsidiary companies at the acquisition is capitalised and is assessed annually for impairment. Provision for impairment is recognised in profit or loss.

Goodwill is tested for impairment on an annual basis and it is presented at cost less any accumulated impairment losses.

Negative goodwill that arises from the difference between the net assets of subsidiary companies and the cost of acquisition during the acquisition is recognised in profit or loss in the same year.

Operating segments

Operating segments relate to components of the Group which may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors to make decisions about the allocation of resources to each segment and assess its performance.

Lease

Leases where a significant part of the risks and rewards of the property remains with the lessor are classified as operating leases. All operating lease payments (after deduction of motives received from the lessor) are recognised using the straight line method during the period of the lease.

Warranties

No provision is made for warranties given by the Group on computers and computer components because all computers and computer components carry a warranty from suppliers equal to the warranties given.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event and it's probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions for end of service benefits

Group companies pay benefits to the personnel at the end of service, as per the existing law of each country. The right to these benefits is determined based on the years of employment and the remuneration of each employee provided that the minimum service period is completed. The estimated expenses for these benefits are recognised based on an accrual basis.

Deferred income

Deferred income consists of sales of services based on contracts, and relates to services that were incurred in the period after the year end. Deferred income is included in trade and other payables.

Deferred expenditure

Deferred expenditure are the expenses that consist of purchases of services based on contracts, and relates to services that were incurred in the period after the year end. Deferred expenditure is included in trade and other receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to risks arising from exchange differences from operational or financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. The derivative financial instruments are recognised initially at fair value and the attributable transaction costs are recognised in profit or loss. Subsequent to initial recognition, they are measured at fair value and the gain or loss arising from the measurement at fair value is recognised in profit or loss. The fair value of the forward exchange contracts for rate of exchange is their quoted market price at the end of the year, being the present value of the quoted forward price.

Events after the reporting date

Assets and liabilities are adjusted for events that occurred during the period from the year end to the date of approval of the financial statements by the Board of Directors, when these events provide additional information for the valuation of amounts relating to events existing at the year end or imply that the going concern concept in relation to part or the whole of the Group is not appropriate.

Share capital

(i) Ordinary shares

Ordinary shares issued and fully paid are classified as share capital. Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction from equity, net of any tax effects.

(ii) Dividends

Dividends are recognised as a liability in the year they are declared, according to IAS 10.

Earnings per share

The Company presents basic and diluted earnings per share that corresponds to the shareholders. The basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of issued shares outstanding during the year. The diluted earnings per share are calculated by adjusting the profit attributable to the shareholders of the Company and the weighted average number of issued shares.

Comparative amounts

Where necessary, comparative amounts are restated in order to comply with the changes in accounting policies, the application of new and revised International Financial Reporting Standards as adopted by the European Union and the presentation of the current financial year.

4. OPERATING SEGMENTS

The Group can be divided into two important segments, the distribution segment and the services segment. The distribution segment that mainly operates in the distribution of high technology products is divided in three main geographical segments as described below. The services segment operates mainly in the provision of solutions and services for networks and telecommunications and the provision of solutions and services for software to customers in Cyprus and abroad. The following summary describes the operations in each of the Group's reportable segments:

- European markets distribution segment – This segment operates mainly in the distribution of high technology products in Cyprus, Greece and Italy.
- UAE and Saudi Arabia distribution segment – This segment operates mainly in the distribution of high technology products in United Arab Emirates and Saudi Arabia.
- Other markets distribution segment – This segment operates mainly in the distribution of high technology products in countries that the Group operates in other than the countries mentioned above.
- Services segment – This segment operates mainly in the provision of solutions and services for networks and telecommunications and the provision of solutions and services for software to customers in Cyprus and abroad.

4. OPERATING SEGMENTS *(continued)*

The companies of the Group buy and sell goods and services accroding to their needs from other group companies. Transactions are mainly carried out at cost. There are cases where transactions are carried out at a price other than cost, when this is agreed between the parties involved. When necessary, Logicom Public Limited charges every year its subsidiary companies with a fee for administration services.

Information regarding the results of each reportable segment is presented below. The information is used for the preparation of the consolidated and separate financial statements.The performance is evaluated based on the profit before taxation of each segment, as presented in the management reports which are examined by the Board of Directors. For this reason the taxation of each reporting segment is not presented in the note. The profit of each segment is used for the evaluation of the performance since the management believes that the below information are the most appropriate for the evaluation of the results of all segments that are reported. The accounting policies of the operating segments are presented in note 3.

4. OPERATING SEGMENTS *(continued)*

Revenue and total non-current assets that relate to intangible assets and property, plant and equipment are allocated between Cyprus and abroad as follows:

	Revenue		Total non-current assets	
	2017	2016	2017	2016
	€	€	€	€
Cyprus	77.918.812	72.295.600	42.699.637	43.527.314
Greece	96.471.856	76.337.470	504.335	632.473
United Arab Emirates	323.008.307	338.038.431	4.808.474	5.972.503
Other foreign countries	368.409.672	312.460.021	3.254.448	2.464.313
	865.808.647	799.131.522	51.266.894	52.596.603

Major Customer

Revenue from one customer of the Group's European Markets Segment represents approximately €15.870.000 (2016: €12.700.000) of the Group's total revenue.

4. OPERATING SEGMENTS *(continued)*

2017	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segment €	Transactions between Operating Segments €	Total €
Revenue from third parties	174.902.211	567.770.626	75.053.713	48.082.097	-	865.808.647
Intersegment revenue	67.233.075	148.545.738	690.758	4.506.107	(220.975.678)	-
Other income	9.577.123	540.460	630.223	3.705.869	(12.290.258)	2.163.417
Other expenses	-	-	2.214.726	29.556	-	2.244.282
Depreciation and amortisation	379.126	624.990	164.516	157.738	-	1.326.370
Personnel costs	5.951.490	10.517.089	2.563.353	4.688.730	-	23.720.662
Travelling expenses	458.370	262.662	157.810	199.450	-	1.078.292
Provision for doubtful debts	228.736	302.086	(8.110)	(6.795)	(136.106)	379.811
Professional fees	774.817	364.586	206.043	378.380	(30.000)	1.693.826
Rent	311.505	876.738	296.087	271.896	-	1.756.226
Credit insurance	509.485	1.262.345	83.921	51.300	-	1.907.051
Transportation expenses	295.308	1.120.310	177.209	35.700	(30.000)	1.598.527
Profit/(loss) from operations	10.774.866	19.663.350	(1.978.710)	8.253.427	(13.859.037)	22.853.896
Net foreign exchange profit	1.853.734	149.134	508.145	392.781	(1.852.184)	1.051.610
Interest receivable	4.400	-	1.197.468	279.316	-	1.481.184
Interest payable and bank charges	(3.586.578)	(3.479.451)	(1.224.659)	(195.361)	1.300.831	(7.185.218)
Net finance income/(expenses)	(1.728.444)	(3.330.317)	480.954	476.736	(551.353)	(4.652.424)
Share of loss of jointly controlled companies and partnership (net of taxation)	-	-	(409.162)	-	-	(409.162)
Impairment of investments in subsidiary companies	-	(1.858.901)	-	-	1.858.901	-
Profit/(loss) before taxation	9.046.421	18.191.934	(1.906.918)	8.730.163	(16.269.290)	17.792.310
Acquisition of property plant and equipment	510.996	172.272	86.827	445.601	-	1.215.696
Total assets	206.285.570	199.093.198	68.578.404	59.572.059	(196.322.588)	337.206.643
Total liabilities	161.193.586	136.656.094	66.382.791	21.243.350	(135.223.037)	250.252.784

LOGICOM PUBLIC LIMITED

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Year ended 31 December 2017

4. OPERATING SEGMENTS *(continued)*

2016	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segment €	Transactions between Operating Segments €	Total €
Revenue from third parties	152.320.269	529.489.675	72.630.428	44.691.150	-	799.131.522
Intersegment revenue	48.401.784	153.233.463	1.310.611	4.745.249	(207.691.107)	-
Other income	10.819.707	1.650.796	206.770	4.095.405	(15.582.740)	1.189.938
Depreciation and amortisation	385.044	569.623	189.135	173.557	-	1.317.359
Personnel costs	5.464.556	10.203.250	2.563.893	4.373.732	-	22.605.431
Travelling expenses	411.043	232.539	91.826	209.725	-	945.133
Provision for doubtful debts	974.099	800.236	118.517	18.809	(1.394.563)	517.098
Professional fees	1.130.068	315.520	207.471	454.627	(115.000)	1.992.686
Rent	314.925	857.845	341.644	307.889	-	1.822.303
Credit insurance	493.619	756.414	77.078	71.850	-	1.398.961
Transportation expenses	282.333	1.256.960	157.813	36.757	(30.000)	1.703.863
Profit from operations	9.221.838	16.599.037	821.457	7.688.461	(13.160.861)	21.169.932
Net foreign exchange profit/(loss)	(559.746)	105.250	(326.929)	(41.310)	849.815	27.080
Interest receivable	7.881	-	1.098.743	171.096	-	1.277.720
Interest payable and bank charges	(2.962.563)	(3.880.553)	(1.198.464)	(122.723)	580.933	(7.583.370)
Net finance income/(expenses)	(3.514.428)	(3.775.303)	(426.650)	7.063	1.430.748	(6.278.570)
Share of loss of jointly controlled companies and partnership (net of taxation)	-	-	(1.508.930)	-	-	(1.508.930)
Profit/(loss) before taxation	5.707.410	12.823.734	(1.114.123)	7.695.524	(11.730.113)	13.382.432
Acquisition of property plant and equipment	291.085	1.134.920	91.274	567.186	-	2.084.465
Total assets	234.548.317	201.839.385	34.125.450	60.508.617	(194.577.377)	336.444.392
Total liabilities	195.085.218	141.206.405	28.236.832	48.981.988	(159.643.101)	253.867.342

5. REVENUE

THE GROUP

	2017 €	2016 €
Sales of products	850.340.018	783.831.132
Rendering of services	15.468.629	15.300.390
	865.808.647	799.131.522

5. REVENUE *(continued)*

THE COMPANY

	2017 €	2016 €
Sales of products	78.610.199	63.879.124
Interest receivable from subsidiary companies	1.262.014	1.170.804
	79.872.213	65.049.928

6. OTHER INCOME

THE GROUP

	2017 €	2016 €
Profit from the disposal of property, plant and equipment	19.739	1.654
Negative goodwill (Note 15)	661.459	-
Marketing funds	543.047	727.451
Sundry operating income	939.172	470.032
	2.163.417	1.199.137

THE COMPANY

	2017 €	2016 €
Profit from the disposal of property, plant and equipment	7.638	-
Dividends receivable	9.367.792	10.414.479
Commissions (Note 41)	120.000	120.000
Administration services (Note 41)	137.000	137.000
Sundry operating income	67.197	150.990
	9.699.627	10.822.469

7. OTHER EXPENSES

THE GROUP

	2017 €	2016 €
Loss on revaluation of investments at fair value through profit or loss	-	7.187
Impairment charge on available-for-sale investments	-	2.012
Impairment of the loan receivable from jointly controlled company	2.214.726	-
Impairment charge of property, plant and equipment	29.556	-
	2.244.282	9.199

THE COMPANY

	2017 €	2016 €
Loss on revaluation of investments at fair value through profit or loss	-	7.187
Impairment charge of investments in subsidiaries	116.748	21.262
	116.748	28.449

LOGICOM PUBLIC LIMITED

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8. ADMINISTRATIVE EXPENSES

THE GROUP

(a) Personnel expenses

	2017 €	2016 €
Staff salaries	18.799.253	18.645.525
Social insurance	2.169.308	2.095.874
Other personnel costs	2.399.501	1.583.693
	23.368.062	22.325.092

The average number of employees during the year was 751 (2016: 750).

(b) Other administrative expenses

	2017 €	2016 €
Depreciation	1.320.144	1.254.969
Amortisation of research and development	6.226	62.390
Directors fees - Non executive directors	69.950	63.800
- Executive directors	352.600	280.339
Rent	1.756.226	1.822.303
Common expenses	40.427	42.627
Taxes and licences	227.286	171.750
Electricity and water	307.102	301.532
Cleaning	116.599	112.601
Insurance	2.406.342	1.905.319
Repairs and maintenance	196.542	167.373
Telephone and postage	548.823	600.362
Printing and stationery	96.831	101.830
Subscriptions and donations	226.706	186.229
Staff training expenses	133.754	89.069
Other staff expenses	449.074	478.925
Computer hardware maintenance expenses	158.643	342.095
Auditors' remuneration for the statutory audit of annual accounts	269.616	281.075
Legal fees (Note 1)	214.816	237.927
Other professional fees (Note 2)	763.567	854.071
Advertising	417.802	240.470
Traveling	1.078.292	945.133
Entertainment	207.533	182.641
Motor vehicles expenses	519.819	466.511
Transportation expenses	1.598.527	1.703.863
Services from third parties	375.877	555.813
Provision for doubtful debts	379.811	517.098
Other expenses	368.211	172.288
	14.607.146	14.140.403
Total administrative expenses	37.975.208	36.465.495

8. ADMINISTRATIVE EXPENSES *(continued)*

THE COMPANY

(a) Personnel expenses

	2017 €	2016 €
Staff salaries	2.823.337	2.405.636
Social insurance	329.411	309.298
Other personnel costs	(85.679)	(5.703)
	3.067.069	2.709.231

The average number of employees during the year was 84 (2016: 80).

(b) Other administrative expenses

	2017 €	2016 €
Depreciation	302.143	252.692
Amortisation of research and development	6.226	52.626
Directors fees - Non executives directors	69.950	63.800
- Executive directors	352.600	280.339
Rent	120.330	123.486
Common expenses	2.550	2.550
Taxes and licences	12.107	5.981
Electricity and water	53.142	42.440
Cleaning	7.427	8.684
Insurance	312.170	341.342
Repairs and maintenance	75.615	65.173
Telephone and postage	78.335	83.644
Printing and stationery	8.962	8.043
Subscriptions and donations	149.461	96.239
Staff training expenses	33.074	6.306
Other staff expenses	86.044	54.023
Computer hardware maintenance expenses	86.058	75.276
Auditors' remuneration for the statutory audit of annual accounts	45.175	49.375
Legal fees	34.076	36.950
Other professional fees (Note 2)	69.109	237.602
Advertising	99.156	46.399
Traveling	335.584	297.010
Entertainment	51.336	41.024
Motor vehicles expenses	95.055	74.904
Transportation expenses	26.725	31.012
Services from third parties	366.060	541.568
Provision for doubtful debts	1.553	4.134
Provision for impairment of subsidiary balances (Note 41)	136.106	2.381.244
Other expenses	33.579	49.750
	3.049.708	5.353.616
Total administrative expenses	6.116.777	8.062.847

8. ADMINISTRATIVE EXPENSES *(continued)*

Note 1

The total fees for the services of the lawyers and legal advisors of the law office Scordis, Papapetrou & Co LLC amounting to €95.352 (2016: €49.756) and are included in the legal fees and other professional fees. The total fees for the services of the secretary, Adaminco Secretarial Ltd, amounting to €25.103 (2016: €23.024) and are included in other professional fees.

Note 2

The Group's other professional fees that are presented above include fees amounting to €55.373 (2016: €44.500) for non audit services provided by the audit firm of the Company.

The Company's other professional fees that are presented above include fees amounting to €16.150 (2016: €16.500) for non audit services provided by the audit firm of the Company.

9. NET FINANCE EXPENSES

THE GROUP

	2017	2016
	€	€
Finance income		
Interest receivable (Note 42)	1.481.184	1.277.720
Net foreign exchange profit	3.627.642	-
Net foreign exchange profit on derivative financial instruments	-	694.463
	5.108.826	1.972.183
Finance expenses		
Interest payable and bank charges	(7.185.218)	(7.583.370)
Net foreign exchange loss	-	(667.383)
Net foreign exchange loss on derivative financial instruments	(2.576.032)	-
	(9.761.250)	(8.250.753)
Net finance expenses	(4.652.424)	(6.278.570)
Net finance expenses recognized in other comprehensive income that are to be reclassified to profit or loss in future periods		
Exchange difference from translation and consolidation of financial statements from foreign operations	(10.566.579)	3.126.261
Surplus/ (deficit) from revaluation of available for sale investments	1.151.284	(574.448)
	(9.415.295)	2.551.813

THE COMPANY

	2017	2016
	€	€
Finance income		
Interest receivable	147	37
Net foreign exchange profit	1.934.470	-
Net foreign exchange profit on derivative financial instruments	-	650.935
	1.934.617	650.972
Finance expenses		
Interest payable and bank charges	(2.497.522)	(2.543.255)
Net foreign exchange loss	-	(436.068)
Net foreign exchange loss on derivative financial instruments	(2.526.881)	-
	(5.024.403)	(2.979.323)
Net finance expenses	(3.089.786)	(2.328.351)

10. TAXATION

THE GROUP

	2017 €	2016 €
Corporation tax - current year	2.465.441	1.118.975
Corporation tax- adjustment for prior years	(417.623)	(279.326)
Special defence contribution	80	714
Other taxes	64.480	156.095
Deferred tax - charge (Note 31)	1.051.670	727.912
	3.164.048	1.724.370

The subsidiary companies of the Group are taxed in the countries in which they operate as follows:

Company	Country	Tax rate %
Logicom (Overseas) Limited	Cyprus	12,5
Logicom Solutions Limited	Cyprus	12,5
Netcom Limited	Cyprus	12,5
Najada Holdings Limited	Cyprus	12,5
Logicom (Middle East) SAL	Lebanon	15
ENET Solutions - Logicom S.A.	Greece	29
Logicom FZE	United Arab Emirates	0
Logicom Dubai LLC	United Arab Emirates	0
Logicom Jordan LLC	Jordan	20
Logicom Italia s.r.l.	Italy	27,9
Logicom IT Distribution Limited	Turkey	20
Rehab Technologies Limited	Saudi Arabia	20
Logicom Bulgaria EOOD	Bulgaria	10
Logicom Information Technology Distribution s.r.l.	Romania	16
Verendrya Ventures Ltd	Cyprus	12,5
Logicom Services Ltd	Cyprus	12,5
Enet Solutions LLC	United Arab Emirates	0
ICT Logicom Solutions SA	Greece	29
Logicom Saudi Arabia LLC	Saudi Arabia	20
Newcytech Business Solutions Ltd	Cyprus	12,5
Newcytech Distribution Ltd	Cyprus	12,5
Logicom Distribution Germany GmbH	Germany	29,72
Logicom LLC	Oman	15
Logicom Kuwait for Computer Company W.L.L	Kuwait	15
Logicom Trading & Distribution LLC	Qatar	10
Cadmus Tech Points S.A.L	Lebanon	15

LOGICOM PUBLIC LIMITED

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10. TAXATION *(continued)*

THE COMPANY

	2017	2016
	€	€
Corporation tax - current year	-	434.908
Special defence contribution	40	688
Other taxes	41.026	80.108
Deferred tax - charge (Note 31)	449.033	787.035
	490.099	1.302.739

The Company is subject to corporation tax at 12,5% on all of its profits.

Reconciliation of taxation with the taxation based on accounting profit

THE GROUP

	2017	2016
	€	€
Profit before taxation	17.792.310	13.382.432
Effective tax rate	20,70%	17,28%
Tax for the year based on accounting profit	3.683.008	2.312.484
Tax effect for:		
Depreciation	90.106	115.337
Capital allowances	(85.187)	(131.438)
Income not allowed in computation of taxable income	(1.956.365)	(2.986.974)
Expenses not allowed in computation of taxable income	550.754	1.099.769
Tax effect of tax losses brought forward	183.125	709.797
Special defence contribution	80	714
Other taxes	64.480	156.095
Deferred tax	1.051.670	727.912
Adjustment for prior years	(417.623)	(279.326)
	3.164.048	1.724.370

10. TAXATION *(continued)*

Reconciliation of taxation with the taxation based on accounting profit

THE COMPANY

	2017	2016
	€	€
Profit before taxation	4.113.299	3.326.710
Effective tax rate	12,50%	12,50%
Tax for the year based on accounting profit	514.162	415.839
Tax effect for:		
Depreciation	19.137	31.587
Capital allowances	(29.460)	(30.913)
Income not allowed in computation of taxable income	(1.484.616)	(2.057.373)
Expenses not allowed in computation of taxable income	412.986	935.137
Tax effect of tax losses brought forward	567.791	705.723
Special defence contribution	40	688
Other taxes	41.026	80.108
Deferred tax	449.033	787.035
Adjustment for prior years	-	434.908
	490.099	1.302.739

Deffered taxation recognized in other comprehensive income

THE GROUP

	2017	2016
	€	€
Revaluation of land and buildings	168.689	21.896
	168.689	21.896

THE COMPANY

	2017	2016
	€	€
Revaluation of land and buildings	168.689	(4.133)
	168.689	(4.133)

11. DIVIDENDS

	2017	2016
	€	€
Dividends paid	4.074.378	3.703.980
	4.074.378	3.703.980

During the year a final dividend for 2016 of €4.074.378 was paid. This corresponds to €0,055 cent per share. In accordance with IAS 10, dividends are recognised in the year in which they are declared.

The proposed final dividend for 2017 amounting to €4.815.174, corresponds to €0,065 cent per share and in accordance with IAS 10, it will be recognized during 2017, the year in which it will be declared.

12. EARNINGS PER SHARE

THE GROUP

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to the shareholders of the parent Company, the weighted average number of issued shares and the weighted average number of issued shares during the year as follows:

	2017	2016
Earnings attributable to shareholders (€)	15.624.710	12.214.872
Weighted average number of issued shares during the year	74.079.600	74.079.600
Basic earnings per share (cent)	21,09	16,49
Diluted weighted average number of shares	74.079.600	74.079.600
Diluted earnings per share (cent)	21,09	16,49

THE COMPANY

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to the shareholders of the parent Company, the weighted average number of issued shares and the weighted average number of issued shares during the year as follows:

	2017	2016
Earnings attributable to shareholders (€)	3.623.200	2.023.971
Weighted average number of issued shares during the year	74.079.600	74.079.600
Basic earnings per share (cent)	4,89	2,73
Diluted weighted average number of shares	74.079.600	74.079.600
Diluted earnings per share (cent)	4,89	2,73

13. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Land and buildings €	Computers €	Furniture and fittings €	Motor vehicles €	Total €
Cost or revaluation					
2016					
Balance at 1 January 2016	8.908.327	6.896.300	2.998.524	1.845.867	20.649.018
Additions for the year	394.334	809.716	724.371	156.044	2.084.465
Disposals for the year	-	(347.631)	(19.768)	(213.201)	(580.600)
Write offs for the year	-	(551.230)	(18.502)	-	(569.732)
Exchange differences	165.198	59.654	33.890	21.874	280.616
Adjustment on revaluation	716.836	-	-	-	716.836
Balance at 31 December 2016	10.184.695	6.866.809	3.718.515	1.810.584	22.580.603
2017					
Balance at 1 January 2017	10.184.695	6.866.809	3.718.515	1.810.584	22.580.603
Additions for the year	24.927	729.434	283.194	178.141	1.215.696
Disposals for the year	-	(462.423)	(208.925)	(299.036)	(970.384)
Exchange differences	(765.949)	(256.309)	(198.490)	(82.718)	(1.303.466)
Impairment charge	-	(100.616)	-	-	(100.616)
Balance at 31 December 2017	9.443.673	6.776.895	3.594.294	1.606.971	21.421.833
Depreciation					
2016					
Balance at 1 January 2016	630.769	4.745.691	2.029.634	1.285.787	8.691.881
Charge for the year	337.741	937.640	328.461	177.870	1.781.712
Disposals for the year	-	(332.911)	(11.785)	(162.634)	(507.330)
Write offs of the year	-	(526.584)	(18.502)	-	(545.086)
Exchange differences	24.130	54.199	26.635	15.894	120.858
Adjustment on revaluation	(739.055)	-	-	-	(739.055)
Balance at 31 December 2016	253.585	4.878.035	2.354.443	1.316.917	8.802.980
2017					
Balance at 1 January 2017	253.585	4.878.035	2.354.443	1.316.917	8.802.980
Charge for the year	361.001	855.408	355.637	169.259	1.741.305
Disposals for the year	-	(447.906)	(199.078)	(187.205)	(834.189)
Exchange differences	(31.790)	(202.780)	(104.874)	(58.397)	(397.841)
Impairment charge	-	(71.060)	-	-	(71.060)
Balance at 31 December 2017	582.796	5.011.697	2.406.128	1.240.574	9.241.195
Net book value					
Balance at 31 December 2016	9.931.110	1.988.774	1.364.072	493.667	13.777.623
Balance at 31 December 2017	8.860.877	1.765.198	1.188.166	366.397	12.180.638

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

THE COMPANY	Land and buildings €	Computers €	Furniture and fittings €	Motor vehicles €	Total €
Cost or revaluation					
2016					
Balance at 1 January 2016	3.487.500	1.773.476	583.586	421.993	6.266.555
Additions for the year	331.110	159.298	16.564	46.044	553.016
Write offs of the year	-	(551.203)	(18.502)	-	(569.705)
Adjustment on revaluation	(75.610)	-	-	-	(75.610)
Balance at 31 December 2016	3.743.000	1.381.571	581.648	468.037	6.174.256
2017					
Balance at 1 January 2017	3.743.000	1.381.571	581.648	468.037	6.174.256
Additions for the year	-	278.582	36.774	117.566	432.922
Disposals for the year	-	(1.537)	-	(129.524)	(131.061)
Balance at 31 December 2017	3.743.000	1.658.616	618.422	456.079	6.476.117
Depreciation					
2016					
Balance at 1 January 2016	130.500	1.462.425	479.713	375.655	2.448.293
Charge for the year	85.944	126.427	25.056	15.266	252.693
Write offs of the year	-	(526.584)	(18.502)	-	(545.086)
Adjustment on revaluation	(202.451)	-	-	-	(202.451)
Balance at 31 December 2016	13.993	1.062.268	486.267	390.921	1.953.449
2017					
Balance at 1 January 2017	13.993	1.062.268	486.267	390.921	1.953.449
Charge for the year	98.093	149.046	26.084	28.920	302.143
Disposals for the year	-	(92)	-	(107.519)	(107.611)
Balance at 31 December 2017	112.086	1.211.222	512.351	312.322	2.147.981
Net book value					
Balance at 31 December 2016	3.729.007	319.303	95.381	77.116	4.220.807
Balance at 31 December 2017	3.630.914	447.394	106.071	143.757	4.328.136

If land and buildings were recognised under historic cost, these would have been as follows:

	2017 €	2016 €
Cost	5.755.701	5.730.774
Depreciation	(2.105.619)	(1.889.555)
	3.650.082	3.841.219

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The value of the land which is not depreciated is as follows:

	2017	2016
	€	€
Balance at 31 December	354.091	354.091

Approximately every three years, or earlier if required, revaluations are prepared to estimate the fair values of land and buildings.

The revaluations were prepared according to the comparable valuation method for the computation of the market value, with the cost of construction method for the purchase price of the building under consideration as well as on the basis of future prospects of the building under consideration. These valuations were prepared by independent professional valuers.

The subsidiary company Logicom (Overseas) Limited acquired buildings (land, offices and warehouse) in the Larnaca Free Zone Area in December 1994. Land was acquired on a long term lease agreement from the Cyprus Government to the subsidiary, ending on 30 September 2016 with an option for renewal for another two lease periods of 33 years. The lease agreement was renewed for an additional period of 33 years and has been transferred to Logicom Public Limited. The buildings with an initial cost of €130.178 followed by additions of cost €29.672, were revalued on 10 May 2016, resulting to a revaluation surplus of €96.108 and were distributed in the form of dividends to the parent company.

The land and buildings of Logicom Public Limited were revalued on 31 December 2016 and the surplus from revaulation amounted to €126.841.

The subsidiary company Logicom FZE acquired land in the Free Trade Zone Area in Jebel Ali. The land is leased under an operating lease for 10 years from the 1 August 2007 with an option for renewal. During the year, the subsidiary proceeded with the construction of an office building and a warehouse in the land. The annual lease payment is €99.488. The land and buildings were revalued on 31 December 2016 and the revaluation surplus amounted to €1.225.959.

The land and buildings of Logicom Jordan LLC were revalued on 31 December 2016 and the revaluation surplus amounted to €6.983.

As at 31 December 2016 the Group's management estimates that the book value of buildings of Logicom (Middle East) SAL in Lebanon is not significantly different from their fair value which amounts to €154.121.

The Group's Management estimates that the accounting value of land and buildings is not significantly different from their fair value.

Taking into account the absence of satisfactory evidence, the general inertia of the real estate market and the unpredictable developments, the calculation of the fair value of land and buildings is classified at Level 3.

The provision for deferred taxation arising from the revaluation of land and buildings is presented in note 31.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2017

14. INTANGIBLE ASSETS AND GOODWILL

THE GROUP	Development costs €	Licensing costs €	Goodwill €	Distribution rights €	Total €
Cost					
2016					
Balance at 1 January 2016	141.603	475.666	9.316.104	-	9.933.373
Balance at 31 December 2016	141.603	475.666	9.316.104	-	9.933.373
2017					
Balance at 1 January 2017	141.603	475.666	9.316.104	-	9.933.373
Additions for the year	-	-	-	1.246.623	1.246.623
Balance at 31 December 2017	141.603	475.666	9.316.104	1.246.623	11.179.996
Amortisation					
2016					
Balance at 1 January 2016	131.839	416.814	653.169	-	1.201.822
Amortisation for the year	9.764	52.626	-	-	62.390
Balance at 31 December 2016	141.603	469.440	653.169	-	1.264.212
2017					
Balance at 1 January 2017	141.603	469.440	653.169	-	1.264.212
Amortisation for the year	-	6.226	-	-	6.226
Balance at 31 December 2017	141.603	475.666	653.169	-	1.270.438
Net book value					
Balance at 31 December 2016	-	6.226	8.662.935	-	8.669.161
Balance at 31 December 2017	-	-	8.662.935	1.246.623	9.909.558

14. INTANGIBLE ASSETS AND GOODWILL *(continued)*

THE COMPANY	Licensing costs €
Cost	
2016	
Balance at 1 January 2016	465.852
Balance at 31 December 2016	465.852
2017	
Balance at 1 January 2017	465.852
Balance at 31 December 2017	465.852
Amortisation	
2016	
Balance at 1 January 2016	407.000
Amortisation for the year	52.626
Balance at 31 December 2016	459.626
2017	
Balance at 1 January 2017	459.626
Amortisation for the year	6.226
Balance at 31 December 2017	465.852
Net book value	
Balance at 31 December 2016	6.226
Balance at 31 December 2017	-

Goodwill
For the purpose of the impairment testing, each subsidiary company is considered as a separate cash generating unit.

Logicom Solutions Ltd
Goodwill amounting to €2.343.488 arose by €449.755 on the acquisition of the subsidiary company Logicom Solutions Ltd on 1 January 2000 and on the acquisition of the subsidiary company Inteli-scape Limited on 29 November 2011 by €1.893.733. On 1 January 2015 the operation of Inteli-Scape Limited were merged with Logicom Solutions Ltd as an undertaking of an active economic unit and therefore it is considered as a single cash generating unit. The management estimates that there is no need for goodwill impairment on the basis that the recoverable amount exceeds the carrying amount of goodwill. The recoverable amount is equal to the value in use that is estimated as the current value of the expected future cash flows for a period of 3 years and the company's terminal value. For the determination of the terminal value the expected cash flows up to 2019 were used divided by the difference between the weighted average cost of capital and the growth rate. The weighted average cost of capital was calculated at 11% and the growth rate to perpetuity to 2%.

The amount of goodwill as at 31 December 2017 is €2.343.488 (2016: €2.343.488).

14. INTANGIBLE ASSETS AND GOODWILL *(continued)*

Newcytech Business Solutions Limited
Goodwill amounting to €7.535.670 arose on the acquisition of the subsidiary company Newcytech Business Solutions Limited ("Newcytech") on 30 October 2009.

Management estimates that there is no need for impairment of the goodwill, that arose on the acquisition of Newcytech, on the basis that the recoverable amount exceeds the carrying amount of goodwill. The recoverable amount equals the value in use that is calculated as the present value of the estimated expected future cash flows for a period of 3 years and the terminal value of the company. For the determination of the terminal value the cash flows up to 2020 were used divided with the difference of the weighted average cost of capital and the growth rate. The weighted average cost of capital was calculated to 11% and the growth rate to perpetuity to 2%.

The amount of goodwill arising from the acquisition of Newcytech Business Solutions Limited as at 31 December 2017 is €6.319.447 (2016: €6.319.447).

The main assumptions that were used in calculating the present value of the estimated future cash flows as assessed and evaluated by the Management are:

Discount rate
The discount rate is calculated at the same level as the weighted average cost of capital of the Group. For the calculation the interest rate of a 5 year government bond, the cost of financing after the tax deduction, the market interest rate and the effect of changes in the market on the Company were taken into account.

Growth rate for terminal value
The rate is calculated based on previous experience of the company's growth rate and the Company's segments of operations, and by also taking into account the ongoing technological development, expertise and experience of the company. The rate is compared with the growth rate of the Gross Domestic Product of Cyprus, the country in which the company is operating.

Estimated future inflows
The future inflows from the above subsidiaries have been calculated based on the growth rates of the companies in the last years as well as based on the business development plans of the companies:

- The budget for 2018 shows an increase of 3% in the turnover of Logicom Solutions Ltd and 2% in the turnover of Newcytech Business Solutions Ltd, taking into consideration the projects that the companies expect to perform during the year as well as their planned development.
- The growth for 2019 is estimated to be at possitive rates at the level of 3% for Logicom Solutions Ltd and for Newcytech Business Solutions Ltd and a 2% increase is also foreseen for 2020 respectively.
- The growth after 2020 is expected to be within the expectations of the Management based on growth data for the country and segment of operations of the Company.

Management does not consider that there will be a considerable change in the above main assumptions that will affect the recoverable amount of goodwill so that it will be lower than the carrying amount.

Development/licensing costs

The software development costs and licensing costs arose on the acquisition of the subsidiary company DAP Noesis Business Solutions Limited on 20 March 2002.

These costs, relate to the use and distribution of software, are capitalized and then amortized in profit or loss on a straight line basis over their useful economic life as follows:

Development costs 5 years
Licensing costs 2 years

14. INTANGIBLE ASSETS AND GOODWILL *(continued)*

Licencing costs relate to the acquisition of the distribution rights of Nokia products in Cyprus which have been acquired by Logicom Public Ltd on 11 July 2011 through a distribution contract and which have a duration until the end of 2015 with a right of renewal for a further year. This contract was not renewed. However, a new contract was signed for the distribution of Nokia products.

Costs relating to the distribution of products are capitalised and amortised in profit and loss with equal annual charges over the expected useful economic life for 5 years. Licencing costs have been written off in full at the end of the year ended 31 December 2016.

Distribution rights

The distribution rights arose from the acquisition of the business of Gemini SP S.R.L., a distributor of high technology products. The distribution rights which relate to the contracts with Hewlett Packard Enterprise N.V., Hewlett Packard Europe N.V. and Dell Distribution (EMEA) Ltd, are capitalised and then amortised to profit or loss with equal annual charges throughout the period of their expected useful life for 15 years.

15. BUSINESS ACQUISITION

On 5 December 2017 the Group's subsidiary company Logicom IT Distribution S.r.l. in Romania completed the acquisition of business relating to the distribution of technology products which was undertaken by Gemini SP S.R.L.

With this acquisition the Group has secured the termination of distribution contracts for the products of Hewlett Packard Enterprise N.V., Hewlett Packard Europe N.V. and Dell Distribution (EMEA) Ltd and the signing of new distribution contracts by Logicom IT Distribution S.r.l. This acquisition has generated an income of €316.527 and a profit of €18.669 for the year ended 31 December 2017.

Consideration transferred

The consideration transferred was calculated at fair value at the date of acquisition as follows:

	€
Cash	1.381.224
Contingent consideration	99.650
Total consideration transferred	1.480.874

Contingent consideration

A contingent consideration amounting to €99.650 has been agreed, payable in 5 years, provided that no liabilities occur that will burden Logicom IT Distribution S.r.l. and so long as Gemini SP S.R.L and its owners do not undertake competitive operations to those acquired by Logicom IT Distribution S.r.l

Acquisition related expenses

The Group incurred acquisition related expenses of €25.000 for legal and other professional fees. These expenses are included in the Administration Expenses.

15. BUSINESS ACQUISITION *(continued)*

Identifiable assets acquired

The identifiable value of the assets acquired is presented as follows:

	€
Inventories	881.224
Intangible assets	1.246.623
Total value of identifiable assets acquired	2.127.847

Measurement at fair value

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Inventories

The fair value is measured on the basis of acquisition cost minus any price reductions from the vendor, discounts or cash refunds.

Intangible assets

The fair value is measured on the basis of the expected future cash flows for a period of 15 years, divided by the difference of the weighted average cost of capital and the growth rate.

The weighted average cost of capital was calculated at 15% taking into consideration the Romanian market conditions.

Negative goodwill

The negative goodwill arisen is presented as follows:

	€
Total consideration transferred	1.480.874
Fair value of identifiable assets acquired	(2.127.847)
Exchange differences	(14.486)
Negative goodwill	(661.459)

The negative goodwill that arose from the acquisition has been recognised in Other income for the year.

16. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company has the following investments in subsidiary companies:

Company	Country of incorporation	2017 Holding %	2016 Holding %	Cost 2017 €	Cost 2016 €
Logicom (Overseas) Limited	Cyprus	100	100	-	-
Logicom (Middle East) SAL	Lebanon	100	100	1.525.819	1.525.819
ENET Solutions - Logicom S.A.	Greece	100	100	1.205.400	1.205.400
Logicom FZE	United Arab Emirates	100	100	9.510.441	7.759.420
Logicom Jordan LLC	Jordan	100	100	78.372	78.372
Logicom Italia s.r.l.	Italy	100	100	3.569.544	3.569.544
Rehab Technologies Limited	Saudi Arabia	100	100	-	100.382
Logicom Information Technology Distribution s.r.l.	Romania	100	100	63	63
Logicom Bulgaria EOOD	Bulgaria	100	100	-	-
Logicom Services Ltd	Cyprus	100	100	24.010.000	10.000
Verendrya Ventures Ltd	Cyprus	60	60	600	600
Logicom Distribution Germany GmbH	Germany	100	100	27.000	27.000
Cadmus Tech Points S.A.L	Lebanon	100	100	-	16.365
Najada Holdings Limited	Cyprus	100	-	3.500.100	-
				43.427.339	14.292.965

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of Logicom Solutions Ltd in Cyprus with share capital of €8.550.

The Company owns indirectly, through the subsidiary companies Enet Solutions Logicom S.A. and Logicom FZE, the 100% of Logicom IT Distribution Ltd in Turkey with share capital of €11.343.372.

The Company owns indirectly, through the subsidiary company Verendrya Ventures Limited, the 100% of the subsidiary Netcom Limited in Cyprus.

The Company owns indirectly, through the subsidiary company Logicom FZE, the 100% of the subsidiary Logicom Saudi Arabia LLC in Saudi Arabia with share capital of €4.960.896.

The Company owns indirectly, through the subsidiary company Logicom FZE, the 100% of the subsidiary Logicom Dubai LLC in United Arab Emirates, with share capital of €92.129.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of Newcytech Business Solutions Limited in Cyprus with share capital of €756.776.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of Newcytech Distribution Limited in Cyprus with share capital of €8.550.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of the subsidiary Enet Solutions LLC in the United Arab Emirates with share capital of €56.589.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of the subsidiary ICT Logicom Solutions SA in Greece, with share capital of €100.000.

16. INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

The Company owns indirectly, through the subsidiaries Logicom FZE and Logicom Dubai LLC, the 100% of Logicom LLC in Oman, with share capital of €41.086.

The Company owns indirectly, through its subsidiary Logicom FZE, the 100% of Logicom Kuwait for Computer Company WLL in Kuwait, with share capital of €50.997.

The Company owns indirectly, through its subsidiary Logicom Dubai LLC, the 100% of Logicom Trading and Distribution LLC in Qatar, with share capital of €40.015.

As at 31 December 2017, the Company made an impairment assessment on the value of the investments in subsidiary companies by comparing the net asset value of each investment with the carrying amount as stated in the Company's books. There was no indication for impairment in the value of the investments in subsidiaries, except for Rehab Technologies Ltd, Cadmus Tech Points S.A.L., Logicom (Middle East) SAL and Logicom Italia SRL. The value of the investment in Cadmus Tech Points S.A.L and Rehab Technologies Ltd was fully impaired in 2017. The value of the investments in the companies Logicom (Middle East) SAL and Logicom Italia srl were not impaired based on the calculation of the expected future cash flows of these companies for the years 2018-2020 divided by the weighted average cost of capital that was calculated at 11% and based on the fact that the discounted future cash flows exceed the value of these investments.

The following table presents the dates of acquisition, the nominal values and the number of shares of the main subsidiary companies:

Company	Date of acquisition/ incorporation	Nominal Value	Number of shares
Logicom (Overseas) Limited	01/01/1999	EUR 1,71	10.000
Logicom Solutions Limited	01/01/1999	EUR 1,71	6.500
Netcom Limited	27/04/2000	EUR 1,71	10.000
Logicom (Middle East) SAL	25/07/2000	LBP 15.000	20.000
ENET Solutions - Logicom S.A.	21/02/2001	EUR 2,94	410.000
Logicom Jordan LLC	07/08/2001	JOD 1	50.000
Logicom FZE	03/10/2001	AED 1 εκ.	1
Logicom Dubai LLC	07/11/2001	AED 100	3.000
Logicom Italia s.r.l.	14/06/2005	EUR 10.000	1
Logicom IT Distribution Limited	01/12/2005	YTL 25	920.000
Rehab Technologies Limited	01/08/2006	SAR 500	1.000
Logicom Information Technology Distribution s.r.l.	19/03/2007	RON 200	1
Logicom Bulgaria EOOD	12/04/2007	BGN 20.000	1
Verendrya Ventures Ltd	30/01/2009	EUR 1	1.000
Logicom Services Ltd	06/05/2009	EUR 1	10.000
Enet Solutions LLC	16/08/2009	AED 1.000	300
ICT Logicom Solutions SA	03/11/2009	EUR 1	100.000
Logicom Saudi Arabia LLC	29/09/2009	SAR 10	2.680.000
Newcytech Business Solutions Ltd	30/10/2009	EUR 1,71	442.559
Newcytech Distribution Ltd	30/10/2009	EUR 1,71	5.000
Logicom Distribution Germany GmbH	29/09/2010	EUR 1	25.000
Logicom LLC	02/09/2012	OMR 1	20.000
Cadmus Tech Points S.A.L	01/10/2013	LBP10.000	3.000
Logicom Kuwait for Computer Company W.L.L	13/03/2014	KWD200	100
Logicom Trading & Distribution LLC	23/03/2014	QAR1.000	200
Najada Holdings Limited	23/05/2017	EUR 1	100

17. EQUITY-ACCOUNTED INVESTEES

The Group participates in the consortium M.N Limassol Water Co. Limited and M.N. E.P.C Water Co. (partnerhsip) with 50% holding through its subsidiary company Verendrya Ventures Limited. The above consortiums have undertaken the construction and operation of the desalination plant in Episkopi.

During 2012, the Group has also acquired a 50% holding through its subsidiary company Verendrya Ventures Limited, in the joint venture M.N Larnaca Desalination Co. Limited for the renovation and operation of the existing desalination unit in Larnaca.

The Group recognizes the above investments using the equity method.

The Group has fully impaired the above investments, which are recognised using the equity method, based on the losses attributable to Verendrya Ventures Limited. The losses arising from M.N. Larnaca Desalination Co. Ltd that exceed the value of the investments were credited to the loans granted from Verendrya Ventures Limited. The profit arising from M.N. Limassol Water Co. Limited was debited to the loan granted from Verendrya Ventures Limited.

The Group through the consolidation of the results of the subsidiary company Verendrya Ventures Limited recognised a net total loss of €409.162 (2016: €1.508.930) which mainly results from its indirect participation in the company M.N. Larnaca Desalination Co. Limited and M.N. Limassol Water Co. Limited.

According to the Bank Loan Agreement between M.N. Limassol Water Co. Ltd and Cyprus Cooperative Bank, a restriction with regards to the dividend distribution exists if any of the below applies:

- Based on the instructions issued by the Water Development Department, the production of the desalinated water is restricted below the minimum quantities as specified in the contract.
- The Water Development Department instructs the company to operate in a stand-by mode.
- The economic position or the future cash flows of the company are not in a position to warrant the distribution of dividends.

In addition, according to the Bank Loan Agreement, the ratio of the total borrowings of the Consortium to M.N. Limassol Water Co. Limited, the company's equity and the available cash in the company's account compared to the amount borrowed from the bank should be at least 30%-70% for a period of 3 years from the date of the commencement of the production. After the 3 years lapse, this ratio will not apply provided that M.N. Limassol Water Co. Ltd will have available a Debt Service Reserve Account, which will be blocked in favor of the Bank. Following the lapse of the 3 years, the company maintains the minimum ratio of 30%-70% and therefore has not created a Debt Service Reserve Account.

Regarding the investment in the desalination unit of Larnaca, M.N. Larnaca Desalination Co's Limited management has prepared its financial statements for the year ended 31 December 2017 using estimates, assumptions and evidence that include the legal opinion in relation to the validity of claims in favor and against the company and an opinion from its consultants in respect of the level of compensation that the company is expected to be entitled to. Judgement has also been applied in the allocation of the expected compensation in the financial model of the company between financial and intangible asset. In accordance with the provisions of the paragraph 92 of IAS 37 'Provisions, contingent liabilities and contingent assets' no further information is disclosed in relation to the subject matter on the grounds that it may prejudice the position of the company in a dispute with other parties.

17. EQUITY-ACCOUNTED INVESTEES *(continued)*

Significant total amounts of investments accounted for using the equity method:

2017	M.N. Larnaca Desalination Co. Limited	M.N. E.P.C. Water Co.	M.N. Limassol Water Co. Limited	Total
Percentage	50%	50%	50%	
Reporting date	31/12/2017	31/12/2017	31/12/2017	
	€	€	€	€
Non-current assets	19.687.537	-	41.807.438	61.494.975
Current assets	4.926.841	2.076	11.308.991	16.237.908
Total assets	24.614.378	2.076	53.116.429	77.732.883
Current liabilities	(1.355.687)	(26.930)	(6.606.461)	(7.989.078)
Non-current liabilities	(33.242.229)	-	(45.357.804)	(78.600.033)
Total liabilities	(34.597.916)	(26.930)	(51.964.265)	(86.589.111)
Net assets	(9.983.538)	(24.854)	1.152.164	(8.856.228)
Revenue	9.223.231	-	11.598.687	20.821.918
Expenses	(11.196.005)	(2.208)	(10.442.029)	(21.640.242)
(Loss)/profit	(1.972.774)	(2.208)	1.156.658	(818.324)
Group's share in net assets	(4.991.769)	(12.427)	576.082	(4.428.114)
Group's share in (loss)/profit	(986.387)	(1.104)	578.329	(409.162)

2016	M.N. Larnaca Desalination Co. Limited	M.N. E.P.C. Water Co.	M.N. Limassol Water Co. Limited	Total
Percentage	50%	50%	50%	
Reporting date	31/12/2016	31/12/2016	31/12/2016	
	€	€	€	€
Non-current assets	19.926.303	-	44.026.578	63.952.881
Current assets	5.147.347	78.832	9.047.355	14.273.534
Total assets	25.073.650	78.832	53.073.933	78.226.415
Current liabilities	(1.273.688)	(101.478)	(6.283.079)	(7.658.245)
Non-current liabilities	(31.810.737)	-	(46.795.348)	(78.606.085)
Total liabilities	(33.084.425)	(101.478)	(53.078.427)	(86.264.330)
Net assets	(8.010.775)	(22.646)	(4.494)	(8.037.915)
Revenue	6.866.485	-	7.437.754	14.304.239
Expenses	(10.791.004)	(2.198)	(6.528.897)	(17.322.099)
(Loss)/profit	(3.924.519)	(2.198)	908.857	(3.017.860)
Group's share in net assets	(4.005.388)	(11.323)	(2.247)	(4.018.958)
Group's share in (loss)/profit	(1.962.260)	(1.099)	454.429	(1.508.930)

The balances and transactions between the jointly controlled companies are presented in note 41

18. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

THE GROUP

	2017 €	2016 €
Shares of the companies listed in ASE	1.051	1.051
Shares of the companies listed in CSE	6.854	6.854
Other investments	8.543	8.543
	16.448	16.448

THE COMPANY

	2017 €	2016 €
Shares of the companies listed in ASE	1.051	1.051
Other investments	8.543	8.543
	9.594	9.594

As at the date of the approval of the financial statements, 1 March 2018, the value of the shares traded in the CSE was €540 and the shares traded in ASE was €1.026.

19. AVAILABLE-FOR-SALE INVESTMENTS

Available for sale investments consist of shares in the public companies Demetra Investments Public Ltd (‘‘Demetra’’), Hellenic Bank Public Ltd (‘‘Hellenic‘‘) and Bank of Cyprus Public Company Ltd (‘‘BOC’’). The shares are traded in the Cyprus Stock Exchange. The investment in BOC securities was a result of the conversion of the 47,5% of Logicom Solutions Ltd's and Newytech Business Solutions Ltd's deposits held in BOC, into shares. These investments are presented at fair value.

THE GROUP

	2017 €	2016 €
Balance at 1 January	5.276.936	5.853.396
Impairment charge of investments	-	(2.012)
Increase/ (decrease) in fair value of investments	1.151.284	(574.448)
Balance at 31 December	6.428.220	5.276.936

THE COMPANY

	2017 €	2016 €
Balance at 1 January	-	-
Additions	-	-
Balance at 31 December	-	-

20. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	€	€	€	€
Derivative financial instruments - assets	-	239.944	-	228.195

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	€	€	€	€
Derivative financial instruments - liabilities	2.338.169	-	2.300.767	-

The derivative financial instruments of the Group and the Company refer to contracts for differences for the hedging of the fluctuations in foreign currencies. The Group and the Company's management follow a policy to minimize the risk arising from the fluctuation of foreign exchange differences, as stated in the significant accounting policies.

The loss from the change in fair value of derivative financial instruments for the year, that was recognised in Group's and Company's results amounted to €2.576.032 (2016 profit: €694.463) and €2.526.881 (2016 profit: €650.935) respectively.

The exposure of the Group and the Company to foreign exchange risk is presented in note 35 of the consolidated and separate financial statements.

21. INVENTORIES

THE GROUP

	2017	2016
	€	€
Net value of inventories at 31 December	64.957.047	78.890.775

THE COMPANY

	2017	2016
	€	€
Net value of inventories at 31 December	5.869.194	5.675.402

Inventories consist of finished goods for sale. Inventories are stated net of any provision for slow moving stock determined as obsolete and which it is possible that they cannot be sold.

Movement in provision for slow moving stocks:

THE GROUP

	2017	2016
	€	€
Balance at 1 January	263.708	1.531.133
Provision recognised for the decrease in the value of inventories	730.137	372.116
Reversal of provision	(256.790)	(1.634.546)
Exchange differences	(76.125)	(4.995)
Balance at 31 December	660.930	263.708

THE COMPANY

	2017	2016
	€	€
Balance at 1 January	4.065	4.065
Balance at 31 December	4.065	4.065

For the determination of the provision for slow moving stock, the characteristics of the country in which the inventories are held, the age and the type of inventories, their marketability as well as the Group's option for stock rotation and price protection from the vendors, were taken into consideration.

22. TRADE AND OTHER RECEIVABLES

THE GROUP

	2017	2016
	€	€
Trade receivables	159.253.317	149.679.659
Other receivables	7.354.022	3.243.601
Prepayments	15.036.298	4.670.798
Receivables from jointly controlled companies (Note 42)	21.129.431	22.562.036
	202.773.068	180.156.094
Non-current receivables		
Receivables from jointly controlled companies (Note 42)	21.129.431	22.557.386
Current receivables	181.643.637	157.598.708
	202.773.068	180.156.094

THE COMPANY

	2017	2016
	€	€
Trade receivables	7.862.468	6.432.434
Other receivables	8.887.871	6.843.041
Prepayments	24.906	15.569
Receivables from related companies (Note 41)	250	4.650
	16.775.495	13.295.694

Trade and other receivables are stated net of any provision for doubtful debts. The provision for doubtful debts amounted to €2.402.504 (2016: €2.602.436) for the Group and to €115.208 (2016: €115.208) for the Company.

Part of the trade receivables of Logicom Public Ltd in Cyprus and Malta and the subsidiary companies Enet Solutions Logicom S.A. in Greece and Logicom FZE in United Arab Emirates have been settled through the factoring agreement with recourse. The total amount of trade receivables that were settled as at 31 December amounted to €21.903.359 (2016: €18.438.649).

Prepayment include an amount of €8.125.000 which relates to the prepayment of the subsidiary company Najada Holdings Ltd for the purchase of immovable property for the Group's head quarters.

The Group's prepayments include amounts of €541.983 (2016: €1.160.644) which have been paid to the company Alternative Distribution Financing Ltd (‘ADF’) as a security deposit against financing facilities used by Group companies in the United Arab Emirates.

The Company's other receivables mainly include trade receivable balances of the subsidiary company Logicom FZE that were settled through the factoring agreement with recourse.

The risks in relation to trade and other receivables as well as the information relevant to the provision for doubtful debts are presented in note 35.

23. CASH AND CASH EQUIVALENTS

THE GROUP

	2017 €	2016 €
Cash in hand	51.446	17.739
Current accounts with banks	38.531.361	39.248.538
	38.582.807	39.266.277

THE COMPANY

	2017 €	2016 €
Cash in hand	3.397	2.884
Current accounts with banks	15.961.968	9.504.272
	15.965.365	9.507.156

The deposit interest rates for 2017 amounts to 0,5% - 1,0% per annum (2016: 1,5% - 2,0%).

For cash flow statement purposes, cash and cash equivalents include:

THE GROUP

	2017 €	2016 €
Cash at bank and in hand	38.582.807	39.266.277
Bank overdrafts (Note 29)	(40.564.031)	(52.133.395)
	(1.981.224)	(12.867.118)

THE COMPANY

	2017 €	2016 €
Cash at bank and in hand	15.965.365	9.507.156
Bank overdrafts (Note 29)	(24.031.913)	(30.000.235)
	(8.066.548)	(20.493.079)

24. SHARE CAPITAL

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
Authorised				
Ordinary shares of €0,34 each	100.000.000	34.000.000	100.000.000	34.000.000
Issued and fully paid				
Balance at 1 January	74.079.600	25.187.064	74.079.600	25.187.064
Balance at 31 December	74.079.600	25.187.064	74.079.600	25.187.064

All the shares are listed and traded in the Cyprus Stock Exchange, they have the same and equal rights and have no limitations in their transfer.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2017

25. RESERVES

THE GROUP

	Difference arising on the conversion the share capital to Euro	Share Premium	Retained earnings	Revaluation Reserve	Fair Value Reserve	Translation reserve	Hedge reserve	Statutory reserve	Total	Non-controlling interest	Total
	€	€	€	€	€	€	€	€	€	€	€
Balance at 1 January 2016	116.818	10.443.375	38.845.899	3.144.659	1.304.971	2.006.269	(9.331.678)	900.739	47.431.052	(849.405)	46.581.647
Profit for the year	-	-	12.214.872	-	-	-	-	-	12.214.872	(556.810)	11.658.062
Exchange differences in relation to foreign operations	-	-	-	-	-	3.126.261	(1.175.343)	-	1.950.918	-	1.950.918
Surplus on revaluation of land and buildings	-	-	-	1.455.891	-	-	-	-	1.455.891	-	1.455.891
Deferred tax on revaluation of land and buildings	-	-	-	21.896	-	-	-	-	21.896	-	21.896
Deficit arising from the revaluation of available for sale investments	-	-	-	-	(574.448)	-	-	-	(574.448)	-	(574.448)
Total comprehensive income	-	-	12.214.872	1.477.787	(574.448)	3.126.261	(1.175.343)	-	15.069.129	(556.810)	14.512.319
Proposed dividend for 2015 that was paid in 2016 (note 11)	-	-	(3.703.980)	-	-	-	-	-	(3.703.980)	-	(3.703.980)
Revaluation reserve realised through use	-	-	1.464	(1.464)	-	-	-	-	-	-	-
Transfer	-	-	(77.224)	-	-	-	-	77.224	-	-	-
	-	-	(3.779.740)	(1.464)	-	-	-	77.224	(3.703.980)	-	(3.703.980)
Balance at 31 December 2016	116.818	10.443.375	47.281.031	4.620.982	730.523	5.132.530	(10.507.021)	977.963	58.796.201	(1.406.215)	57.389.986

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2017

25. RESERVES *(continued)*

THE GROUP

	Difference arising on the conversion the share capital to Euro	Share Premium	Retained earnings	Revaluation Reserve	Fair Value Reserve	Translation reserve	Hedge reserve	Statutory reserve	Total	Non-controlling interest	Total
	€	€	€	€	€	€	€	€	€	€	€
Balance at 1 January 2017	116.818	10.443.375	47.281.031	4.620.982	730.523	5.132.530	(10.507.021)	977.963	58.796.201	(1.406.215)	57.389.986
Profit for the year	-	-	15.624.710	-	-	-	-	-	15.624.710	(996.448)	14.628.262
Exchange differences in relation to foreign operations	-	-	-	-	-	(10.566.579)	3.069.531	-	(7.497.048)	-	(7.497.048)
Deferred tax on revaluation of land and buildings	-	-	-	168.689	-	-	-	-	168.689	-	168.689
Surplus arising from the revaluation of available for sale investments	-	-	-	-	1.151.284	-	-	-	1.151.284	-	1.151.284
Total comprehensive income	-	-	15.624.710	168.689	1.151.284	(10.566.579)	3.069.531	-	9.447.635	(996.448)	8.451.187
Proposed dividend for 2016 that was paid in 2017 (note 11)	-	-	(4.074.378)	-	-	-	-	-	(4.074.378)	-	(4.074.378)
Transfer	-	-	(400.467)	-	-	-	-	400.467	-	-	-
Revaluation reserve realised through use	-	-	28.844	(28.844)	-	-	-	-	-	-	-
	-	-	(4.446.001)	(28.844)	-	-	-	400.467	(4.074.378)	-	(4.074.378)
Balance at 31 December 2017	116.818	10.443.375	58.459.740	4.760.827	1.881.807	(5.434.049)	(7.437.490)	1.378.430	64.169.458	(2.402.663)	61.766.795

25. RESERVES *(continued)*

THE COMPANY

	Difference arising on the conversion the share capital to Euro €	Share Premium €	Retained earnings €	Revaluation Reserve €	Total €
Balance at 1 January 2016	116.818	10.443.375	(600.307)	1.935.420	11.895.306
Profit for the year	-	-	2.023.971	-	2.023.971
Surplus on revaluation of land and buildings	-	-	-	126.841	126.841
Deferred tax on revaluation of land and buildings	-	-	-	(4.133)	(4.133)
Total comprehensive income	-	-	2.023.971	122.708	2.146.679
Proposed dividend for 2015 that was paid in 2016 (note 11)	-	-	(3.703.980)	-	(3.703.980)
Revaluation reserve realised through use	-	-	1.464	(1.464)	-
Balance at 1 January 2017	116.818	10.443.375	(2.278.852)	2.056.664	10.338.005
Profit for the year	-	-	3.623.200	-	3.623.200
Deferred tax on revaluation of land and buildings	-	-	-	168.689	168.689
Total comprehensive income	-	-	3.623.200	168.689	3.791.889
Proposed dividend for 2016 that was paid in 2017 (note 11)	-	-	(4.074.378)	-	(4.074.378)
Revaluation reserve realised through use	-	-	28.844	(28.844)	-
	-	-	(4.045.534)	(28.844)	(4.074.378)
Balance at 31 December 2017	116.818	10.443.375	(2.701.186)	2.196.509	10.055.516

Retained earnings
Retained earnings include accumulated profits or losses of the Company.

Share premium
Share premium consists of amounts incurred from the issue of shares at prices higher than the nominal value.

Reserve arising from the change of the nominal value of the shares
Reserve arising from the change of the nominal value of the shares consists of the difference arising from the change of the nominal value of the shares, following the adoption of the Euro as the official currency of the Republic of Cyprus.

Revaluation reserve
Revaluation reserve consists of the accumulated amounts of revaluations of land and buildings and the deferred taxation arising from the revaluations.

Fair value reserve
Fair value reserve consists of the accumulated amounts of revaluations of the available for sale investments recognised at their fair value.

25. RESERVES *(continued)*

Translation Reserve

Translation reserve consists of the accumulated exchange differences that arise on the translation of the equity of the foreign subsidiary companies and the exchange differences that arise from the long-term loans of the parent company to the foreign subsidiary companies.

Exchange differences that arise from the long-term loans to foreign subsidiary companies are transferred to other comprehensive income and presented in the translation reserve in the financial statements of the Group. Exchange differences are transferred to profit and loss on the disposal of the subsidiary company. Deferred taxation arising from net exchange differences from the translation of the long-term loans is transferred to other comprehensive income and is presented in the translation reserve.

Exchange differences arising from long-term loans to foreign subsidiary companies are recognised in profit and loss in the year they are incurred and are recognised in the financial statements of the parent Company.

Hedging Reserve

Hedging Reserve consists of the accumulated amounts of the hedging of the net investment in foreign subsidiary companies with the Group's liabilities at a foreign currency.

Statutory reserve in Group subsidiary companies

This reserve consists of amounts transferred every year from retained earnings, according to the statutory requirements applicable in certain countries.

26. PROVISIONS FOR OTHER LIABILITIES

THE GROUP	Provision for end of service benefit €	Contingencies from the acquisition of operations €	**Total** €
Balance at 1 January 2016	1.185.511	665.697	1.851.208
Charged to profit or loss	604.316	-	604.316
Payments during the year	(159.547)	(40.000)	(199.547)
Exchange differences	10.484	-	10.484
Adjustment on provision	-	(465.697)	(465.697)
Balance at 1 January 2017	1.640.764	160.000	1.800.764
Charged to profit or loss	627.614	-	627.614
Payments during the year	(103.943)	(40.000)	(143.943)
Exchange differences	(191.593)	-	(191.593)
Additions from business acquisition	-	99.650	99.650
Balance at 31 December 2017	1.972.842	219.650	2.192.492

Provisions for end of service benefits
The provisions for end of service benefits refer to provisions made in the Group's subsidiary companies, on the basis of the local legislation. The significant amounts relate to the subsidiaries in United Arab Emirates ('UAE') and Saudi Arabia and are analysed as follows:

United Arab Emirates
The provisions in the subsidiary companies based in UAE, Logicom FZE and Logicom Dubai LLC are recognised on a cumulative basis as follows:

Years of employment	Provision
0-1	Nil
1-5	21 days of the annual basic salary for each year of employment
More than 5 years	30 days of the annual basic salary for each year of employment

The annual cost is debited to the results. The amount that each employee is entitled to receive from the company is payable on the termination of service with the Company. The maximum payable amount is 2 annual salaries.

Saudi Arabia
The provisions in the subsidiary company Logicom Saudi Arabia LLC based in Saudi Arabia are recognised on a cumulative basis as follows:

Years of employment	Provision
0-5	½ of monthly basic salary for each year of employment
More than 5 years	1 monthly salaray for each year of employment

26. PROVISIONS FOR OTHER LIABILITIES *(continued)*

The annual cost is debited to the results. The amount that each employee is entitled to receive from the company is payable on the termination of service with the Company. The maximum payable amount is 2 annual salaries. In the case of voluntary retirement the employee may receive part of the benefit.

The subsidiary companies in Greece, Italy, Lebanon, Kuwait, Oman, Turkey and Qatar also recognise provisions for end of service.

Contingencies from acquisition of operations
The contingencies from the acquisition of operations refer to:

1. Amount of €120.000 (2016: €160.000) refers to a balance payable to the previous owner of Inteli-scape Ltd as this was adjusted during the year 2016 due to payments and revised agreements. The amount is payable in equal installments of €40.000 per annum with the latest date of payment on 30 June 2020.
2. Amount of €99.650 refers to a balance payable to Gemini SP S.r.l. relating to the acquisition of business from the Group's subsidiary company Logicom IT Distribution S.r.l (note.15). The amount is payable provided that no liabilities occur that will burden Logicom IT Distribution S.r.l. and so long as Gemini SP S.R.L and its owners do not undertake competitive operations to those acquired by Logicom IT DIstribution S.r.l. The lump sum amount is payable in 5 years.

The amounts included in the consolidated statement of financial position include the following:

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	€	€	€	€
Provisions to be used after more than twelve months	2.139.532	1.729.765	-	-
Provisions to be used within twelve months	52.960	70.999	-	-

27. TRADE AND OTHER PAYABLES

THE GROUP

	2017	2016
	€	€
Trade payables	89.177.076	93.115.536
Accrued expenses	7.047.807	7.839.158
Other payables	20.388.862	18.907.303
Deferred income	4.440.650	4.488.899
	121.054.395	124.350.896
Non-current payables		
Other payables	11.066.714	10.625.561
Current payables	109.987.681	113.725.335
	121.054.395	124.350.896

Other payables included in the non-current payables relate to a loan between the subsidiary company Verendrya Ventures Limited and Demetra Investments Public Limited as a result of its participation in the desalination plants in Episkopi and Larnaca.

27. TRADE AND OTHER PAYABLES *(continued)*

THE COMPANY

	2017	2016
	€	€
Trade payables	51.644.201	53.768.672
Accrued expenses	1.288.138	1.721.806
Other payables	2.244.580	2.597.705
	55.176.919	58.088.183

The risks in relation to trade and other payables are presented in note 35.

28. CURRENT TAX ASSETS AND LIABILITIES

THE GROUP

	2017	2016
	€	€
Current tax assets	739.810	7.835.637
Current tax liabilities	1.483.489	1.581.810

THE COMPANY

	2017	2016
	€	€
Current tax liabilities	3.307	3.671

During the year the amount of €6.482.702 which related to tax receivable paid by the subsidiary company Enet Solutions Logicom S.A., was received.

29. LOANS AND BANK OVERDRAFTS

THE GROUP

	2017	2016
	€	€
Long-term loans	17.749.332	3.793.410
Short term loans	62.295.134	67.114.604
Bank overdrafts (Note 23)	40.564.031	52.133.395
	120.608.497	123.041.409

The long-term loans of the Group are repayable as follows:

THE GROUP

	2017	2016
	€	€
Within one year	4.423.077	3.307.399
Between two and five years	13.326.255	486.011
	17.749.332	3.793.410

29. LOANS AND BANK OVERDRAFTS *(continued)*

THE COMPANY

	2017	2016
	€	€
Long-term loans	11.006.496	3.068.295
Short term loans	23.733.890	27.611.076
Bank overdrafts (Note 23)	24.031.913	30.000.235
	58.772.299	60.679.606

The long-term loans of the Company are repayable as follows:

THE COMPANY

	2017	2016
	€	€
Within one year	3.850.411	3.068.295
Between two and five years	7.156.085	-
	11.006.496	3.068.295

The long term loans of the Group and the Company consist of:

Loan in Euro repayable in three years, with 12 equal quarterly installments of €174.903. The interest rate is equal to 3 month EURIBOR + 3,0% annually and the first installment will be paid on 28 February 2018.

Loan in Euro repayable in three years, with 12 equal quarterly installments of €787.700. The interest rate is equal to 3 month EURIBOR + 3,0% annually and the first installment will be paid on 31 March 2018.

Loan in Euro repayable in fourteen years in 168 equal montlhy installments of €47.901.The interest rate is equal to 6 month EURIBOR +3,15% annually and the first installment was paid on 27 July 2017.

The weighted average cost of the bank overdraft is 4,3% annually (2016: 4,2%). The bank overdrafts are repayable on demand by the respective banks.

The interest rate of short-term loans is equal to 3 month USD LIBOR plus 2,90% annually, 3 month USD LIBOR plus 2,75% annually and 3 month USD LIBOR plus 2,80% annually (2016: 3 month USD LIBOR plus 3,90% annually, 3 month USD LIBOR plus 3,25% annualy and 3 month USD LIBOR plus 2,80% annually.). Short-term loans are repayable within three months from the day that they are signed.

The unutilised balance of the bank overdrafts of the Group at 31 December 2017 amounted to €99,6 million (2016: €85,6 million) and of the Company to €29,9 million (2016: €9,9 million).

29. LOANS AND BANK OVERDRAFTS *(continued)*

Reconciliation of liabilities arising from financing activities:

THE GROUP

	Bank loans €	Bank overdrafts €	Retained Earnings €	Total €
Balance at 1 January	**70.908.014**	**52.133.395**	**47.281.031**	**170.322.440**
Changes from financing cash flows:				
Proceeds from borrowings	79.558.455	-	-	79.558.455
Repayment of principal	(70.422.003)	-	-	(70.422.003)
Dividends paid	-	-	(4.074.378)	(4.074.378)
Total changes from financing cash flows	**9.136.452**	**-**	**(4.074.378)**	**5.062.074**
The effect of changes in foreign exchange rates	**5.075.437**	**-**	**-**	**5.075.437**
Other changes:				
Interest payable	3.681.647	780.150	-	4.461.797
Repayment of interest	(3.681.647)	(780.150)	-	(4.461.797)
Changes in the bank overdrafts	-	(11.569.364)	-	(11.569.364)
Total liability-related other changes	**-**	**(11.569.364)**	**-**	**(11.569.364)**
Total equity-related other changes	**-**	**-**	**15.253.087**	**15.253.087**
Balance at 31 December	**85.119.903**	**40.564.031**	**58.459.740**	**184.143.674**

THE COMPANY

	Bank loans €	Bank overdrafts €	Retained Earnings €	Total €
Balance at 1 January	**30.679.371**	**30.000.235**	**(2.278.852)**	**58.400.754**
Changes from financing cash flows:				
Proceeds from borrowings	34.740.386	-	-	34.740.386
Repayment of principal	(30.679.371)	-	-	(30.679.371)
Dividends paid	-	-	(4.074.378)	(4.074.378)
Total changes from financing cash flows	**4.061.015**	**-**	**(4.074.378)**	**(13.363)**
Other changes:				
Interest payable	1.096.969	630.926	-	1.727.895
Repayment of interest	(1.096.969)	(630.926)	-	(1.727.895)
Changes in the bank overdrafts	-	(5.968.322)	-	(5.968.322)
Total liability-related other changes	**-**	**(5.968.322)**	**-**	**(5.968.322)**
Total equity-related other changes	**-**	**-**	**3.652.044**	**3.652.044**
Balance at 31 December	**34.740.386**	**24.031.913**	**(2.701.186)**	**56.071.113**

29. LOANS AND BANK OVERDRAFTS *(continued)*

The banking facilities are secured by:

1. The guarantee of Logicom Solutions Ltd for \$500.000, €4.800.000 and €6.103.000.
2. First mortgage with registration number Y2256/95 for factory and offices in Larnaca with registration number L6 on the name of Logicom (Overseas) Limited for €170.861 (it also secures the liabilities of Logicom (Overseas) Limited).
3. First mortgage with registration number Y1858/99 amounts to €598.010, second mortgage with registration number Y3404/99 amounts to €256.290 and third mortgage with registration number Y3405/99 amounts to €170.860 on building with registration number N1664 at Ayia Paraskevi owned by Logicom Public Limited
4. First mortgage with registration number Y1953/99 dated 9 March 1999 for plot with registration number N1665 in Nicosia (Ayia Paraskevi area, Strovolos) for €133.270, owned by Logicom Public Limited.
5. Second mortgage with registration number Y5753/00 dated 21 July 2000 on plot with registration number N1665 in Nicosia (Ayia Paraskevi area, Strovolos) for €136.688 , owned by Logicom Public Limited.
6. Assignment of receivables of Logicom Public Ltd for the amount of \$10.002.699.
7. The guarantee of Logicom (Overseas) Limited for €170.861
8. Corporate guarantee of Logicom Public Limited amounting to €6.103.000 (2016: €6.202.375) .
9. Corporate guarantee of Logicom Public Limited with no amount restriction.
10. Corporate guarantee of Logicom Public Limited of \$31.000.000, \$6.000.000, \$13.000.000, \$10.000.000, \$1.500.000, €1.500.000, €1.500.000, AED 30.000.000, AED 38.035.000, AED 35.000.000, JOD 700.000, €4.121.875, €910.500, €216.000, €1.650.000.
11. Fire safety guarantee of €4.018.900.

30. PROMISSORY NOTES

	THE GROUP		THE COMPANY	
	2017	2016	2017	2016
	€	€	€	€
Liabilities	1.781.542	2.588.889	1.781.542	2.588.889

The Company has signed an agreement, with FIMBank Plc, for the financing of invoices issued from certain suppliers, with a limit of €4.0m. The Company uses this facility to settle the invoices issued by Hewlett-Packard Europe B.V and Microsoft Ireland Operations Ltd.

The exposure of the Group and the Company to liquidity risk is presented in note 35 of the consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2017

31. DEFERRED TAX

Liabilities/Assets of deferred taxation

	Liabilities 2017 €	Assets 2017 €	Transfer to Reserves €	Transfer to Statement of Comprehensive Income €	Liabilities 2016 €	Assets 2016 €
THE GROUP						
Deferred taxation arising from:						
Temporary differences arising from differences between depreciation and capital allowances	(86.506)	(4.692)	-	(63.398)	(22.317)	(5.483)
Temporary differences arising from loss for the year	-	1.129.336	-	(426.081)	-	1.555.417
Revaluation of land and buildings	(272.817)	-	168.689	-	(441.506)	-
Temporary differences arising from administrative expenses	(54.525)	559.091	-	(15.073)	(39.751)	542.347
Temporary differences arising from unrealised exchange difference	(429.680)	1.720	-	(547.118)	-	119.158
Exchange difference	49.328	(66.408)	-	-	-	104.058
	(794.200)	1.619.047	168.689	(1.051.670)	(503.574)	2.315.497
THE COMPANY						
Deferred taxation arising from:						
Temporary differences arising from differences between depreciation and capital allowances	(26.734)	-	-	(22.952)	(3.781)	-
Temporary differences arising from loss for the year	-	959.528	-	(426.081)	-	1.385.609
Revaluation of land and buildings	(272.817)	-	168.689	-	(441.506)	-
	(299.551)	959.528	168.689	(449.033)	(445.287)	1.385.609

Deferred tax assets and liabilities are offset if there is a legal enforceable right to offset current tax assets and liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax asset recognised relates to unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of the year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax asset mainly relates to the Company's tax losses. The Company is expected to generate taxable profits in the next years based on the overall tax planning prepared in relation to its operations.

32. CONTINGENCIES AND LITIGATIONS

The most important guarantees are as follows:

(1) The Company has provided a bank guarantee of up to USD 3.600.000 (€3.001.751) to a foreign supplier for providing a trading credit facility. This guarantee is valid from 12 August 2015 until 18 August 2018.

(2) The Company has provided a second bank guarantee of up to USD 400.000 (€333.528) to a second foreign supplier for providing a trading credit facility. This quarantee is valid from 24 August 2015 until 18 August 2018.

(3) The Company has provided a third bank guarantee of up to €1.200.000 to a third foreign supplier for providing a trading credit facility. This guarantee was renewed on 31 October 2017 for the amount of €1.700.000 until 11 August 2018.

(4) The Company has provided a fourth bank guarantee of up to €300.000 to a fourth foreign supplier for providing a trading credit facility. This guarantee was renewed on 12 December 2017 for the amount of €450.000 until 11 August 2018.

(5) The Company has provided a fifth bank guarantee of up to USD 1.200.000 (€1.000.584) to a fifth foreign supplier for providing a trading credit facility. This guarantee expired on 12 April 2017 and was renewed for up to 12 April 2018.

(6) The Company has provided a sixth bank guarantee of up to USD 300.000 (€250.146) to a sixth foreign supplier for providing a trading credit facility. This quarantee is valid from 11 September 2017 until 11 September 2018.

(7) The Company has provided bank guarantees of up to USD 500.000 (€416.910) to a seventh foreign supplier for providing a trading credit facility. These quarantees are valid from 11 September 2017 until 11 September 2018.

(8) The Company has provided an eighth bank guarantee of up to €34.172 to the Director of Customs and Excise Department for the use of a Bonded Warehouse in the Free Trade Zone in Larnaca.

(9) Companies of the Group have provided bank guarantees in order to participate to government projects and private sector projects.

Apart from the tax liabilities that have already been accounted for in the consolidated and separate financial statements, based on the existing information, it is possible that additional tax liabilities may arise during the examination of the tax and other affairs of the companies of the Group.

33. OPERATING LEASE

THE GROUP

	2017	2016
	€	€
Within one year	1.887.972	834.588
Between one and five years	2.224.089	2.078.857
After more than five years	121.471	485.598

The Group rents a number of buildings, warehouses and motor vehicles. The Group assesses the categorization to operating lease or hire purchase. Based on the fact that, firstly, the land is not transferable, secondly, because the rents are adjusted to the market rent prices at regular intervals and the Group is not involved in the residual values of the buildings, it was assessed that the risks and rewards remain substantially with the owner. Based on the above factors, it is concluded that the leases are classified as operating leases.

The Group acquired land in the Larnaca Free Trade Zone Area in December 1994, on a long-term operating lease agreement ending on 30 September 2016 from the Cyprus Government, with an option for renewal for another two lease periods of 33 years. The leasing was renewed for one period of 33 years. The buidlings with an initial purchase cost of €130.178 and with further additions at the cost of €29.672, were revalued on 10 May 2016 and distributed in the form of dividends to the parent company. The annual lease expense amounts to €3.210.

The Group acquired land in the Free Trade Zone Area in Jebel Ali through the subsidiary Logicom FZE in the United Arab Emirates. The land was acquired on a long-term operating lease agreement for 10 years from 1 August 2007, with an option for renewal.

The Group also acquired offices and a warehouse in Greece through the subsidiary Enet Solutions Logicom S.A. under a lease agreement.

The lease expense recognized during 2017 in the statement of profit or loss and other comprehensive income is €1.924.688 (2016: €1.076.613).

Included in operating leases is an amount which relates to hire purchases, which is considered immaterial to be disclosed separately.

34. FAIR VALUES

Management believes that the fair values of the financial assets and liabilities of the Group and the Company are approximately equal to the amounts shown in the books at the end of the year.

35. RISK MANAGEMENT

The main financial assets held by the Group and the Company are cash and cash equivalents, investments and trade and other receivables. The main financial liabilities of the Group and the Company are bank overdrafts and loans and trade and other payables. The Group and the Company are exposed to the following risks from their financial assets and liabilities.

35.1 Credit risk

Credit risk is the risk of default by counter parties to transactions mainly from trade receivables of the Group and the Company. The Group and the Company ensure the application of appropriate mechanisms and ensure the maintenance of related monitoring procedures and controls over credits. Credit risk is monitored on an ongoing basis.

35. RISK MANAGEMENT *(continued)*

35.1 Credit risk (continued)

The Group entered into an agreement with Atradius Credit Insurance N.V. ('Insurance Company') for the credit insurance that the Group offers to its customers. The issuance of such insurance agreement is considered to be the most appropriate method for hedging against credit risk.

The insurance agreements for the trade receivables and the procedures required under these agreements, have significantly improved the monitoring and control of trade receivables, mainly in the approval of credit limits, which is done in cooperation with the credit insurance company as the latest has the resources for a better evaluation of the credibility of each debtor. It should be noted that the credit insurance covers all trade receivables other than governmental or semi-governmental organizations as well as physical persons.

The carrying value of investments represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date of the consolidated and separate financial statements was:

THE GROUP

	2017	2016
	€	€
Available-for-sale investments	6.428.220	5.276.936
Investments at fair value through profit and loss	16.448	16.448
Receivables from jointly controlled companies	21.129.431	22.557.386
Trade and other receivables	181.643.637	157.598.708
Cash and cash equivalents	38.582.807	39.266.277
	247.800.543	224.715.755

THE COMPANY

	2017	2016
	€	€
Investments at fair value through profit and loss	9.594	9.594
Long-term loans to subsidiary companies	27.554.737	28.504.488
Trade and other receivables	16.775.495	13.295.694
Cash and cash equivalents	15.965.365	9.507.156
Balances with subsidiary companies	38.687.577	80.204.568
	98.992.768	131.521.500

Cash and cash equivalents

The Group held cash and cash equivalents amounting to €38.582.807 (2016: €39.266.277), which represent the maximum credit risk exposure, after trade and other receivables from whom any risk has been limited as explained above. Cash and cash equivalents are deposited in banks and financial institutions, which are valuated from Caa3 to A1, based on Moody's, from CCC- to A+ based on Standard & Poor's and from CCC- to AA+ based on Fitch's.

The maximum exposure to credit risk of the Group, for trade receivables by geographic region, is as follows:

THE GROUP

	2017	2016
	€	€
Europe	60.198.328	60.635.548
Middle East	99.054.989	89.044.111
	159.253.317	149.679.659

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35. RISK MANAGEMENT *(continued)*

35.1 Credit risk (continued)

THE COMPANY

	2017	2016
	€	€
Europe	7.862.468	6.432.434
	7.862.468	6.432.434

In accordance to the above analysis, 38% of the Group's trade receivables (2016: 41%) originates from Europe and 62% (2016: 59%) of the Group's trade receivables originates from the Middle East.

The ageing of the remaining trade receivables which are not impaired is as follows:

THE GROUP

	2017	2016
	€	€
0 until 90 days	147.929.889	138.272.872
91 until 180 days	7.966.276	7.116.103
more than 180 days	3.357.152	4.290.684
	159.253.317	149.679.659

THE COMPANY

	2017	2016
	€	€
0 until 90 days	7.264.879	6.119.239
91 until 180 days	595.027	95.136
more than 180 days	2.562	218.059
	7.862.468	6.432.434

It is not considered necessary to provide for the amount of trade receivables of the Group that are outstanding for a period longer than 180 days since the largest part of this amount arises from the services segment where the credit period is higher, the credibility of the customers is at higher levels and the repayment is made based on special agreements. The amount that arises from the distribution segment has been recovered in some cases after the year end or it is considered to be recoverable based on the facts of each case.

It is not considered necessary to provide for the amount of trade receivables of the subsidiaries since it has been assessed that all Group companies have the ability to repay their obligations.

The Company's other debtors mainly inlcude trade receivable balances of the subsidiary company Logicom FZE (note 22) which are aged 0-90 days and which are considered to be fully recoverable.

The ageing of the balances of the subsidiary companies in the Company's books is as follows:

THE COMPANY

	2017	2016
	€	€
0 until 180 days	38.687.577	80.204.568
more than 180 days	27.554.737	28.504.488
	66.242.314	108.709.056

35. RISK MANAGEMENT *(continued)*

35.1 Credit risk (continued)

For the determination of provision for doubtful debts, the age of the balances, the characteristis of the customers and countries in which the Group operates and the extent to which the outstanding amount was recovered after the year end were taken into consideration.

The provision for doubtful debts for the year shows a decrease in relation to the provision of the corresponding period of 2016. Group's management estimates that the credit insurance has significantly reduced the risk for doubtful debts. The provision for doubtful debts is analysed as follows:

THE GROUP

	2017 €	2016 €
At 1 January	2.602.436	2.967.688
Provision for doubtful debts	379.811	517.098
Decrease in provision for doubtful debts	(273.324)	(882.350)
Exchange differences	(306.419)	-
At 31 December	2.402.504	2.602.436

THE COMPANY

	2017 €	2016 €
At 1 January	115.208	115.208
Provision for doubtful debts	-	4.134
Decrease in provision for doubtful debts	-	(4.134)
At 31 December	115.208	115.208

The Group estimates that the fair value of trade and other receivables is not significantly different from their carrying value as recognised in the financial statements, as the average repayment period of trade and other receivables is less than 6 months.

35.2 Interest rate risk

Interest rate risk is the risk of fluctuations in the value of financial instruments due to movements in market interest rates. Income and cash flows from operations of the Group and the Company are dependent on changes of market interest rates, since the Group and the Company have material assets which bear interest. The Group and the Company are exposed to interest rate risk on borrowings. Borrowing in variable interest rates exposes the Group and the Company in interest rate risk that affects cash flows. Borrowing in fixed interest rates exposes the Group and the Company in interest rate risk that affects the fair value. The management of the Group and the Company and more specifically the Risk Management Committee is monitoring the fluctuations of interest rates on an ongoing basis and ensures that the necessary actions are taken.

The interest rates and repayment dates applicable for loans and bank facilities are stated in note 29.

35. RISK MANAGEMENT *(continued)*

35.2 Interest rate risk (continued)

Sensitivity analysis on interest rates

A possible increase of the interest rates by 1% in relation to the weighted average interest rates of the year, would have decrease the profit for the year. The analysis below assumes that all other parameters remain constant:

THE GROUP

	2017	2016
	€	€
Long-term loans	(177.493)	(37.934)
Short term loans	(622.951)	(671.146)
Bank overdrafts	(405.640)	(521.334)
Cash and cash equivalents	385.314	392.485
Promissory notes	(17.815)	(25.889)
	(838.585)	(863.818)

THE COMPANY

	2017	2016
	€	€
Long-term loans	(110.155)	(30.683)
Short term loans	(237.339)	(276.111)
Bank overdrafts	(240.319)	(300.002)
Promissory notes	(17.815)	(25.889)
Cash and cash equivalents	159.620	95.043
	(446.008)	(537.642)

A possible decrease of the interest rates by the same percentage would have an equal but opposite effect on the profit for the year.

35.3 Foreign exchange risk

This risk arises from adverse movements in foreign exchange rates.

The Company and the Group are subject to foreign exchange risk on sales, purchases and loans in currencies other than the Company's and subsidiary companies functional currency, and on the long term loans to foreign subsidiaries. Management is aware of foreign exchange risk and is examining alternative methods to hedge the risk.

The hedging of foreign exchange risk is managed by the Group Chief Financial Officer together with the Executive Directors. This issue is discussed and examined at the Board of Directors' meetings due to the fact that management has assessed that the Company is materially affected from the movements in foreign currencies against the Euro.

Until today, the hedging methods that have been used against foreign exchange risk are the following:

1. Natural Hedging. The Company maintains to the maximum extent, assets (investments in foreign subsidiaries) and liabilities (bank overdrafts, short and long term loans) at the same currency, mainly the United States Dollars (USD). In this way any gain or loss in assets is hedged by the corresponding loss or gain in liabilities.
2. The percentage of sales in foreign currency on total turnover is approximately the same with the percentage of bank borrowings in foreign currency in relation to the total borrowings of the Group.
3. The bank borrowings are usually made in the currency that the suppliers invoice the Company.
4. In cases of projects were the total cost of completion of the project is known from the time of the validation of the tender, then forward contracts are used, for the period required to complete the project and for the specific amount in foreign currency that the Company will be invoiced.

35. RISK MANAGEMENT *(continued)*

35.3 Foreign exchange risk (continued)

5. In addition, the Company enters into forward exchange contracts based on turnover at regular intervals e.g. weekly, for covering the payments to suppliers based on the credit period that they give to the Company. In this way the purchase of foreign currency for payments to suppliers in future periods is secured with the receipts from trade receivables.

Hedging of net investment in foreign operation

The Group applies hedge accounting to decrease foreign exchange risk.

Specifically, the equity and long-term loans that are part of the net investment in subsidiary companies Logicom FZE, Logicom Dubai LLC, Logicom (Middle East) SAL, Logicom Jordan LLC and Logicom Saudi Arabia LLC, where the functional currency is the USD are hedged with the bank borrowings of the Group in USD. Hedging is determined on a quarterly basis and the amount is adjusted accordingly. The hedge effectiveness is assessed on a monthly basis and to the extent the hedging is ineffective, the exchange differences are recognized in statement of profit or loss and other comprehensive income.

As at 31 December 2017 the amounts that were hedged were USD 27.000.000 of net investment in the above foreign companies and USD 27.000.000 of bank borrowings.

The carrying value of financial assets and liabilities of the Group denominated in foreign currency as at the date of the consolidated and separate financial statements is as follows:

THE GROUP

	USD	
	2017	2016
	€	€
Trade and other receivables	6.808.952	10.794.075
Cash and cash equivalents	1.388.393	-
Trade and other payables	(71.762.684)	(67.596.036)
Long-term loans	-	(2.009.648)
Short term loans	(23.733.890)	(27.606.743)
Bank overdrafts	(24.123.165)	(28.217.229)
	(111.422.394)	(114.635.581)

THE COMPANY

	USD	
	2017	2016
	€	€
Trade and other receivables	1.254.976	707.699
Cash and cash equivalents	207.698	-
Trade and other payables	(48.491.591)	(50.253.446)
Long-term loans	-	(2.009.648)
Short term loans	(23.733.890)	(27.606.743)
Bank overdrafts	(23.816.840)	(27.842.097)
Balances with subsidiary companies	68.285.533	71.269.274
	(26.294.114)	(35.734.961)

35. RISK MANAGEMENT *(continued)*

35.3 Foreign exchange risk (continued)

The following foreign exchange rates were used in the preparation of the consolidated and separate financial statements:

	Average Rate		Rate as at reporting date	
	2017	2016	2017	2016
	€	€	€	€
USD 1	0,8852	0,9034	0,8338	0,9487

Sensitivity analysis on fluctuations of foreing exchange rates
A possible strengthening of the Euro against the US Dollar and the other currencies by 10% as at 31 December 2017 would have increased/decreased respectively the profit for the year and the shareholders' funds. The analysis below assumes that all other parameters and mainly interest rates remain constant:

THE GROUP

	Effect on the shareholders funds		Effect on profit or loss	
	2017	2016	2017	2016
	€	€	€	€
USD	6.187.845	4.853.988	1.181.934	11.463.558

THE COMPANY

	Effect on the shareholders funds		Effect on profit or loss	
	2017	2016	2017	2016
	€	€	€	€
USD	2.629.411	3.573.496	2.629.411	3.573.496

A possible weakening of the Euro against the above currencies by 10% would have equal but opposite effect, if all other parameters remain constant.

35.4 Liquidity risk

Liquidity risk is the risk that arises when the expiry date of assets and liabilities does not concur. When expiries do not concur, the performance can increase but at the same time the risk for losses can also increase. The Group and the Company have procedures in place to minimize such losses, such as retaining sufficient amounts in cash and other highly liquid assets and retaining sufficient amounts in secured credit facilities in order to cover liabilities when they fall due.

The management estimates that the ability of the Group to receive in advance its trade receivables through the factoring agreement with recourse in Cyprus, Greece and the United Arab Emirates, reduces even further the liquidity risk.

Bank loans and overdrafts of the Group and the Company are presented in note 29.

The expected cash outflows based on the information included in the consolidated and separate financial statements are presented below:

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35. RISK MANAGEMENT *(continued)*

35.4 *Liquidity risk (continued)*

THE GROUP

Liquidity Risk		Cash outflows arising from contractual liabilities				
	Balance	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	€	€	€	€	€	€
31 December 2017						
Long-term loans	17.749.332	2.315.346	2.315.342	8.510.568	1.741.263	2.866.813
Short term loans	62.295.134	62.295.134	-	-	-	-
Operating leases	4.233.537	1.244.431	643.546	984.273	1.239.816	121.471
Trade and other payables	121.054.395	109.987.681	-	-	-	11.066.714
Bank overdrafts	40.564.031	25.084.734	15.479.297	-	-	-
Provision for other liabilities	219.650	40.000	-	40.000	139.650	-
Promissory notes	1.781.542	1.781.542	-	-	-	-
	247.897.621	202.748.868	18.438.185	9.534.841	3.120.729	14.054.998
31 December 2016						
Long-term loans	3.793.410	3.174.287	133.112	486.011	-	-
Short term loans	67.114.604	67.114.604	-	-	-	-
Operating leases	3.399.043	394.588	440.000	-	2.078.857	485.598
Trade and other payables	125.991.659	115.365.998	-	-	10.625.661	-
Bank overdrafts	52.133.395	35.353.616	16.779.779	-	-	-
Provision for other liabilities	160.000	40.000	-	40.000	80.000	-
Promissory notes	2.588.889	2.588.889	-	-	-	-
	255.181.000	224.031.982	17.352.891	526.011	12.784.518	485.598

35. RISK MANAGEMENT *(continued)*

35.4 Liquidity risk (continued)

THE COMPANY

Liquidity Risk		Cash outflows arising from contractual liabilities				
	Balance	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	€	€	€	€	€	€
31 December 2017						
Long-term loans	11.006.496	1.925.209	1.925.206	7.156.081	-	-
Short term loans	23.733.890	23.733.890	-	-	-	-
Trade and other payables	55.176.919	55.176.919	-	-	-	-
Bank overdrafts	24.031.913	24.031.913	-	-	-	-
Promissory notes	2.588.889	2.588.889	-	-	-	-
	116.538.107	107.456.820	1.925.206	7.156.081	-	-
31 December 2016						
Long-term loans	3.068.295	3.068.295	-	-	-	-
Short term loans	27.611.076	27.611.076	-	-	-	-
Trade and other payables	58.088.183	58.088.183	-	-	-	-
Bank overdrafts	30.000.235	30.000.235	-	-	-	-
Promissory notes	2.588.889	2.588.889	-	-	-	-
	121.356.678	121.356.678	-	-	-	-

35.5 Fair Value

Items of the assets and liabilities of the Group and the Company, as these are classified in amortised cost or fair value, are presented below:

Assets and liabilities in amortised cost:

THE GROUP

	2017	2016
	€	€
Trade and other receivables	181.643.637	180.156.094
Cash and cash equivalents	38.582.807	39.266.277
Long-term loans	(17.749.332)	(3.793.410)
Short term loans	(62.295.134)	(67.114.604)
Bank overdrafts	(40.564.031)	(52.133.395)
Provisions for other liabilities	(219.650)	(160.000)
Trade and other payables	(121.054.395)	(125.991.660)
Promissory notes	(1.781.542)	(2.588.889)
	(23.437.640)	(32.359.587)

35. RISK MANAGEMENT *(continued)*

35.5 Fair Value (continued)

THE COMPANY

	2017 €	2016 €
Long-term loans to subsidiary companies	27.554.737	28.504.488
Balances with subsidiary companies	38.687.577	80.204.568
Trade and other receivables	16.775.495	13.295.695
Cash and cash equivalents	15.965.365	9.507.156
Long-term loans	(11.006.496)	(3.068.295)
Short term loans	(23.733.890)	(27.611.076)
Bank overdrafts	(24.031.913)	(30.000.235)
Trade and other payables	(55.176.919)	(58.088.183)
Promissory notes	(1.781.542)	(2.588.889)
	(16.747.586)	10.155.229

The fair values of the financial assets and liabilities of the Group and the Company are approximately the same as the amounts reported in the consolidated and separate financial statements at the end of year.

Assets and liabilities in fair value:

THE GROUP

	2017 €	2016 €
Investments at fair value through profit and loss	16.448	16.448
Available-for-sale investments	6.428.220	5.276.936
	6.444.668	5.293.384

THE COMPANY

	2017 €	2016 €
Investments at fair value through profit and loss	9.594	9.594

The table below analyses financial assets carried at fair value, based on the valuation method used to determine their value. The different levels have been defined as follows:

- Level 1: investments measured at fair value using quoted prices in active markets.
- Level 2: investments measured at fair value based on valuation models in which all significant inputs that affect significantly the fair value are based on observable market data.
- Level 3: investments measured at fair value based on valuation models in which all significant inputs that affect significantly the fair value are not based on observable market data.

35. RISK MANAGEMENT *(continued)*

35.5 Fair Value (continued)

THE GROUP

31 December 2017	Level 1	Level 2	Level 3
	€	€	€
Investments at fair value through profit and loss	16.448	-	-
Available-for-sale investments	6.428.220	-	-
	6.444.668	-	-

31 December 2016	Level 1	Level 2	Level 3
	€	€	€
Investments at fair value through profit and loss	16.448	-	-
Available-for-sale investments	5.276.936	-	-
	5.293.384	-	-

During 2017 there were no transfers between the three levels reported above.

The fair value of investments at fair value through profit and loss is based on the stock exchange prices at the reporting date.

The fair value of shares that are classified to available for sale investments are based on stock exchange prices at the reporting date.

35.6 Capital Management

Group's and Company's management has as a principle the maintenance of a strong capital base for the support of the credibility and trust of the investors and creditors as well as the market as a whole. Management monitors continuously the return on equity.

36. OPERATING ENVIRONMENT OF THE GROUP

The Cyprus economy has been adversely affected during the last few years by the economic crisis. The negative effects have to some extent been resolved, following the negotiations and the relevant agreements reached with the European Commission, the European Central Bank and the International Monetary Fund (IMF) for financial assistance which was dependent on the formulation and the successful implementation of an Economic Adjustment Program. The agreements also resulted in the restructuring of the two largest (systemic) banks in Cyprus through a 'bail in'.

The Cyprus Government has successfully completed earlier than anticipated the Economic Adjustments Program and exited the IMF program on 7 March 2016, after having recovered in the international markets and having only used €7,25 billion of the total €10 billion earmarked in the financial bailout. Under the new Euro area rules, Cyprus will continue to be under surveillance by its lenders with bi-annual post-program visits until it repays 75% of the economic assistance received.

Although there are signs of improvement, especially in the macroeconomic environment of the country's economy including growth in GDP and reducing unemployment rates, significant challenges remain that could affect the estimates of the Company's cash flows and its assessment of impairment of financial and non-financial assets. At the same time, the Group operates abroad in countries where financial instability exists.

36. OPERATING ENVIRONMENT OF THE GROUP *(continued)*

These challenges could affect:

1. the ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions,
2. the ability of the Company's trade and other debtors to repay the amounts due to the Company
3. the ability of the Company to sell its existing inventories or the ability of the company to generate sufficient turnover in Cyprus, and
4. the cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets.

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

On the basis of the evaluation performed, the Company's and the Group's management has concluded that no provisions or additional impairment charges are necessary other than those already recognized in the consolidated and separate financial statements.

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

37. DIRECTORS' INTEREST

The percentage of the share capital of the Company that was held by each member of the Board of Directors, directly or indirectly, is as follows:

	31/12/2017 Fully paid Shares %	01/03/2018 Fully paid Shares %
Adamos Adamides[1]	0,33	0,33
Varnavas Irinarchos[2]	51,55	51,55
Takis Klerides	0,41	0,41
Nicos Michaelas	-	-
George Papaioannou[3]	0,95	0,95
Anthoulis Papachristoforou	0,50	0,50
Anastasios Athanasiades	-	-

1. The direct ownership of Mr. Adamos Adamides as at 1 March 2018 is 0,32% and the indirect ownership which arises from the participation of his wife Mrs. Maro Adamidou, is 0,01%.

2. The indirect ownership of Mr. Varnavas Irinarchos as at 1 March 2018 of 51,55% arises from the participation of the company Edcrane Ltd.

3. The indirect ownership of Mr. George Papaioannou as at 1 March 2018 is 0,945% and his indirect ownership that arises from the participation of his sons Mr. Christos Papaioannou is 0,0034% and Mr. Alexandros Papaioannou is 0,0034% .

38. SHAREHOLDERS' INTEREST

The shareholders who held, directly or indirectly, more than 5% of the share capital of the Company were as follows:

	31/12/2017	01/03/2018
	%	%
Varnavas Irinarchos[1]	51,55	51,55
Demetra Investment Public Ltd	10,28	10,28

1. The indirect ownership of Mr. Varnavas Irinarchos as at 1 March 2018 arises through the company Edcrane Ltd. The ultimate parent company of the Group is Takero Limited which holds 100% of Edcrane's Ltd shares.

39. DIRECTORS' CONTRACTS

No important contract exists or existed at the end of the financial year and at the date of issuing the financial statements in which the members of management, their spouses or their underage children have or had direct or indirect significant interest, except from the employment contracts of Mr. Varnavas Irinarchos and Mr. Anthoulis Papachristoforou.

(1) Contract of Mr. Varnavas Irinarchos, Managing Director

Employment contract as Managing Director of the Company for two years from 1 January 2005, with annual salary (13 months) of €93.973 which will be increasing at a proportion equal to the annual rate of inflation, as determined by the annual index on 31 January each year or at a rate equal to 4% over his last salary, whichever is higher. For 2017 the annual salary of the Managing Director was €151.800. The Company will also pay annually (12 months) for entertainment expenses an amount of €25.629, that will be increasing in every following annual period at a proportion equal to the rate of inflation, as determined by the annual index on 31 January each year or at a rate equal to 4%, whichever is higher. For 2017 the allowance for entertainment expenses amounted to €25.000.

In addition, the Company provides to the Director an appropriate vehicle and covers all related expenses.

The contract was renewed for one year from 1 January 2018, with an annual salary (13 months) of €150.000. The Company will also pay annually (12 months), for entertainment expenses the amount of €25.000.

Mr. Varnavas Irinarchos is committed not to form, assist or take part in any way in the incorporation of a company or business, which performs operations similar or competitive to the operations of the Company during his employment and for at least five years after his departure from the Company. Mr. Varnavas Irinarchos accepts that this constraint is by no means in contrast with the general principle of Restraint of Trade, and that it is considered reasonable as the employee benefited from the bonus issue of shares during the listing of the Company in the CSE.

(2) Contract of Mr Anthoulis Papachristoforou, Group Chief Financial Officer

In 2017 the annual salary of Mr. Anthoulis Papachristoforou amounted to €151.800 and the allowance for entertainment expenses amounted to €24.000. The remuneration of Mr. Anthoulis Papachristoforou for 2018 will be the same as 2017.

40. REMUNERATION OF NON EXECUTIVE DIRECTORS

The remuneration of non-executive directors is analysed as follows:

	2017	2016
	€	€
Adamos Adamides	26.050	26.550
Takis Klerides	10.200	10.200
Nicos Michaelas	11.600	9.850
George Papaioannou	9.500	8.800
Anastasios Athanasiades	12.600	8.400
	69.950	63.800

41. RELATED PARTY TRANSACTIONS

The companies of the Group buy and sell goods and services according to their needs from other Group companies. Transactions are mainly carried out at cost. There are cases where transactions are carried out at a price other than cost when this is agreed between the parties involved. When necessary, Logicom Public Limited charges every year its subsidiary companies with a fee for administration services.

Transactions and balances between Group companies:

The amounts that Logicom Public Limited charged its subsidiary companies and impairments on receivable balances were as follows:

	2017	2016
	€	€
Administration Services		
Logicom Solutions Limited	137.000	137.000
Commissions		
Logicom Solutions Limited	120.000	120.000
Impairment of subsidiary receivable balances		
Enet Solutions LLC	136.106	1.461.682
Logicom Bulgaria EOOD	-	919.562
	136.106	2.381.244

41. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by Logicom Public Ltd to its subsidiary companies were as follows:

Sales

	2017 €	2016 €
Logicom Solutions Limited	1.653.604	1.150.994
Newcytech Business Solutions Ltd	3.145.759	3.570.730
ENET Solutions - Logicom S.A.	20.709.102	10.967.931
Logicom Jordan LLC	4.437.954	4.743.656
Logicom (Middle East) SAL	160.757	168.512
Logicom FZE	26.795	188
Logicom Italia s.r.l.	38.537	43.684
Logicom Information Technology Distribution s.r.l.	12.737.982	10.030.634
Logicom Saudi Arabia LLC	630.059	589.871
Verendrya Ventures Ltd	631.385	580.933

The balances between Logicom Public Ltd and its subsidiary companies in the books of the parent company were as follows:

Long-term loans to subsidiary companies:

	2017 €	2016 €
ENET Solutions - Logicom S.A.	2.136.246	2.430.509
Logicom (Middle East) SAL	3.982.573	4.531.164
Logicom FZE	2.471.942	2.812.447
Logicom Jordan LLC	2.548.236	2.899.251
Verendrya Ventures Ltd	16.415.740	15.831.117
	27.554.737	28.504.488

There is no written agreement between the parent and the subsidiary companies, regarding the long-term loans receivable from the subsidiary companies. The loans bear no interest and there is no fixed repayment date. The loans are recognised according to the provisions of IAS 21.

The long-term loan with the subsidiary company Verendrya Ventures Limited, relates to a contract for the financing of the operations of the desalination units in Larnaka and Episkopi. The loan bears an annual interest of 4,0% and has no fixed repayment date.

Taking into consideration the expected future cash flows of the subsidiary company, which consists of the expected future cash flows of the desalination company in Larnaca as well as those of the company that has undertaken the same project of the desalination unit in Limassol no impairment has been recognised for the loan with the subsidiary company Verendrya Ventures Limited. The determination of the expected future cash flows is based on estimates, judgements and assumptions that were applied by the management of Verendrya Ventures Limited (Note 17).

41. RELATED PARTY TRANSACTIONS *(continued)*

Balances with subsidiary companies

	2017 € Debit/ (Credit)	2016 € Debit/ (Credit)
Logicom (Overseas) Limited	(317.777)	(386.230)
Netcom Limited	92.202	89.710
Logicom Solutions Limited	2.817.687	5.823.806
Logicom Services Ltd	(5.719.040)	19.011.535
Newcytech Business Solutions Ltd	1.016.860	699.393
ENET Solutions - Logicom S.A.	468.886	(1.311.446)
ICT Logicom Solutions SA	(201.675)	(504.035)
Logicom Jordan LLC	1.519.800	2.296.441
Logicom (Middle East) SAL	(353.726)	424.755
Logicom FZE	(9.175.318)	13.196.985
Logicom Italia s.r.l.	6.343.927	6.964.478
Logicom IT Distribution Limited	3.812.265	86.265
Logicom Saudi Arabia LLC	31.288.216	25.515.298
Logicom Information Technology Distribution s.r.l.	9.201.324	8.822.844
Logicom Distribution Germany GmbH	(620.914)	(525.231)
Najada Holdings Limited	(1.571.423)	-
Verendrya Ventures Ltd	86.283	-
	38.687.577	80.204.568

The above balances are repayable according to the nature of each transaction.

Balances with associated companies

	2017 € Debit	2016 € Debit
M.N. Larnaca Desalination Co Ltd	29	1.860
M.N. Limassol Water Co. Ltd	221	2.790
	250	4.650

41. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by Logicom FZE to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom Public Limited	293.894	475.805
Logicom Jordan LLC	1.211.854	1.677.972
Logicom (Middle East) SAL	3.069.731	4.208.812
Logicom Dubai LLC	116.512.828	115.624.263
Logicom Solutions Limited	-	1.475
Logicom IT Distribution Limited	41.702	156.182
Logicom Saudi Arabia LLC	11.878.595	10.040.958
Logicom Kuwait for Computer Company W.L.L	7.567.860	15.287.206
Logicom Trading & Distribution LLC	7.040.086	5.343.985
Logicom LLC	668.494	-

The sales made by Logicom (Middle East) SAL to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom Public Limited	8.040	3.635
Logicom Jordan LLC	-	532
Logicom FZE	147.692	51.976

The sales made by Logicom Dubai LLC to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom (Middle East) SAL	-	318
Enet Solutions LLC	-	2.154
Logicom LLC	127	-
Logicom Trading & Distribution LLC	5.677	-
Logicom FZE	103	-

The sales made by Logicom Jordan LLC to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom FZE	34.296	8.780
Logicom Saudi Arabia LLC	360	-

41. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by ENET Solutions - Logicom S.A. to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom Public Limited	10.116.314	7.841.375
ICT Logicom Solutions SA	33.329	35.411
Logicom Italia s.r.l.	1.187	652
Logicom IT Distribution Limited	12.585.674	7.160.716
Logicom Information Technology Distribution s.r.l.	884.258	2.072.867
Logicom FZE	5	77.424
Logicom Solutions Limited	99	-
Logicom (Middle East) SAL	14	-

The sales made by Logicom Solutions Ltd to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom Public Limited	889.535	517.931
Newcytech Business Solutions Ltd	650.275	645.049
ICT Logicom Solutions SA	2.377.588	2.485.674

The sales made by Logicom Italia s.r.l. to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom Public Limited	690	346.764
ENET Solutions - Logicom S.A.	1.487	7.602

The sales made by Logicom IT Distribution s.r.l. to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom Public Limited	2.174	72.318
ENET Solutions - Logicom S.A.	132.867	207.232
ICT Logicom Solutions SA	-	61.566
Logicom Solutions Limited	344	-
Logicom Italia s.r.l.	2.742	-

41. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by Logicom Saudi Arabia LLC to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom Saudi Arabia LLC	-	41.971
ENET Solutions - Logicom S.A.	-	5.557
Logicom Jordan LLC	-	30.076
Logicom (Middle East) SAL	8.902	37.032
Logicom FZE	26.160	104.278
Logicom IT Distribution Limited	-	8.987
Logicom Solutions Limited	779	-

The sales made by Newcytech Business Solutions Limited to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom Public Limited	13.554	1.181
Logicom Solutions Limited	343.082	974.676
Newcytech Distribution Ltd	78.150	79.053

The sales made by Logicom IT Distribution Limited to Group companies were as follows:

Sales

	2017 €	2016 €
ENET Solutions - Logicom S.A.	362.329	830.943
Logicom FZE	-	58.412
Logicom IT Distribution Limited	-	19.198

The sales made by ICT Logicom Solutions S.A. to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom Solutions Limited	144.046	111.384
Logicom Information Technology Distribution s.r.l.	9.876	-

The sales made by Logicom Distribution Germany Gmbh to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom Italia s.r.l.	221.738	182.151

41. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by Logicom LLC to Group companies were as follows:

Sales

	2017 €	2016 €
Logicom FZE	159.334	-

The balances between Group companies and the parent Company are stated below:

Balances with related companies

	2017 € Debit/ (Credit)	2016 € Debit/ (Credit)
Logicom (Overseas) Limited	317.777	386.230
Netcom Limited	(92.202)	(89.710)
Logicom Solutions Limited	(2.817.687)	(5.823.806)
Logicom Services Ltd	5.719.040	(19.011.535)
Newcytech Business Solutions Ltd	(1.016.860)	(699.393)
ENET Solutions - Logicom S.A.	(2.605.132)	(1.119.063)
ICT Logicom Solutions SA	201.675	504.035
Logicom Jordan LLC	(4.068.036)	(5.195.692)
Logicom (Middle East) SAL	(3.628.847)	(4.955.919)
Logicom FZE	6.703.376	(16.009.432)
Logicom Italia s.r.l.	(6.343.927)	(6.964.478)
Logicom IT Distribution Limited	(3.812.265)	(86.265)
Logicom Saudi Arabia LLC	(31.288.216)	(25.515.298)
Logicom Information Technology Distribution s.r.l.	(9.201.324)	(8.822.944)
Logicom Distribution Germany GmbH	620.914	525.231
Najada Holdings Limited	1.571.423	-
Verendrya Ventures Ltd	(16.502.023)	(15.831.117)

During the year the companies of the Group paid dividends to the Company, as follow:

Dividend for 2017:

	2017 €
Logicom FZE	5.586.592
Verendrya Ventures Ltd	31.200
Logicom Services Ltd	3.750.000
	9.367.792

42. BALANCES WITH JOINTLY CONTROLLED COMPANIES OF THE GROUP

The balances with the jointly controlled companies, relate to the financing of the construction, maintenenace, renovation and operation of the desalination plants in Cyprus through its subsidiary company Verendrya Ventures Limited.

The balances with jointly controlled companies were as follows:

Balances with jointly controlled companies

	2017	2016
	€	€
	Debit	Debit
M.N. Larnaca Desalination Co Limited	9.414.767	11.900.126
M.N. Limassol Water Co. Limited	11.714.664	10.657.260
	21.129.431	22.557.386

The amounts receivable from jointly controlled companies are stated after the deduction of the accumulated impairments that arose in the companies M.N. Limassol Water Co. Limited and M.N. Larnaca Desalination Co. Limited ('the company'). The balances as at 31 December 2017 are considered recoverable based on the expected future cash flows from these companies. As mentioned in note 17, for the calculation of the expected future cash flows of the company estimates, assumptions, judgements and evidence which include the legal opinion in relation to the validity of claims in favor and against the company and an opinion from its consultants in respect of the level of compensation that the company is expected to be entitled to, have been made. The Group considers that there were no evidence for impairment of the amount receivable from jointly controlled company M.N. Limassol Water Co. Limited. The amount receivable from M.N Larnaca Desalination Co. Limited was impaired during the year 2017 with an amount of €2.214.726.

The above loans are long term, bear interest of 4,5% per annum and do not have a specified repayment date.

Interest receivable for 2017 amounts to €1.195.933 (2016: €1.095.621) and is included in note 9.

43. EVENTS AFTER THE REPORTING PERIOD

On 8 February 2018, the company Logicom Services Limited, a subsidiary company of Logicom Public Limited, proceeded to the acquisition of 7.389.092 shares of the company Demetra Investments Public Limited at the price of €0,485 cent per share, increasing its percentage of shareholding in the above mentioned company from 7,42% to 11,12%. The total number of shares held by Logicom Services Limited amounts to 22.232.100.

On 9 February 2018, the company Najada Holdings Limited, a subsidiary company of Logicom Public Limited, acquired from Bank of Cyprus Public Company Limited all the interests of the immovable property Parcel 1878 Sheet/Plan 30/06E2, area 16 decares and 147 sq.m, at Strovolos Municipality in Nicosia ('The Property'). The purchase price was agreed at the amount of €8.125.000 plus VAT at 19% (total of €9.668.750), payable immediately. The decision for the acquisition of the Property was taken taking into consideration the present and future premises needs of the Group as well as the opportunities for its commercial development and exploitation. The estimation of the Property's value was assessed by two independent professional property valuers.
Relevant announcement with a reference to the provision 5.2.1.17 of RAA 379/2014 was issued on 9 February 2018.