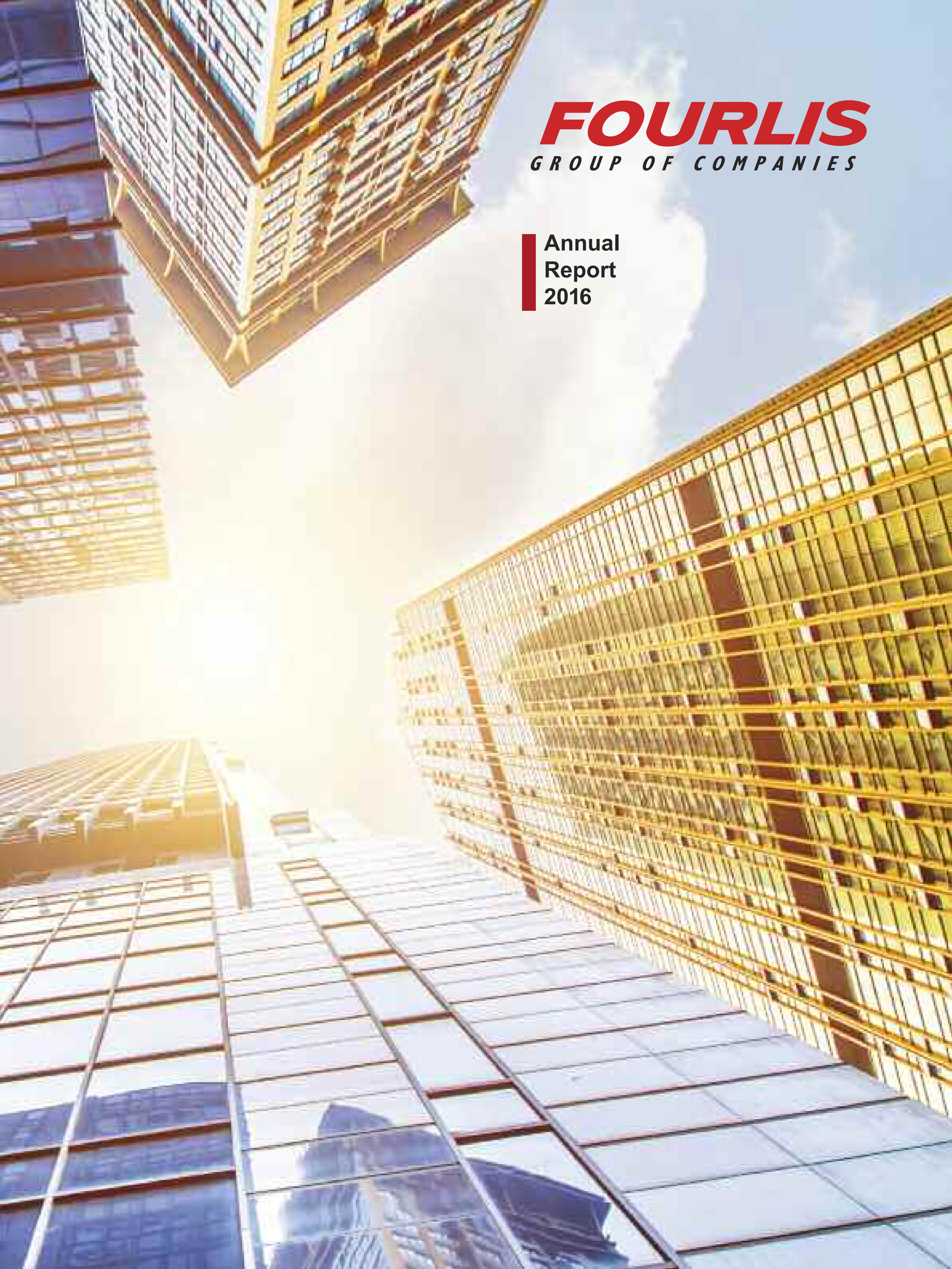

FOURLIS
GROUP OF COMPANIES

Annual Report 2016

CONTENTS

Our Values

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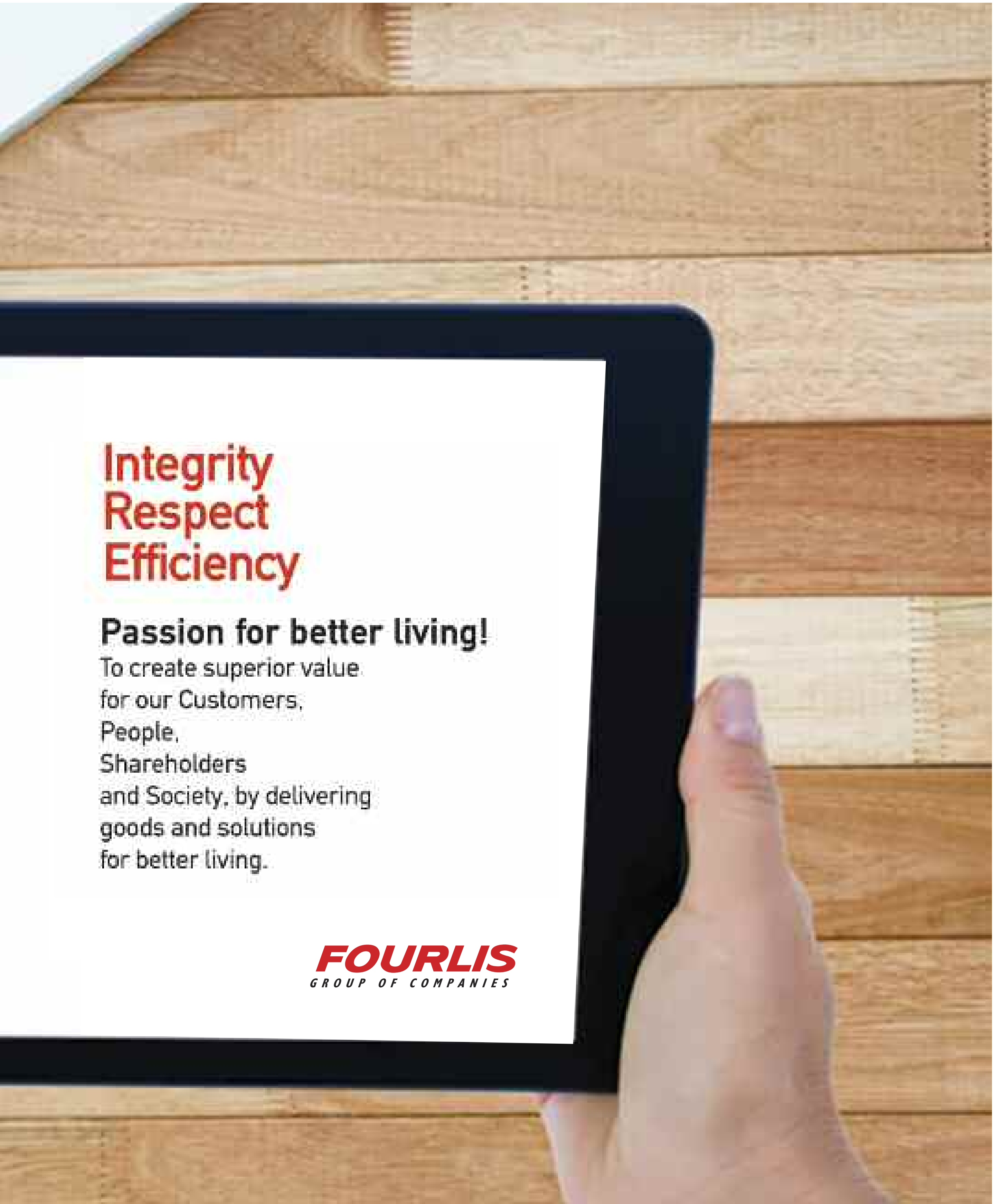
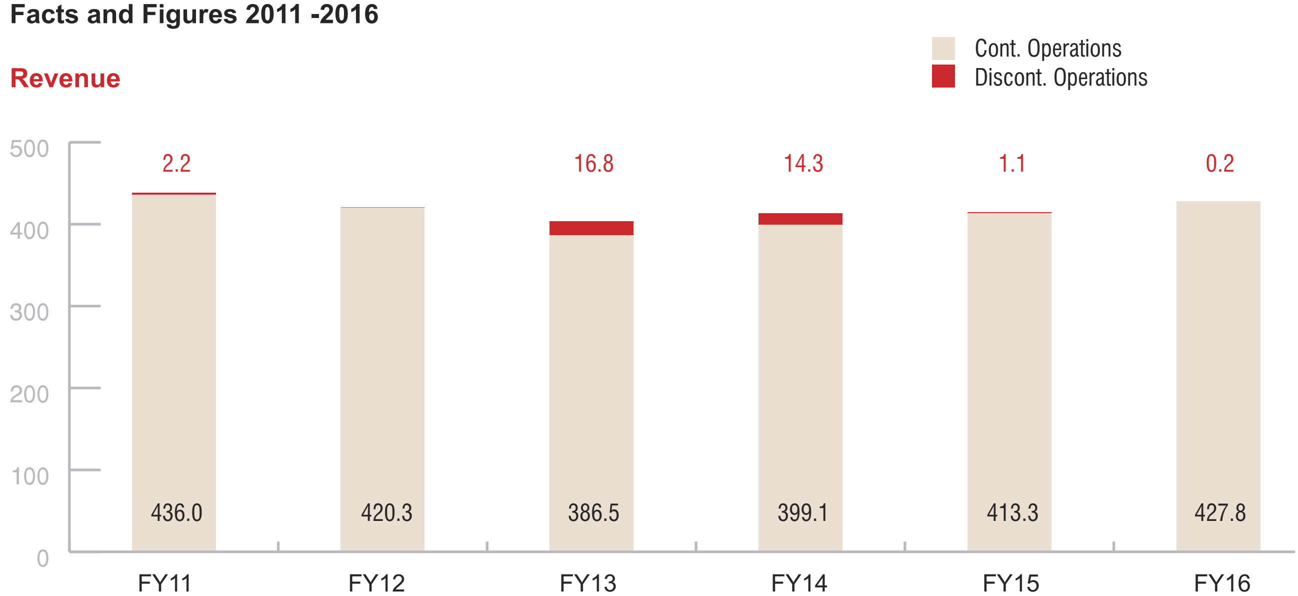


I. Executive Summary 2016

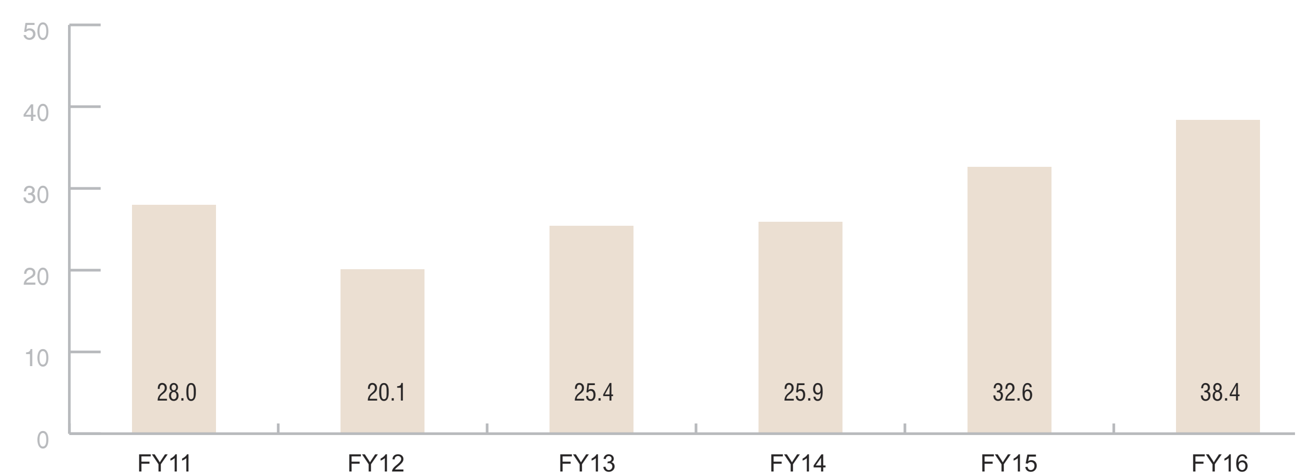
- FOURLIS Group, during FY16, realized sales € 428,1 million 3,3% higher vs same period last year (€ 414,4 mio).
- FY16 EBITDA was € 38,4 million vs € 32,6 million in FY15 (17,9% higher).
- Consolidated Profits Before Taxes were € 7,7 million vs €2,5 million in FY15.
- The Group realized Net Profits € 6,0 million vs €0,25 million in FY15.
- Net Debt € 114,5 million vs € 124,8 million FY15.
- CAPEX € 10,6 mio.
- During 2016, seven new INTERSPORT stores, 2 new THE ATHLETE'S FOOT stores and one new IKEA pick up point opened.

Facts and Figures 2011 -2016

Revenue



EBITDA



Group Consolidated Key Financial Figures 2016
(€ m)

	2016	2015	Index
Revenue	428.1	414.4	103
Gross Profit	182.0	171.1	106
EBITDA	38.4	32.6	118
Profit before taxes	7.7	2.5	306
Net Profit	6.0	0.3	2375

Net Debt Evolution (Euros mm)

II. FOURLIS Group Identity

FOURLIS Group is one of the leading retail group of companies in Greece and the Balkans in providing quality consumer durable goods. The commercial activity is expanding in Greece, Cyprus, Bulgaria, Romania and Turkey. The number of employees of the group increased to 3.904.

The Group is active in two key divisions:
- Retail Home Furnishings (IKEA)
- Retail Sporting Goods (INTERSPORT – THE ATHLETE'S FOOT)

FOURLIS Group is the successor of the company that established in 1950 by Anastasios Fourlis. During the last 67 years, the Group is dedicated in investing to its employees and to the quality of the workplace and the innovative infrastructure along with the functional relationships with suppliers. By these means, it manages to achieve high levels of productivity and to maximize customers' satisfaction.

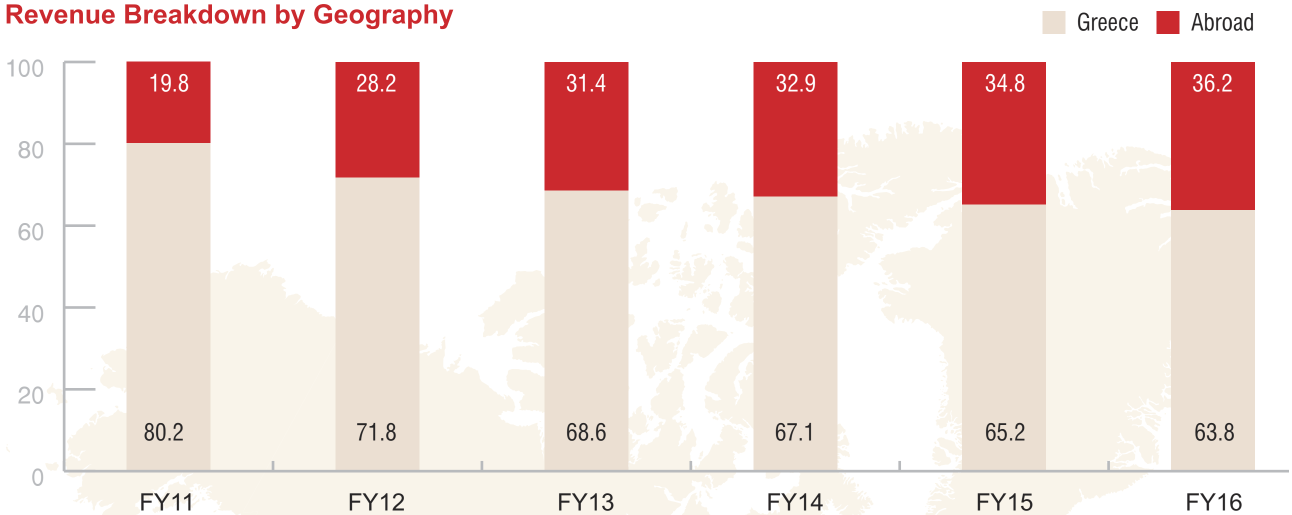
The Group is an official member of the Global Compact of the UN since 2008, proving in practice its commitment to responsible business. It is important to note that FOURLIS Group remains firmly active in the development process, with substantial contribution to the Greek economy. It is noteworthy that since 2008 when the financial crisis started in Greece and Europe, FOURLIS Group has invested over 140 million euros in capital expenditures.

Education and training of workforce, regular and fair assessment at all levels as well as commitment to the Group's values – "Integrity", "Respect" and "Efficiency "- continue to be the significant comparative advantages through which the Group seeks to achieve its objectives.

The openness of the Group goes upward over time. In 2016, 36,2% of the Group turnover realized overseas.

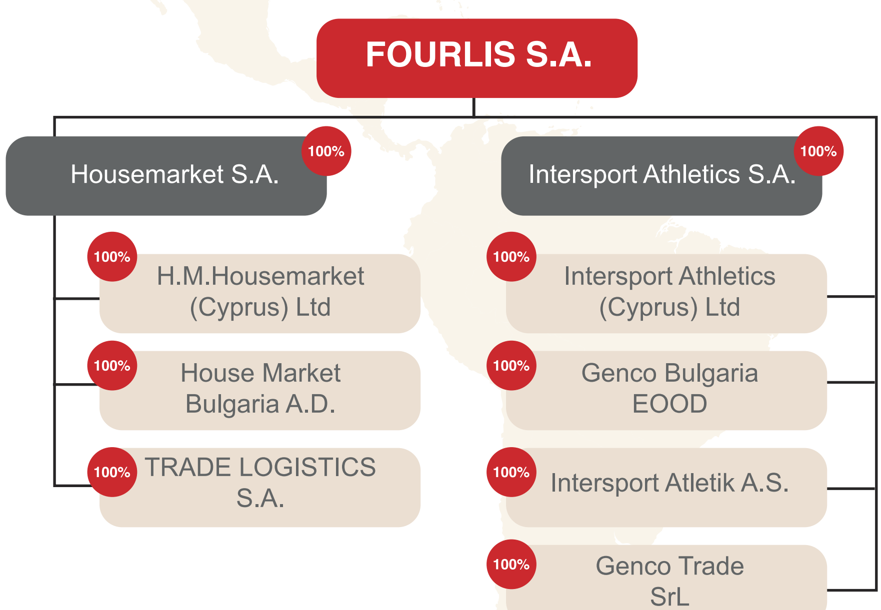
Our Group

Revenue Breakdown by Geography

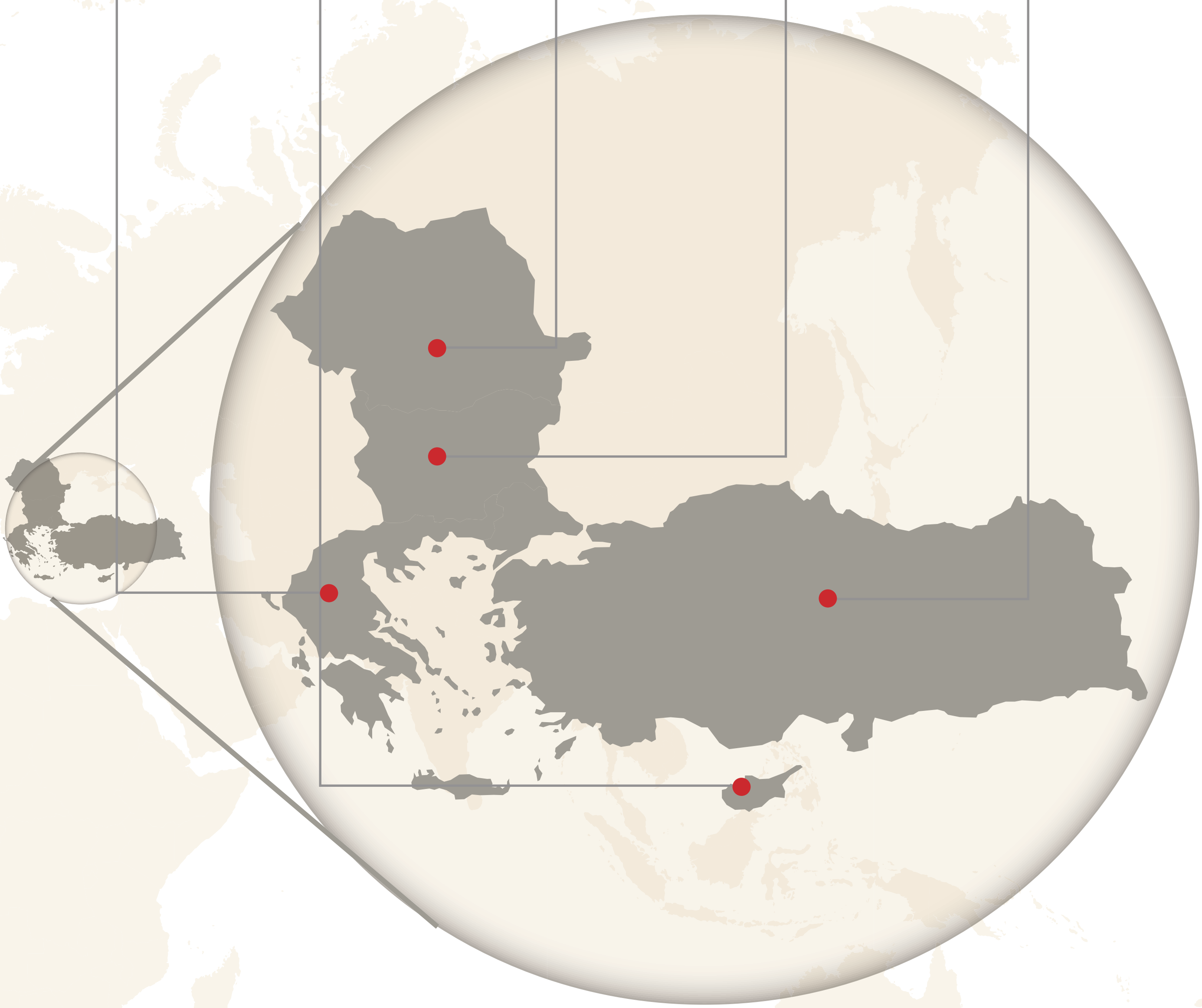


III.Board of Directors and Group Structure

Name	Position
Vasileios Fourlis	Chairman of BoD, Executive Member
Dafni Fourlis	Vice-Chairman of BoD, Executive Member
Eftychios Vassilakis	Independent Vice-Chairman of BoD, Non-Executive Member
Apostolos Petalas	CEO, Executive Member
Lida Fourlis	Director, Executive Member
Ioannis Mprempos	Director, Non-Executive Member
Pavlos Tryposkiadis	Director, Independent Non-Executive Member
Ioannis Costopoulos	Director, Independent Non-Executive Member
David Watson	Director, Independent Non-Executive Member



GREECE	CYPRUS	ROMANIA	BULGARIA	TURKEY
Ikea Intersport The Athlete's Foot	Ikea Intersport	Intersport	Ikea Intersport	Intersport The Athlete's Foot



IV. Business Activities

Retail Home Furnishings Division (IKEA)

IKEA at a glance

- IKEA is the world leader in home furnishings and accessories
- Founded in Sweden in 1943
- 389 stores in over 48 countries
- 915 million visitors all over the world in fiscal year 2016.
- 11 million sq.m. the total retail area of IKEA stores
- Turnover in 2016 € 36,4 billions

IKEA in Greece, Cyprus and Bulgaria

- Retail Home Furnishings division (IKEA) operates seven (7) stores in Greece, Cyprus and Bulgaria, and 7 Pick-Up Points along with E-Commerce in all countries. The sector employs 2.354 persons.
- In 2016 the number of visitors increased by 3,2% versus previous year and reached at 10.767.239 visitors.

IKEA Key Financial Figures
(in € mm)

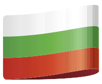
	2016	2015	Index
Revenue	291.3	279.5	104
Gross Profit	117.2	108.6	108
EBITDA	29.1	25.6	114
Profit before taxes	8.1	4.6	178

GREECE

• Athens – 2 Stores
• Thessaloniki – 1 Store
• Larisa – 1 Store
• Ioannina – 1 Store
• Pick-Up Points (Heraklio, Chania, Patra, Rhodes, Komotini)
• E-Commerce in all countries

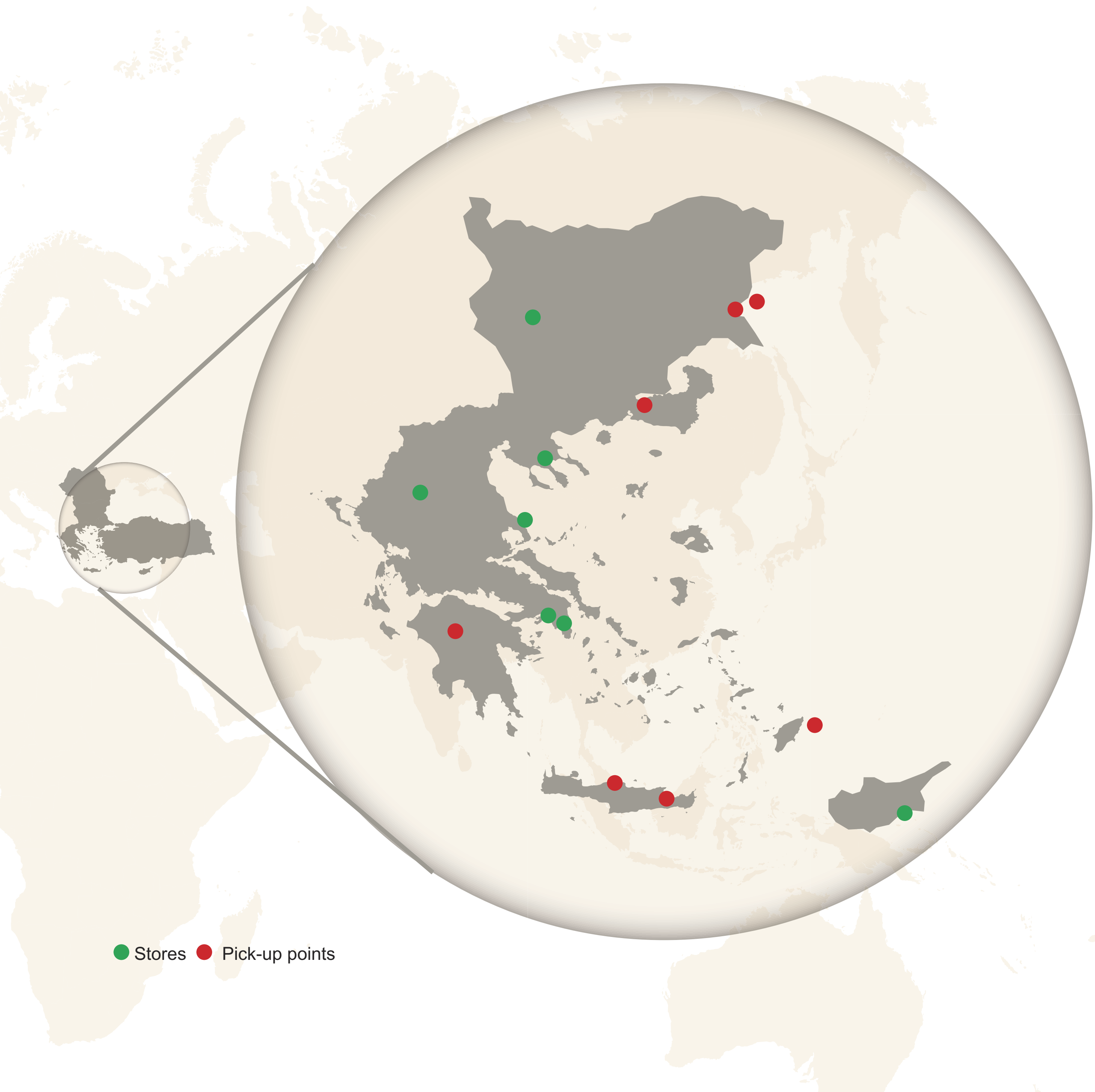
CYPRUS

• Nicosia – 1 Store
• E-Commerce in all countries



BULGARIA

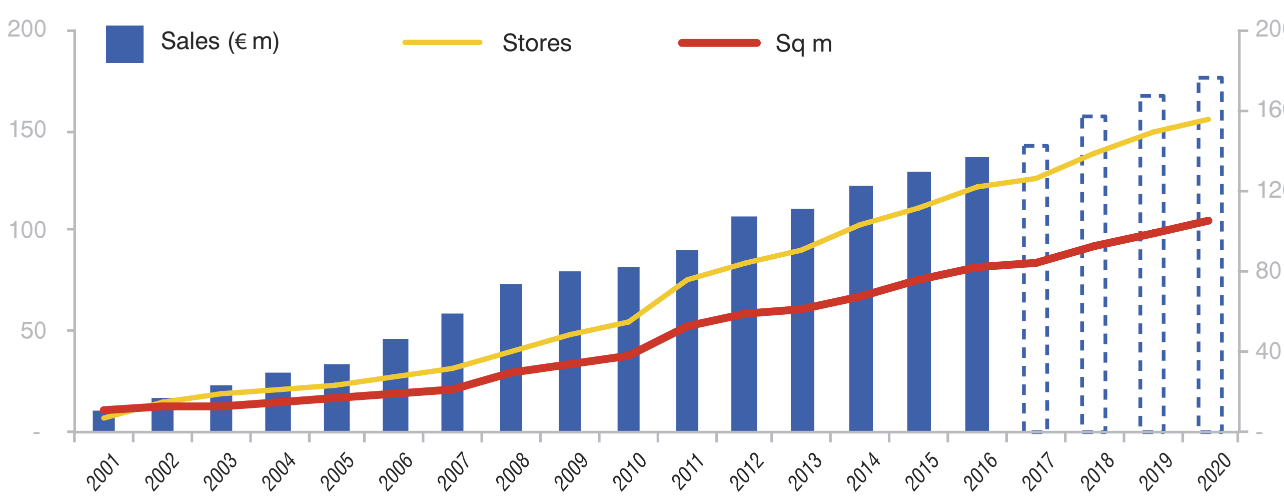
• Sofia – 1 Store
• 2 Pick-Up Points (Varna, Burgas)
• E-Commerce in all countries



Retail Sporting Goods Division (INTERSPORT – The Athlete's Foot)

- **INTERSPORT**, is the number one retail sporting goods chain worldwide, with 50 million visitors in 5.500 stores in 44 countries. In September 2000, Intersport initiated its dynamic presence as part of FOURLIS Group.
- FOURLIS Group operates 113 Intersport stores (48 in Greece, 31 in Romania, 7 in Bulgaria, 23 in Turkey and 4 in Cyprus). In 2016 seven new stores opened. E-Commerce is operating in Greece and Romania. The division employs 1.386 persons.
- In 2016, the number of visitors increased by 3.4% versus previous year and amounted at 3.799.273 visitors.

INTERSPORT Stores - Expansion Plan



Retail Sporting Goods - Financial Data
(€ m)

	2016	2015	Index
Revenue	136.5	129.2	106
Gross Profit	64.9	61.4	106
EBITDA	11.9	10.9	109
Profit before taxes	2.3	2.8	82

THE ATHLETE'S FOOT Stores

Following the agreement for the franchise rights to develop The Athlete's Foot store network in Greece and Turkey, 7 stores operate in Greece and 1 in Istanbul with promising results.

V. Social Responsibility Department

FOURLIS
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Social Responsibility FOURLIS GROUP

The FOURLIS Group Social Responsibility Department was established in 2008, as a result of the need for coordinating the Group companies in a common framework of actions and initiatives, driven by our Values, *Integrity*, *Respect*, *Efficiency*. The Department is operating and continuously growing having as a main priority the respect for Our People, the support of the Society and the protection of the Environment.

2008 was also the year when the FOURLIS Group became an official member of the United Nations Global Compact, the largest international voluntary initiative for responsible business action.

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FOR OUR PEOPLE

Every year, the Social Responsibility Department implements a number of actions focusing on the Group's Human Resources. The following are some of the most important actions implemented in 2016.

WELLBEING (EF ZIN) PROGRAM

The WELLBEING (EF ZIN) program was inaugurated, by the Social Responsibility Department, in 2010 with the primary objective to inform employees on health and welfare issues and to motivate them to adopt a healthy lifestyle. Some of the most important actions implemented in the context of the EF ZIN program, are presented below:

Annual Free Medical Examination for the Group's Employees: The FOURLIS Group employees in Greece, Cyprus and Bulgaria had the opportunity to participate in a free sugar blood examination carried out at the Group's premises. Overall, 620 employees participated in the examination.

WELLBEING (EF ZIN) Nutrition Program: In 2016 we continued the WELLBEING (EF ZIN) NUTRITION program which is implemented in cooperation with a dietician-nutritionist and refers to the IKEA employees. In the context of this program, employees working at the IKEA stores in Greece can enjoy the benefits of a balanced diet, simply by opting for the dietary recommendations prepared by the dietician every week, based on the menus available at the IKEA employee restaurants.

Sports Tournaments: In 2016, the FOURLIS Group employees in Attica, Thessaloniki, Ioannina, Larissa and Cyprus participated in the established annual sports tournaments organized by the Social Responsibility Department.

OTHER ACTIONS FOR OUR PEOPLE

SCHOLARSHIPS PROGRAM: In 2016, we continued the "Studying with a Scholarship Program", which aims to support students-children of employees who study at Public Universities in Greece and Cyprus, away from their permanent residence, and whose families face financial hardship and cannot meet their children's accommodation expenses in another town.

The academic year 2015-2016, the FOURLIS Group offered five scholarships worth € 3,000 each, while in the 2016-2017 academic year the institution continued, offering five scholarships worth € 3,000 each.

FOR THE SOCIETY

Under the motto “Together for a Better Quality of Life” at the FOURLIS Group we continued the implementation of Social Responsibility Programs aiming to support the society and its citizens. Some of the most important actions, implemented in 2016, are presented below.

"FURNISHED WITH JOY" PROGRAM: In 2016 IKEA and the FOURLIS Group continued the FURNISHED WITH JOY program, which was created four years ago, aiming to support municipal nursery schools and kindergartens in the broader areas of the IKEA stores all over Greece, creating functional and cozy places for children.

In 2016, IKEA fully refurbished 10 nursery schools in Greece.

LIBRARY REFURBISHING PROGRAM: In 2016 IKEA, in collaboration with the “Journalists Acting” Network of Volunteers, completed the library refurbishing program for children and young people, in border and remote areas of Greece.

In the context of the program, IKEA offers the necessary equipment and undertakes the design and decoration of available premises with a view to creating attractive and functional libraries. In 2016, four libraries concerning about 640 children were totally refurbished, in the villages of Variko in Florina, Achladohori in Serres, Nevrokopi in Drama and Korestia in Kastoria. Since the beginning of the program, in 2014, IKEA has fully refurbished ten libraries in several areas of Greece.

GEFSIS TOU TOPOU MAS (TASTES OF OUR LOCAL COMMUNITY): For a third year IKEA held the GEFSIS TOU TOPOU MAS (Tastes of our Local Community) events at the IKEA stores in Thessaloniki, Larissa and Ioannina, with a view to promote and support local producers. The parking areas of the stores housed the events hosted by the famous chef Dimitris Skarmoutsos while visitors had the opportunity to familiarize themselves with local products and to taste traditional dishes cooked by the famous chef.

On the occasion of these events IKEA held a parallel action and offered furnishings and other essential products equal to the equivalent of 5% of the IKEA stores’ sales on the day of the events in each city, for the support of municipal nursery schools and kindergartens in the above areas.

OFFER OF MEALS IN COOPERATION WITH THE NON PROFIT ORGANIZATION “BOROUME” (WE CAN): In 2016, we continued our cooperation with the non profit organization BOROUME, in the context of which IKEA offers, on a daily basis, the meals not consumed in its store restaurants, to feed destitute people.

In 2016, IKEA offered a total of 96.468 meals to organizations in Attica, Thessaloniki, Larissa and Ioannina.

"LET'S PLAY FOR CHANGE" CAMPAIGN: From November 20, 2016 to December 24, 2016 for each soft toy or book sold at its stores, IKEA donated €1 to support the child’s right to play and proper development, through organizations such as UNICEF and Save The Children.

The amount raised in Greece reached € 59,230 while in Cyprus it reached € 15,172.

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ACCOMODATION OF ORGANIZATIONS AT THE IKEA STORES: IKEA continued to accommodate Non-Profit Organizations in its stores such as FRODIDA and UNICEF, aiming to give the public the opportunity to learn about their work and to support them, if they wish to.

INTERSPORT – "WE REACH THE EDGES": For the 6th consecutive year, INTERSPORT implemented the “WE REACH THE EDGES” program, in the context of which it visits public primary schools in remote and border areas of Greece to offer free sports equipment for the Physical Education lessons. INTERSPORT’s delegation is followed by athletes from local associations who talk to the children about the importance of sports and healthy diet for their life.

In 2016, INTERSPORT’s mobile unit visited 26 public primary schools and about 2.000 students in the prefectures of Trikala, Karditsa and Evritania. Since 2011, INTERSPORT has visited 163 schools and more than 17.000 students in various areas of Greece.

IKEA CYPRUS SUPPORTS THE VICTIMS OF DOMESTIC VIOLENCE: IKEA Cyprus carried out the refurbishment of the Association for the Prevention and Handling of Violence in the Family (SPAVO) new three-story space for the accommodation of victims of domestic violence. This project was realized with the aim to create warm and functional spaces in which people who are provided with accommodation can feel right at home. At the same time, offices and boardrooms as well as rooms for therapeutic counseling and play areas for children were also refurbished by the IKEA Cyprus store.

IKEA BULGARIA SUPPORTS CHILDREN AND YOUNG PEOPLE: IKEA Bulgaria carried out a series of actions in cooperation with UNICEF Bulgaria with the aim to support children and young people from vulnerable social groups. More specifically, it undertook the full refurbishment of four Centers for the protection, support and counselling for children, young people and their families in the cities of Shumen, Nova Zagora, Kotel and Bergovitsa.

In addition:

- It hosted UNICEF in its store with the aim to inform and stimulate public awareness about refugee children.
- It created a space for children in the “Museiko” museum for children, as well as in the National Polytechnic Museum in Sofia.
- It participated in the new “Let’s Play for Change” campaign aiming to support the child’s right to play and proper development. In the context of this campaign, IKEA donated €1 to UNICEF with every purchase of a toy or book, for the period 20/11 – 24/12. The amount raised in Bulgaria reached €21.035.

IKEA Bulgaria was awarded at the Bulgarian Business Leaders Forum (BBLF) for its CSR actions implemented in cooperation with UNICEF.

SUPPORT TO OUR COUNTRY'S CULTURAL HERITAGE

FOURLIS HOLDINGS SA, A COPRPORATE MEMBER OF "DIAZOMA"
Since 2013, the FOURLIS Group is a sponsor of DIAZOMA Association, which aims at connecting and motivating all resources of Greek society (citizens, mayors-regional governors, Universities, cultural institutions) in order to promote and comprehensively protect a special category of monuments, the ancient theaters.

FOURLIS HOLDINGS SA SUPPORTS "OPHELTES"
The FOURLIS Group supports the Non-profit Organization OPHELTES – The Friend of Nemea, founded to support the promotion of cultural heritage at the archaeological site of Nemea. The objective of OPHELTES is the partial reconstruction of the temple of Nemean Zeus and the reestablishment of the Nemean Games in their authentic form, while its vision is to promote the archaeological region of Nemea, so that it gains recognition nationally and internationally as a quality destination for visitors with cultural interests.

FOURLIS HOLDINGS S.A. SUPPORTS THE ELLINIKI ETAIRIA - Society for the Environment & Cultural Heritage
ELLINIKI ETAIRIA - Society for the Environment & Cultural Heritage, as its name suggests, has been active in the fight for the preservation of the environmental and cultural heritage of our country since 1972. In the fight for the preservation of the environment, on account of the complex ecological and environmental crisis which the world is experiencing. In the fight for the preservation of culture, because on the one hand the causes of the environmental crisis are cultural while on the other the monuments created by traditional societies are usually admirable in themselves, often embodying an attitude to life which has much to offer in relation to today's environmental concerns. For this reason ELLINIKI ETAIRIA has from its inception been concerned not only with traditional but also with contemporary culture, especially where this has something positive to contribute to dealing with the complex environmental crisis of our time.

CORPORATE VOLUNTEERING

VOLUNTARY BLOOD DONATION 2016
The FOURLIS Group employees participated in the annual established blood donation, held twice a year at the Group's companies premises, helping to collect 293 blood bottles in total.

DONATION OF FOOD AND OTHER ESSENTIAL SUPPLIES
On the occasion of the Christmas Holidays, the FOURLIS Group employees in Greece and Cyprus collected a total of 100 boxes and 99 bags with food and other essential supplies which they offered to Organizations in Greece (Attica, Thessaloniki, Komotini, Larissa, Ioannina, Chania, Heraklion and Patra) as well as in Cyprus.

FOR THE ENVIRONMENT

At the FOURLIS Group, the actions we take towards the protection of the environment are not limited to those imposed by the environmental legislation. Thus, we regularly monitor the impacts of our operations and we implement a number of voluntary actions and interventions aiming to the reduction of our environmental footprint, to saving natural resources and to raising the awareness of employees and the public regarding the protection of the environment and the adaption of a responsible lifestyle.

Following are indicatively some of the actions we implemented in 2016 for the protection of the environment.

ENERGY

Aiming to save energy, the FOURLIS Group companies continued to systematically monitor electricity, heating oil and gas consumptions, so as to be able to take measures and implement practices for their reduction. At the same time, HOUSEMARKET (IKEA) and INTERSPORT continued the program of replacing light bulbs at their stores, with LED ones. A similar program was also implemented in the warehouse of TRADE LOGISTICS.

In 2016 a process for the installation of a photovoltaic system, at the IKEA Cyrpus store, begun.

TRADE LOGISTICS – PHOTOVOLTAIC PARK: The operation of the photovoltaic park, installed on the roof of the TRADE LOGISTICS warehouse, continued in 2016.

TRADE LOGISTICS – CARBON FOOTPRINT 2016: TRADE LOGISTICS measured and recorded its carbon footprint for the year 2016 with the aim to implement a strategic plan to reduce it.

MATERIALS

Aiming at the reduction of the waste produced and their effective management, in 2016 we continued all the recycling programs (paper, batteries, aluminum, glass, lamps, plastic, metals, timber, cooking grease, electronic and electrical equipment, ink/toner cartridges, small electric appliances).

WATER

Being aware of the significant quantity of water consumed at our facilities for sanitation needs and because of the large number of customers and employees, in 2016 we continued to monitor water consumption at our facilities aiming to take all necessary additional measures to reduce its consumption.

At the FOURLIS Group we continue to operate responsibly and to work daily
in order to achieve our common vision and goal;

**To create, through our operations, our products and our actions,
a Better Life for Everyone.**

Social
Responsibility
FOURLIS GROUP

The detailed FOURLIS Group Social Responsibility Report is available at:

www.fourlis.gr

Annual Financial Report

For the period
1/1/2016 to 31/12/2016
(TRANSLATED FROM THE GREEK ORIGINAL)
(In accordance with Law 3556/2007)

FOURLIS HOLDINGS S.A.
REG. NO: 13110/06/B/86/01
GENERAL ELECTRONIC COMMERCIAL REGISTRY NO: 258101000
OFFICES: 18-20, SOROU STR. (Building A) – 151 25 MAROUSI

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Statements of Members of the Board of Directors (In accordance with article 4 par. 2 L. 3556/ 2007)

The members of the Board of Directors of FOURLIS HOLDINGS SA

1. Vassilis S. Fourlis, Chairman,
2. Dafni A. Fourlis, Vice Chairman and
3. Apostolos D. Petalas, CEO

We confirm that to the best of our knowledge:

a. The Annual Financial Statements (Consolidated and Separate) of FOURLIS HOLDINGS SA for the period 1/1/ - 31/12/2016 which have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU, provide a true and fair view of the Assets, Liabilities and Shareholders Equity along with the income statement of FOURLIS HOLDINGS S.A. as well as of the companies that are included in the consolidation taken as a whole.

b. The Annual Report of Board of Directors provides a true and fair view of the evolution, performance and financial position of FOURLIS HOLDINGS S.A. and of the companies included in the consolidation, taken as a whole, as well as a description of the main risks and uncertainties they face.

Maroussi, March 13 2017

The Chairman	The Vice Chairman	The CEO
Vassilis S. Fourlis	**Dafni A. Fourlis**	**Apostolos D. Petalas**

Annual Report of the Board of Directors of the Company FOURLIS HOLDINGS SA
For the period
1/1 – 31/12/2016
(In accordance with L. 3556/ 2007)

To the Shareholders Annual General Assembly of Year 2017

Dear Shareholders,
Please find below, for your approval, the Annual Financial Report (Consolidated and Separate) of FOURLIS HOLDINGS S.A. for the period 1/1 - 31/12/2016.

The Group apart from the Company FOURLIS HOLDINGS S.A. also includes subsidiaries over which FOURLIS HOLDINGS S.A. has direct and indirect control.

1. THE GROUP – Business Segments

The FOURLIS Group which consists of the parent Company FOURLIS HOLDINGS S.A. along with its subsidiaries and their subsidiaries is mainly operating in the Retail Trading of Home Furniture and Household Goods and the Retail Trading of Sporting Goods.

The subsidiary companies and their subsidiaries that are included in the consolidated financial statements for the year 2016, grouped per segment and countries of operation are the following:

a) Full method

Retail Trading of Home Furniture and Household Goods (IKEA Stores)

The retail trading of home furniture and household goods segment includes the following Companies:

- HOUSEMARKET SA which operates in Greece and the parent company has a direct shareholding of 100%. On 23/12/2016 the merge from HOUSEMARKET SA was completed through absorption of the company FOURLIS TRADE SA which operates in Greece and in which the parent company had a shareholding of 100%.
- H.M. HOUSEMARKET (CYPRUS) LTD which operates in Cyprus and the parent company has an indirect shareholding of 100%.
- TRADE LOGISTICS S.A. which operates in Greece and the parent company has an indirect shareholding of 100% (except one share). The retail trading of home furniture and household goods segment includes warehousing services provided to the segment by the company TRADE LOGISTICS SA.
- RENTIS REAL ESTATE INVESTMENTS SA which operates in Greece and the parent company has an indirect shareholding of 100% (except one share).
- HOUSE MARKET BULGARIA AD which operates in Bulgaria and the parent company has an indirect shareholding of 100% (except one share).
- WYLDES LTD which operates in Cyprus and the parent company has an indirect shareholding of 100%.

Retail Trading of Sporting Goods (INTERSPORT and TAF stores)

The retail trading of sporting goods segment includes the following Companies:

- INTERSPORT ATHLETICS SA which operates in Greece and the parent company has a direct shareholding of 100%.
- INTERSPORT ATHLETICS (CYPRUS) LTD which operates in Cyprus and the parent company has an indirect shareholding of 100%.
- GENCO BULGARIA EOOD which operates in Bulgaria and the parent company has an indirect shareholding of 100%.
- INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş. which operates in Turkey and the parent company has an indirect shareholding of 100%.
- TRADE LOGISTICS S.A. which operates in Greece and the parent company has an indirect shareholding of 100% (except one share). The retail trading of sporting goods segment includes warehousing services provided to the segment

by the company TRADE LOGISTICS SA.

- GENCO TRADE SRL which operates in Romania. The parent company has a direct shareholding of 1,57% and an indirect shareholding of 98,43%.

Companies included in discontinued operation

Discontinued operation includes the company FOURLIS TRADE S.A. which operates in Greece and the parent company had a direct shareholding of 100% until 23/12/2016. FOURLIS TRADE SA was merged with its absorption by HOUSEMARKET SA in which the parent company has a shareholding of 100%. The relevant announcement was registerd at GECR with Registration Code Number 868451 on 23/12/2016 and Balancesheet transformation date of the absorbed company 30/6/2016.

Discontinued operation of 2015 also includes data of the company SERVICE ONE SA, subsidiary of FOURLIS TRADE SA until 24/11/2015, as well as the retail fashion activity segment (NEWLOOK Stores) of GENCO TRADE SRL the termination of operation of which was completed within July 2015.

b) Net Equity method

The Group's consolidated data include, the following affiliated companies:

- SPEEDEX SA which operates in Greece in the courier services. The parent company has a direct shareholding of 49,55%.
- VYNER LTD which operates in Cyprus and the subsidiary company WYLDES LTD has a direct shareholding of 50%.
- SW SOFIA MALL ENTERPRISES LTD which operates in Cyprus, in which WYLDES LTD has a direct shareholding of 50%.

2. FINANCIAL DATA – IMPORTANT FACTS & FIGURES

(All the amounts are in thousands of euro unless otherwise stated)

Sales for retail trading of Furniture and Household Goods (IKEA Stores) increased by 4,2% compared to the corresponding period of 2015 and sales of the retail trading of Sporting Goods (INTERSPORT & TAF Stores) increased by 5,6%. More specifically:

Despite the extremely unfavorable market conditions in Greek market and the ongoing economic uncertainty, the Group's retail business gained significant market share in Greece and in other countries where the Group operates. The retail trading of Furniture and Household Goods (IKEA) segment, realized sales of € 291,3 million for the year 2016 (2015: € 279,5 million). The EBITDA totaled € 29,1 million compared to € 25,6 million in 2015 and reported profits before tax € 7,0 million versus € 4,6 million profits in 2015. On 31/12/2016, seven (7) IKEA Stores are operating, five (5) of which in Greece, one (1) in Cyprus and one (1) in Bulgaria and seven (7) Pick up Points with IKEA products five (5) of which in Greece (in Rhodes Island, Patras, Chania, Heraklion and Komotini) and two (2) in Bulgaria (Varna and Burgas). Moreover, e-commerce stores are operating in Greece, Cyprus and Bulgaria.

The retail trading of Sporting Goods segment (INTERSPORT and TAF Stores), realized sales of € 136,5 million for the year 2016 (2015: € 129,2 million). The segment's EBITDA for the year 2016 totaled € 11,9 million (€ 10,9 million in 2015), while recorded profits before tax € 2,3 million compared to € 2,8 million in 2015. The segment on 31/12/2016 has one hundred and thirteen (113) INTERSPORT Stores versus one hundred and six (106) on 31/12/2015, analyzed as follows: forty eight (48) in Greece, thirty one (31) in Romania, twenty three (23) in Turkey, seven (7) in Bulgaria and four (4) in Cyprus. Moreover, e-shops are operating in Greece and Romania for better customer service. On 31/12/2016, through the subsidiary INTERSPORT ATHLETICS S.A., eight (8) TAF stores are operating compared to six (6) on 31/12/2015, six (6) in Greece (Piraeus, Kifissia, Glyfada, Maroussi, Larissa and Agia Paraskevi) and through INTERSPORT ATLETIK two (2) in Turkey (Istanbul). Moreover, within the 2nd semester of 2015, the new logistics center of INTERSPORT in Greece started its operation with automated systems of warehousing and order fulfillment which will gradually serve all companies of the segment. All the relevant supply chain services are provided by the Group's company TRADE LOGISTICS which also supports the retail trading of home furniture and household goods segment (IKEA Stores).

On 23/12/2016 the company FOURLIS TRADE SA was merged with its absorption by the subsidiary company of the Group HOUSEMARKET SA and the relevenant announcement was registerd at GECR with Registration Code Number 868451 and Balancesheet transformation date of the absorbed company 30/6/2016.

Consolidated profits before tax amounted to € 7,7 million compared to € 2,5 million profits in 2015. Net profit amounted to € 6,0 million compared to € 0,3 million profits in 2015.

In Greece, the Management of the Group adjusts its actions in the context formed by the macroeconomic environment. In other countries, where the Group operates, the business plan with selective investments was implemented not only in the retail trading of Sporting Goods (INTERSPORT and TAF Stores) segment but also in the retail trading of Furniture and Household Goods (IKEA Stores) segment.

In an effort to present a complete and real view of the Group's performance, we report the consolidated results per segment for the period 1/1 – 31/12/2016 versus 1/1 – 31/12/2015 at the following tables. Amounts are in thousands of euros.

Continued operation:

Retail Trading of Home Furniture and Household Goods (IKEA stores):

	2016	2015	2016/ 2015
Revenue	291.343	279.547	1,04
EBITDA	29.123	25.553	1,14
Profit before Tax	6.964	4.576	1,52

Retail Trading of Sporting Goods (INTERSPORT and TAF stores)

	2016	2015	2016/ 2015
Revenue	136.489	129.231	1,06
EBITDA	11.856	10.926	1,09
Profit before Tax	2.317	2.836	0,82

Discontinued operation:

	2016	2015	2016/2015
Revenue	239	5.660	0,04
EBITDA	(1.284)	(3.051)	0,42
Loss before Tax	(117)	(3.860)	0,03

In the comparative data of the period 1/1 – 31/12/2016, the discontinued operation of the wholesale of electrical equipment through the companies FOURLIS TRADE SA, SERVICE ONE SA and the retail fashion activity (NEWLOOK stores) are distinctly presented.

Group Consolidated:

Total – Continued and discontinued operation:

	2016	2015	2016/ 2015
Revenue	428.068	414.442	1,03
EBITDA	38.441	32.608	1,18
Profit before Tax	7.695	2.517	3,06
Net Profit after Tax and Minority Interests	6.009	253	23,75

We note that on a consolidated basis the Group's Total Equity (after minority interest) at December 31, 2016 amounts to € 163,6 million versus an amount of € 157,6 million of year end 2015.

3. Basic Financial Indicators (Consolidated)

Below please find basic Indicators for the Group Financial Structure and Performance & Efficiency according to the consolidated financial statements included in the Annual Financial Report of the Group, for the years 2016 and 2015 respectively.

Financial Structure Indicators:

	2016	2015
Current Assets/ Total Assets	32,20%	30,79%
Total Liabilities/ Total Equity & Liabilities	60,95%	62,33%
Total Equity (after minority interest)/ Total Equity & Liabilities	39,05%	37,67%
Current Assets/ Short Term Liabilities	95,43%	82,04%

Performance & Efficiency basic Indicators:

	2016	2015
Operating Profit/ Revenues	5,70%	4,65%
Profit before tax/ Total Equity (after minority interest)	4,70%	1,60%

4. Operating Performance – Important developments:

During the period 1/1 – 31/12/2016 the following share capital changes were realised:

- FOURLIS HOLDINGS S.A.: Under the context of the Stock Option Plan which was approved and established by the resolution of the Extraordinary General Assembly of the shareholders on 27/9/2013 (Stock Option Plan – hereinafter "the Program"), within the year 2016 338.088 options were exercised (hereinafter "the Options"). Following the resolution of the Board of Directors on 22/12/2016 (relevant minutes of the BoD with number 379/22.12.2016), the exercise of the aforementioned options from the corresponding beneficiaries of the Program was certified by payment of the defined underlying value of the new shares, which, according to the terms of the Program of 27/9/2013, amount to €3,40 per share, namely a payment of the total amount of €1.149.499,20 and the same number of new common nominal shares of the Company were issued and delivered to the corresponding beneficiaries of the Program, namely 338.088 new common nominal shares of nominal value € 1,07 per share, while the share capital of the Company increased by the amount of € 361.754,16 which reflects to the nominal value of the new shares. It is noted that, following the exercise of the aforementioned options by payment of the defined underlying value of the new shares, namely € 3,40 per share, the share premium reserve increased by the amount of € 787.745,04. After the aforementioned increase, the share capital of the Company amounts to € 54.923.538,70 divided into 51.330.410 shares of nominal value € 1,07 per share, totally paid.
- HOUSEMARKET S.A.: Following the resolution of 9/12/2016 of the General Assembly of the shareholders of the Company (relevant minutes of the G.A. with number 39/9.12.2016) as well as the corresponding resolution of the General Assembly of the shareholders of the company FOURLIS TRADE S.A. of 9/12/2016, the merger agreement with number 6140/16.12.2016 of the Notary of Athens Aleksandra Oikonomou – Konduleniou and the amending act with number 6144/22.12.2016 of the same Notary were signed, for the merge of the aforementioned companies, which was implemented through the absorption of FOURLIS TRADE S.A. from HOUSEMARKET S.A., in compliance with the provisions of articles 68 – 77a L.2190/1920 and the provisions of article 54 of L. 4172/2013 and the merge was completed with its registration in General Electronic Commercial Registry (GECR) on 23/12/2016 with Code Registration Number 868530 related to the absorbing HOUSEMARKET SA (relevant announcement issued with protocol number 732347/23.12.2016 of GECR service of the Athens Chamber of Commerce and Industry) as well as with a Code Registration Number 868451 related to the absorbed FOURLIS TRADE SA (relevant announcement issued with protocol number 734356/23.12.2016 of GECR service of the Athens Chamber of Commerce and Industry). Consequently, the share capital of the Company increased by the contributed net equity of the absorbed company FOURLIS TRADE SA, namely € 8.710.646,47 plus the amount of € 0,53 for rounding reasons (which was covered by cash by the sole shareholder "FOURLIS HOLDINGS SA"), namely the amount of € 8.710.647,00, with a subsequent issue of 8.710.647 new nominal shares of the Company, of nominal value € 1,00 per share, which were undertaken to their total by the company "FOURLIS HOLDINGS SA", the only shareholder of both merged companies. After the aforementioned increase, the share capital of the Company amounts to € 47.450.647,00, divided into 47.450.647 shares of nominal value € 1,00 per share, totally paid.
- TRADE LOGISTICS S.A.: Following the resolution of 27/12/2016 of the General Assembly of the shareholders of the Com-

pany (relevant minutes of the G.A. with number 20/27.12.2016), the share capital of the company increased by the amount € 10.500.000,00 by issue of 10.500.000 new common nominal vote shares of nominal value € 1,00 per share. This share capital increase was totally covered by the shareholder HOUSEMARKET S.A. After the aforementioned increase, the share capital of the company amounts to € 18.470.000,00, divided into 18.470.000 shares of nominal value € 1,00 per share, totally paid.

- RENTIS S.A.: Following the resolution of the General Assembly of shareholders held on 22/3/2016 (relevant minute of the G.A. with number 35/22.3.2016), an increase in the share capital of the company was implemented by the total amount of euros 3.350.000,00 euros by issuing 3.350.000 new common nominal vote shares, of nominal value € 1,00 per share. This share capital increase was totally covered by the shareholder H.M. HOUSEMARKET (CYPRUS) LIMITED. After the aforementioned increase, the share capital of the company amounts to € 17.810.000,00 divided into 17.810.000 nominal shares of nominal value € 1,00 per share, totally paid.
- GENCO BULGARIA EOOD: Following the resolution of the General Assembly of the shareholders of the company on 3/5/2016, the share capital of the company increased by the amount of BGN 2.600.000,00 by issuing 260.000 new common nominal vote shares, of nominal value BGN 10,00 each. The amount of this share capital increase, which was registered on the commercial register on 17/5/2016, was totally covered by the shareholder INTERSPORT ATHLETICS S.A. following the resolution of 15/4/2016 of the Board of Directors. After the aforementioned increase, the share capital on 31/12/2016 amounts to BGN 11.885.170,00 divided into 1.188.517 shares of nominal value BGN 10,00 each, totally paid.
- WYLDES LTD: Under ordinary resolution of 19/12/2016 of the Board of Directors of the Company, the share capital increased by the total amount of € 216,00 by issuing 216 shares, of nominal value €1,00 and underlying price € 10.000,00 per share. It must be noted that, following the total payment, from the only shareholder HOUSEMARKET S.A., of the underlying amount of the new shares and total amount of € 2.159.784,00 resulted to the increase of the share premium reserve. Therefore the share capital of the company on 31/12/2016 amounts to € 6.876,00 divided into 6.876 ordinary shares of nominal value €1,00 per share, totally paid.
- VYNER LTD: Following the ordinary resolution of 19/12/2016 of the Board of Directors of the Company, the share capital increased by the amount of € 390,00 by issuing 390 shares, of nominal value €1,00 per share. The subsidiary company WYLDES LTD participated in the aforementioned share capital increase by the amount of € 195,00 (plus € 1.814.805,00 as share premim value). Therefore the share capital of the company on 31/12/2016 amounts to € 9.992,00 divided into 9.992 ordinary shares of nominal value € 1,00 per share, totally paid, while the shareholding of WYLDES LTD in the Company was formed at 49,99% of the paid share capital.
- INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş.: Following the resolution of 29/7/2016 of the Extraordinary General Assembly of the shareholders of the Company, an increase in the share capital of the company was implemented of total amount of TL 3.000.000,00, by issuing 7.500.000 new common nominal vote shares, of nominal value TL 0,40 per share. This share capital increase, which was registered in the commercial registry on 13/8/2016, was totally covered by the shareholder INTERSPORT ATHLETICS S.A., in execution of the resolution of the Board of Directors of 4/7/2016. After the aforementioned increase, the share capital of the company amounts to TL 43.612.700,00 divided into 109.031.750 nominal shares of nominal value TL 0,40 per share, totally paid.

Apart from the above, no other changes in the share capital of the companies of the Group were made within the year 2016.

In October 4, 2016 the subsidiary HOUSEMARKET S.A. announced the oversubscription on a public offering for the issuance of a non-convertible bond loan to be listed in the fixed income securities category of the regulated market of Athens Stock Exchange. The oversubscription on the public offering resulted in the issuance of 40 million bonds at an offer price of €1 each.

The parent company FOURLIS HOLDINGS S.A. does not have any branches.

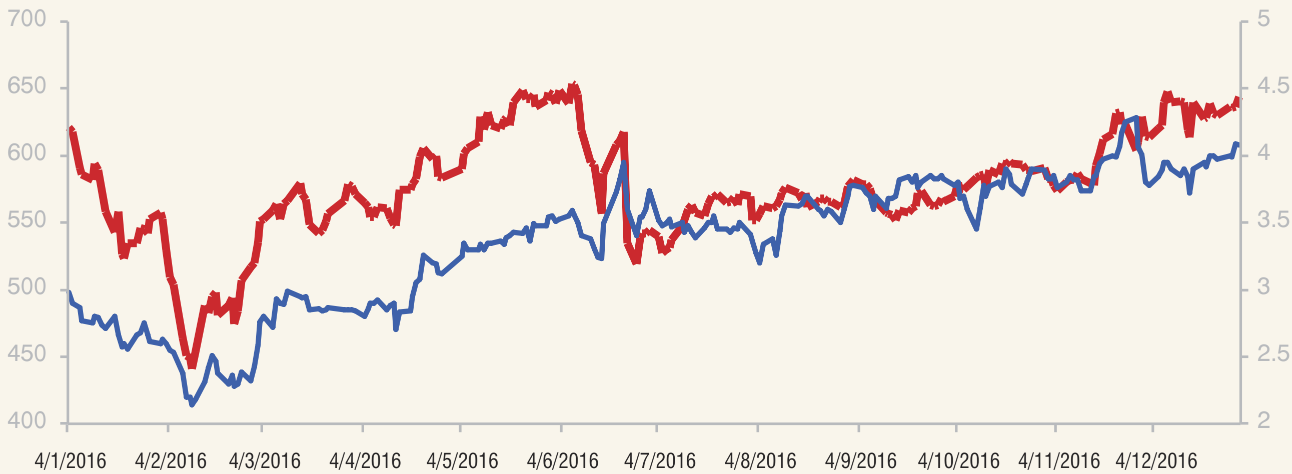
The subsidiaries and especially the retail trading companies have developed a significant chain of stores in Greece and abroad.

Retail Trading of Home Furniture and Household Goods (IKEA stores): The Group operates seven (7) IKEA Stores, five (5) of which in Greece, one (1) in Cyprus and one (1) in Bulgaria. Moreover, five (5) Pick up Points with IKEA products are operating in Greece in Rhodes Island, Patras, Chania, Heraklion and Komotini and two (2) in Bulgaria in Varna and Burgas (20/10/2016), as well as three (3) e-commerce stores in Greece, Cyprus and Bulgaria.

Retail trading of sporting goods (INTERSPORT and TAF stores): The segment currently operates one hundred and thirteen (113) INTERSPORT Stores [forty eight (48) in Greece, thirty one (31) in Romania, seven (7) in Bulgaria, four (4) in Cyprus and twenty three (23) in Turkey] and e-commerce stores are operating in Greece and Romania. INTERSPORT stores added to the network during period 1/1 - 31/12/2016 are as follows: one (1) new store in Greece and more specifically in Heraklion Creta (26/4/2016), three (3) new stores in Romania in Timisoara (31/3/2016), in ParkLake (31/8/2016) and in Piatra Neamit (1/12/2016), one (1) new store in Turkey in Adana (5/8/2016) and two (2) new stores in Bulgaria in Burgas (19/8/2016) and in Strara Zagora (19/8/2016). Furthermore, TAF stores that started their operation within 2016 are: six (6) in Greece and two (2) in Turkey (Istanbul). Two new TAF stores were added to INTERSPORT network within the period 1/1-31/12/2016 in Larissa (8/4/2016) and in Agia Paraskevi of Attica (6/12/2016).

5. Stock Price Evolution

Below is a chart providing a comparison between FOURLIS HOLDINGS S.A. share price and Athens Stock Exchange General Index for the period 1/1/2016 to 31/12/2016.



6. Stock Option Plan

The Extraordinary General Assembly of the Company on 27/9/2013, under the context of Stock Option Plan, approved the disposal of 1.507.678 stock options and authorized the Board of Directors to regulate the procedural issues and details. The program will be implemented in three waves, with a maturity period of three years per wave. Options must be exercised within five years since their maturity date. In case that there are undisposed options, after the allocation of options mentioned above, these options will be cancelled. The underlying share price of each wave is the closing market price of the share at the decision date of the Extraordinary General Assembly regarding the approval of the SOP.

On 25/11/2013, the BoD granted 502.550 stock options, which compose the first of the three waves. The underlying share price to which the granted stock options refer, is determined to the amount of euros 3,4 per share which is the closing market price of the share on the date of the Extraordinary General Assembly.

On 24/11/2014, the BoD granted 502.550 stock options, which compose the second of the three waves. The underlying share price to which the granted stock options refer, is determined to the amount of euros 3,4 per share which is the closing market price of the share on the date of the Extraordinary General Assembly.

On 23/11/2015, the BoD granted 502.578 stock options, which compose the third of the three waves. The underlying share price to which the granted stock options refer, is determined to the amount of euros 3,4 per share which is the closing market price of the share on the date of the Extraordinary General Assembly.

Within the year 2016, 338.088 stock options (hereinafter “the Options”) were exercised which had been granted in accordance with the resolutions of the BoD of 25/11/2013, 24/11/2014 and 23/11/2015. Following the resolution of 22/12/2016 of the Board of Directors (relevant minutes of the BoD 379/22.12.2016), the exercise of the aforementioned options from their beneficiaries of the Program was certified by payment of the defined underlying price of the new shares which in compliance to the provisions of the Program of 27/9/2013, amounts to € 3,40 per share, namely the payment of the total amount € 1.149.499,20 and new common nominal shares of equal number (338.088) were issued and delivered, of nominal value € 1,07 per share. Four beneficiaries responded to the aforementioned invitation.

During period 1/1 – 31/12/2016, beneficiaries waived their right to exercise 6.659 options (2015: 35.895) which were granted by the BoD on 25/11/2013, beneficiaries waived their right to exercise 6.548 options (2015: 6.082) which were granted by the BoD on 24/11/2014 and also beneficiaries waived their right to exercise 13.158 options (2015: 0) which were granted by the BoD on 25/11/2015.

7. Information about Group's plan of development

According to the temporary data of the Hellenic Statistical Authority of 6/3/2017 the GDP in terms of volume, for the 4th quarter of 2016, decreased by 1,1% compared to the corresponding quarter of 2015. This fact leads to the estimation that the year 2016 will end up to a slightly negative sign for the Greek economy.

The excess of the primary surplus goal (from 0,5% to 2,0%) at the fiscal front despite being a good progress, it is not itself sufficient to create a positive perspective and therefore ambitious expectations for the year 2017.

The Management of the Group, following its expectations that in the year 2017 in Greece the retail trading will remain under pressure due to the ongoing unemployment, high taxation of natural persons and legal entities but also the weakness of the banking system to dispose capitals for new investments as well as the fact that the risk of a new recession cycle has not yet been eliminated, aims to:

a) maintain and increase its profitability at which it has returned since the year 2015,
b) the continuation of strictly chosen investments, especially in the segment of retail trading of sporting goods where investing opportunities exist and can be implemented with the current funding abilities,
c) gain benefits from synergies and scale economies that have been achieved within the Group especially after the absorption of the company FOURLIS TRADE SA from the company HOUSEMARKET SA and the completion of warehouse and distribution services supply towards all companies of the Group from the company TRADE LOGISTICS SA,
d) the research of new investment opportunities in activity areas – such as the management of retail stores – that the Group is well aware of and has positive results,
e) maintain the balance of the income source of the Group between domestic and abroad companies for the rational allocation of the political – economic risk at the different countries of activity.

In the year 2017, the Management of the Group, with the expectation that the outcome of the Greek assessment will be positive and the stability in the political and economical segment will be embedded, will proceed to the implementation of its business plan with selective investments in Greece and foreign countries that the Group operates, as follows:

In the retail trading of sporting goods segment, with a current network of one hundred and thirteen (113) stores in Greece, Romania, Bulgaria, Cyprus and Turkey as well as two (2) e-commerce stores in Greece and Romania, within the year 2017 four (4) new INTERSPORT Stores are expected to be added to the existing network and one (1) e-commerce store in Cyprus. Moreover, four (4) new TAF stores are expected to be added to the eight (8) already operating stores.

At the end of 2017, the retail trading of sporting goods segment is expected to have a netwotk of one hundred and seventeen (117) INTERSPORT Stores and twelve (12) TAF Stores as well as e-commerce stores in Greece, Romania and Cyprus. The home furniture and household goods segment will operate seven (7) IKEA Stores, seven (7) Pick up Points and three (3) E-COMMERCE STORES IN Greece, Bulgaria and Cyprus.

Education and training of human capital, the constant and fair evaluation in all levels as well as dedication to the values of the Group - "Integrity", "Respect" and "Efficiency" – continue to compose major comparative advantages through which the Group aims to achieve its goals.

8. Fourlis Group – Major Threats & Uncertainties

a) Financial Risk Management

The Group is exposed to financial risks such as foreign exchange risk, interest rate risk and liquidity risk. The management of risk is achieved by the central Treasury department, which operates under specific guidelines set by the Board of Directors. The Treasury department identifies, determines and hedges the financial risks in cooperation with the Groups' subsidiaries. The Board of Directors provides written instructions and directions for the general management of the risk, as well as specific instructions for the management of specific risks such as foreign exchange risk and interest rate risk.

Foreign Exchange Risk:
The Group is exposed to foreign exchange risk arising from transactions in foreign currencies (RON, USD, TRY, SEK) with suppliers which invoice the Group in currencies other than the local. The Group, in order to minimize the foreign exchange risk, according to the needs, in certain cases pre - purchases foreign currencies.

Interest rate risk/liquidity:
The Group is subject to cash flow risk which in the case of possible variable interest rates fluctuation, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities.

Cash flow risk is minimized via the availability of adequate credit lines and cash. Also, the Group has entered into Interest Rate Swap (IRS) contracts in order to face interest rate risk.

b) Legal Issues

There are no litigations or legal issues that might have a material impact on the Company and the Group's Consolidated Financial Statements for the period 1/1 - 31/12/2016.

9. Social Responsibility

a) Brief description of the Group's business model

Today, the FOURLIS Group, headquartered at 18-20 Sorou Street, (Building A) P.O. 15125 Maroussi, is one of the largest trading groups of consumer goods in Greece, Cyprus, Bulgaria, Romania and Turkey, in the following fields of business activity:

- Retail sale of household goods through the IKEA stores in Greece, Cyprus and Bulgaria.
- Retail sale of sporting goods through the INTERSPORT stores in Greece, Cyprus, Bulgaria, Romania and Turkey and The Athlete's Foot (TAF) stores in Greece and Turkey.

The aforementioned activities are completed by e-commerce stores, while warehouse and product delivery services for both segments are provided by TRADE LOGISTICS SA which is subsidiary of the Group.

b) Society: Principal risks / impacts related to social matters linked to the Group's operations

In the context of our approach to corporate responsibility, we identify and prioritize on a regular basis the social matters that are linked to our activities and may cause negative impacts to our stakeholders as well as to Sustainable Development in general at a national level.

Taking into consideration the above, we intensively monitor the impacts of our activities in relation to the issues of:

- engagement with the Society
- customer health & safety
- customer care & satisfaction
- product compliance and labeling, and
- responsible product marketing and promotion

The way we manage these risks is presented in the following sections.

c) Society: Corporate policies

Engagement with the society
At the FOURLIS Group, under our main motto “TOGETHER FOR A BETTER QUALITY OF LIFE”, we daily work together as well as individually, for the realization of our common commitment and vision: the establishment of the preconditions for a better life for everyone.

In this context, we seek to be in constant connection with the citizens and the wider society in the countries where we operate, in order to be informed about their needs and to be able to understand them.

Customer health and safety
The Group, while complying with the applicable legislation, implements a Health and Safety Management System that includes a wide range of relative procedures and initiatives. At the same time, we apply a Common Health and Safety Policy in all the Group’s subsidiaries, aiming to cover the relative needs of our employees, visitors and business partners.

Customer care and satiasfaction
Depending on the structure and operations of each Group subsidiary, we apply a combination of policies and initiatives with the aim to constantly enhance our Customer Care and Satisfaction. These policies relate to, among others, customer care and customer satisfaction both during their visit in our stores and after the sale of our products, as well as to orders and complaints management.

Product compliance and labeling
The compliance of our products with the manufacturers’ and suppliers’ standards, as well as with the European or national legislation, is a standard practice. Indicatively, we mention that the provision of specific labeling and signs on the IKEA products, aiming to provide the most thorough information and advice to customers, is a priority for the IKEA stores network. Respectively, INTERSPORT’s Commercial Department is responsible for product compliance and oversees adherence to market regulations as well as the European Union CE labeling.

Responsible product marketing and promotion
For the advertising and promotion of the IKEA products, we follow the communication code applied by IKEA worldwide and we take into consideration all local needs. With regard to the promotion of our products, our policy is adapted to local consumer needs and specificities. For this reason, the setup of the IKEA stores vary according to their location in order to meet the standards and preferences of the local community.

Respectively, INTERSPORT’s marketing and communication strategy is set according to its vision which is to bring sport to the people. The Commercial Department is Responsible for the implementation of its marketing policies, which focus on two areas: Corporate Communication and Product Promotion.

d) Society: Outcome of these policies and non-financial key performance indicators

Engagement with the society
The following are some of the major programs and actions which were implemented in 2016 to support the Society. Additional information for the following programs is presented in the FOURLIS Group’s annual Corporate Responsibility Report, available on the www.fourlis.gr webpage.

- Full refurbishment from IKEA Stores of municipal nurseries and libraries, throughout Greece, as well as of the Association for the Prevention and Handling of Violence in the Family in Cyprus.
- INTERSPORT offers free sports equipment to Public Elementary Schools in remote and border areas of Greece.
- Meals donation to foundations and organizations from the IKEA stores’ restaurants and donation of food and other essential supplies from the FOURLIS Group’s employees.
- Support to the actions of UNICEF for supporting children’s rights and hosting UNICEF in the IKEA Stores as well as other charity organizations for the promotion of their aims.
- FOURLIS HOLDINGS SA supports financially non-profit associations and associations of environmental protection (DIAZOMA, OPHELTES, ELLINIKI ETAIRIA - Society for the Environment & Cultural Heritage)

- Participation in voluntary Blood Donation held at the Group companies' premises.
- Promotion and support of local production through the IKEA stores.

Customer health and safety and implemented policies

Aiming to the safety of customers and all counterparties, we mention some of the practises applied at FOURLIS Group which are provided not only by the Law (compliance) but also by voluntary choice (internal procedures and policies) and are as follows:

- Coperation with an external service on protection and prevention issues
- Written assessment of occupational risk according to an existing methodology and measures taken for reducing "emergency pick" incidents in order to prevent accidents in the IKEA stores
- Request, from our suppliers, to present products' safety certificates
- Safe access, accommodation and transportation for people with special needs in the IKEA stores
- ISO 22000 certification for the safety of the food served at the IKEA stores' restaurants
- Regular training of all employees, so that they can respond to emergency incidents that can affect both their own and customers' safety.
- Regular inspections by safety technicians for all the Group' s facilities
- Infirmaries equipped with medical beds and automatic external defibrillators in all the IKEA stores

In 2016, the application of our policies on Health and Safety issues had significant outcomes. We indicatively mention that:

- There was a significant reduction of lost days, due to workplace accidents, which reached 10% compared to 2015.
- No accident occurred in the playgrounds of the IKEA stores.
- No incidents of non-compliance with the legislation related to Health and Safety issues occurred during the reporting period.

IKEA stores are assessing with greater emphasis the corresponding risks and the increased possibility of having such an event due to the high number of visitors, the multitude, the extent and the diversity of the facilities. All these take place without downgrading our interest for all other facilities of the Group regarding Health and Safety of customers and all counterparties.

Customer care and satisfaction

• INTERSPORT & TAF:

High quality in customer service is achieved through INDUCTION programs, constant guidance and training, as well as related educational programs, constructive feedback, annual appraisals and constant meetings and «Mystery Shopping» survey, carried out by a partner company.

• IKEA:

Policies and procedures for better customer service and satisfaction, besides constant training in customer service and use and operation of goods, also include ordinary meetings of all those included in customer service, constructive feedback, assessments of customers' complaints and periodic assessments of employees.

Aiming at the best possible evaluation of our customer service policies and seeking to maintain a constant engagement with our customers and their needs, we regularly carry out:

- Annual "IKEA Customer Satisfaction Survey" in the IKEA stores with the participation of about 1.000 customers and through the company's website.
- IKEA Mystery Shopping Survey which evaluates the quality of customer service of IKEA customers and is conducted by a partner company four times a year.

Product compliance and labelling

• IKEA Stores:

We provide information and labeling regarding potential problems or health impacts, hazardous substances, cases where a product must be used only by adults, dimensions, as well as product manufacturing information, etc. It is also worth mentioning that we provide a perennial product guarantee, which in some cases reaches 25 years, while we adhere to and apply a product withdrawal policy. If necessary, and depending on the importance of the incident, the withdrawal case is publicly disclosed.

• INTERSPORT & TAF Stores:

In cases of defective products, the company immediately proceeds to their withdrawal and repair and initiates all the necessary procedures in order to inform all the pertinent institutions, the consumers' associations and the general consumer public via special press releases.

Responsible product marketing and promotion
• IKEA Stores:
For assessing the brand image and the IKEA communication and marketing policies we use the Brand Capital Survey. This is an annual survey conducted in the areas where the stores are located and records the public's opinion on the quality and variety of products, prices, corporate image, in-store services and the IKEA catalogue.

• INTERSPORT & TAF Stores:
For assessing the brand image and the INTERSPORT communication and marketing policies we use GFK's Brand Vivo. It is an annual survey conducted electronically with the participation of around 1,000 online users and illustrates the public's opinion on INTERSPORT's corporate brand.

e) Employee matters: Principal risks / impacts related to employee matters linked to Group's and Company's operations

In the context of our approach to corporate responsibility, we identify and prioritize on a regular basis the employee matters that are linked to our activities and may cause negative impacts to our stakeholders as well as to Sustainable Development in general at a national level.

Taking into consideration the above, we intensively monitor the impacts of our activities in relation to the issues of:
- merit-based recruitment and development
- training and education
- health, safety and employee wellbeing at work
- internal communication

The way we manage these risks is presented in the following sections.

f) Employee matters: Corporate policies

Merit-based recruitment and development
When any of our companies require new job positions, those are readily covered either by an internal transfer/promotion of employees (through the Open Resourcing Policy), or by a direct transfer/promotion of an employee (for Executives), or by a new recruit.

The main pillars of our Policy on employee recruitment and professional development of our Human Resources, are:
- The common recruitment evaluation criteria for all Group's companies to ensure equal opportunities and to avoid discrimination.
- The provision of equal development opportunities through internal transfer and promotion processes to all employees of the Group.
- Taking into consideration the balance between the two genders in the selection and development processes of our employees.

Since 2008, we have adopted an new Efficiency and Development Appraisal System for all employees of our Group, so as to ensure that the appraisal procedure is clear.

Training and education
At the FOURLIS Group we believe that the employees' need for training is continuous and increasing, as the competition and the current market requirements are constantly generating new vocational training and education needs. For this reason, the training of each Group's employee begins upon his/her recruitment. The first training program for all employees of the Group is an induction program, through which we ensure that our new employees are informed about the Structure of the Group, the Principles, the Code of Conduct and the Internal Operation Regulation of each company.

In 2011, «FOURLIS Learning Academy» was created and besides all other training programs, the year 2016 the program FOURLIS Retail MBA begun. This program was designed and created in 2015, under the aegis of AUEB and HRBA, with its main target to offer higher level knowledge from University Professors and high level executives of the Market and FOURLIS Group, to an extent of fields that focuses on the management of Rteail trading.

Health, safety and employee wellbeing at work

Knowing that the creation of a safe and healthy work environment is our obligation, at the FOURLIS Group we not only follow the relevant clauses of the Greek legislation on labor law, but we also attend to the assessment of possible risks that we may face in the following year and we take the necessary measures in order to prevent any possible accidents.

An important priority of ours is to safeguard compliance with the Health and Safety Policy by the conduction of intensive inspections by safety technicians, throughout the Group's company's facilities and by having the safety technician conduct an occupational risk assessment study. At the FOURLIS Group, as a minimum prerequisite, we comply with the requirements of the Greek legislation and the "ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases". We also invest in the constant and regular training of all employees, so that they can respond to emergencies affecting both their and our clients' safety. Especially in the IKEA stores we have created internal Safety, Fire Protection and First Aid teams.

Internal communicaton

For the FOURLIS Group, internal communication is a priority for our proper operation, with significant impacts on all of the Group's subsidiaries. For this reason, we make sure to inform and engage our People in the Group's initiatives, while at the same time, we provide them with the opportunity to communicate with each other, regardless of their level of seniority.

g) Employee matters: Outcome of these policies and non-financial key performance indicators

Merit-based recruitment and development

On 31/12/2016, the FOURLIS Group's total number of employees was 3.904 out of which 2.049 (52%) are women. Women possess the 33% in manager/supervisors positions of the Group. It is worth mentioned that equal opportunities for development in administrative positions between men and women have been secured.

Health, safety and employee wellbeing ar work

• EF ZIN (WELL BEING) PROGRAM

The EF ZIN (WELL BEING) program was launched by the Social Responsibility Department in 2010 with the main objective to inform employees on health and well-being issues and to encourage them to adopt a healthier lifestyle. In the context of this program, some of the most important actions that took place in 2016 included an annual preventive medical examination for all the FOURLIS Group's employees at the Group companies' premises and sports tournaments.

Health and safety at work

As a result of our overall management approach, in the latest Employee Insight Survey conducted in 2016, the area with the highest satisfaction rate from our employees is Security.

Internal communication

The management of internal communication is realized through a number of activities and tools. Besides internal online communication and mmetings, conventions, scheduled or not, we indicatively mention: Information related to the activities of INTERSPORT and its new products, via a new newspaper (newsletter), a new communication tool called "Yammer" which connects facilities, operational segments, activities or interests teams among all companies of the Group. In the internal communication apart from daily labor issues, the results of institutions regarding employees reward and support such as Year in Service Award, Scholarship program for our employees' children and Awarding honor students.

In the context of the ongoing improvement of our internal communication, we aim at periodically evaluating our efforts, through an Employee Insight Survey. In February 2016, a new Employee Insight Survey was conducted. Through the survey's results, areas for action and further improvement for the Group were highlighted and since October of the same year respective actions were initiated and will be gradually implemented until 2018.

h) Respect for human rights: Principal risks / Impacts related to human rights matters linked to the Group's operations

In the context of our approach to corporate responsibility, we identify and prioritize on a regular basis the Human Rights matters that are linked to our activities and may cause negative impacts to our stakeholders as well as to Sustainable Development in general at a national level.

Taking into consideration the above, we intensively monitor the impacts of our activities in relation to the issues of:
- freedom of Association and Collective Bargaining
- eradicating child and forced or compulsory labor, and
- discrimination in the workplace

The way we manage these risks is presented in the following sections.

i) Respect for human rights: Corporate policies

Through our participation in the UN Global Compact, we commit to uphold the relevant Principles. More specifically, we advocate for the freedom of association, the abolishment of child and forced or compulsory labor and discrimination in the workplace. At the FOURLIS Group, we approach the issues of respect and protection of Human Rights in a systematic way, through the policies we adopt and the initiatives we undertake.

The main pillars of this effort are:
- The Internal Employment Regulations
- The Code of Conduct
- The Health and Safety Policy
- Responsible product policies of our Group subsidiaries

j) Respect for human rights: Outcome of these policies and non-financial key performance indicators

Employee training on Health and Safety Issues includes the training of security personnel on Human Rights issues. At the same time, all Group employees have signed, depending on their position in the corporate hierarchy, the analytical or concise version of the Code of Conduct.

The Code of Conduct Line of the Group is available 24 hours a day and anyone may call the Line in order to report any concerns related to Code of Conduct violations or non-compliance with the valid legislation. For the period 1/1-31/12/2016 three (3) cases from a Group's company employees were recorded via the telephone line and email of the Code of Conduct. These reports were communicated to the Internal Audit Department and after being evaluated, they were sent to the appropriate Departments and to the Group's Human Resource Department in order for the appropriate measures to be taken, not only for dealing with these specific behaviors but also for preventing similar incidents in the future. None of these reports was related to incidents of Human Rights violations.

k) Anti-corruption and bribery: Principal risks / Impacts related to anti-corruption and bribery matters linked to the Group's operations

In the context of our approach to corporate responsibility, we identify and prioritize on a regular basis the anti-corruption and bribery matters that are linked to our activities and may cause negative impacts to our stakeholders as well as to Sustainable Development in general at a national level.

Taking into consideration the above, we intensively monitor the impacts of our activities in relation to the issues of:
- obligation of adherence to business ethics and compliance with legislation
- communication of cases where non-ethical or non-lawful behavior
- conflict of Interest
- business gifts, payments and fair transactions
- confidentiality
- usage restriction of privileged information for transaction purposes

The way we manage these risks is presented in the following sections.

l) Anti-corruption and bribery: Corporate policies

Our approach involves the implementation and constitution of:

- The implementation of Code of Conduct, the analytical or brief edition of which is signed by all employees of the Group depending on their position in the corporate hierarchy.
- The operation of the Line of Code of Conduct of the FOURLIS Group. The access in the Line of Code of Conduct is achieved through calling from mobile or landline at the number 210 6293010. Also through the website: codeofconduct @fourlis.gr
- The implementation of Corporate Governance Code
- The implementation of Internal Regulation Charter
- The conduction and operation of Internal Audit Management
- The implementation of Internal Audit procedures
- The implementation of the procedure for information of the Senior Management and Internal Audit Management for every fraud or bribery incident.
- The conduction and operation of Audir Committee
- The conduction and operation of Nomination and Remuneration Committee

m) Anti-corruption and bribery: Outcome of these policies and non-financial key performance indicators

In compliance to the implementation of the Procedure of information of the Senior Management and Internal Audit Management, in all Companies of the Group, for the period 1/1 – 31/12/2016 we had eight (8) reports of fraud incidents of minor extent committed by employees or with their participation. These cases were traced in time from the safety nets. None of the aforementioned reports was related to corruption or bribery.

n) Environment: Principal risks / Impacts related to environmental matters linked to the Group's operations

In the context of our approach to corporate responsibility, we identify and prioritize on a regular basis the environmental matters that are linked to our activities and may cause negative impacts to our stakeholders as well as to Sustainable Development in general at a national level.

Taking into consideration the above, we intensively monitor the impacts of our activities in relation to the issues of:

- energy management and greenhouse gas emissions
- materials we use
- products we sell, and
- water management

The way we manage these risks is presented in the following sections.

o) Environment: Corporate policies

We regularly monitor the impacts of our operations and we implement a number of voluntary actions and interventions aiming to the reduction of our environmental footprint, to the saving of natural resources and to the raising of the awareness of employees and the public regarding the protection of the environment and the adaption of a responsible lifestyle. The annual results of the practices we implement are communicated in the FOURLIS Group's annual Social Responsibility Report, as well as in the FOURLIS Group's Communication on Progress Report, regarding the adherence to the ten Principles of the UN Global Compact.

IKEA ensures to widen annually the production and disposal of eco-friendly products, such as: The MÄSTERBY step stool, made by 100% recycled plastic, The MARIUS stool, made by 40% recycled steel, The BJÖRNÅN shower curtain, made by 100% recycled polyester, The IKEA mirrors which are 100% lead-free. Moreover The IKEA electrical appliances assessed as energy class A, A + or A ++ and LED lamps and lighting fixtures that include LED lamps which use 85% less energy.

p) Environment: Outcome of these policies and non-financial key performance indicators

Data in facilities that we are in position of monitoring regard:

- *ENERGY consumption*: Electricity (kWh), Heating Oil (lt), Natural Gas (m3)
- *Water consumption(lt)*
- *Recording of CARBON FOOTPRINT*: Since 2012, the Company of the Group TRADE LOGISTICS S.A. calculates carbon footprint for all its avtivities, aiming to the implementation of solutions for its decrease.
- *Recycling (within FOURLIS Group)*: Paper (kg), Battery (kg), Cooking fat (lt), Lamps (kg), Aluminum (kg), Glass (kg), Plastic (kg), Metals (kg) and Lumber (kg).
- Results of the metrics for the year 2016, will be available in the Annual Social Responsibility Report of FOURLIS Group which will be published in June 2017 and will be posted in the website www.fourlis.gr.

10. Related parties transactions

As Related parties are considered the Company, the subsidiary companies, the associate companies and joint ventures, the Management and the first line managers and their connected individuals and legal entities (IAS 24). The major transactions, which were eliminated for the purposes of consolidation of financial statements between Group companies, are mainly selling goods among companies in the same segment and logistics services - supply, maintenance - repairs and management fee.

Detailed information on the related parties' receivables/ payables for the Group and the Company for the period 31/12/2016 and 31/12/2015 is analysed as follows (all amounts in th. euros):

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Receivables:				
FOURLIS TRADE SA	0	0	0	6
HOUSE MARKET SA	0	0	8.500	0
INTERSPORT SA	0	0	508	606
TRADE LOGISTICS SA	0	0	29	13
GENCO BULGARIA	0	0	22	16
INTERSPORT CYPRUS	0	0	8	3
HOUSE MARKET CYPRUS	0	0	17	14
SPEEDEX SA	0	7	0	7
RENTIS SA	0	0	2	2
HOUSE MARKET BULGARIA AD	0	0	91	25
GENCO TRADE SRL	0	0	73	4
SERVICE ONE	0	0	0	11
INTERSPORT ATLETIK	0	0	193	14
TRADE STATUS AE	135	160	135	157
Total	**136**	**167**	**9.579**	**877**

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Payables to:				
HOUSE MARKET SA	0	0	926	125
INTERSPORT SA	0	0	96	0
TRADE LOGISTICS SA	0	0	8	1
GENCO BULGARIA	0	0	10	0
INTERSPORT CYPRUS	0	0	9	0
HOUSE MARKET CYPRUS	0	0	38	0
SPEEDEX SA	181	137	15	1
HOUSE MARKET BULGARIA AD	0	0	46	0
GENCO TRADE SRL	0	0	49	0
SERVICE ONE	35	0	0	0
INTERSPORT ATLETIK	0	0	26	0
TRADE STATUS SA	4	1	3	0
Management Members	29	42	29	0
Total	**249**	**180**	**1.255**	**127**

Third Parties transactions for the period 1/1 to 31/12/2016 and for the period 1/1 to 31/12/2015 are analysed as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
Revenue	127	111	3.950	3.986
Other Operating Income	41	65	1.048	746
Total	**168**	**176**	**4.998**	**4.732**

	Group		Company	
	2016	**2015**	**2016**	**2015**
Administrative Expenses	278	79	15	5
Distribution Expenses	724	308	0	0
Total	**1.001**	**387**	**15**	**5**

During the years 2016 and 2015 the following transactions have been applied among FOURLIS HOLDINGS SA and the subsidiaries of the Group:

	Group		Company	
	2016	**2015**	**2016**	**2015**
Revenue	29.005	24.724	3.839	3.884
Cost of Sales	22.800	19.364	3.686	3.460
Other Income	2.110	1.984	804	725
Administrative Expenses		4.590	4.682	912
Distribution Expenses	3.520	2.598	0	0
Other Operating Expenses		18	7	00
Dividends	12.500	469	8.500	0

	Group		Company	
	31/12/16	**31/12/15**	**31/12/16**	**31/12/15**
Trade Receivables	19.463	8.769	9.444	702
Inventory	310	272	0	0
Creditors	16.963	6.368	1.208	126

11. Human Recourses of the Group

The total number of employees of the Group as at 31, December 2016 and 31, December 2015 was 3.904 and 3.760 respectively. The total number of employees of the Company for the same reporting periods set above was at 88 and 86 respectively.

12. Management members’ transactions and remuneration

During periods 1/1 – 31/12/2016 and 1/1 – 31/12/2015, transactions and fees with the management members were as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
Transactions and Fees of Management Members2.610	**2.610**	**2.658**	**525**	**488**

13. Treasury shares

On 31/12/2016, the Company does not hold treasury shares. It is noted that, following the resolution of the ordinary General Assembly of the shareholders on 17/6/2016, a treasury shares purchase program has been established until the number of 2.549.616 shares (5% of the paid share capital) which is in force until 17/6/2018.

14. Explanatory report – information according to article 4 par. 7 of Law 3556/2007

a. The Company's share capital

The Company's share capital amounts to euros 54.923.538,70 and consists of 51.330.410 nominal shares with a nominal value of euro 1,07 each (31/12/2015: 50.992.322).

All the shares are common nominal shares, listed on Athens Stock Exchange (category: Medium Capitalization). Each share entitles to one vote, with an exception of the number of own shares that do not have the right to vote.

The shareholders' responsibility is limited to the nominal value of the shares that they own.

b. Restrictions as to the transfer of the Company's shares

The transfer of shares of the Company is made as prescribed by law and there are no restrictions as to their transfer by the Company's Articles of Incorporation.

c. Significant direct or indirect shareholdings as prescribed by articles 9 - 11 of Law 3556/2007

On 31/12/2016, the following shareholders owned more than 5% of the voting shares of the Company:

- KEM DAFNI A. FOURLIS: (17,475%)
- MITICA LIMITED: (5,357%)
- FIDELITY INVESTMENT FUND – EUROPEAN (5,475%)
- HORIZON GROWTH FUND N.V. (5,866%)

d. Preference shares

The Company does not have any preference shares.

e. Restrictions to voting rights

There are no restrictions to voting rights arising from the Company's Articles of Incorporation.

f. Shareholder agreements resulting in restrictions transfer of shares or to their voting rights

The Company is not aware of any Shareholder agreements resulting in restrictions to transfer of shares or to their voting rights as it is prescribed by the Company's Articles of Incorporation.

g. Rules for the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Incorporation which differ to those prescribed by Codified Law 2190/1920

The rules for the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Incorporation do not differ to those prescribed by Codified Law 2190/1920.

h. The Board of Directors' or of several of its members, roles for the issue of new shares or the shares buy back in accordance with article 16 of Codified Law 2190/1920

1) According to Art 13 par 1 (b) of Law 2190/ 1920 and the Art 4 par. 1 of the Articles of Incorporation of the Company, during the first 5 years from the Shareholders General Assembly resolution, the Board of Directors has the right, based

on a majority of 2/3 of total members, to: a) Increase Share Capital in total or partially through the issue of new shares for an amount that cannot exceed 1/2 of the paid in share capital at the date that Board was awarded the aforementioned right and b) Issue Corporate bonds that will be converted to shares for an amount that cannot exceed 1/2 of the paid in share capital. In this case the provisions of paragraphs 2, 3 and 4 of article 3a of Law 2190/ 1920 are implemented. The Share Capital increases according to the above do not constitute an amendment of the Articles of Incorporation. The aforementioned General Assembly decision has to be published in accordance with Article 7b of Law 2190/ 1920.

The authority of the Board of Directors can be renewed from the General Assembly with a decision that has to be published in accordance with Art. 7b of Law 2190/ 1920, for a time spread that will not exceed 5 years, for every renewal and its validity commences after each 5 years period end.

In case that the Reserves exceed 1/4 of the paid in capital then for a Share Capital increase a decision of the Shareholders General Assembly is obligatory along with an amendment of the corresponding article of Articles of Incorporation. All the above decisions are valid with a presence greater than the 2/3 of the paid in capital representatives.

In case of non presence of the 2/3, the 1st Repeated General Assembly will take place within 20 days from the General Assembly date was cancelled. The 1st Repeated General Assembly has to be announced 10 days before. The 1st Repeated General Assembly is valid if at minimum, the 1/2 of the paid in capital representatives are physically present.

In case of a non presence of the 1/2, the 2nd Repeated General Assembly will take place within 20 days from the 1st Repeated General Assembly date was cancelled. The 2nd Repeated General Assembly has to be announced 10 days before. The 2nd Repeated General Assembly is valid if at minimum, the 1/5 of the paid in share capital representatives are physically present.

These decisions of the General Assembly of shareholders are considered by a majority of two thirds (2/3) of the votes represented therein.

2) The A' Repeated Annual General Assembly of shareholders of" FOURLIS Holdings SA " on 30/6/2008, acting under the provisions of paragraph 13 of Article 13 and paragraphs 3 and 4 of Article 29 and paragraph 2 of Article 31 of Law 2190/ 1920, implemented a stock option plan (Stock Options) - hereinafter "Program" - to executives of the Company and its affiliated companies within the meaning of paragraph 5 of article 42e of this Act, and authorized the Board of Directors, to regulate procedural matters and detail. The Board of Directors, under the terms of the plan and the law gives to recipients, who exercised their right, certificates of right to obtain shares and issue and deliver the shares in these recipients, increasing the share capital of the Company certifying the capital increase. These increases in share capital are not amendments to the Articles of Incorporation. The Board of Directors during the last months of the fiscal year within which capital increases occurred, as determined above, must adjust, with its decision, the article of Incorporation on the capital, so as to predict the amount of capital, as shown after these increases, made public in compliance with Article 7b.

   More details regarding the issue of new shares for the period 1/1 – 31/12/2016 are mentioned above, in the Report of the Board of Directors in paragraph 6 Stock Option Plan.

3) The Extraordinary Annual General Assembly of shareholders of " FOURLIS Holdings SA " of 27/9/2013, acting under the provisions of paragraph 13 of Article 13 and paragraphs 3 and 4 of Article 29 and paragraph 2 of Article 31 of Law 2190/ 1920, decided the implementation of a stock option plan - hereinafter "Program" - to executives of the Company and its affiliated companies within the meaning of paragraph 5 of article 42e of this Act and authorized the Board of Directors, to regulate procedural matters and detail. The Board of Directors, under the terms of the plan and the law gives to recipients, who exercised their right, certificates of right to obtain shares and issue and deliver the shares in these recipients, increasing the share capital of the Company certifying the capital increase. These increases in share capital are not amendments to articles of Incorporation. The Board of Directors during the last month of the fiscal year within which capital increases occurred, as determined above, must adjust, with its decision, the article of Incorporation on the capital, so as to predict the amount of capital, as shown after these increases, made public in compliance with Article 7b.

   Under the context of the implementation of the aforementioned Program, within the year 2016, 338.088 options were exercised (hereinafter "the Options"). Following the resolution of the Board of Directors of 22/12/2016 (relative minutes of the BoD with number 379/22.12.2016), the exercise of the aforementioned options by their beneficiaries was certified by payment of the defined underlying value of the new shares, which according to the provisions of the Program of 27/9/2013, amounts to € 3,40 per share, namely the payment of the total amount of € 1.149.499,20 and an equal number of new common nominal shares, namely 338.088, were issued and delivered towards their relevant beneficiaries of the Program, of nominal value € 1,07 per share. The share capital of the Company was increased by the amount of € 361.754,16, which reflects to the nominal value of the new shares. Consequently to the exercise of the aforementioned Options by payment of the defined underlying value of the new shares, namely € 3,40 per share, the share premium reserve increased by the amount of € 787.745,04.

i. Significant agreements that the issuer has entered into, which come into force, are amended or terminate in the event that there are changes in control due to listing of the Company on the stock exchange

There are no significant agreements the issuer has entered into, which come into force, are amended or terminate in the event that there are changes in control due to listing of the Company on the stock exchange.

j. Agreements that the issuer has entered into with members of the Board of Directors or its employees, which provide for indemnity in the event of termination or redundancy without cause due to the listing of the Company on the stock exchange.

There are no agreements that the issuer has entered into with members of the Board of Directors or its employees, which provide for indemnity in the event of termination or redundancy without cause due to the listing of the Company on the stock exchange.

15. Corporate Governance Statement for the period 1/1 – 31/12/2016

According to Law 3873/2010 article 2, paragraph 2, the Board of Directors of the Company declares the following:

a) Reference on the Corporate Governance Code which the company is coming under or has voluntarily decided to comply with and the website that can be found.

The Company has decided (Board of Directors decision on 28/2/2011) to voluntarily comply with the Greek Code of Corporate Governance that was drafted at the initiative of SEV for Listed Companies and was later modified for the first time by the Greek Council of Corporate Governance (GCCG) on 28/06/2013. GCCG was founded in 2012 and is the outcome of the collaboration between Greek Exchanges and SEV. Its purpose is to monitor the implementation of the Greek Code of Corporate Governance from greek companies and generally to operate as a specialized body for the expansion of the principles of the corporate governance and the incessant growth of Greek market's credibility among international and domestic investors.

The GCCG is a member of the European Corporate Codes Network and expert contributor of World Bank for the exhibition Doing Business for the indicator Protecting Investors (www.doingbusiness.org). The composition of the 15-member Board, as well as of the Committees and Working Groups of GCCG follows the principle of diversity. Specialists from Greece and abroad participate from different segments such as: audit, investment, business, supervision, legal, consulting, banking and stock market.

In the composition of the 15-member of the GCCG the Chairman of the BoD of the Company participates while executives of the Group participate in the Committees and Working Groups of the GCCG. The Greek Code of Corporate Governance is posted on the websites of the Greek Council of Corporate Government at: http://www.esed.org.gr.

The purpose of Greek Code of Corporate Governance is the constant improvement of the greek institutional framework and general business environment, as well as the increase of investors' confidence not only towards the sum of listed companies but also each one of them and the broadening of attraction horizons of investment capitals.

The Corporate Governance Greek Code contains two types of provisions: "general principles", which are addressed to all companies, listed or not and "special practices" which only refer to listed companies. The purpose of General principles is to provide a general framework within which principles can be addressed and more issues of corporate governance can be resolved, either of a listed company or not. Each principle is followed by one or more specific practices that further develop the general principles and guide their implementation within the regulatory and ownership structure of listed companies. The Code follows the approach of compliance or explanation and has the following demands of the listed companies which chose to implement it: the disclosure of their intention and either their compliance with all the specific practices of the Code or their explanation of the reasons leading them not to comply with these specific practices.

The general principles of the Code cover the following topics:
- Role and responsibilities of the Board
- Size and composition of the Board
- Role and profile of the chairman of the Board
- Duties and conduct of Board members
- Nomination of Board members
- Functioning of the Board
- Board evaluation
- Internal audit system
- Level and structure of remuneration
- Communication with shareholders
- The General Assembly of shareholders

b) Reference to the corporate governance practices implemented by the Company beyond the requirements of the Law and the website that can be found

Whenever Greek Corporate Governance Code refers to existing, mandatory legal rules present tense is used to distinguish these requirements from the voluntary practices of the code.

Indicative, the following Corporate Governance practices applied by the Company and exceed the current provisions of the Law (Law 3016/2002, Law 3693/2008 ar. 37, Law 4403/2016 ar. 2, Law 4497/2017 ar. 44 and Law 2190/1920):
- The Board of Directors consists of seven (7) to fifteen (15) Board Members. The BOD should comprise a majority of non-executive members (including independent non-executive members) and at least two (2) executive members. At least one third (1/3) of the Board Members consists of independent non - executive members, who are free of material conflict of interest with the company and do not have any close ties with the management, controlling shareholders or the company.
- The Board of Directors is assisted by a competent, suitably qualified and experienced company Secretary who shall attend all its meetings. All Board Members have access to the services of the company Secretary, whose role is to provide practical support to the Chairman and other Board members, both as a group and individually, and ensure that the Board complies with internal rules and relevant laws and regulations.
- The Board of Directors has established a Nomination and Remuneration Committee which meets sufficiently regularly and ensures an efficient and transparent process for both the nomination of Board members and the formulation of policy and principles of the company regarding the remuneration of executive Board members and key executives.
- The responsibilities of the Chairman are clearly established by the Board of Directors, clearly distinguished from those of the Chief Executive Officer and are reflected in the Internal Regulation of the company.
- The Board of Directors, supported by its Audit Committee, sets appropriate policies on internal control and ensures that the system is functioning effectively. The Board of Directors also defines the process to be adopted for the monitoring of the effectiveness of internal control. This encompasses both the scope and frequency of the reports it receives from the internal audit services and reviews during the year, as well as the process for the annual assessment of internal control.
- The Chairman of the Board of Directors should be available to meet shareholders of the company to discuss eventual governance concerns. The Chairman of the Board of Directors should ensure that the views of the shareholders are communicated to the whole Board.
- The Audit Committee ensures the functioning of the internal control service according to international professional standards

c) Description of the main characteristics of internal control and risk management of the company in relation to the process of preparation of financial statements

The Company has developed and implements a process for issuing the financial statements (consolidated and separate) and the Financial Report. The Group companies record their transactions in their information systems and through automated procedures the consolidation application is updated. Crosschecking of data is performed and is reviewed (intra - group transactions, receivables and payables, etc.). Elimination and consolidation entries are recorded and the financial statements with the associate notes are developed. After the completion of audit procedures, the Financial Report that includes the financial statements is submitted to the Board of Directors for approval.

The main characteristics of the internal control and risk management systems employed by the Company in connection with the process of preparation of the financial statements and the Financial Report are the following:

- Adequate knowledge, skills and availability of personnel involved with clearly separated roles and areas of responsibility.
- Existence of recorded and updated procedures related to the issuance of financial results.
- Regular review of accounting principles and policies.
- Existence of control activities relevant to information systems used.
- Regular communication between the external auditors, Executive Management and the Audit Committee.
- Regular meetings for validation and registration of the significant estimations affecting the financial statements.
- Existence of risk management methodology and documentation for its implementation. Presentation of the results of risk management to the Board of Directors.
- Existence of unique Chart of Accounts for all Group companies and centralized management.
- On the recommendation of the Audit Committee, annual evaluation by the Board of Directors of the internal control and risk management systems applied for the issuance of financial statements.

d) Additional Information pursuant to sections c), d), f) g) and h) of Article 10 par.1 of the 2004/25/EK Directive of the 21st of April 2004, regarding the Takeover Bid, since the Company is subject to the Directive

During the year no Takeover Bids or Business Combination took place.

e) Information about the General Shareholders Assembly, mode of operation, description of the rights of the shareholders and how these can be exercised

The convocation of General Assembly of Shareholders of the Company is in accordance with the Law 2190/ 1920, as in force.

Regarding the operating method of the General Assembly, the Company follows the practices mentioned below:

- The Shareholders of the Company are informed in advance and up to schedule, for the convocation of the General Assembly, in accordance with the Law.
- The Company publicizes on its website the Invitation of the General Assembly, the representation mode of the Shareholders, the deadlines and the mode of exercise of their rights as well as the voting results for each topic of the agenda.
- The Company publicizes on time on its website Explanatory Note regarding the agenda, the relevant proposals by Board of Directors, the required quorum and majority for the approval of the proposals. The Explanatory Note is also available in hard copy in Company's Head Office and is distributed to the Shareholders entering in the General Assembly.
- Ensuring that each shareholder is able to participate at the General Assembly either by wording their views or by submitting their questions.

The Company, according Law 3884/ 2010, in its first adaption at the convocation of the Annual General Assembly of 2011, takes all measures for the consistent process and to ensure the Shareholders rights.

The responsibilities of the General Assembly are mentioned in the Extract of the Article of Incorporation of the Company which is posted on its website: http://www.fourlis.gr.

f) Composition and functioning of the Board and any other administrative, management or supervisory bodies or committees of the company

The Board, its independent members and all members of Audit Committee, are elected by the Annual General Assembly of shareholders held on 15/6/2012. The term of Board members in accordance with the articles of Incorporation and of members of Audit Committee, ends during the first half of 2017, when the Ordinary General Assembly of Shareholders will elect new Board.

According to the 374/23-5-2016 resolution of the Board of Directors, Mr David Watson was elected as an independent non executive member of the Board, replacing Mr Ioannis K. Papaioannou resigned independent non-executive member of the Board of Directors, for the remaining term of the resigned person. The aforementioned election was approved by the General Assembly of the shareholders of the Company on 17/6/2016.

After the aforementioned replacement the new BoD was constituted as follows:

Chairman, Executive Member, Member of Nomination and Remuneration Committee	**Vassilis S. Fourlis**
Vice – Chairman, Executive Member, Member of Nomination and Remuneration Committee	**Dafni A. Fourlis**
Independent Vice – Chairman, Independent Non – Executive Member, Member of Nomination and Remuneration Committee	**Eftichios Th. Vassilakis**
CEO, Executive Member	**Apostolos D. Petalas**
Director, Executive Member, Corporate Social Responsibility Director	**Lida S. Fourlis**
Director, Non – Executive Member, Audit Committee Head	**Ioannis Ev. Brebos**
Director, Independent Non - Executive Member, Member of Nomination and Remuneration Committee	**Pavlos K. Triposkiadis**
Director, Independent Non – Executive Member, Member of Audit Committee	**David A. Watson**
Director, Independent Non – Executive Member, Member of Nomination and Remuneration Committee	**Ioannis A. Kostopoulos**

Short CV's of the members of the Board of Directors as well as of the Company's Secretary Mr Ioannis Zakopoulos are presented on the Company's website: (http://www.fourlis.gr).

The Articles of Incorporation of the Company provide for the Board of Directors to be composed of 3 to 9 members. The Company has elected its Board with the maximum permitted number of Directors to ensure the diversity of gender, age, knowledge, qualification and experience serving the objectives of the Company as well as the balance between executive and non-executive members.

The main responsibilities of the Board of Directors include:
- Approving the overall long - term strategy and operational goals of the Company.
- Approving annual budgets and business plans and deciding on major capital expenditures, acquisitions and divestitures.
- Selecting and replacing, if necessary, the executive leadership of the company and overseeing succession planning.
- Monitoring the performance of senior management, and aligning executive remuneration with the longer term interests of the company and its shareholders.
- Ensuring the existence of risk management and internal audit system and annually examining the main potential risks facing the Company in addition to the consideration of internal audit system following the recommendation of the Audit Committee.
- Ensuring the integrity of the company's accounts, financial reporting systems and public disclosures, as well as the effectiveness of the systems of internal control and risk management.
- Vigilance regarding existing and potential conflicts of interest between both the Company and its senior management, board members or major shareholders (including shareholders with direct or indirect authority to form or influence the composition and behavior of the Board) and appropriate management of such conflicts. For this purpose, the Board adopts supervisory process of transactions with the interests of transparency and protection of corporate interests.
- Ensuring that there is a satisfactory process for monitoring the company's compliance with relevant laws and regulations.
- Deciding on and monitoring the effectiveness of the company's governance processes including its system of decision - making and delegation of authorities and duties to other key executives.
- Formulating, disseminating and implementing key values and principles of conduct governing the company's relations with its shareholders.
- Approving Internal Regulation Charter, Corporate Governance Code, Code of Conduct and their revisions.
- Approving equal opportunities and diversity policy, including gender balance between board members.

Company's policy of equal opportunities and diversity is posted on its website (http://www.fourlis.gr) and briefly includes the following:

FOURLIS Group is committed to provide equal opportunities for all employees and qualified applicants for employment, at all levels of hierarchy, regardless of race, color, religion, national origin, gender, sexual orientation, age, disability, marital status, or any other characteristic protected by law. FOURLIS Group expressly prohibits any discrimination or harassment based on these factors.

Affirmative action will be taken to ensure that all employment decisions, including but not limited to those involving recruitment, hiring, promotion, training, compensation, benefits, transfer, discipline, and discharge, are free from unlawful discrimination.

The Group encourages a safe and healthy work environment, free from discrimination, harassment and retaliation. All employment-related decisions are based on an individual qualification, performance and behavior, or other legitimate business considerations.

FOURLIS Group will provide reasonable accommodation to otherwise qualified employees with a disability consistent with the law. What constitutes a reasonable accommodation depends on the circumstances and thus will be addressed by the Group on a case-by-case basis.

With a view to achieving a sustainable and balanced development, the Group sees increasing diversity at the Board & Executive Officers level as an essential element in supporting attainment of its strategic objectives and its sustainable development.

Certain minimum qualifications for Board members & Executive Officers candidates should possess, including strong values and discipline, high ethical standards, a commitment to full participation to the Board and its committees. Candidates should possess individual skills, experience and demonstrated abilities that help meet the current needs to the Group.

Board & Executive Officers' diversity is based on a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

All Board & Executive Officers appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Below, data on the proportion of each gender and age of Board members and Senior Executives are presented:

Board of Directors	HC Total	%
Male	7	78%
Female	2	22%
Grand Total	**9**	**100%**

The age range of the members of the BoD varies from 49 to 76 years old.

Executive Officers	HC Total	%
Male	25	81%
Female	6	19%
Grand Total	**31**	**100%**

The age range of the Executive Officers varies from 40 to 62 years old.

The policy of conducting transactions between subsidiaries of the Company and related parties aims at the timely information of the desired transaction and approval obtaining before its implementation. The policy applies to all new transactions exceeding the amount of € 20.000 per type of transaction annually. In case of existing transactions, approval is required for substantial modification of contract terms in force (new customer, new transaction, expansion of the duration, credit terms amendment, pricing conditions amendment etc).

The Board shall meet with the necessary frequency so as to effectively perform its duties. At the beginning of each calendar year, the Board adopts a meeting agenda and a 12-plan action plan, which may be revised depending on the needs of the Company.

The evaluation of the Board and its Committees takes place annually through questionnaires completed by the members of the Board, which are then processed by the Company's Secretary and presented to the Board at its November meeting. The policy and principles of the Company regarding the form of executive board members' remuneration as well as the method of calculation of board members' variable remuneration, including quantitative and qualitative criteria taken into consideration, are summarized as follows:

Group Compensation & Benefits Policy

Compensation is a fundamental component of employment and one of the most critical HR management policies. With the term "Compensation" we intend: base salary, bonus or incentive plans (if the position is eligible to such incentives) and benefits.

FOURLIS Group has established and communicates transparent and clear principles by which Executive BoD members, are paid with the aim to ensure fairness and equity. The Compensation Policy of FOURLIS Group is based on objectives and up-to-date job descriptions, effective job evaluation and performance management.

All compensation and benefits are shown in the offer letter and/ or the employment contract; there are no unlisted, "off-agreement" incentives or benefits allowed. Compensation includes base salary, management upon objectives, stock option plan and other incentives in kind. The Group does not tolerate any form of discrimination, as described in the Group Equal Opportunities and Diversity Policy. All employment-related decisions, including decisions on compensation, are based on an individual qualification, performance and behaviour, or other legitimate business considerations.

Salary Ranges

FOURLIS Group collaborates with well-known consultancy firms, with international experience, in order to get the appropriate market benchmarking on Compensation & Benefits trends and establish its own salary range. The market benchmarking is conducted once a year to ensure that the Group policy is in line with the employment market practices for each targeted position within that market, as well as to ensure internal equity.

Placement on Salary Range

FOURLIS Group Compensation policy has established the criteria for new hires/ existing Executive BoD Members placement on the salary range. The criteria include the new hires/ existing Executive BoD Members experience and specific skill sets related to the position.

Criteria for Salary Increases

In order to ensure fair and equitable compensation practices, FOURLIS Group has clearly established, communicate and apply decision-making criteria for salary increases. Decisions on salary increases are based on cost of living and performance (merit).

As a guideline for management, the performance ratings should normally follow a typical distribution (gauss/bell curve), depending on the maturity of each FOURLIS Group Company. The Group HR Function provides the appropriate distribution to the Group Companies. The typical distribution guideline is recommended in order to fairly apply the performance system to all individuals and to maintain the approved company budget. Merit increase pay out may change from year to year and are determined by how successful the Group Companies have been as a profit making business.

Salary Review Timing

Salary reviews are conducted annually in conjunction with performance reviews.

Bonus and Incentive Pay

The Management by Objectives is an optional reward, decided annually and is awarded each time by the decision of the Group Management, which chooses its level, size and way of implementation.

Under this decision, the program "Management by Objectives" (MBO) is based on Group, Company and/ or Personal (departmental) Objectives, which will be accomplished during each year.

The MBO program is designed to strengthen our Group's strategy, support the view that we should reward contribution, and is targeted on:

- Participants motivation on Objectives' achievement

- Contribution on Group, Company & Personal/ departmental final results
- Teamwork spirit

Stock Option Plan

Stock Oprion Plans are approved by the General Assembly of the Shareholders of the Company and aim, to attract, maintain and motivate the Executive BoD Members, since through this program, the participants derive direct interest as shareholders of the company and they will connect their performance with the future performance of the Company, as this is mirrored to the share price increase.

Other Incentives

The FOURLIS Group following the market trends, in order to further motivate its Executives BoD Members has in place a benefit in kind policy which includes: health and life insurance plan, pension scheme, company car as well as some other minor benefits.

The remuneration of the Board of Directors is approved by the Annual General Assembly of shareholders.

The functioning of the Board of Directors is detailed in the Board Internal Regulation. The Board Internal Regulation contains the following sections:

- Election of the Board
- Board members
- Establishment of independence of candidates or current members of the Board
- Term of the Board
- Establishment of the Board as a body
- Responsibilities of the Board
- Duties and conduct of Board members
- Board committees
- Prohibitions
- Board Meetings
- Quorum of the Board and decision making
- Support of the Board
- Minutes of Board Meetings

The function of the Board is supported by two committees: the Audit Committee and the Nomination and Remuneration Committee.

The Audit Committee is appointed by the General Assembly of shareholders (Article 37 of Law 3693/2008). The main responsibilities of the Audit Committee are the following:

- Monitoring the financial reporting process and credibility of financial statements,
- Supervision of any formal announcement regarding the financial performance of the Company and examination of key points of financial statements which contain significant judgments and estimations in terms of management,
- Monitoring the effectiveness of internal control and risk management systems, and monitoring the proper working of the internal audit function,
- Ensuring the independence of internal audit and evaluation of the head of internal audit,
- Examining cases of interest conflicts during transactions of the Company and its subsidiaries with related parties and submitting such reports to the board,
- Monitoring the progress of statutory audit of separate and consolidated financial statements,
- Reviewing and monitoring issues related to the existence and maintenance of objectivity and independence of the external auditor, especially regarding the supply of non-auditing services by the statutory auditor or the audit firm. Objectivity and independence of external auditor in cases of providing non auditing services is secured by strict delimitation and extremely limited use of services provided by auditors not participating in the regular audit of the Group's companies.

The function of the Audit Committee is detailed in the Corporate Governance Code and the Audit Committee Charter approved by the Board and posted on the website of the Company (http://www.fourlis.gr). The Audit Committee since its inception (early 2003) and by the end of 2016 held 55 meetings. Each regular meeting of the year 2016 was attended by

Executives of the Financial Department of the Company and by the external auditors of the company. The minutes of the Audit Committee are distributed and approved in the next meeting of the BoD.

The main responsibility of the Nomination and Remuneration Committee is to lead the procedure of submission of nominations for the election of Board and submits proposals to the Board of Directors their remuneration. The annual ordinary meeting of the Nomination and Remuneration Committee is held in October of every year before the configuration of budget of the next year. The minutes of the Nomination and Remuneration Committee are distributed and approved in the next meeting of the BoD.

The Nomination and Remuneration Committee is responsible for:

- Proposal submissions to the Board of Directors concerning the remuneration of each individual executive Board Member, including bonuses, incentive payments and share options.
- Reviewing and making proposals to the Board of Directors on the total annual package of variable (beyond salary) compensation in the Company.
- Reviewing and proposing to the Board of Directors (and, via the Board of Directors, the General Assembly of shareholders, when required) on the stock option and/ or share award programs.
- Proposing targets for performance – related compensation or targets related to stock-options or granting of shares.
- Reviewing regularly the salary of executive Board Members and other contractual terms, including severance payments and pension arrangements.
- Submitting proposals to the Board on any business policy related to remuneration.
- Reviewing the annual remuneration report.

The function of the Nomination and Remuneration Committee of the Board of Directors is detailed in the Charter of the Committee approved by the Board of Directors and posted on the web site of the Company (http://www.fourlis.gr). The Nomination and Remuneration Committee Charter contains the following sections:

- The purpose of the Committee
- Members and term of the Committee
- Duties and responsibilities of the Committee
- Functioning of the Committee
- Disclosure of the Committee Charter

g) If the company deviates from the Corporate Governance Code that applies, the Corporate Governance Statement includes a description of that deviation with reference to the relevant parts of the Corporate Governance Code and provides explanation for the deviation. If the company does not comply with certain provisions of the Corporate Governance Code, the Corporate Governance Statement includes a reference to the provision that is not applied and explains the reasons for that deviation.

The Company complies with the Greek Code of Corporate Governance with minor deviations that are presented and explained in the following table.

Greek Code of Corporate Governance (first modification June 2013)	Explanation/ Justification of deviations from special practices of the Corporate Governance Greek Code
Board members must be elected by shareholders at a maximum term of four (4) years (specific practice 5.1 Nomination of Board Members)	An amendment on Articles of Incorporation is required, which is a decision of the General Assembly. It will be proposed as a change by the termination of the term of the members of the current Board of Directors.
The evaluation of the performance of the Board and its Committees should take place at least every 2 years in line with a clearly established procedure. The evaluation exercise should be led by the Chairman and its results discussed by the Board. The Chairman should act on the results of the performance evaluation by addressing the weaknesses of the Board. The Board should also evaluate the performance of its Chairman. This should be led by the independent Vice - Chairman, if appointed, or by another non - executive Board member (specific practice 7.1, Board evaluation). The non - executive Board members should convene periodically without the executive members in order to evaluate the latter performance and discuss their remuneration (specific practice 7.2, Board evaluation).	The responsibilities of the Board of Directors include the assessment of its Committees. For the evaluation of the effectiveness of the Board, the Company has ended to the use of questionnaires completed by the members of the Board, which will be processed by the company's Secretary and presented annually to the Board during the last meeting of the year.
If stock options are granted, they shouldn't mature in less than three (3) years from grant date (special practice 1.2, Level and structure of remuneration).	The stock option plan (SOP program) in force, provides maturity to stock options in less than three (3) years from grant date. In case of a new SOP program, there will be a revision of this specific special practice.
Executive Board members' contracts should provide that the Board may demand full or partial recovery of any bonuses awarded on the basis of restated financial statements of previous years or otherwise erroneous financial data used to calculate such bonuses (specific practice 1.3, Level and structure of remuneration).	The existing contracts of the Company do not include this term, but a specific reference has been made to the last revision of the Code of Conduct distributed to all the employees of the Company.

16. Subsequent Events

This Report, the Annual Financial Statements of the year 2016, the Notes on the Annual Financial Statements along with the Auditors Report, they are published at the Group's web site, address: http://www.fourlis.gr.

Maroussi, March 13th 2017
The Board of Directors

The annual Financial Statements (consolidated and separate) included in pages 47 to 121 are in accordance with the IFRS as applied in the European Union and approved by the Board of Directors of "Fourlis Holdings SA" on 13/3/2017 and are signed by the following:

Chairman of the Board of Directors	**CEO**
Vassilis St. Fourlis **ID No. S - 700173**	**Apostolos D. Petalas** **ID No. AK - 021139**

Finance Manager Controlling & Planning	**Chief Accountant**
Maria I. Theodoulidou **ID No. T - 134715**	**Sotirios I. Mitrou** **ID No. AI – 557890** **Ch. Acct. Lic. No. 30609 A Class**

ERNST & YOUNG (HELLAS)
Certified Auditors – Accountants S.A.
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(THIS REPORT HAS BEEN TRANSLATED FROM THE ORIGINAL VERSION IN GREEK)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of FOURLIS HOLDINGS S.A.

Report on the Financial Statements

We have audited the accompanying separate and consolidated financial statements of Fourlis Holdings S.A., which comprise the separate and consolidated statement of financial position as of December 31, 2016, the separate and consolidated income statement, comprehensive income, the statement of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards of Auditing that have been adopted by the Greek Law (GG/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

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

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Opinion

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

Report on Other Legal and Regulatory Requirements

Taking into consideration that Management is responsible for the preparation of the Board of Directors' Report and Corporate Governance Statement that is included therein according to the provisions of paragraph 5 article 2 of Law 436/2015 (part B), we note the following:

a) The Board of Directors' Report includes a Corporate Governance Statement that contains the information that is required by article 43bb of Codified Law 2190/1920.

b) In our opinion the Board of Directors' Report has been prepared in accordance with the legal requirements of articles 43a and 107A and paragraph 1 (c and d) of article 43bb of the Codified Law 2190/1920 and the content of the Board of Directors' report is consistent with the accompanying separate and consolidated financial statements for the year ended December 31, 2016.

c) Based on the knowledge we obtained from our audit of Fourlis Holdings S.A. and its environment, we have not identified any material misstatement to the Board of Directors' report.

Athens, March 13, 2017

The Certified Auditor Accountant

ANDREAS HADJIDAMIANOU
S.O.E.L. R.N. 61391
ERNST &YOUNG (HELLAS) CERTIFIED AUDITORS ACCOUNTANTS S.A.
CHIMARRAS 8b, 151 25 MAROUSSI
SOEL REG. No. 107

Statement of Financial Position (Consolidated and Separate) as at December 31, 2016 and at December 31,2015

(In thousands of Euro, unless otherwise stated)

		Group		Company	
Assets	**Note**	**31/12/2016**	**31/12/2015**	**31/12/2016**	**31/12/2015**
Non-current assets					
Property plant and equipment	7	221.044	224.861	224	215
Investment Property	8	17.395	17.163	0	0
Intangible Assets	9	9.427	10.147	53	45
Investments in affiliates and associates	10	23.503	23.455	79.872	79.629
Long Term receivables		5.901	6.193	47	47
Deferred Taxes	23	6.836	7.785	710	788
Total non-current assets		**284.106**	**289.603**	**80.906**	**80.724**
Current assets					
Inventory	11	77.685	78.346	0	0
Income tax receivable		1.323	1.924	908	908
Trade receivables	12	2.302	3.803	1.079	901
Other receivables	13	18.687	16.537	9.080	35
Cash & cash equivalent	14	33.616	24.860	1.335	65
Investments/Financial Data available for sale	15	1.254	3.336	0	0
Non Current Assets classified as available for sale		40	40	0	0
Total Current Assets		**134.907**	**128.846**	**12.403**	**1.909**
Total Assets		**419.013**	**418.450**	**93.308**	**82.633**
SHAREHOLDERS EQUITY & LIABILITIES					
Shareholders Equity					
Share Capital	16	54.924	54.562	54.924	54.562
Share premium reserve		12.423	11.375	12.830	12.046
Reserves	17	31.766	31.646	15.187	14.879
Retained earnings		64.493	60.032	6.771	-327
Total shareholders equity (a)		**163.605**	**157.614**	**89.711**	**81.161**
Non controlling interest (b)		0	0	0	0
Total Equity (c)=(a)+(b)		**163.605**	**157.615**	**89.711**	**81.161**
Liabilities					
Non current Liabilities					
Loans and borrowings	21	104.814	93.754	0	0
Employee retirement benefits		3.921	3.086	430	334
Deferred Taxes	23	91	1.693	0	0
Other non-current liabilities		5.221	5.247	23	24
Total non current Liabilities		**114.047**	**103.780**	**454**	**358**
Current Liabilities					
Short term loans for working capital	21	19.902	35.811	0	0
Current portion of non-current loans and borrowings	21	22.436	17.285	0	0
Short-term portion of non-current Lease	21	996	2.801	0	0
Income Tax Payable	23	1.848	1.998	20	20
Accounts payable and other current liabilities	22	96.179	99.161	3.124	1.095
Total current Liabilities		**141.361**	**157.055**	**3.144**	**1.115**
Total Liabilities (d)		**255.408**	**260.835**	**3.597**	**1.472**
Total Equity & Liabilities (c) + (d)		**419.013**	**418.450**	**93.308**	**82.633**

The accompanying notes on pages 66 to 111 are an integral part of the Financial Statements.

Income Statement (Consolidated) for the period 1/1 to 31/12/2016 and 1/1 to 31/12/2015

(In thousands of Euro, unless otherwise stated)

		Group					
	Note	1/1-31/12/2016 Continuing Operations	1/1-31/12/2016 Discontinued Operations	1/1-31/12/2016 Total Operation	1/1-31/12/2015* Continuing Operations	1/1-31/12/2015* Discontinued Operations	1/1-31/12/2015* Total Operation
Revenue	5,29	427.829	239	428.068	408.783	5.660	414.442
Cost of Goods Sold	5,29	-245.776	-307	-246.083	-238.701	-4.648	-243.348
Gross Profit		**182.053**	**-68**	**181.985**	**170.082**	**1.012**	**171.094**
Other operating income	6,29	4.145	676	4.821	3.518	289	3.807
Distribution expenses	6,29	-140.424	-928	-141.352	-132.236	-2.844	-135.080
Administrative Expenses	6,29	-20.698	453	-20.245	-18.128	-1.427	-19.555
Other operating expenses	6,29	-550	-248	-798	-834	-164	-998
Operating Profit/ (Loss)		**24.525**	**-115**	**24.411**	**22.401**	**-3.133**	**19.268**
Total finance cost	6,29	-15.523	-2	-15.525	-14.688	-268	-14.956
Total finance income	6,29	586	0	586	1.055	11	1.066
Contribution associate companies losses	10	-1.777	0	-1.777	-2.391	0	-2.391
Contribution to losses of subsidiary sale	10	0	0	0	0	-469	-469
Profit / (Loss) before Tax		**7.812**	**-117**	**7.695**	**6.377**	**-3.860**	**2.517**
Income tax	23	-1.289	-397	-1.686	-2.760	495	-2.265
Net Income/Loss (A)		**6.522**	**-513**	**6.009**	**3.617**	**-3.365**	**253**
Attributable to:							
Equity holders of the parent		6.522	-513	6.009	3.617	-3.364	253
Net Income/Loss (A)		**6.522**	**-513**	**6.009**	**3.617**	**-3.365**	**253**
Basic (Losses)/Earnings per share (in euro)	24	0,1271	-0,0100	0,1171	0,0709	-0,0660	0,0050
Diluted (Losses)/Earnings per share (in euro)	24	0,1244	-0,0098	0,1146	0,0696	-0,0647	0,0049

** The data of the prior comparable periods have been reclassified to be comparable with the figures of corresponding period of 2015 in respect to characterizing continued and discontinued operation (Note 29).*

The accompanying notes on pages 66 to 111 are an integral part of the Financial Statements.

Statement of Comprehensive Income (Consolidated) for the period 1/1 to 31/12/2016 and 1/1 to 31/12/2015

(In thousands of Euro, unless otherwise stated)

	Note	Group					
		1/1-31/12/2016 Continuing Operations	1/1-31/12/2016 Discontinued Operations	1/1-31/12/2016 Total Operation	1/1-31/12/2015 Continuing Operations	1/1-31/12/2015 Discontinued Operations	1/1-31/12/2015 Total Operation
Net Income/Loss (A)		**6.522**	**-513**	**6.009**	**3.617**	**-3.365**	**253**
Other comprehensive income/(expenses)							
Other comprehensive income transferred to the income statement							
Valuation of financial assets available for sale		468	0	468	-264	0	-264
Foreign currency translation from foreign operations		-1.287	3	-1.284	-1.528	88	-1.440
Effective portion of changes in fair value of cash flow hedges	20	-178	0	-178	29	0	29
Total Other comprehensive income transferred to the income statement		**-996**	**3**	**-993**	**-1.762**	**88**	**-1.675**
Other comprehensive income not transferred to the income statement							
Actuarial gain/losses on defined benefit pension plans	19	-416	0	-416	150	0	150
Total Other comprehensive income not transferred to the income statement		-416	0	-416	150	0	150
Comprehensive Income/ Losses after Tax (B)		**-1.412**	**3**	**-1.410**	**-1.612**	**88**	**-1.525**
Total Comprehensive Income/(Losses) after tax (A)+(B)		**5.110**	**-511**	**4.599**	**2.005**	**-3.277**	**-1.272**
Attributable to:							
Equity holders of the parent		5.110	-511	4.599	2.005	-3.277	-1.272
Total Comprehensive Income/(Losses) after tax (A)+(B)		**5.110**	**-511**	**4.599**	**2.005**	**-3.277**	**-1.272**

** The data of the prior comparable periods have been reclassified to be comparable with the figures of corresponding period of 2015 in respect to characterizing continued and discontinued operation (Note 29).*

The accompanying notes on pages 66 to 111 are an integral part of the Financial Statements.

Income Statement (Separate) for the period 1/1 to 31/12/2016 and 1/1 to 31/12/2015

(In thousands of Euro, unless otherwise stated)

		Company	
	Note	**1/1 - 31/12/2016**	**1/1 - 31/12/2015**
Revenue	5	3.965	3.986
Cost of Goods Sold	5,27	-3.686	-3.460
Gross Profit		**279**	**526**
Other operating income	6	1.124	792
Administrative Expenses	6	-2.557	-2.142
Depreciation/Amortisation (Administration)		-63	-602
Other operating expenses	6	-37	-1
Operating Profit/(Loss)		**-1.255**	**-1.427**
Total finance cost	6	-2	-2
Total finance income	6	0	0
Dividends	18	8.500	0
Profit / (Loss) before Tax		**7.243**	**-1.430**
Income Tax	23	-93	24
Net Income/Loss (A)		**7.150**	**-1.405**

The accompanying notes on pages 66 to 111 are an integral part of the Financial Statements.

Statement of Comprehensive Income (Separate) for the period 1/1 to 31/12/2016 and 1/1 to 31/12/2015

(In thousands of Euro, unless otherwise stated)

		Company	
	Note	**1/1-31/12/2016**	**1/1-31/12/2015**
Net Income/Loss (A)		**7.150**	**-1.405**
Other comprehensive income/(expenses)			
Other comprehensive income not transferred to the income statement			
Actuarial gain/losses on defined benefit pension plans	19	-53	7
Total Other comprehensive income not transferred to the income statement		-53	7
Comprehensive Income/Losses after Tax (B)		**-53**	**7**
Total Comprehensive Income/(Losses) after tax (A)+(B)		**7.097**	**-1.398**
Attributable to:			
Equity holders of the parent		7.097	-1.398
Total Comprehensive Income/(Losses) after tax (A)+(B)		**7.097**	**-1.398**

The accompanying notes on pages 66 to 111 are an integral part of the Financial Statements.

Statement of Changes in Equity (Consolidated)
for the period 1/1 to 31/12/2016 and 1/1 to 31/12/2015

(In thousands of Euro, unless otherwise stated)

	Share Capital	Share Premium Reserve	Reserves	Revaluation Reserves	Foreign Currency translation from foreign operations	Retained Earnings/ (Accumulated Losses)	Total	Non-Controlling Interest	Total Equity
Balance at 1.1.2015	54.562	11.385	34.459	753	-2.840	60.114	158.433	0	158.433
Total comprehensive income/ (loss) for the period									
Profit or loss	0	0	0	0	0	253	253	0	253
Foreign currency translation from foreign operations	0	0	0	0	-1.440	0	-1.440	0	-1.440
Effective portion of changes in fair value of cash flow hedges	0	0	29	0	0	0	29	0	29
Actuarial gains (losses) on defined benefit pension plan	0	0	0	0	0	150	150	0	150
Valuation of financial assets available for sale	0	0	-264	0	0	0	-264	0	-264
Total Other Comprehensive Income/Loss	**0**	**0**	**-235**	**0**	**-1.440**	**403**	**-1.272**	**0**	**-1.272**
Total Comprehensive Income/loss for the period after taxes	**0**	**0**	**-235**	**0**	**-1.440**	**403**	**-1.272**	**0**	**-1.272**
Transactions with shareholders, recorded directly in equity									
SOP Reserve	0	0	845	0	0	-339	506	0	506
Negative Net Equity of Non Consolidated Entities	0	-10	-56	0	0	45	-21	0	-21
Reserves	0	0	191	-31	0	-191	-31	0	-31
Total Transactions with shareholders	**0**	**-10**	**980**	**-31**	**0**	**-485**	**454**	**0**	**454**
Balance at 31.12. 2015	**54.562**	**11.375**	**35.204**	**722**	**-4.280**	**60.033**	**157.615**	**0**	**157.615**
Balance at 1.1.2016	54.562	11.375	35.204	722	-4.280	60.033	157.615	0	157.615
Total comprehensive income/ (loss) for the period									
Profit or loss	0	0	0	0	0	6.009	6.009	0	6.009
Foreign currency translation from foreign operations	0	0	0	0	-1.289	5	-1.284	0	-1.284
Effective portion of changes in fair value of cash flow hedges	0	0	-178	0	0	0	-178	0	-178
Actuarial gains (losses) on defined benefit pension plan	0	0	0	0	0	-416	-416	0	-416
Valuation of financial assets available for sale	0	0	468	0	0	0	468	0	468
Total other comprehensive income/loss	**0**	**0**	**290**	**0**	**-1.289**	**-411**	**-1.410**	**0**	**-1.410**
Total comprehensive income/loss for the period after taxes	**0**	**0**	**290**	**0**	**-1.289**	**5.598**	**4.599**	**0**	**4.599**
Transactions with shareholders, recorded directly in equity									
Share Capital Increase	362	728	0	0	0	0	1.090	0	1.090
SOP Reserve	0	0	307	0	0	0	307	0	307
Net Income directly booked in the statement movement in Equity	0	320	812	0	0	-1.138	-6	0	-6
Total Transactions with shareholders	**362**	**1.048**	**1.119**	**0**	**0**	**-1.138**	**1.391**	**0**	**1.391**
Balance at 31.12.2016	**54.924**	**12.423**	**36.613**	**722**	**-5.569**	**64.493**	**163.605**	**0**	**163.605**

The accompanying notes on pages 66 to 111 are an integral part of the Financial Statements.

Statement of Changes in Equity (Separate)
for the period 1/1 to 31/12/2016 and 1/1 to 31/12/2015

(In thousands of Euro, unless otherwise stated)

	Share Capital	Share Premium Reserve	Reserves	Retained Earnings / (Accumulated Losses)	Total Equity
Balance at 1.1.2015	54.562	12.046	14.374	1.071	82.054
Total comprehensive income/(loss) for the period					
Profit or loss	0	0	0	-1.405	-1.405
Actuarial gains (losses) on defined benefit pension plan	0	0	0	7	7
Total comprehensive income/(loss) for the period after taxes	**0**	**0**	**0**	**-1.398**	**-1.398**
Transactions with shareholders, recorded directly in equity					
SOP Reserve	0	0	505	0	505
Total Transactions with shareholders	**0**	**0**	**505**	**0**	**505**
Balance at 31.12.2015	**54.562**	**12.046**	**14.879**	**-327**	**81.161**
Balance at 1.1.2016	54.562	12.046	14.879	-327	81.161
Total comprehensive income/(loss) for the period					
Profit or Loss	0	0	0	7.150	7.150
Actuarial gains (losses) on defined benefit pension plan	0	0	0	-53	-53
Total comprehensive income/(loss) for the period after taxes	**0**	**0**	**0**	**7.097**	**7.097**
Transactions with shareholders recorded directly in equity					
Share Capital Increase	362	784	0	0	1.146
SOP Reseve	0	0	307	0	307
Total Transactions with shareholders	**362**	**784**	**0**	**0**	**1.146**
Balance at 31.12.2016	**54.924**	**12.830**	**15.187**	**6.771**	**89.711**

The accompanying notes on pages 66 to 111 are an integral part of the Financial Statements.

Statement of Cash Flows (Consolidated and Separate) for the period 1/1 to 31/12/2016 and 1/1 to 31/12/2015

(In thousands of Euro, unless otherwise stated)

	Note	Group		Company	
		1/1-31/12/2016	1/1-31/12/2015*	1/1-31/12/2016	1/1-31/12/2015
Operating Activities					
(Loss)/Profit before taxes		**7.812**	**6.377**	**7.243**	**-1.430**
Profit before taxes (Discontinued Operations)		**-117**	**-3.860**	**0**	**0**
Adjustments for:					
Depreciation/Amortization	7,9	15.199	13.258	63	602
Income on depreciation in fixed subsidy		-226	-236	0	0
Provisions		564	818	63	157
Foreign exchange differences		1.165	477	0	0
Results (income, expenses, profit and loss) investment activity		1.295	-108	-8.500	0
Interest Expense		12.834	13.422	2	2
Plus/less adj for changes in working capital related to the operating activities:					
Decrease/(increase) in inventory		-540	5.640	0	0
Decrease/(increase) in trade and other receivables		-1.776	1.610	-724	-84
Decrease/(increase) in liabilities (excluding banks)		-244	-4.482	2.073	217
Less:					
Interest Paid		-13.688	-13.845	-2	-2
Income taxes paid		-2.229	-3.465	-15	3
Operating inflow/(outflow) from discontinued operations	29	-195	11.407	0	0
Net Cash generated from operations (a)		**19.853**	**27.015**	**203**	**-535**
Investing Activities					
Purchase or share capital increase of subsidiaries and related companies		-1.825	-7.002	0	0
Purchase of tangible and intangible fixed assets	7,9	-10.593	-9.845	-79	-26
Proceeds from disposal of tangible and intangible assets		-15	21	0	0
Addition of other investments		-183	0	0	0
Proceeds from the sale of other investments		1.238	2.789	0	0
Interest Received		147	92	0	0
Investing inflow/(outflow) from discontinued operations	29	-8	214	0	0
Total Inflow/(Outflow) from investing activities (b)		**-11.239**	**-13.730**	**-79**	**-26**
Financing Activities					
Inflow from share capital increase		1.146	0	1.146	0
Outflow from share capital incrase		-56	0	0	0
Proceeds from issued loans	21	83.041	21.925	0	0
Repayment of loans		-81.631	-34.004	0	0
Repayment of leasing liabilities		-2.329	-2.892	0	0
Financing Inflow/(outflow) from discontinued operations	29	0	-8.060	0	0
Total Inflow/(Outflow) from financing activities (c)		**170**	**-23.032**	**1.146**	**0**
Net Increase/(decrease) in cash and cash equivalents for the period (a)+(b)+©		**8.784**	**-9.747**	**1.270**	**-561**
Cash and Cash equivalents at the beginning of the period		24.860	34.715	65	626
Effect of exchange rate fluctuations on cash held		-28	-108	0	0
Closing balance, cash and cash equivalents		**33.616**	**24.860**	**1.335**	**65**

** The data of the prior comparable periods have been reclassified to be comparable with the figures of corresponding period of 2015 in respect to characterizing continued and discontinued operation (Note 29).*

The accompanying notes on pages 66 to 111 are an integral part of the Financial Statements.

Notes to the annual financial statements (consolidated and separate) as of Dec 31, 2016 and for the year then ended

1. Corporate information

1.1 General Information

FOURLIS HOLDINGS S.A. with the common use title of FOURLIS SA (hereinafter the Company) was incorporated in 1950 as A. FOURLIS AND CO., and from 1966 operated as FOURLIS BROS S.A. (Government Gazette, AE and EPE issue 618/ 13.6.1966). It was renamed to FOURLIS HOLDING S.A. by a decision of an Extraordinary General Shareholders' Assembly on 10/3/2000, which was approved by decision K2 - 3792/ 25.04.2000 of the Ministry of Development. The Shareholders' General Assembly also approved the conversion of the Company to a holding company and thus also approved the change in its scope.

The head of the Company is located at 18-20 Sorou street, Building A Maroussi. It is registered in the Companies Registry of the Ministry of Development with registration number 13110/06/B/86/01 and general electronic commercial registry number 258101000 and web address www.fourlis.gr.

The Company is listed in the Athens Stock Exchange since April 1988.

The Company's term, in accordance with its Articles of Incorporation, was originally set for 30 years. In accordance with a decision of the Extraordinary Assembly of the Shareholders on 19/2/1988, the term was extended for a further 30 years i.e. to 2026.

The current Board of Directors of the parent company is as follows:
1. Vassilis St. Fourlis, Chairman, executive member
2. Dafni A. Fourlis, Vice Chairman, executive member
3. Eftihios Th. Vassilakis, Independent Vice Chairman, independent non executive member
4. Apostolos D. Petalas, CEO, executive member
5. Lyda St. Fourlis, Director, executive member
6. Ioannis Ev. Brebos, Director, non executive member
7. Pavlos K. Triposkiadis , Director, independent non executive member
8. David A. Watson, Director, independent non executive member
9. Ioannis Ath. Kostopoulos, Director, independent non executive member

The total number of employees of the Group as at the end of current and previous year was at 3.904 and 3.760 respectively while the total number of employees of the Company on 31/12/2016 was 88 and on 31/12/2015 was 86.

1.2 Activities

The Company's activities are the investment in domestic and foreign companies of all types, regardless their objectives and type.
The Company also provides general administration financial management and information technology services. The centralization of Group support services for the Group Companies in Greece, mainly in the areas of IT, HR, financial planning and controlling, treasury and social responsibility operated for a whole year, was gradually implemented since 2012, aiming to gain benefits from synergies and to organize central coordination of decision making and implementing. Centralized services are provided according to arm's length principle from FOURLIS HOLDINGS S.A.

The Financial Statements include the Company and its subsidiaries (the Group) as presented below:

Name	Location	% Holding	Consolidation Methodς
HOUSEMARKET SA	Athens, Greece	100,00	Full
INTERSPORT ATHLETICS SA	Athens, Greece	100,00	Full
TRADE LOGISTICS SA*	Athens, Greece	100,00	Full
RENTIS SA*	Athens, Greece	100,00	Full
GENCO TRADE SRL	Bucharest, Romania	1,57	Full
GENCO TRADE SRL*	Bucharest, Romania	98,43	Full
GENCO BULGARIA EOOD*	Sofia, Bulgaria	100,00	Full
HOUSE MARKET BULGARIA AD*	Sofia, Bulgaria	100,00	Full
HM HOUSEMARKET (CYPRUS) LTD*	Nicosia, Cyprus	100,00	Full
INTERSPORT ATHLETICS (CYPRUS) LTD*	Nicosia, Cyprus	100,00	Full
WYLDES LIMITED LTD*	Nicosia, Cyprus	100,00	Full
INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş.*	Istanbul, Turkey	100,00	Full

** Companies in which FOURLIS HOLDINGS S.A. has an indirect participation*

Also in Consolidated Financial Statements the below mentioned related companies are included:

Company	Location	% Holding	Consolidation Method
VYNER LTD*	Nicosia, Cyprus	50,00	Net equity
SPEEDEX SA	Athens, Greece	49,55	Net equity
SW SOFIA MALL ENTERPISES LTD*	Cyprus	50,00	Net equity

** Companies in which FOURLIS HOLDINGS S.A. has an indirect participation*

The shareholding percentages to the subsidiary companies have changed comparing to the prior year due to the merge through absorption of FOURLIS TRADE SA in which the parent company had a shareholding of 100% from the 100% also subsidiary HOUSEMARKET S.A. The relevant announcement was registered at the GECR with registration code number 868451 on 23/12/2016 and balancesheet transformation date of the absorbed company 30/6/2016.

During the period 1/1 – 31/12/2016 the following share capital changes were realised:

- FOURLIS HOLDINGS S.A.: Under the context of the Stock Oprion Plan which was approved and established by the resolution of the Extraordinary General Assembly of the shareholders on 27/9/2013 (Stock Option Plan – hereinafter "the Program"), within the year 2016 338.088 options were exercised (hereinafter "the Options"). Following the resolution of the Board of Directors on 22/12/2016 (relevant minutes of the BoD with number 379/22.12.2016), the exercise of the aforementioned options from the corresponding beneficiaries of the Program was certified by payment of the defined underlying value of the new shares, which, according to the terms of the Program of 27/9/2013, amounts to €3,40 per share, namely a payment of the total amount of €1.149.499.20 and the same number of new common nominal shares of the Company were issued and delivered to the corresponding beneficiaries of the Program, namely 338.088 new common nominal shares of nominal value € 1,07 per share, while the share capital of the Company increased by the amount of € 361.754,16 which reflects to the nominal value of the new shares. It is noted that, following the exercise of the aforementioned options by payment of the defined underlying value of the new shares, namely € 3,40 per share, the share premium reserve increased by the amount of € 787.745,04. After the aforementioned increase, the share capital of the Company amounts to € 54.923.538.70 divided into 51.330.410 shares of nominal value € 1,07 per share, totally paid.
- HOUSEMARKET S.A.: Following the resolution of 9/12/2016 of the General Assembly of the shareholders of the Company (relevant minutes of the G.A. with number 39/9.12.2016) as well as the corresponding resolution of the General Assembly of the shareholders of the company FOURLIS TRADE S.A. of 9/12/2016, the merger agreement with number 6140/16.12.2016 of the Notary of Athens Aleksandra Oikonomou – Konduleniou and the amending act with number 6144/22.12.2016 of the same Notary were signed, for the merge of the aforementioned companies, which was implemented through the absorption of FOURLIS TRADE S.A. from HOUSEMARKET S.A., in compliance with the provisions of articles 68 – 77a L.2190/1920 and the provisions of article 54 of L. 4172/2013 and the merge was completed with its registration in General Electronic Commercial Registry (GECR) on 23/12/2016 with Code Registration Number 868530 related to the absorbing HOUSEMARKET SA (relevant announcement issued with protocol number 732347/23.12.2016 of GECR service of the Athens Chamber of Commerce and Industry) as well as with a Code Registration Number 868451 related to the absorbed FOURLIS TRADE SA (relevant announcement issued with protocol number

734356/23.12.2016 of GECR service of the Athens Chamber of Commerce and Industry). Consequently, the share capital of the Company increased by the contributed net equity of the absorbed company FOURLIS TRADE SA, namely € 8.710.646,47 plus the amount of € 0,53 for rounding reasons (which was covered by cash by the sole shareholder "FOURLIS HOLDINGS SA"), namely the amount of € 8.710.647,00, with a subsequent issue of 8.710.647 new nominal shares of the Company, of nominal value € 1,00 per share, which were undertaken to their total by the company "FOURLIS HOLDINGS SA", the only shareholder of both merged companies. After the aforementioned increase, the share capital of the Company amounts to € 47.450.647,00, divided into 47.450.647 shares of nominal value € 1,00 per share, totally paid.

- TRADE LOGISTICS S.A.: Following the resolution of 27/12/2016 of the General Assembly of the shareholders of the Company (relevant minutes of the G.A. with number 20/27.12.2016), the share capital of the company increased by the amount € 10.500.000,00 by issue of 10.500.000 new common nominal vote shares of nominal value € 1,00 per share. This share capital increase was totally covered by tha shareholder HOUSEMARKET S.A. After the aforementioned increase, the share capital of the company amounts to € 18.470.000,00, divided into 18.470.000 shares of nominal value € 1,00 per share, totally paid.
- RENTIS S.A.: Following the resolution of the General Assembly of shareholders held on 22/3/2016 (relevant minute of the G.A. with number 35/22.3.2016), an increase in the share capital of the company was implemented by the total amount of euros 3.350.000,00 euros by issuing 3.350.000 new common nominal vote shares, of nominal value € 1,00 per share. This share capital increase was totally covered by the shareholder H.M. HOUSEMARKET (CYPRUS) LIMITED. After the aforementioned increase, the share capital of the company amounts to € 17.810.000,00 divided into 17.810.000 nominal shares of nominal value € 1,00 per share, totally paid.
- GENCO BULGARIA EOOD: : Following the resolution of the General Assembly of the shareholders of the company on 3/5/2016, the share capital of the company increased by the amount of BGN 2.600.000,00 by issuing 260.000 new common nominal vote shares, of nominal value BGN 10,00 each. The amount of this share capital increase, which was registered on the commercial register on 17/5/2016, was totally covered by the shareholder INTERSPORT ATHLETICS S.A. following the resolution of 15/4/2016 of the Board of Directors. After the aforementioned increase, the share capital on 31/12/2016 amounts to BGN 1.885.170,00 divided into 1.188.517 shares of nominal value BGN 10,00 each.
- WYLDES LTD: Under ordinary resolution of 19/12/2016 of the Board of Directors of the Company, the share capital increased by the total amount of € 216,00 by issuing 216 shares, of nominal value €1,00 and underlying price € 10.000,00 per share. It must be noted that, following the total payment, from the only shareholder HOUSEMARKET S.A., of the underlying amount of the new shares and total amount of € 2.159.784,00 resulted to the increase of the share premium reserve. Therefore the share capital of the company on 31/12/2016 amounts to € 6.876,00 divided into 6.876 ordinary shares of nominal value €1,00 per share, totally paid.
- VYNER LTD: Following the ordinary resolution of 19/12/2016 of the Board of Directors of the Company, the share capital increased by the amount of € 390,00 by issuing 390 shares, of nominal value €1,00 per share. The subsidiary company WYLDES LTD participated in the aforementioned share capital increase by the amount of € 195,00 (plus € 1.814.805.00 as share premim value). Therefore the share capital of the company on 31/12/2016 amounts to € 9.992,00 divided into 9.992 ordinary shares of nominal value € 1,00 per share, totally paid, while the shareholding of WYLDES LTD in the Company was formed at 49,99% of the paid share capital.
- INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş.: Following the resolution of 29/7/2016 of the Extraordinary General Assembly of the shareholders of the Company, an increase in the share capital of the company was implemented of total amount of TL 3.000.000,00, by issuing 7.500.000 new common nominal vote shares, of nominal value TL 0,40 per share. This share capital increase was totally covered by the shareholder INTERSPORT ATHLETICS S.A., in execution of the resolution of the Board of Directors of 4/7/2016. After the aforementioned increase, the share capital of the company amounts to TL 43.612.700,00 divided into 109.031.750 nominal shares of nominal value TL 0,40 per share, totally paid.

2. Basis of presentation of the Financial Statements

2.1. Basis of preparation

The accompanying Financial Statements consist of the separate financial statements of the parent Company and the consolidated financial statements of the Group and have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The Board of Directors approved the accompanying financial statements for the year ended on December 31 2016, on March 13, 2017. These financial statements are subject to the approval of the General Assembly of the Company's shareholders.

The accompanying separate and consolidated financial statements have been prepared on the historical cost basis, except for certain data of Assets and Liabilities (investment properties and derivative financial instruments) that have been measured at fair value, and assuming that the Company and its subsidiaries will continue as a going concern. All amounts are presented in thousands of Euro, unless otherwise stated and any differentiations in sums are due to rounding.

2.2. Significant accounting judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates. Estimates are based on management's previous experience including expectations of future events under normal conditions. The aforementioned judgments, estimates and assumptions are periodically re - assessed in order to be in line with current available data and reflect current risks.

When applying the Group's accounting policies, management has made the following judgments, estimates and assumptions that may have a significant impact on the items reported in the financial statements:

Estimates:

- *Deferred Tax assets*: deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward unused tax losses can be utilised. The recognition of deferred tax assets requires significant judgments and estimates to be made in relation to the future activities and prospects of the Group companies and as to the level and timing of future taxable profits.
- *Fair Values of investment properties*: the Group carries its investment properties at fair values as determined by independent appraising firms. The fair values of investment properties are assessed on an annual basis. The determination of the fair values of properties requires management to make assumptions with respect to the market rental rates for similar properties, sales comparables, capitalization and yield rates, and expectations on future rental income.
- *Impairment test of investments in subsidiaries*: at each reporting date, the Parent Company examines whether there are impairment indicators in relation to its investments in subsidiaries. Such assessment requires management to make significant judgements with respect to the existence of internal or external factors and the extent to which they affect the recoverable amount of these investments. If impairment indicators exist, the Company determines the recoverable amount of these investments. The determination of the recoverable amount requires estimates to be made with respect to the expected future cash flows of the investment, the business plans of the subsidiaries, and the determination of the applicable discount and growth rates. Further details are provided in Note 10.
- *Useful lives of property plant and equipment*: Management makes estimates when determining the useful lives of depreciable assets. Such estimates are periodically reviewed. The useful lives estimated and applied are discussed in Note 3.7.
- *Post - retirement benefits to personnel*: post - retirement obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of a discount rate, future salary increases, mortality rates and turnover rates. Due to the complexity of the valuation and the underlying assumptions included therein, a defined benefit obligation is highly sensitive to changes in these assumptions. Actuarial gains and losses that result from the difference among the actuarial assumptions are recognized directly in Equity. Such actuarial assumptions are periodically reviewed by management. Further details are provided in Note 19.
- *Share-based Payments*: Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19 of the Financial Statements.

Judgments:

- *Provisions for impaired receivables*: In the subsidiaries of the Segment of Wholesale Trading of Electrical Equipment the provision of impaired receivables is based on the historical data of receivables. Further details are provided in Note 12.

- *Provisions for slow moving goods*: Inventory turnover ratio is tested regularly and provisions are made for the slow moving goods. Further details are provided in Note 11.

3. Summary of significant accounting policies

The Financial Statements have been prepared in accordance with the following accounting principles:

3.1. Basis of Consolidation

The consolidated financial statements comprise of the financial statements of the Company and all subsidiaries controlled by the Company directly or indirectly. Control exists when the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The subsidiaries' financial statements are prepared as of the same reporting date and using the same accounting policies as the parent company. Intra - group transactions (including investments in related companies), balances and unrealized gains are eliminated. Subsidiaries are fully consolidated from the date that control commences and cease to be consolidated from the date that control is transferred out of the Group. Losses within a subsidiary are attributed to the non - controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The financial results of subsidiaries, that are acquired or sold within the year, are included in the consolidated statement of comprehensive income from or up to the date of acquisition or sale, respectively.

Certain of the above - mentioned requirements were applied on a prospective basis based on the revised IAS 27 and therefore the following differences are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non - controlling interests, prior to January 1, 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of net assets acquired were recognised as goodwill.
- Losses incurred by the Group were attributed to the non - controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non - controlling interest had a binding obligation to cover these.

3.2. Business Combinations and Goodwill

Business Combination is a transaction or another event during which an acquirer takes over control of one or more businesses. A Business is a combination of activities and assets that can be leaded and managed in order to return profits directly to its owners.

If the acquired assets do not compose a business, the transaction or any other fact are accounted as an acquisition of an asset and the acquisition cost is allocated among assets and liabilities based on the relative fair values during the acquisition date.

Business Combination is accounted for using acquisition method. The cost of acquisition of a subsidiary is the fair value of the assets contributed, the shares issued and the liabilities assumed at the transaction date, plus the amount of any non - controlling interest in the acquiree. For each business combination, the acquirer measures the non - controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net asset. Acquisition costs are expensed when incurred.

If the cost of acquisition is less than the fair values of the net identifiable assets acquired, the difference is recorded directly to the income statement.

Goodwill arising from subsidiaries' acquisitions is recorded as an intangible asset. Goodwill is not amortized but at least annually is subject to impairment test. As a result, after initial recognition, goodwill is measured at cost, less any impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the combination. The impairment test is performed by comparing the recoverable amount of the cash generating unit to its carrying value including the allocated goodwill. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The value in use is determined via a discounted cash flow analysis. Impairment losses relating to goodwill cannot be reversed in future periods.

Gains or losses arising from the disposal of subsidiaries are determined after taking into account the goodwill allocated to the disposed unit.

3.3 Investments in subsidiaries

In the separate financial statements of the Parent Company, investments in subsidiaries are accounted for at cost, less any impairment in value. Impairment tests are carried out when there are clear indicators of impairment, in accordance with IAS 36 "Impairment of Assets".

3.4 Investments in associates

Associates are those entities, in which the Group has significant influence but which are neither a subsidiary nor a joint venture of the Group. A percentage holding from 20% to 50% implies significant influence. Such percentage holding indicates that company is an associate. Investments in associates are accounted for using the equity method based on which the investment is carried at cost plus post-acquisition changes in the Group's share of net assets of the associate, less provisions for any impairment in value. Goodwill arising upon the acquisition of associates is included in the value of investment, while any negative goodwill is recorded in the income statement upon acquisition.

The Group's share in the gains or losses of associates after acquisition is recognized in the statement of comprehensive income, while post - acquisition movements in reserves are recognized directly in reserves.

In applying the equity method of accounting, the Group appropriately adjusts the financial statements of those associates who are not applying IFRS so as to comply with IFRS and be uniform with the accounting policies of the Group. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated, unless the transaction provides evidence of impairment of the transferred asset.

When the Group's participation to the associate's losses equals or exceeds its interest in an associate, including any other bad debts, the Group does not recognize further losses, unless it has any liabilities or made payments on behalf of the associate and generally those arising from the ownership status. In the separate financial statements of the Parent Company, investments in associates are accounted for at cost less any accumulated impairment losses.

3.5 Segment information
The Board of Directors of the Company is the chief operating decision maker and monitors internal financial reporting information in order to evaluate the performance of the Company and the Group and to take decisions about resource allocation.

Management has defined its segments based on these internal reports according to IFRS 8. The operating segments of FOURLIS HOLDINGS S.A. are defined as those business segments where the Group is active and on which the internal information system of the Group is based.

For the categorization by business segment, the following has been taken into account:
- the nature of products and services,
- quantitative limitations, required by IFRS 8.

According to the aforementioned, the Group presents information by operating segment as follows:
- Retail Trading of Home Furniture and Household Goods (IKEA stores).
- Retail Trading of Sporting Goods (INTERSPORT and TAF stores).

3.6 Foreign currency translation

(a) Functional currency and reporting currency
The companies of the Group maintain their books in the currency of the financial environment in which each company op-

erates (functional currency). The consolidated financial statements are presented in Euro's which is the functional currency of the parent company.

(b) Transactions and balances

Transactions in foreign currencies are converted to the functional currency according to the foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising on translation of monetary assets and liabilities denominated in foreign currencies at the reporting date are recognized in the statement of comprehensive income. Foreign exchange differences on non-monetary items carried at fair value are considered as part of the fair value of those items and are recorded together with the fair value adjustments.

(c) Foreign Group Companies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. The translation of the financial statements of the Group's companies which use a different functional currency from the parent company is performed as follows:

- Assets and liabilities are translated to Euro at the foreign exchange rate ruling at the date of the Statement of Financial Position.
- Equity is translated at historic rates.
- Income and expenses are translated using the average foreign exchange rate of the period and on an annual base according to the average foreign exchange rate of the last twelve (12) months.
- The resulting foreign exchange differences (gains/losses) are recognized in other comprehensive income and in Foreign Exchange differences from Statement of Financial Position translation Reserve. When subsidiaries operating in foreign countries are sold, accumulated foreign exchange differences existing in the Foreign Exchange differences from Statement of Financial Position translation Reserve are recognized to the statement of income as gains or losses from investments sales.

Goodwill and adjustments to fair values upon an acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate of the date of the Statement of Financial Position.

3.7 Property, plant and equipment

Property, plant and equipment are measured, by category, as follows:

- All categories of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.
- Cost includes all directly attributable costs for the acquisition of the items of property, plant and equipment. These costs include borrowing costs of loans drawn to finance the acquisition or construction of assets which are capitalized until the date when the assets are ready for their intended use.

Significant additions and improvements are recognised as part of the cost of the asset when the recognition criteria are met. All other costs (repairs and maintenance) are recognised in the statement of comprehensive income as an expense as incurred.

Upon disposal of an item of property, plant and equipment, the difference between the consideration received and the carrying value is recorded as gain or loss in the Income Statement.

Depreciation is calculated on a straight - line basis over the estimated useful economic life of the assets. Useful lives are reviewed on an annual basis.

The estimated useful lives of the Group's property plant and equipment, except of the land that is not depreciated, are as follows:

Category	Useful life
Buildings - Building installations (owned premises)	10 - 40 years
Buildings on third party land	10 – 36 years
Machinery and equipment	9 - 10 years
Motor vehicles	6 - 9 years
Miscellaneous equipment	4 - 10 years

Owner - occupied buildings or buildings whose use has not yet been determined and which are under construction are recorded at cost less any impairment losses. This cost includes professional compensations and borrowing costs. The depreciation of that owner - occupied buildings begins from the time the buildings are ready for use.

3.8 Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which is evaluated annually. The carrying value of investment property reflects the market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property fair value are recognized in the Income Statement of the period they occur.

3.9 Intangible assets

The intangible assets of the Group (excluding goodwill) are depreciated over their useful life.

• ***Royalties***
Trademarks and licenses are valued at cost less amortization. Amortization is charged to the statement of comprehensive income on a straight - line basis over the estimated useful lives, which have been determined from 5 to 20 years.

• ***Software - Other intangible assets***
Software licenses are valued at cost less amortization. Amortization is charged on a straight - line basis over the estimated useful lives and the depreciation rate is 15%.

Expenditure on development and maintenance of software is expensed as incurred. Expenditure of development activities for the production of new or substantially improved software (in - house developments), is recognised as intangible assets when the following criteria are met: a) when a specific asset is created, b) when it can be demonstrated that the intangible asset will generate probable future economic benefits and c) when the expenditures of development can be measured reliably. Such expenditures include also labour costs and an appropriate proportion of overheads. In case of software replacement, while the old one is no longer in use, intangible asset is permanently deleted from the Books and the net book value burdens the income statement.

Costs incurred for performing software upgrades, are capitalised and the new gross value forms the depreciable amount.

3.10 Impairment of non - financial assets except Goodwill

The carrying amounts of the Group's assets are reviewed for possible impairment when there is indication that the book value can not be recovered i.e. when the book value is higher than the recoverable amount from their use or sale.

The recoverable value is the greater of the fair value less costs to sell and the value in use. 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. If the recoverable value is less than the carrying value, then the net book value is reduced to the recoverable value.

Impairment losses are expensed as incurred in the Statement of Income, except if the asset has been revalued, then the impairment loss reduces the related revaluation reserve. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exists of have decreased. If such indication exists, the Group estimates the asset's recoverable amount. When in a subsequent period, the impairment loss should be reversed; the carrying value of the asset is increased to the level of the revised estimation of recoverable amount. The new net book value should not exceed the net book value that would have been determined if the impairment losses had not been accounted in previous periods.

3.11 Financial instruments

A financial instrument consists of every agreement that creates a financial asset in a business and a financial liability or equity instrument in another business.

The Group's financial instruments are classified at initial recognition in the following categories based on the substance of the agreement and the purpose for which they were acquired:

i) Financial assets at fair value through profit and loss

Such financial assets, represent assets, which satisfy any of the following conditions:

- Financial assets held for trading (including derivatives that are not designated as hedging instruments in hedging relationships, those that are acquired or created in order to be sold or re - acquired and those which form part of a portfolio of recognized financial means).
- Financial assets designated as at fair value through other comprehensive income on initial recognition.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

ii) Loans and receivables

Loans and receivables are non - derivative financial instruments with fixed or determinable payments that are not quoted in active market. This category does not include:

- Receivables from advances for the purchase of goods or services,
- Receivables resulting from tax transactions imposed by law,
- Any item not dealt with by an agreement giving the right to an entity to collect cash or other financial assets.

Loans and receivables are included in current liabilities/ assets, except of those whose maturity extends beyond twelve (12) months after the reporting date and which are classified as non - current liabilities/ assets. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

iii) Held - to - maturity Investments

Non - derivative financial items with fixed or determinable payments and fixed maturities are classified as held - to - maturity when the Group has the intent and ability to hold to term to maturity. After initial measurement, held - to - maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

iv) Available - for - sale financial assets

Available for sale financial assets which are classified under this category or which cannot be classified under any of the three preceding categories. Financial assets available for sales are valued at fair value and the unrealised gains or losses are recognised as other comprehensive income in a reserve under equity until the item is sold or impaired. At the date of sale or impairment, the gains or losses are transferred to the statement of comprehensive income. Impairment losses on equity investments are not reversed through the income statement.

Purchases and sales of investments are recognized on trade date, which is the date that the Group commits to purchase or sell the item. Investments are initially recorded at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transactions costs. Investments are derecognised when the right to the cash flows of the investment expire or are transferred and the Group has substantially transferred all the risks and rewards related to the ownership of the investment.

The fair values of financial assets, which are traded on active markets, are determined by reference to quoted prices. The fair value of financial assets not traded on active markets is determined by using valuation techniques such as use of recent arms length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

3.12 Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

• Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognized in profit or loss. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the income statement, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

• ***Available for sale financial assets***

For equity instruments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below cost. Where there is evidence of impairment, the cumulative loss - measured at the difference between the acquisition cost and the current fair value - is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement. In the case of debt instruments classified as available for sale, impairment losses are reversed through the income statements if an increase in the fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognized in the income statement.

3.13 Inventory

Inventory is valued at the lower of cost or net realizable value. Cost is determined by using the weighted average method. The cost of completed products and incomplete inventory includes the cost of direct raw materials, the direct labor cost and the general industrial expenses. The net realizable value is the estimated sales price less any costs to sell. The cost of inventory does not include any financial expenses.

3.14 Trade receivables

Trade receivables are recognised initially at fair value and they are subsequently valuated at the amortised cost by using the effective interest rate method, less provision for impairment.

When there is evidence of impairment of receivables, the carrying value is reduced to its recoverable amount, which is the present value of expected future cash flows discounted at the initial effective interest rate. Then, the interest is calculated at the same rate on the impaired (new book) value.

3.15 Cash

Cash and cash equivalents include cash at banks and on hand, as well as short term (up to 3 months) investments of high liquidation and low risk.

3.16 Non-current assets held for sale and discontinued operation

Non-current assets held for sale and discontinued operation are valued at the lower price between carrying amount and fair value less costs to sell. Any possible fair value increase in a subsequent valuation is registered in Profit and loss but for amounts not bigger than the initially registered impairment loss. Since the date on which an asset is classified as held for sale, this asset is no longer depreciated or amortized. Non-current assets held for sale are classified as such, provided that their carrying value will be recovered through sale rather than through continuing use. This condition is considered valid only when the sale is highly probable and the asset is available for immediate sale at its current condition. Management requires commitment to the sale which is expected to be completed either based on stipulated by contractual time commitment or within a year from classification date.

A discontinued operation is an integral part of a financial entity that either has been sold or has been classified as held for sale and:
a) represents a separate major part of business operations or a geographical area of operations,
b) is part of a single, coordinated divestment program of a great part of operations or a geographical area of operations or
c) is a subsidiary acquired exclusively with the prospect to be resold.

3.17 Share Capital

Direct costs incurred for increases in share capital are recorded, net of related income taxes against the share premium reserve. The cost of treasury shares net of any related income tax is recorded as a reduction of equity, until these shares are sold or cancelled. Any gain or loss on sale of treasury shares, net of direct transaction costs and any related income tax is recorded as a reserve account under equity.

3.18 Loans

Loans are initially recorded at their fair value less any direct costs related to the transaction. After initial recognition, they are subsequently measured at amortized cost using the effective interest rate method.

Interest and related expenses on loans taken for purchase or construction of fixed assets are capitalized. Capitalisation of borrowing costs ceases when the asset is ready for its intended use. In case of borrowing specifically for the purpose of constructing or acquiring an asset, the borrowing costs related to the loan agreement are directly capitalised. Otherwise, in order to determine the part of the loan related with that fixed asset, a method is implemented to determine the proportion of the capitalized interest and the proportion of the interest which will be recorded to the statement of comprehensive income as an expense. Revenues, occurred as a result of investing part of a loan taken for construction of a fixed asset, reduce the amount of borrowing costs capitalized.

3.19 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to mitigate the risk arising from fluctuations in interest rates. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The effective part of hedges that qualify for hedge accounting is recognized directly to equity if it is related to cash flow hedges while the ineffective part is charged to the consolidated income statement, while the non - effective part is recognized in the statement of comprehensive income. If the hedge is related to effective fair value hedges, the gain or loss from re-measuring the derivative hedging instrument at fair value is recognized in profit or loss and the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in profit or loss.

Under cash flow hedge accounting, when the hedged firm commitment results in the recognition of non - financial asset or a non - financial liability, then, at the time the asset or liability is recognized the associated gains or losses that had previously been recognized in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognized in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the statement of comprehensive income.

3.20 Current and Deferred Tax

Taxes recorded in the statement of comprehensive income include both current and deferred taxes.

Current income tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case it is recognised, in a similar way, directly in equity. Current income taxes include the current liabilities and/ or assets, to or from the tax authorities, relating to the taxes payable on the taxable income of the period. Current taxes are increased by any income taxes related to provisions for tax differences or additional taxes which are imposed by the tax authorities upon audit of the unaudited tax years.

Deferred tax assets and liabilities are measured at the tax rates which are expected to apply in the year where the asset or liability will be settled, taking into account the tax rates (and tax laws) that have been enacted or are virtually applicable at the reporting date.

Deferred taxes arise on temporary differences between the recognition of assets and liabilities for tax purposes and those for the purposes of preparation of the financial statements. Deferred tax is calculated using the liability method on all taxable temporary differences at the reporting date, between the tax basis and book value of assets and liabilities.

The expected tax effects of temporary tax differences are recognized either as deferred tax liabilities or as deferred tax assets. In case of an inability to accurately measure temporary tax differences, the initial recognition is made based on estimation of the reversal time and such estimation is reviewed each year.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses, to the extent that it is probable that sufficient future taxable income will be available against which the unused tax losses and tax credits can be used or sufficient taxable deductible temporary differences that incur in the same company and will be recovered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is unlikely that sufficient taxable income will be generated in order to recover the deferred tax asset.

The Group sets off deferred tax assets and deferred tax liabilities only if:
- it has a legal right to set off current tax receivables against current tax payables and
- deferred tax assets and deferred tax liabilities relate to income tax imposed by the same tax authority.

As a result deferred tax assets and liabilities are presented on a net basis in the separate financial statements of the Company while such items are presented separately in the consolidated accounts of the Group.

If the deferred income tax arises from initial recognition of an asset or liability in a transaction other than business combination, then it does not affect the neither the accounting nor the taxable profit or loss and therefore it is not taken into account.

The tax rates in the countries that the Group is operating presented below:

Country	% Income Tax/ Deferred Tax
Greece	29,0%
Romania	16,0%
Cyprus	12,5%
Bulgaria	10,0%
Turkey	20,0%

3.21 Employee Benefits

Employee benefits are:

a) Short term benefits
Short term benefits to employees in money or in kind are recorded as an expense as they accrue.

b) Post - retirement benefits
According to the regulations of Law 2112/ 1920 amended by the article 74 paragraph 2 of the Law 3863/2010 and completed be the Law 3899/17-12-10 article 17 paragraph 5a and the Law 4093/12, the Greek subsidiaries of the Group pay retirement compensation to their employees. Such compensation varies in relation to the employees' years of service and salary payable at the time of retirement and is accounted for as a defined benefit plan. Post - retirement obligations are calculated at the present value of future employee benefits accrued as at the end of the reporting period, based on the benefits to be earned over their expected labor life. The above mentioned obligations are calculated based on actuarial valuation methods and are determined using the Pro-

jected Unit Method. Net costs of the period are included in the attached statement of comprehensive income and consist of the present value of the employee benefits that were accrued during the current year, the interest derived from the employee benefit obligation and the actuarial gains and losses which are recognised in full in the period in which they occur in the comprehensive income and they are not transferred in income statement in next periods. Full yield curve method is used for the definition of the discount interest rate in the calculation of the present value of the employee benefits.

c) State insurance programs

The employees of the Greek subsidiaries of the Group are covered, in terms of insurance programs, mainly through the Social Insurance Institution (IKA) the largest Social Security Organization of the private sector, which supplies pension and medical coverage. Every employee is obliged to participate partially, through his salary, in the costs of the insurance program, while the remaining cost is covered by the Group. Upon retirement, the pension fund is responsible to cover the obligation of pensions and retirement benefits to the employees. As a consequence the Group does not have any other legal or future obligation to cover future employee benefits according to this pension program. This program is considered and accounted for as a defined contribution plan whereby the accrued social security contributions are recorded as an expense in the financial period in which they are incurred.

d) Private insurance programs

Every full time employee of the Group belonging to the management team, according to the internal company policy, is covered by a private insurance pension and other benefits program. The Group covers, the contract defined fees, while the financial management of the program is performed by the insurance company. This program is considered and accounted for as a defined contribution plan whereby the accrued cost of the insurance fees is recorded as expense in the period in which they are incurred.

e) Stock option plan

The Company intends to attract, retain and incentivise the executives of the Company and the executives of its subsidiaries and affiliated companies, as through the Stock Options plan, the participants have a direct equity interest in the Company which link their performance to the Company's future performance and the increase of shareholder value. This program regards equity shares transactions.

The Company makes decisions regarding the implementation of the Stock Option Plan – to executives of the Company and its subsidiaries and affiliates in compliance with par.5 of Art.42e of Law 2190/1920.

A basic condition for participation in the Stock Options plan is the salaried working relationship of executives with the Company or its subsidiaries and affiliates.The cost of equity settled transactions is measured by reference to the fair values at the date in which they are granted and is recognized as an expense over the period from grant date to maturity date of the options with a concurrent increase in equity.

The program takes into account the following variables: Exercise price, Share price at grant date, Grant Date, Maturity date(s) of rights, Expected Stock Volatility (Volatility), Dividend Yield, Risk Free Rate.

3.22 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognized as deferred income and amortized over the expected useful life of the related asset. Such amortization is presented in other income statement.

3.23 Contingent liabilities and Provisions

Provisions are recognized when the Group has a present legal, contractual or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the present value of the expense expected to be required to settle the liability.

Contingent liabilities and assets are not recognised in the financial statements but are disclosed unless there is a probability of financial outflow or inflow.

3.24 Revenue and expense recognition

Revenue is measured at the fair value of sales of goods and provision of services, net of Value Added Tax, discounts and returns. Inter - company revenues are eliminated.

The recognition of revenue is accounted for as follows:

- *Sales of goods*: Sales of goods are recognized when the Group invoices and delivers the goods to the customers and the goods are accepted by them. Retail sales are through cash payments or through credit cards. In these cases the income recorded is the amount received by the customer. In the case of guarantees for returned retail sales value the returns are recorded as incurred.
- *Provision of services*: The income from provision of services is recorded in the period in which the services are provided, based on the stage of completion of the provided service.
- *Interest income*: Interest income is recognized proportionally in time and by using the effective interest rate.
- *Dividends*: Dividends are recorded as income when the right to collect vests which is upon the decision of the General Assembly of Shareholders (ordinary or extraordinary). Expenses are recognized in the statement of comprehensive income as accrued.
- *Advertising costs*: Advertising costs are expensed as incurred and are included in distribution expenses.
- *Borrowing costs*: Underwriters costs, legal and other direct costs incurred during the issue of long term loans are deducted from the loan balances and are recorded to the statement of comprehensive income based on the effective interest rate method over the duration of the loan. Borrowing cost is recognized as an expense during the issue period, except of the case that Group capitalizes borrowing costs according to IAS 23.

3.25 Leases

Leases in which all the risks and benefits of the property remain with the lessor are recorded as finance leases. All the other leasing contracts are recorded as operating leases.

- *Group as a Lessor*: Income from operating leasing is recognised as income on a straight - line basis over the lease term.
- *Group as a Lessee*: Operating lease payments are recognised as an expense on a straight - line basis over the lease term. Leases which transfer to the Group substantially all of the risks and rewards of ownership of the leased item regardless of whether there is a transfer of the ownership title or not at the end of the lease, are classified as finance leases. The property held under finance leases is capitalized at the inception of the lease at the lower of its fair value and the present value of the minimum lease payments. Lease payments are apportioned between the reduction in the lease liability and the financial expenses in order to achieve a constant interest rate on the residual financial liability.

Leasing of property, plant and equipment where all risks and rewards associated with the ownership of an asset are transferred to the Group, regardless the final transfer or not of its ownership title, compose financial leasing. This leasing is capitalized at the beginning of the lease at the lowest value between fair value of the asset and present value of the minimum leases. Each lease is allocated between liability and financial expenses so as to succeed a fixed interest rate for the remaining financial leasing.

The related lease liabilities net of financial expenses are classified as liabilities and the related financial expenses are recognized in the statement of comprehensive income over the duration of the lease. Property, plant and equipment acquired through a finance lease are depreciated at the lower of the assets' useful lives and the lease term.

3.26 Offsetting of financial assets and liabilities

Financial assets and liabilities are not offset in the financial statements unless there is a legal right of set - off and intention for settlement of the net amount or settlement of the asset and liability simultaneously.

3.27 Derecognition of financial assets and liabilities

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired,
- the Group or the Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay under a "pass - through" arrangement and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group or the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Groups´ continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

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

3.28 Earnings/Losses per share

The basic and diluted earnings per share are calculated by dividing net profits after taxes with the weighted average number of shares of each period/ year.

The weighted average number of shares arises by summing the outstanding shares into which the share capital is divided and the rights that can be contingently exercised and are owned by the company and subtracting the shares buy back.

3.29 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group and the Company as of 1 January 2016:

➢ **IAS 1: Disclosure Initiative (Amendment)**
The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. The Management of the Company and the Group has not used this amendment.

➢ **IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization**
The amendment is effective for annual periods beginning on or after 1 January 2016. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The Management of the Company and the Group has not used this assessment.

- **IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**
  The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The Company and the Group has no transactions that fall within the scope of this amendment.
- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**
  The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Company does not have any plans that fall within the scope of this amendment.
- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**
  The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The Management of the Company and the Group does not expect that this specific amendment will affect the financial statements.

The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs.The amendments are effective for annual periods beginning on or after 1 February 2015. None of these had an effect on the Group’s and Company’s financial statements

- **IFRS 2 Share-based Payment**: This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
- **IFRS 3 Business combinations**: This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
- **IFRS 8 Operating Segments**: This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- **IFRS 13 Fair Value Measurement**: This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- **IAS 16 Property Plant & Equipment**: The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **IAS 24 Related Party Disclosures**: The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- **IAS 38 Intangible Assets**: The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

The **IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016. None of these had an effect on the Group’s and Company’s financial statements.

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**: The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- **IFRS 7 Financial Instruments: Disclosures**: The amendment clarifies that a servicing contract that includes a

fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

- **IAS 19 Employee Benefits**: The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- **IAS 34 Interim Financial Reporting**: The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

Standards issued but not yet effective and not early adopted by the Group or the Company

- **IFRS 9 Financial Instruments: Classification and Measurement**
  The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. EU has not yet adopted this standard. Company and Group Management estimates that this standard will not have an impact on the financial statements.
- **IFRS 15 Revenue from Contracts with Customers**
  The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Management assesses the impact of the amendment on the companies of the Group.
- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**
  The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 *Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. These Clarifications have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.
- **IFRS 16: Leases**
  The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard has not been yet endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.
- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of account-

ing. The amendments have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.

- **IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)**
  The Amendments become effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment. These amendments have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.
- **IAS 7: Disclosure Initiative (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2017 with earlier application permitted. The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. These Amendments have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.
- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.
- **IAS 40: Transfers to Investment Property (Amendments)**
  The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.
- **IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration**
  The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. The Management assesses the impact of the amendment on the companies of the Group.

The **IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Disclosure of Interests in Other Entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These annual improvements have not yet been endorsed by the EU. The Management assesses the impact of the amendment on the financial statements of the Group and Company.

- **IFRS 1 First-time Adoption of International Financial Reporting Standards**: This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.

- ➢ **IAS 28 Investments in Associates and Joint Ventures**: The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.
- ➢ **IFRS 12 Disclosure of Interests in Other Entities**: The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

4. Financial Risk Management

a) Financial Risk Management
The Group is exposed to financial risks such as foreign exchange risk, credit risk, interest rate risk and liquidity risk. The management of risk is achieved by the central Treasury department, which operates using specific guidelines set by the Board of Directors. The Treasury department identifies, determines and hedges the financial risks in cooperation with the Groups' subsidiaries that face these risks. The Board of Directors provides written instructions and directions for the general management of the risk, as well as specific instructions for the management of specific risks such as foreign exchange risk, interest rate risk and credit risk.

Foreign Exchange Risk:
The Group is exposed to foreign exchange risk arising from transactions in foreign currencies (RON, USD, TRY, SEK) with suppliers which invoice the Group in currencies other than the local. The percentage of the balance of suppliers in currency other than the publication currency (euro) is 15,36% of the total. The Group, in order to minimize the foreign exchange risk, according to the needs, in certain cases pre - purchases foreign currencies.

Credit risks:
The Group has diminuated the credit risk due to the disinvestment in the segment of wholesale trading of electrical equipment and the focus in retail segments where the payment of goods is mainly made by cash in hand or by pre-paid credit cards.

Interest rate risk/liquidity:
The Group is subject to cash flow risk which in the case of possible variable interest rates fluctuation, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities.

Cash flow risk is minimized via the availability of adequate credit lines and cash. Also, the Group has entered into Interest Rate Swap (IRS) contracts in order to face interest rate risk.

b) Provisions, contingent liabilities and assets
There are no other commitments and contingent liabilities that can affect the financial condition and results of the Group.

5. Segment Information

The Group is active on the following four operating segments:
- Retail Trading of Home Furniture and Households Goods (IKEA stores).
- Retail Trading of Sporting Goods (INTERSPORT and TAF stores).

Discontinued operation of the year 2016 includes only the company FOURLIS TRADE which within the year 2014 disinvested from the wholesale trading of electrical equipment activity.

Therefore the main financial interest is concentrated on the business classification of the Group's activities, where the various economic environments constitute different risks and rewards. The Group's activities comprise mainly one geographical area, that of the wider European region, primarily in Greece along with countries of Southeastern Europe (Romania, Bulgaria, Cyprus and Turkey).

The Group's sales revenue in 2016 arise 64% from activities in Greece (65% in 2015) with the remaining 36% arising from the other countries of Southeastern Europe (35% in 2015). Revenue of the Company concern intrasegment transactions and are eliminated at the Consolidated Financial Statements. Historically, the consumers' demand for the Group products increases during the last four months of the year.

Group results by operating segment for the year 2016 are analysed below:

	1/1 - 31/12/2016								
	Furniture and Household Goods	Sporting Goods	Fourlis Holdings S.A.	Conso-lidation Entries	Total Continuing Operations	Discontinued Operations	Consolidation Entries	Total Discontinued Operations	Total Group
Revenue	291.343	136.489	3.965	-3.967	427.829	244	-5	239	428.068
Cost of Goods Sold	-174.170	-71.606	-3.686	3.686	-245.776	-307	0	-307	-246.083
Gross Profit	**117.172**	**64.882**	**279**	**-281**	**182.053**	**-63**	**-5**	**-68**	**181.985**
Other operating income	3.550	618	1.124	-1.147	4.145	691	-15	676	4.821
Distribution expenses	-89.872	-51.672	0	1.119	-140.424	-930	2	-928	-141.352
Administrative expenses	-11.679	-6.475	-2.621	77	-20.698	423	30	453	-20.245
Other operating expenses	-236	-295	-37	18	-550	-248	0	-248	-798
Operating Profit / (Loss)	**18.935**	**7.059**	**-1.255**	**-213**	**24.525**	**-127**	**12**	**-115**	**24.411**
Total finance income	169	417	0	0	586	0	0	0	586
Total finance cost	-10.363	-5.158	-2	0	-15.523	-2	0	-2	-15.525
Contribution associate companies losses	-1.777	0	0	0	-1.777	0	0	0	-1.777
Dividends	0	0	8.500	-8.500	0	0	0	0	0
Profit / (Loss) before Tax	**6.964**	**2.317**	**7.243**	**-8.713**	**7.812**	**-129**	**12**	**-117**	**7.695**
Depreciation/Amortisation	10.188	4.797	63	151	15.199	-1.169	0	-1.169	14.030

Group results by operating segment for the year 2015 are analysed below. It must be noted that discontinued operation of the year 2015 also includes the data of the company SERVICE ONE SA, subsidiary of FOURLIS TRADE SA until 24/11/2015, as well as the retail fashion activity segment (NEWLOOK Stores) of GENCO TRADE SRL the termination of operation of which was completed within the year 2015.

	1/1 – 31/12/2015								
	Furniture and Household Goods	Sporting Goods	Fourlis Holdings S.A.	Conso-lidation Entries	Total Continuing Operations	Discontinued Operations	Consolidation Entries	Total Discontinued Operations	Total Group
Revenue	279.547	129.231	3.986	-3.983	408.783	5.713	-53	5.660	414.442
Cost of Goods Sold	-170.917	-67.783	-3.460	3.460	-238.701	-4.648	0	-4.648	-243.348
Gross Profit	**108.630**	**61.448**	**526**	**-522**	**170.082**	**1.065**	**-53**	**1.012**	**171.094**
Other operating income	3.075	532	792	-1.086	3.518	321	-32	289	3.807
Distribution expenses	-84.365	-49.006	0	1.135	-132.236	-2.853	9	-2.844	-135.080
Administrative expenses	-10.212	-5.921	-2.745	750	-18.128	-1.609	182	-1.427	-19.555
Other operating expenses	-538	-210	-1	7	-834	-164	0	-164	-998
Operating Profit / (Loss)	**16.590**	**6.843**	**-1.427**	**284**	**22.401**	**-3.239**	**106**	**-3.133**	**19.268**
Total finance income	245	810	0	0	1.055	11	0	11	1.066
Total finance cost	-9.868	-4.817	-2	0	-14.688	-268	0	-268	-14.957
Contribution associate companies losses	-2.391	0	0	0	-2.391	0	0	0	-2.391
Contribution to losses of subsidiary sale	0	0	0	0	0	-469	0	-469	-469
Profit / (Loss) before Tax	**4.576**	**2.836**	**-1.430**	**284**	**6.377**	**-3.966**	**106**	**-3.860**	**2.517**
Depreciation/Amortisation	8.963	4.083	602	-390	13.258	82	0	82	13.340

The breakdown structure of assets and liabilities as of 31/12/2016 and 31/12/2015 are as below:

	Furniture and Household Goods		Sporting Goods		Discontinued Operation		FOURLIS HOLDINGS		Consolidation Entries		Total Group	
	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15
Total Assets	329.251	319.925	88.001	90.341	-13	11.693	93.308	82.633	-91.533	-86.142	419.013	418.450
Total Liabilities	187.359	184.334	75.246	76.250	0	1.172	3.597	1.472	-10.795	-2.394	255.408	260.835

Transactions between the Group companies are based on the arm's length principle.

6. Analysis of expenses and other operating income

(a) The expenses are presented in the financial statements as follows:

	Group		Company	
	2016	2015	2016	2015
Distribution expenses	129.164	123.415	0	0
Administrative expenses	18.781	18.318	2.557	2.142
Depreciation/Amortisation (Distribution)	12.188	11.664	0	0
Depreciation/Amortisation (Administration)	1.464	1.237	63	602
Expenses in Cost of Goods Sold	2.447	3.223	3.686	3.460
Depreciation/Amortisation	377	439	0	0
Other Operating Expenses	798	998	37	1
Total	**165.220**	**159.295**	**6.344**	**6.206**

The main categories of expenses are analysed below:

	Group		Company	
	2016	2015	2016	2015
Payroll Expenses	65.747	62.306	4.210	3.985
Third Party Expenses (Royalties, Leasing, Energy, etc)	57.265	57.743	1.163	731
Taxes Duties	2.541	2.379	3	5
Depreciation/Amortisation	14.030	13.340	63	602
Miscellaneous expenses (advertising, warehousing, transportation etc)	25.637	23.527	905	883
Total	**165.220**	**159.295**	**6.344**	**6.206**

Payroll expenses are analyzed as follows:

	Group		Company	
	2016	2015	2016	2015
Salaries and Wages	50.945	48.380	3.228	3.012
Social Security Contributions	10.943	10.446	605	579
Miscellaneous grants	3.860	3.480	376	394
Total	**65.747**	**62.306**	**4.210**	**3.985**

(b) Other operating income is analysed as follows:

	Group		Company	
	2016	2015	2016	2015
Co-advertisment income	18	27	0	0
Recycling Income	9	3	0	0
Subsidies Law 3299/04	226	236	0	0
Management Fees	5	3	0	0
Revenue from non-used provisions	788	592	75	47
Fixed Asset Gain	27	50	0	0
Other Income	3.749	2.896	1.049	746
Total	**4.821**	**3.807**	**1.124**	**792**

In other income of the year 2016, € 1.977 thousand are included (2015: € 1.615 thousand) mainly due to income from orders delivery charges and rents receivable of Group's subsidiary.

Moreover, other income of the Company of the year 2016, include € 787 thousand (2015: € 587 thousand) due to income from invoicing software to subsidiaries, € 175 thousand (2015: € 139 thousand) due to income from subleasing property and occupancy expenses to subsidiaries and € 52 thousand (2015: € 39 thousand) due to income from invoicing travels in the context of management support services.

(c) Net Financial Results are analyzed as follows:

	Group		Company	
	2016	2015	2016	2015
Interest expenses	-7.882	-9.047	0	0
Credit Card Fees	-4.954	-4.609	-2	-2
Foreign exchange differences (expense) - realized-	-1.293	-1.252	0	-1
Other Financial Expenses	-1.396	-49	0	0
Total Finance Cost	**-15.525**	**-14.957**	**-2**	**-2**
Interest and related income	147	93	0	0
Foreign exchange differences (expense) - realized-	439	805	0	0
Other Financial Income	0	169	0	0
Total Finance Income	**586**	**1.066**	**0**	**0**
Financial Result	**-14.939**	**-13.891**	**-2**	**-2**

(d) The expenses from associate companies for the years 2016 and 2015 refer to the share of losses with the associate company VYNER LTD and SW SOFIA MALL ENTERPISES LTD, which are incorporated in the consolidated financial statements by applying the equity method of accounting.

7. Property, plant and equipment

Property, plant and equipment for the year 2016 are analyzed as follows:

	Land	Buildings and installations	Machinery-Installations-Miscellaneous equipment	Motor vehicles	Furniture and miscellaneous equipment	Construction in progress	Total of property plant and equipment
Acquisition cost at 31.12.2015	**56.617**	**208.573**	**10.816**	**5.055**	**46.714**	**3.084**	**330.859**
Accumulated depreciation/amortisation 31.12.2015	**0**	**-62.095**	**-4.470**	**-3.765**	**-35.667**	**0**	**-105.997**
Net book value at 31.12.2015	**56.617**	**146.478**	**6.346**	**1.290**	**11.047**	**3.084**	**224.861**
1.1-31.12.2016							
Additions	0	4.331	373	366	3.814	696	9.580
Other changes in acquisition cost	0	-723	-825	-286	-1.196	-603	-3.633
Depreciation/amortisation	0	-7.547	-1.024	-488	-3.306	-334	-12.699
Other Depreciation changes	0	444	820	285	1.052	334	2.935
Acquisition cost at 31.12.2016	**56.617**	**212.181**	**10.364**	**5.135**	**49.332**	**3.177**	**336.806**
Accumulated depreciation/amortisation 31.12.2016	**0**	**-69.198**	**-4.674**	**-3.968**	**-37.921**	**0**	**-115.762**
Net book value at 31.12.2016	**56.617**	**142.983**	**5.690**	**1.167**	**11.410**	**3.177**	**221.044**

Additions in the Property, Plant and Equipment for the period refer to the purchase of stores equipment and formation expenses for the retail segment (new and existing) of Furniture and Household Goods and Sporting Goods.

In the sporting goods segment, within the period 1/1 – 31/12/2016, one new INTERSPORT store started operating in Greece (Heraklion Creta), three new stores in Romania (Timisoara, Park Lake, Piatra Neamt), two in Bulgaria (Burgas, St Zagora) and one new in Turkey (Adana). Moreover, two new TAF stores started operating in Greece (Larissa and Agia Paraskevi).

In the furniture and household goods segment, on 20/10/2016 a new IKEA Pick up Point in Burgas of Bulgaria started operating.

Most considerable additions in property, plant and equipment in the year 2016 refer to:

a) property, plant and buildings installations of amount € 2,1 million for IKEA Stores, € 2,1 million for INTERSPORT & TAF Stores and € 0,5 million for the supply chain center (robotic warehouse of INTERSPORT & TAF Stores) TRADE LOGISTICS SA.

b) machinery – installations, furniture and miscellaneous equipment of amount € 2,5 million for IKEA Stores, € 1,9 million for INTERSPORT & TAF Stores and € 0,4 million for the supply chain center (robotic warehouse of INTERSPORT & TAF Stores) TRADE LOGISTICS SA.

Other changes in acquisition cost are related to merges, write-offs and sales and exchange differences of assets.

Property Plant and Equipment of the Group also include subsidiaries' finance leasing amounted at € 30.369 thousand (31/12/2015: € 30.886 thousand).
The average interest rate of the financial lease was 5,39% for the year 2016 (2015: 5,53%).

Depreciation/ Amortization of Property, Plant and Equipment for the year 2016 amount to € 12.699 thousand. Total depreciation/amortization of property, plant and equipment and intangible assets of amount € 14.029 th. was registered by € 377 th. in cost of sales, by € 12.188 th. in distribution expenses and by € 1.464 in administrative expenses.

For the Company, changes within the year 2016 in property, plant and equipment table are related to additions to the leased building and purchase of furniture.

	Buildings and Installations	Motor Vehicles	Furniture and miscellaneous equipment	Total of Property Plant and Equipment
Acquisition cost at 31.12.2015	**262**	**3**	**200**	**464**
Accumulated depreciation/amortisation 31.12.2015	**-136**	**-1**	**-112**	**-249**
Net book value at 31.12.2015	**126**	**2**	**88**	**215**
1.1 - 31.12.2016				
Additions	28	0	23	51
Other changes in acquisition cost	0	0	-7	-7
Revaluation at fair price	0	0	0	0
Depreciation/Amortization	-14	0	-28	-43
Other Depreciation Charges	0	0	7	7
Acquisition cost at 31.12.2016	**290**	**3**	**216**	**509**
Accumulated depreciation/amortisation 31.12.2016	**-150**	**-1**	**-133**	**-285**
Net book value at 31.12.2016	**139**	**2**	**83**	**224**

8. Investment property

Investment property for the year 2016 is analyzed as follows:

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening	17.163	17.163	0	0
Additions	231	0	0	0
Impairment	2	0	0	0
Closing Balance	**17.395**	**17.163**	**0**	**0**

The amount of € 17,4 million (2015: € 17,2 million) concerns:

- Property for exploitation due to merge, of amount € 6,9 million (2015: € 5,7 million. The assessment of fair value was effectuated for the year 2016 by certified appraisers of the company Savills Hellas in accordance with the Valuation Standard V.S. 1.5&1.6 of RICS Valuation Standard prescribed by the Royal Institution of Chartered Surveyors. For the calculation of the fair value the Investment Method was used, according to which the investment property value is calculated by capitalizing the real and future leases that it may create. The valuation of fair value method was ranked at level 3 of the hierarchy. The significant assumptions used for the property were: Sale price/m2 from € 180-300, capitalization rate at the end of the leasing period 11%.
- Part of property of a Group's subsidiary, operating in real estate segment, of amount € 7,0 million (2015: € 8,1 million). The assumptions of the assessments effectuated by independent appraisors within the year 2014 were confirmed by the Management. More specifically, the assessments of fair value were performed by Savills Hellas in accordance with the Valuation Standard V.S. 1.5&1.6 of RICS Valuation Standard prescribed by the Royal Institution of Chartered Surveyors. For the calculation of the fair value the Investment Method was used, according to which the investment property value is calculated by capitalizing the real and future leasing that it may create. The valuation of fair value method was ranked at level 3 of the hierarchy. The significant assumptions used for the retail stores that the subsidiary, operating in

real estate, leases were: Rent price/month €12/sqm, capitalization rate at the end of the leasing period 8% and annual rent increase 2%.

- Property of value € 3,4 million of a subsidiary which is leased for trading use (2015: € 3,4 million).

9. Intangible assets

Intangible assets are analyzed as follows:

Group	Royalties	Software	Miscellaneous	Total
Cost 31.12.2015	**8.872**	**10.028**	**3.334**	**22.233**
Accumulated depreciation/amortisation 31.12.2015	**-3.964**	**-7.217**	**-904**	**-12.086**
Net book value at 31.12.2015	**4.907**	**2.810**	**2.429**	**10.147**
1.1 - 31.12.2016				
Additions	0	964	0	964
Other changes in acquisition cost	0	-562	-428	-1.330
Depreciation/Amortization	-278	-881	-171	637
Other Depreciation Charges	0	529	108	637
Cost 31.12.2016	**8.872**	**10.429**	**2.906**	**22.207**
Accumulated depreciation/amortisation 31.12.2016	**-4.242**	**-7.570**	**-967**	**-12.779**
Net book value at 31.12.2016	**4.630**	**2.859**	**1.938**	**9.427**

Royalties include the use of brand names (IKEA). Other changes in acquisition cost as well as changes of other depreciation changes regard reallocation due to merge.

Depreciation of intangible assets for the year 2016, amount to € 1.330 thousand.

Intangible assets for the Company for the year 2016 are as follows:

Company	Softare
Cost 31.12.2015	**423**
Accumulated depreciation/amortisation 31.12.2015	**-379**
Net book value at 31.12.2015	**45**
1.1 - 31.12.2016	
Additions	28
Other changes in acquisition cost	0
Depreciation/Amortization	-20
Decreases	0
Cost 31.12.2016	**452**
Accumulated depreciation/amortisation 31.12.2016	**-399**
Net book value at 31.12.2016	**53**

Additions in intangible assets are related to software licenses.

10.Investments in affiliates and associates

Investments are as analyzed as follows:

		COMPANY			
	COUNTRY	% SHAREHOLDING 2016	31/12/2016	% SHAREHOLDING 2015	31/12/2015
SUBSIDIARIES					
GENCO TRADE SRL	Romania	1,57%	367	1,57%	367
HOUSEMARKET SA	Greece	100%	61.956	100%	38.740
FOURLIS TRADE SA*	Greece	-	-	100%	23.216
INTERSPORT ATHLETICS SA	Greece	100%	15.664	100%	15.664
ASSOCIATE					
SPEEDEX SA	Greece	49,55%	-	49,55%	-
STOCK OPTION			**1.886**		**1.643**
TOTAL			**79.872**		**79.630**

** On 23/12/2016 the subsidiary company FOURLIS TRADE SA in which the parent company had a shareholding of 100%, was merged through its absorption from the subsidiary of the Group HOUSEMARKET S.A. with a relevant registration at the GECR with Code Registration Number 868451.*

Operation of each company is analysed in the Annual Report of the Board of Directors.

On 31/12/2016 an impairment test was conducted and no impairment loss incurred.

Associated companies SPEEDEX SA, VYNER LTD and SW SOFIA MALL ENTERPISES LTD are included in the consolidated financial statements of the Group through the application of the equity method. After applying the equity method, a loss of € 1.777 thousand was recognised in the consolidated income statement under “Contribution to associate companies losses" with a corresponding decrease in the carrying value of the investments in associates. Further differentiation of the investment value is due to the increase of the share capital of the associate SW SOFIA MALL ENTERPISES LTD of amount € 10 thousand and VYNER LTD of amount 1.815 thousand.

The Summary financial information of SPEEDEX SA is as follows:

Company	Country of establishment	Total Assets	Total Liabilities	Income	Profits	Shareholding
2016	Greece	18.862	22.972	33.546	967	49,553%
2015	Greece	16.913	21.238	29.700	827	49,553%

The consolidated financial information of VYNER LTD is as follows:

Company	Country of establishment	Total Assets	Total Liabilities	Income	Profits	Shareholding
2016	Cyprus	143.849	98.535	9.897	(2.581)	50,00%
2015	Cyprus	136.512	95.430	9.148	(6.496)	50,00%

The consolidated financial information of SW SOFIA MALL ENTERPISES LTD is as follows:

Company	Country of establishment	Total Assets	Total Liabilities	Income	Profits	Shareholding
2016	Cyprus	2.129	225	153	(973)	50,00%
2015	Cyprus	4.137	208	134	(6)	50,00%

In relation to the associate company SPEEDEX SA, according to IAS 28, if the investor’s share in the associate’s losses equals or exceeds the carrying value of the investment, the investor does not recognize a further loss. Such unrecognised losses amount to € 2.036 thousand for the year 2016 and € 2.143 thousand for the year 2015.

11. Inventory

Inventory is analyzed as follows:

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Inventory	73.832	75.467	0	0
Advances for purchases of merchandise	3.853	2.878	0	0
Total	**77.685**	**78.346**	**0**	**0**

The inventory cost of the Group which was recorded as an expense under cost of goods sold amounts to € 242.882 thousand (2015: € 239.336 thousand). The inventory value that was written off within the financial year was € 1.332 thousand (2015: € 2.142 thousand). An impairment provision for idle and slow moving inventory has been recognised and amounts to € 316 thousand (2015: € 739 thousand). A mortgage contract was held regarding the inventory of a subsidiary until the amount of € 25.000 thousand for the improvement of the credit terms.

12. Trade receivables

Trade receivables are analyzed as follows:

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Trade Receivables	9.581	10.221	1.079	901
Cheques receivables	108	272	0	0
Bad Debt Provisions	-7.387	-6.690	0	0
Total	**2.302**	**3.803**	**1.079**	**901**

The above balance is formed by numerous customers and there is not a single customer with a significant balance in the Group.

The movement of the provision for bad debt receivables for 2016 and 2015 is analyzed as follows:

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Opening Balance	-6.690	-5.568	0	0
Reversal of provisions	58	376	0	0
Provision	-754	-1.499	0	0
Closing Balance	**-7.387**	**-6.690**	**0**	**0**

As at December 31, 2016 and 2015 the ageing of trade receivables is analyzed as follows:

	Total	Not due trade receivables	Overdue trade receivables
2016	2.302	649	1.653
2015	3.803	1.113	2.690

It mainly concerns customers balances of discontinued operation.

13.Other receivables

Other receivables are analyzed as follows:

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Debited VAT	1.479	2.041	-2	0
Credit Cards Receivables	6.336	3.978	0	0
Other Debtors	10.872	10.518	9.083	35
Total	**18.687**	**16.537**	**9.080**	**35**

On 31/12/2016, other debtors include an amount of € 2.598 thousand (2015: € 2.856 thousand) as receivables for the submission of administrative appeal of a subsidiary and total payment of the main tax amount less the corresponding additional taxes and surcharges. Furthermore, accruals of amount € 4.658 thousand and suppliers advances of amount € 288 thousand (2015: accruals of amount € 3.435 thousand and suppliers advances of amount € 368 thousand) are included in other debtors. For the Company for the year 2016, other debtors include receivables from subsidiary regarding dividend of amount € 8.500 th.

14.Cash

Cash represents the Group's and the Company's cash in hand as well as bank deposits available on demand and is analyzed as follows:

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Cash in hand	1.905	2.361	0	0
Bank Deposits	31.711	22.499	1.335	65
Total	**33.616**	**24.860**	**1.335**	**65**

The temporary unallocated cash amounts of the Group's companies are placed in short-term deposits in euros. The average weighted deposit interest rate for the year 2016 is 0,85%.

15.Investments / Financial data available for sale

A subsidiary of the Group participated in the recapitalization of the Greek Banks which took place within the year and on 31/12/2016 the shares held in its portfolio were valuated at the amount of € 1.254 thousand (2015: € 3.336 th.). The valuation loss that was recognized on 31/12/2016 in net equity was of amount € 288 thousand (2015: € 264 th.). The valuation method of Investments/ Financial data available for sale was ranked at level 1 of the hierarchy. Results of the year 2016 include the amount of € 562 thousand regarding loss from sale of equity investments and amount of € 834 regarding loss from evaluation of equity investments.

16.Share capital

On 31/12/2016 the share capital of the Company amounted to € 54.923.538,70 divided into 51.330.410 nominal shares of nominal value € 1,07 per share (Note 1).

On 31/12/2015 the share capital of the Company amounted to € 54.561.784,54 divided into 50.992.322 nominal shares of nominal value € 1,07 per share.

Evolution and coverage of share capital of the Company since its composition are analyzed as follows:

TABLE OF CAPITAL EVOLUTION (amounts in euros)

		Amount of increase					
Date of General Assembly	Government Gazette No.	Cash Payments	By capitalization of reserves - goodwill assets - Difference of share premium account	New shares total	Shares total	Share Capital after the increase	Nominal value per share
Founding Capital	618/13.6.66	514.673,51	-	5.000	5.000	14.673,51	2,93
27/7/1968	930/23.8.68	-	514.673,51	5.000	10.000	29.347,03	2,93
29/11/1971	1978/20.12.71	-	58.694,06	20.000	30.000	88.041,09	2,93
27/6/1975	2233/15.10.75	-	17.608,22	6.000	36.000	105.649,30	2,93
11/10/1982	4007/11.11.82	3,00	109.461,42	37.300	73.300	215.113,72	2,93
19/2/1988	446/17.3.88	528.246,52	1.897.872,34	2.926.700	3.000.000	2.641.232,58	0,88
24/6/1989	4336/29.12.89	-	264.123,26	300.000	3.300.000	2.905.355,83	0,88
21/12/1992	228/21.1.93	-	290.535,58	330.000	3.630.000	3.195.891,42	0,88
11/6/1994	2985/17.6.94	479.383,71	3.195.891,42	4.174.500	7.804.500	6.871.166,54	0,88
27/6/1998	5395/7.7.98	-	5.496.933,24	6.243.600	14.048.100	12.368.099,78	0,88
5/3/1999	1572/22.3.99	6.648.774,76	-	7.551.900	21.600.000	19.016.874,54	0,88
23/6/2000	7051/25.7.00	3.847.395,45	-	4.370.000	25.970.000	22.864.269,99	0,88
22/6/2001	5916/11.7.01	-	3.105.730,01	-	25.970.000	25.970.000,00	1
21/6/2002	6897/8.7.02	-	25.970.000,00	25.970.000	51.940.000	51.940.000,00	1
20/06/03	12169/4.11.03	Cancellation 987.080 of own shares		-	50.952.920	50.952.920,00	1
10/06/11	99/19.1.11	39.402,00	-	39.402	50.992.322	50.992.322,00	1
13/06/14	243951/3.9.14	Share capital increase 3.569.462.54 by capitalization of tax free reserves 3.297.339,74 and share premium differences 272.122,08		-	50.992.322	54.561.784,54	1,07
22/12/16	881038/3.1.17	361.754,16		338.088	51.330.410	54.923.538,70	1,07
				Total	**51.330.410**	**54.923.538,70**	**1,07**

17. Reserves

The movement of the reserves is analyzed as follows:

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Statutory Reserves	19.048	16.503	6.686	6.686
Revaluation Reserves	722	722	0	0
Foreign exchange diff. from Statement of Financial Position transl. reservers	-5.569	-4.280	0	0
Extraordinary Reserves	16.518	17.649	6.970	6.970
SOP Reserve	1.397	1.223	1.531	1.223
Purchase of Own Shares	0	0	0	0
IRS Reserve	-350	-172	0	0
Reserves from Valuation of available for sale financial assets	0	0	0	0
Total	**31.766**	**31.646**	**15.187**	**14.879**

Statutory Reserve: In accordance with the provisions of Greek company law, the creation of a statutory reserve, through the transfer of the 5% of the annual after tax profits, is mandatory up until the reserve reaches 1/3 of the share capital. The statutory reserve is only distributable upon dissolution of the Company, it may however be used to set - off accumulated losses.

Tax Free Reserves: The Group has a Tax Free Reserve of € 4.052 thousand (2015: € 4.052 thousand), which was mainly derived from interest of deposits or bonds. In the case of distribution or capitalisation the reserves will be taxed with the official tax rate declared by the L4172/2013 (Note 23).

Exchange Differences from subsidiaries accounts conversion: This reserve is comprised from the foreign exchange differences arising from the retranslation of the financial statements of Subsidiaries which have a different functional currency from the parent company.

Cash Flow Hedging reserve: The hedging reserve comprises of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments (IRS).

18.Dividends

The Shareholders General Assembly dated on 17/6/2016 did not propose a dividend distribution for the year 1/1 – 31/12/2015 taking into consideration the financial results of this period. The parent company registered in its income dividend from subsidiary of amount € 8,5 million during the year 2016.

19.Employee retirement benefits

19.1 Liabilities due to termination of service

The obligation of employee compensation due to termination of service (Law 2112/20, 4093/12 for Greek Companies, Bulgarian Labor Law for Bulgarian Companies and Labor Law 1475 for Turkish Company) appears in the Financial Statements in compliance with IAS 19 and is based on an actuarial study elaborated by AON Hewitt on December 31st,2016.

Basic assumptions of the actuarial study for Greece are the following:

Greek Companies	2016	2015
Average annual payroll increase	1,00%	1,00%
Discount interest rate	1,65% - 1,90%	1,86% - 2,74%
Inflation	1,00%	1,00%
Plan duration (years)	15-24	10-24

In case of an average annual payroll increase by 0,50% (namely 1,50%), the amount of liabilities due to termination of service of Greek companies would increase from 7,74% to 12,13%. In case of a discount rate increase by 0,50%, the amount of liabilities due to termination of service of Greek companies would decrease from 7,04% to 10,58%.

Bulgarian Companies	2016	2015
Average annual payroll increase	3,50%	3,50%
Discount interest rate	2,15%	2,36%
Inflation	2,00%	2,00%
Plan duration (years)	24-29	24-31

In case of an average annual payroll increase by 0,50% (namely 4,00%), the amount of liabilities due to termination of service of Bulgarian companies would increase from 12,27% to 14,96%. In case of a discount rate increase by 0,50% (namely 2,65%), the amount of liabilities due to termination of service of Bulgarian companies would decrease from 10,90% to 13,10%.

Turkish Company	2016	2015
Average annual payroll increase	7,10%	7,10%
Discount interest rate	10,00%	11,00%
Inflation	5,10%	5,10%
Plan duration (years)	23	23

In case of an inflation increase by 0,50% (namely 5,60%), the amount of liabilities due to termination of service would increase by 11,00% for INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş. In case of a discount rate increase by 0,50% (namely 10,50%), the amount of liabilities due to termination of service would decrease by 10,00% for INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş. In the analysis of sensitivity of Turkey, a reference is made to the inflation rate and not to compensation increase because benefits in Turkey are subject to a maximum salary (plafond) and an increase/decrease of inflation will affect the maximum salary.

The expense derived from the compensation to employees due to retirement, that was recorded in the Income Statement of the financial year 2016 is analysed as follows:

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Service Cost	299	307	24	26
Interest Cost	83	81	9	6
Cost reduction/settlement/termination service	296	234	17	18
Total amount allocated in Income statement	**679**	**622**	**50**	**51**
Balance of Liability at the beginning	**3.086**	**3.104**	**334**	**300**
Compensation due to retirement	679	622	50	51
Paid amounts	-387	-359	-22	-7
Actuarial gains/losses	543	-275	69	-10
Balance of liability in the end	**3.921**	**3.086**	**430**	**334**

19.2 Share based payments

The Extraordinary General Assembly of the Company of September 27, 2013, in the context of Stock Option Plan, approved the disposal of 1.507.678 stock options. The program will be implemented in three waves, with a maturity period of three years per wave. Options should be exercised within five years since their maturity date. In case that, after the grant some of the options remain undisposed, those options will be cancelled. The option grant price of each wave is the market closing price on the day of Extraordinary General Assembly's resolution regarding the approval of the program.

On 25/11/2013 the board of Directors granted 502.550 stock options, which are the first of the three waves. The underlying share price, to which conferred options reflect, is determined at the amount of 3,4 € per share which is the closing stock price of the share on the date of the Extraordinary General Assembly.

The options of the wave mentioned above are granted within three years as follows:

Vesting Date	No of Options
31/12/2013	167.517
31/12/2014	167.517
31/12/2015	167.516

The Fair value of options has been calculated based on the simulation of the Company's share price assuming that the price will develop to the Geometric Brown Motion model. Fair value per option and vesting date has been defined as follows:

Vesting Date	Value per Option €
31/12/2013	0,8589
31/12/2014	1,2718
31/12/2015	1,5701

The variables upon which the data above were calculated are as follows:

Variable	Value
Exercise Price	€ 3,4
Grant Date	27/9/2013
Volatility	62,47%
Dividend Yield	0%
Attrition Rate	
Risk Free Rate	10%
1,5114%	

On 24/11/2014 the board of Directors granted 502.550 stock options, which are the second of the three waves. The underlying share price, to which conferred options reflect, is determined at the amount of 3,4 € per share which is the closing stock price of the share on the date of the Extraordinary General Assembly.

The options of the wave mentioned above are granted within three years as follows:

Vesting Date	No of Options
31/12/2014	167.517
31/12/2015	167.517
31/12/2016	167.516

The Fair value of options has been calculated based on the simulation of the Company's share price assuming that the price will develop to the Geometric Brown Motion model. Fair value per option and vesting date has been defined as follows:

Vesting Date	Value per Option €
31/12/2014	0,8030
31/12/2015	1,3464
31/12/2016	1,6540

The variables upon which the data above were calculated are as follows:

Variable	Value
Exercise Price	€ 3,4
Grant Date	24/11/2014
Volatility	44,56%
Dividend Yield	0%
Attrition Rate	10%
Risk Free Rate	1,8416%

During the period 1/1 – 31/12/2014, no stock option granted by the first wave of SOP was exercised.

On 23/11/2015 the board of Directors granted 502.578 stock options, which are the third of the three waves. The underlying share price, to which conferred options reflect, is determined at the amount of 3,4 € per share which is the closing stock price of the share on the date of the Extraordinary General Assembly.

The options of the aforementioned wave are vested in 3 years as follows:

Vesting Date	No of options
31/12/2015	167.517
31/12/2016	167.517
31/12/2017	167.544

The Fair value of options has been calculated based on the simulation of the Company's share price assuming that the price will develop to the Geometric Brown Motion model. Fair value per option and vesting date has been defined as follows:

Vesting Date	Value per Option €
31/12/2015	0,6669
31/12/2016	0,7441
31/12/2017	0,9384

The variables upon which the data above were calculated are as follows:

Variable	Value
Exercise Price	€ 3,40
Grant Date	23/11/2015
Volatility	61,52%
Dividend Yield	0,00%
Attrition Rate	10%
Risk Free Rate	2,0334%

On 22/12/2016 the Board of Directors issued an Invitation towards the beneficiaries of the program (stock options) of the Company, for the exercise of their options. 4 beneficiaries responded to this invitation and exercised their option for the purchase of 338.088 shares, of nominal value € 1,07 and underlying price € 3,40 per share.

Within the period 1/1 – 31/12/2016, beneficiaries waived 6.659 options (2015: 35.895) which were granted by the BoD on 25/11/2013, beneficiaries waived 6.548 options (2015: 6.081) which were granted by the BoD on 24/11/2014 and beneficiaries waived 13.158 options (2015: 0) which were granted by the BoD on 23/11/2015.

During the period 1/1 – 31/12/2016, an amount of € 307.245 (2015: € 505.205) was recorded in the Consolidated Income Statement as an expense and regards all three waves of the program.

19.3 Benefit contributions under the private insurance program

During the year ended on December 31, 2016 the amount of defined benefit contributions under the private insurance program that was recorded as an expense by the parent Company totalled to € 174 thousand (2015: € 199 thousand) while the respective amount recorded as an expense by the Group amounted to € 471 thousand (2015: € 457 thousand).

20.Financial Instruments and Risk Management Policies

20.1 Credit Risk

Exposure to Credit Risk

The Group has significantly reduced its exposure to credit risk due to the disinvestment of the Wholesale Trading of Electrical Equipment segment and the focus in the retail segments where the payment of goods is mainly made by cash or credit cards discounts.

The maximum exposure at the date of the Statement of Financial Position, without taking into consideration any hedging or insurance strategies, was as follows:

	Book Value (€000s)	
	2016	2015
Trade & other receivables	2.302	3.803
Cash & Cash equivalent	33.616	24.860

The maximum exposure to credit risk on trade receivables of the Group without taking into consideration any hedging or insurance strategies at the date of the Statement of Financial Position, per geographic segment was as follows:

	Book Value (€000s)	
	2016	2015
Greece	2.112	3.563
Southeastern Europe Countries	190	240

The maximum exposure at the date of the Statement of Financial Position, per customer type was:

	Book Value (€000s)	
	2016	2015
Wholesale trade customers	1.898	3.803
Retail trade customers	404	0

20.2 Liquidity Risk

Liquidity risk is retained at low levels by maintaining adequate bank credit lines and significant cash and cash equivalents which on 31/12/2016 amounted to € 33,7 million for the Group vs € 24,9 million on 31/12/2015. During year 2016, the Group succeeded to maintain the improved credit terms from its main suppliers.

The contractual loan dues including interest payments, excluding the net - off agreements, are as per paragraph Borrowings, while for Accounts Payable and Other Liabilities are less than 12 months.

	Immediate termination	3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
2016						
Credit Lines	0	0	4.122	0	0	4.122
Short-term loans	3.064	8.500	4.216	0	0	15.780
Long-term loans	-14	1.308	21.142	103.265	0	125.700
Leasing	43	198	756	1.549	0	2.546
Total	**3.092**	**10.005**	**30.236**	**104.814**	**0**	**148.148**
2015						
Credit Lines	3.522	0	6.560	0	0	10.082
Short-term loans	73	4.900	20.757	0	0	25.729
Long-term loans	0	2.326	14.959	91.680	0	108.965
Leasing	40	628	2.133	2.074	0	4.875
Total	**3.635**	**7.854**	**44.408**	**93.754**	**0**	**149.651**

20.3 Foreign Exchange Risk

Foreign exchange risk exposure
The Group is exposed to foreign exchange risk arising for its transactions in foreign currencies (RON, USD, TRY, SEK). The percentage of the balance of suppliers in currency other than the publication currency (euro) is 17,59% of the total. The Group, in order to minimize the foreign exchange risk, in certain cases pre - purchases foreign currencies.

The Group has investments in companies overseas, the net assets of which are exposed to foreign exchange risk. This type of foreign exchange risk (translation risk) arises due to the operations in Romania (RON), Bulgaria (BGN) and Turkey (TRY). The Management has managed to reduce foreign exchange risk, given the strong capital structure of the companies and to decrease borrowings in currencies other than the local.

More particularly, approximately 90% of GENCO TRADE SRL (Romania) loans are in local currency (RON) in an effort to avoid the exchange difference charges resulting from RON devaluating vs. the Euro. In Bulgaria the local currency is pegged to the Euro (EUR/ BGN = 1.95583) a fact which can not guarantee that economic problems and consequences of the global crisis on Bulgaria, will not increase the risk that this conversion ratio will remain constant. In Turkey, the financing for commercial activity is in local currency, while for investments is in euro.

	31/12/2016 Foreign Currency in euro							
	USD	**GBP**	**CHF**	**SEK**	**RON**	**TRY**	**BGN**	**EUR**
Trade Creditors and other liabilities	-25	0	1	411	3.225	3.621	2	9.683

	31/12/2015 Foreign Currency in euro							
	USD	**GBP**	**CHF**	**SEK**	**RON**	**TRY**	**BGN**	**EUR**
Trade Creditors and other liabilities	319	0	0	455	7.252	2.434	0	4.776

Sensitivity Analysis

A Euro revaluation of 10% at December 31, vs the below currencies would increase (decrease) the Net Equity and the Operating Results as per the amounts indicated at the below summary. It is assumed that all other variables (Interest Rates) would remain constant.The analysis was performed in a similar manner for 2016.

Impact in €000s	Net Equity	Operating Result
Dec 31 , 2016		
USD	(3)	(3)
SEK	41	41
TRY	362	362
RON	323	323
BGN	0,2	0,2
Total	**723,2**	**723,2**
Dec 31 , 2015		
USD	32	32
SEK	46	46
TRY	243	243
RON	725	725
Total	**1.046**	**1.046**

A Euro devaluation of 10% at December 31, vs the aforementioned currencies would have an equal but opposite impact in comparison to the ones presented above, based on the assumption that all the other variables would remain constant.

The exchange rates of foreign currencies used for the conduction of the financial statements of the year 2016, are presented at the table below:

BS	31/12/16
TRY	3,7072
BGN	1,9558
RON	4,5390

PL	1/1/2016-31/12/2016
TRY	3,3433
BGN	1,9558
RON	4,4904

20.4 Interest Rate Fluctuation Exposure

Profile

The Group is subject to cash flow risk which in the case of possible variable interest rates fluctuation, may affect positively or negatively the cash inflows or outflows related to the Group's assets or liabilities. Despite of the fact that we believe that in an environment of prolonged global slowdown, the risk of rising interest rates remains low, the group has entered into Interest Rate Swap (IRS) contracts effectively converting part of the loans from floating to fixed interest rate for a period of 3 to 5 years.

The profile of Group's loan liabilities at the date of the Statement of Financial Position is analysed in paragraph Borrowings.

Sensitivity Analysis of fair value for financial instruments with a variable interest rate
A 1% fluctuation of the Group's borrowing rate at December 31, would increase (decrease) equally the Net Equity and the Operating Results by € 1.481 thousand for the year 2016 and € 1.496 thousand for the year 2015.

Sensitivity Analysis of fair value for financial instruments with a fixed interest rate
No such Instruments (Assets/Liabilities) valued at fair value through income statement exist.

20.5 Fair value of financial instruments

The carrying amounts of the financial instruments of assets and liabilities (i.e. trade and other receivables, cash and cash equivalents, trade and other payables, derivative financial instruments, borrowings and finance leases) approximate their fair value. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date. The fair values of the financial instruments as of 31 December 2016 represent management's best estimate. In situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Group's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Group based on the best information available in the circumstances.

The three levels of the fair value hierarchy are as follows:
- Level 1: Quoted market prices in active markets for identical assets or liabilities;
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;
- Level 3: Assets or liabilities prices that are not corroborated by market data.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:
- Cash and cash equivalents, trade and other receivables, trade and other payables accounts: the carrying amounts approximate their fair value either due to the short maturity of these instruments or because there is no foreign currency risk exposure.
- Borrowings: The carrying amount approximates their fair value mainly due to the fact that they bear interest at floating rates and are denominated in local currency.
- Derivative financial instruments: The valuation method was determined by taking into consideration all factors in order to determine precisely fair value, such as the current and the prospective interest rates trend and the duration and falls into level 2 of the fair value hierarchy.

Within the year, there were neither moving between levels 1 and 2 nor moving inside and outside level 3 during the measurement of fair value. Moreover, within the same year, there was no change in the purpose of any financial asset which would lead to a different classification of this asset.

20.6 Capital Management

The primary objective of the Group's capital management is to ensure and maintain strong credit ratings and healthy capital ratios in order to support the investment projects and maximizing the return of invested capital for the shareholders.

The Group monitors its capital management through the use of a gearing ratio - net debt divided by equity plus net debt - where net debt includes interest bearing loans and borrowings minus cash. The Group's strategic objective is to maintain the above ratio between 30% and 45%. On 31/12/2016 the ratio stood at 41% (2015: 44%).

21. Borrowings

Borrowings for the year 2016 and 2015 are analyzed as follows:

	Group	
	31/12/16	31/12/15
Non-current loans	125.700	108.965
Finance Leases	2.546	4.875
Total long term loans and short term portion of long term loans	**128.246**	**113.839**
Current portion of non-current loans and borrowings	22.436	17.285
Short-term portion of non-current Lease	996	2.801
Non-current loans	104.814	93.754
Short term loans for working capital	19.902	35.811
Total loans and borrowings	**148.148**	**149.650**

The Company had no loan liabilities on 31/12/2016 and on 31/12/2015.

The maturity table of the Finance Lease Liability is as follows:

Group	2016				2015			
	Up to 1 year	2-5 years	More than 5 years	Total	Up to 1 year	2-5 years	More than 5 years	Total
Future Lease Payments	1.112	1.669	0	2.781	3.002	2.295	0	5.297
Less Interest	-115	-120	0	-235	-201	-221	0	-422
Present Value of Future Lease Payments	**996**	**1.549**	**0**	**2.546**	**2.801**	**2.074**	**0**	**4.875**

The repayment period of non - current loans varies between 2 to 5 years and the average effective interest rate of the Group was 4,15% during the year 2016 (2015: 4,98%). Repayments and proceeds of loans of the current period amounted to € 83.041 thousand and € 83.960 thousand respectively.

Non - current loans, including their part which is payable within 12 months, cover mainly the Group's growth needs and are analyzed in bond, syndicated and other non - current loans as follows:

31/12/2016		Amount	Issuing Date	Amount
	Bilateral	1.169	17/8/2011	7 years from the issuing date (€804 payable forthcoming period)
	Bilateral	2.900	17/03/2016	5 years from the issuing date
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	1.636	17/03/2016	2 years from the issuing date (€1.110 payable forthcoming period)
	Bilateral	2.150	30/03/2016	3,5 years from the issuing date (€800 payable forthcoming period)
	Bilateral	2.600	30/03/2016	6 years from the issuing date (€600 payable forthcoming period)
		10.455		
HOUSE MARKET BULGARIA AD	Syndicated	39.579	11/07/2016	9 years from the issuing date (€3.247 payable forthcoming period)
		39.579		
HOUSEMARKET SA	Bond	39.190	4/10/2016	5 years from the issuing date
		39.190		
INTERSPORT SA	Bond	22.476	18/11/2014	5 years from the issuing date (€2.090 payable forthcoming period)
		22.476		
TRADE LOGISTICS SA	Bond	7.000	4/11/2009	8 years from the issuing date (€7.000 payable forthcoming period)
		7.000		
RENTIS SA	Bond	4.700	2/3/2013	2 years from the issuing date (an extension was agreed until 20/1/2017) (€4.700 payable forthcoming period)
	Bond	2.300	20/1/2010	7 years from the issuing date (€2.300 payable forthcoming period)
		7.000		
Total		**125.700**		

31/12/2015		Amount	Issuing Date	Amount
	Bilateral	1.989	17/8/2011	7 years from the issuing date (€816 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	2.600	23/12/2013	6 years from the issuing date (€800 payable forthcoming period)
	Bilateral	2.600	23/12/2013	6 years from the issuing date (€800 payable forthcoming period)
		7.189		
	Bond	9.000	4/11/2009	8 years from the issuing date
TRADE LOGISTICS SA	Bond	5.400	29/2/2012	In 2014 an extension was agreed until February 2017 years (€1.600 payable forthcoming period)
		14.400		
RENTIS SA	Bond	8.000	2/3/2013	2 years from the issuing date (an extension was agreed until 20/1/2017)
	Bond	2.300	20/1/2010	7 years from the issuing date
		10.300		
HOUSE MARKET BULGARIA AD	Syndicated	42.910	22/12/2011	7 years from the issuing date (€7.980 payable forthcoming period)
		42.910		
INTERSPORT SA	Bond	24.567	18/11/2014	5 years from the issuing date (€2.090 payable forthcoming period)
		24.567		
HOUSEMARKET SA	Bond	9.600	21/2/2011	6 years from the issuing date (€3.200 payable forthcoming period)
		9.600		
Total		**108.966**		

Non –current loans include:

a) The bond loan issued by the company HOUSEMARKET S.A. of five-year maturity. The Bond Loan, was disposed through a public offering by cash payment and the available 40.000.000 bearer bonds were issued on 6/10/2016 for trading in the fixed income securities category of the regulated market of Athens Stock Exchange.

b) The remaining finance lease liability of amount € 472 th. of the company HOUSEMARKET S.A. through which the Company financed the purchase of land and building on 27 December 2000 as well as the improvements made on the building and the purchase of equipment for the first IKEA store in Greece in Pylea Thessaloniki. The finance lease for the land and the building improvements expires on December 2017.

c) The remaining finance lease liability of amount € 2.074 th. of the company INTERSPORT ATHLETICS S.A. through which it financed the purchase of new mechanical equipment for warehousing and transportation of goods in the warehousing premises of the subsidiary company TRADE LOGISTICS S.A. on 29 September 2015. The finance lease expires on September 2020.

Total short term loans of the Group include current loans and overdraft bank accounts which are used for the Group's working capital needs. The amounts drawn are used mainly to cover current obligations to suppliers. The weighted average interest rate of short term loans for the period 1/1/2016 to 31/12/2016 was approximately 5,97% (2015: 5,86%). During the current period, Interest Rate Swaps or IRSs continue to exist, in order to mitigate the risk of subsidiaries of a sudden increase in interest rates in the interbank market.

The terms of the swap agreements are as follows:

- 5year financial product (IRS) that hedges interest rate risk through the exchange of fixed/ floating rate for nominal amount of 5 million euros, with a negative fair value for HOUSE MARKET BULGARIA AD on 31/12/2016 of € 45 thousand (31/12/2015: € 191 thousand). The outcome of the valuation has been registered in the Statement of Comprehensive Income.
- 7year financial product (IRS) that hedges interest rate risk through the exchange of fixed/ floating rate for nominal amount of 25,1 million euros, with a negative fair value for HOUSE MARKET BULGARIA AD on 31/12/2016 of € 344 thousand (31/12/2015: € 0 thousand). The outcome of the valuation has been registered in the Statement of Comprehensive Income.

Some of Group's loans include loan covenants. On 31/12/2016 the Group either complied with the terms of the loans or had the approval to wave the right to calculate them.

The Group, having centralized its capital management, has the ability to directly identify, quantify, manage and hedge, if necessary, its financial risks created by its operational activities so as to be consistent to the changes in the economic environment. The Group continuously observes and budgets its cash flow and acts appropriately in order to ensure open credit lines for covering current capital needs. The Group has adequate open credit lines with domestic and foreign financial institutions in order to cover the needs of the companies in working capital.

22.Trade and other payables

Trade and other payables are analyzed as follows:

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Trade Payables	74.931	79.963	784	145
Accrued expenses	7.990	6.165	662	422
Other payables	1.288	1.181	534	92
Taxes liability	7.740	7.788	280	175
Customers advances	1.499	1.583	720	119
Insurance Organizations	2.731	2.479	144	141
Total	**96.179**	**99.161**	**3.124**	**1.095**

The decrease in trade payables is mainly due to different purchases timetable of the companies of the home furniture and household goods segment compared to the prior year. Increase in accrued expenses is due to a provision of bond loan interest payment of a subsidiary and an expense provision due to targets achievement.

23.Income taxes

The nominal tax rates in the countries that the Group is operating vary between 10% and 29% for the year, as follows:

Country	Income Tax Rate (31/12/2016)
Ελλάδα	29,0%
Ρουμανία	16,0%
Βουλγαρία	10,0%
Κύπρος	12,5%
Τουρκία	20,0%

The parent company and its subsidiaries have not been audited by the tax authorities for the years noted below:

COMPANY	YEARS
FOURLIS HOLDINGS SA	2010 – 2016 (*)
INTERSPORT ATHLETICS SA	2008 – 2016 (*)
GENCO TRADE SRL	2007 – 2016
GENCO BULGARIA EOOD	2008 – 2016
TRADE LOGISTICS SA	2010 – 2016 (*)
HOUSEMARKET SA	2011 – 2016 (*)
HM HOUSEMARKET (CYPRUS) LTD	2012 – 2016
HOUSE MARKET BULGARIA AD	2008 – 2016
RENTIS SA	2010 – 2016 (*)
INTERSPORT ATHLETICS (CYPRUS) LTD	2006 – 2016
WYLDES LTD	2009 – 2016
INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş.	2016

Assosiate companies have not been audited by the tax authorities for the years noted below:

COMPANY	YEARS
VYNER LTD	2009 – 2016
SPEEDEX SA	2011 – 2016 (*)
SW SOFIA MALL ENTERPRISES LTD	2015 – 2016

(*) For the fiscal years 2011, 2012 and 2013 all companies of the Group located in Greece, have been subjected to tax audit by Certified Audit Accountants in compliance with the provisions of Article 82 par. 5 of Law 2238/1994 and for the fiscal years 2014, 2015 and 2016 in compliance with the provisions of Article 65 a of Law 4174/2013 and received a Tax Compliance Certificate for fiscal years 2011, 2012, 2013, 2014 and 2015, while tax audit for the fiscal year 2016 is in progress. Upon completion of the audit, the Management of the Company does not expect any significant liabilities to occur, other than those recorded in the financial statements. In order for the years 2011, 2012 and 2013 to be considered integrated, provisions specified in par. 1a of Article 6 POL 1159/2011 should apply. The integration of the years 2014 and 2015 is implemented based on POL 1124/2015.

In September 2014 the tax audit for the financial years 2007-2010 for the subsidiary HOUSEMARKET S.A. was completed and taxes of amount € 1.841 thousand, as well as fines and surcharges of amount € 2.022 thousand were assessed. On 24/10/2014 an administrative appeal was submitted, according to art. 63 of the Law 4174/2013, seeking for the review of the assessment acts of the Tax Authorities, and half of the amount disputed, i.e. € 1.937 thousand was paid. On 24/2/2015 the company was informed of the decision of the Authority for the Settlement of Disputes, concerning the aforementioned administrative appeal, which reduced the taxes assessed to € 1.632 thousand and the fines and surcharges to € 1.761 thousand. On 3/4/2015 two (2) appeals (concerning VAT and income tax) were submitted to the Administrative Courts, against the decision of the Authority for the Settlement of Disputes. On 29/4/2015, based on the L. 4321/2015, the full payment of the amount of the main tax was made with a decrease of additional taxes and surcharges attributable. 22/9/2015 was the date set for the discussion of the appeal of the subsidiary HOUSEMARKET SA in the Administrative Court of Appeals, which was postponed for 1/12/2015. On 1/12/2015 the case was discussed at the Administrative Court of Appeals and the resolution 1406/2016 was issued regarding the appeal versus assesments of income tax and the resolution 1405/2016 regarding the appeal versus assesments of VAT. Based on the resolution 1406/2016, the relative Appeal conducted versus assesments of income tax of the fiscal year 2007 was, at a highly significant extent, accepted and the trial of the rest years (2008, 2009 and 2010) was postponed until December 2016 (6/12/2016). The trial of the fiscal years (2008, 2009 and 2010) took place on 6/12/2016 and the relevant resolutions are expected to be announced within the year 2017. Based on the resolution 1405/2016, the Judicial Appeal of VAT was rejected. The resolutions 1406/2016 and 1405/2016 were served on 25/7/2016. Against the 1406/2016 resolution of the Administrative Court of Appeals, the appeal of 14/11/2016 was lodged on behalf of the State, the trial date of which has not yet been determined. The Management estimates that any contigent liability may arise for the Company, as a result of this case, will not have a significant impact on the Income Statement, the cash flows or the total financial condition of the Group.

The accumulated tax provision for the unaudited tax years of the subsidiary HOUSEMARKET SA on 31/12/2016 amounts to € 1.796 th. (31/12/2015: 1.609 th.)

On 18/3/2016, the temporary audit for withholding tax for the period 1/1/2012 – 28/2/2013 of HOUSEMARKET SA was completed without any findings and tax differences.

On 2/6/2016, the temporary audit for income tax for the year 2014 of HOUSEMARKET SA was completed without any findings and tax differences.

On 31/8/2016, the audit of EUROELECTRONICS SA for the year 2008, which was merged from PRIME TELECOM SA on 30/12/2010 and was later absorbed by FOURLIS TRADE SA on 27/2/2012, was completed. The parent company had a shareholding of 100% until 23/12/2016 at FOURLIS TRADE SA, until its absorption from HOUSEMARKET SA in which the parent company has a shareholding of 100%. A tax and surcharges amount of € 132 thousand occurred from the audit of EUROELECTRONICS SA for which a provision already existed.

On 31/12/2016, the right of INTERSPORT ATLETIK MAGAZACILIK for tax audit for the year 2011 was waived while also within the year 2016 in compliance with the relevant legislation, the fiscal years 2012-2015 of the company were integrated and a tax amount of € 6 thousand occured.

On 31/12/2016, the companies that are in audit process are FOURLIS TRADE SA for the year 2009 (ordinary audit) which was absorbed by HOUSEMARKET SA on 23/12/2016, HOUSEMARKET SA for the year 2012 (temporary audit) and HOUSEMARKET BULGARIA LTD (ordinary audit) for the years 2010-2012. Moreover, the audit of HM HOUSEMARKET (CYPRUS) LTD for the years 2006-2011 was completed and the resolution of the tax authority is expected. The Management estimates that any contigent liability may arise, as a result of these tax audits, will not have a significant impact on the Income Statement, the cash flows or the total financial condition of the Group.

The income tax expense for the year 2016 and the relative year 2015 is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
Income Tax	**2.742**	**1.990**	**0**	**0**
Tax Audit Differences	41	11	0	0
Tax N4172 tax free reserves	0	0	0	0
Deferred Taxes:				
Differences of fixed assets	1.134	835	-4	-4
Provisions for employee benefits	-96	-113	-15	-4
Finance Leases	0	119	0	0
Supplier adjustment	3	0	3	0
Provisions	-27	-387	0	-3
Accrued Taxes	-2.149	383	109	0
Inventory Write Off Provision	38	-242	0	0
Effect of changes on tax rates	0	-332	0	-13
Total Deferred taxes	**-1.097**	**263**	**93**	**-24**
Income Tax Expense	**1.686**	**2.265**	**93**	**-24**

The reconciliation between the nominal tax rate and the effective tax rate is analyzed as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
Profit before taxes	**7.695**	**2.517**	**7.243**	**-1.430**
Income tax based on nominal tax rate	4.959	855	2.095	-415
Tax rate differences	0	0	0	0
Tax on tax free income	-3.625	-265	-2.465	0
Tax on non deductible expenses	321	593	0	0
Tax on tax losses	-399	1.050	479	0
Non operating income tax	0	3	0	0
Write off receivables	359	415	0	415
Effect of assets held for sale	0	0	0	0
Miscellaneous timing differences	71	-387	-16	-24
Tax L4172 tax free reserve	0	0	0	0
Tax in statement of comprehensive income	**1.686**	**2.265**	**93**	**-24**

Deferred taxes on 31/12/2016, which appear in the Statement of Comprehensive Income and compose income due to valuation of cash flow hedging at the fair value, amount to € 18 th. (31/12/2015: € 3 th.) and income due to defined benefits plans, amount to € 148 th. (31/12/2015: € 62 th.).

Deferred taxes as at 31 December 2016 and 31 December 2015 which appear in other Financial Statements are analysed as follows:

	Group		Company	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Liabilities:				
Depreciation Difference	221	3.160	0	0
Employee retirement benefits	-174	-572	0	0
Deferred Income tax	0	-581	0	0
Expenses Provision	44	-31	0	0
Reclass of Revenue account	0	58	0	0
Impairment on Reserves	0	0	0	0
Provision Other Expenses	0	-342	0	0
Total	**91**	**1.693**	**0**	**0**
Assets:				
Depreciation calc. difference	-3.768	207	5	1
Employee retirement benefits	920	301	120	104
Stock devaluation	415	111	0	0
Provisions	101	-5	14	3
Provision for doubtful debts	1.087	893	0	0
Finance leases	0	210	0	0
Reclass of Revenue account	-53	0	0	0
Deferred Income tax	8.134	6.068	571	680
Total	**6.836**	**7.785**	**710**	**788**

Deferred income taxes result from temporary differences between assets and liabilities tax recognition and financial statements composition.

On 31/12/2016, the Group had accumulated carried forward tax losses in its subsidiaries on part of which a provision was made for deferred tax asset of amount € 8.134 thousand (31/12/2015: € 6.068 thousand) as the Management considered that the recognition criteria were met. For the part of tax losses on which a deferred tax asset has been recognized, the Management estimates that they will be covered against taxable profits before their expiration date.

Given that some of the Group companies have not been audited by the tax authorities for a few years, as mentioned above, it is considered by the Group that adequate provisions for current and future tax audit differences have been made. On 31/12/2016, the cumulative Group's provision for unaudited tax years amounts to € 2.054 thousand (€ 2.054 th. on 31/12/2015) and to € 20 thousand for the Company as at 31/12/2016 (€ 20 th. on 31/12/2015) which is displayed in Income Tax Payable.

24. Earnings/Losses per share

The basic earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average number of shares during the period. The weighted average number of shares as at 31 December 2016 is 51.330.410 (31/12/2015: 50.992.322).

	Group	
	31/12/2016	**31/12/2015**
(Loss)/Profit after tax attributable to owners of the parent	6.009	253
Number of issued shares	51.330.410	50.992.322
SOP Impact	1.101.261	1.005.019
Effect from purchase of own shares	0	0
Weighted average number of shares	52.431.671	51.997.341
Basic (Losses)/Earnings per share (in Euro)	0,1171	0,0050
Diluted (Losses)/Earnings per share (in Euro)	0,1146	0,0049

	Discontinued Operations	
	31/12/2016	**31/12/2015**
Basic Earnings/(Losses) per share (in Euro)	-0,0100	-0,0660
Diluted Earnings/(Losses) per share (in Euro)	-0,0098	-0,0647

On 16/1/2017 the trading of the 338.088 new common nominal shares, which came from the share capital increase due to exercise of options (stock option plan), started.

25. Treasury Shares

On 31/12/2016, the Company does not hold treasury shares. It is noted that following the resolution of the ordinary General Assembly of the shareholders on 17/6/2016, a stock option plan has been established until the maximum number of 2.549.616 shares (5% of the paid share capital) which is in force until 17/6/2018, namely 24 months since the approval of the General Assembly.

26. Commitments and Contingencies

26.1 Commitments

The Group's contingent liabilities for the period 1/1 - 31/12/2016 are analyzed as follows:

- The Company has issued letters of guarantee for the associate company's loans and participation in tenders amounting to € 9.797 th.
- The Company has issued letters of guarantee for its subsidiaries guaranteeing liabilities amounting to € 101.869 th.
- The Parent Company has contracted as a guarantor with the amount of € 3.100 th. for future leases and loan liabilities from investment of an associate company.
- The Parent Company has contracted as a guarantor for its subsidiaries guaranteeing liabilities of amount € 318 th.
- Subsidiaries have issued letters of guarantee for the indirect subsidiaries guaranteeing liabilities amounting to € 21.662 th.
- A subsidiary company of the Group mortgage its property to secure a bond loan amounting to € 14.400 th.
- A subsidiary company of the Group mortgage its property to secure a bond loan amounting to € 45.372 th.
- A subsidiary company of the Group mortgage its property to secure a bond loan amounting to € 25.200 th.
- A subsidiary company of the Group mortgage its property to secure liabilities amounting to € 15.000 th.
- A subsidiary of the Group has a contractual obligation of Inventory of at least € 25.000 th.
- A subsidiary company has provided fluctuating guarantee on assets amounting to € 6.800 th. to secure bilateral loans.

There are no litigation or arbitration proceedings that might have a material impact on the Group's Financial Statements.

26.2 Operating Lease

Group as Lessee: The Group has leasing contracts for plant and equipment in order to cover its operating needs. This is accomplished through finance and operating leasing contracts. Concerning the finance leasing contracts see above in paragraph “Borrowings”.

Concerning operating leasing contracts, the total future dues for rents as below:

	Group		Company	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Up to 1 year	25.915	22.849	212	210
Between 1-5 years	88.245	79.480	729	910
More than 5 years	127.975	137.284	494	502
Total	**242.136**	**239.612**	**1.434**	**1.622**

The expense for operating leasing of financial year 2016, that was recorded in the income statement amounted to € 23.031 thousand (€ 22.348 thousand for the year 2015).

Group as Lessor: The future leasing contracts of the Group as a lessor amounts to € 1.343 thousand until 1 year, € 4.080 thousand for 2 - 5 years, and 6.688 thousand for 5 years and up (2015: € 2.245 thousand until 1 year, € 9.054 thousand for 2 - 5 years, and € 9.260 thousand for 5 years and up).

26.3 Litigation

There are no litigation or arbitration proceedings as well as resolutions of judicial institutions (paragraph 23) that might have a material impact on the assets of the Group’s companies.

27.Related parties

Related parties of the Group include the Company, subsidiary and associated companies, the management and the first line managers. The parent company provides advice and services to its subsidiaries in the areas of IT, HR, financial planning and controlling, treasury and social responsibility.

The analysis of the related party receivables and payables as at 31 December 2016 and 2015 are as follows:

	Group		Company	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
Receivables:				
FOURLIS TRADE SA	0	0	0	6
HOUSE MARKET SA	0	0	8.500	0
INTERSPORT SA	0	0	508	606
TRADE LOGISTICS SA	0	0	29	13
GENCO BULGARIA	0	0	22	16
INTERSPORT CYPRUS	0	0	8	3
HOUSE MARKET CYPRUS	0	0	17	14
SPEEDEX SA	0	7	0	7
RENTIS SA	0	0	2	2
HOUSE MARKET BULGARIA AD	0	0	91	25
GENCO TRADE SRL	0	0	73	4
SERVICE ONE	0	0	0	11
INTERSPORT ATLETIK	0	0	193	14
TRADE STATUS SA	135	160	135	157
Total	**136**	**167**	**9.579**	**877**

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Payables to:				
HOUSE MARKET SA	0	0	926	125
INTERSPORT SA	0	0	96	0
TRADE LOGISTICS SA	0	0	8	1
GENCO BULGARIA	0	0	10	0
INTERSPORT CYPRUS	0	0	9	0
HOUSE MARKET CYPRUS	0	0	38	0
SPEEDEX SA	181	137	15	1
HOUSE MARKET BULGARIA AD	0	0	46	0
GENCO TRADE SRL	0	0	49	0
SERVICE ONE	35	0	0	0
INTERSPORT ATLETIK	0	0	26	0
TRADE STATUS SA	4	1	3	0
Management Members	29	42	29	0
Total	**249**	**180**	**1.255**	**127**

Related party transactions as at 31 December 2016 and 2015 are as follows:

	Group		Company	
	2016	2015	2016	2015
Revenue	127	111	3.950	3.986
Other Operating Income	41	65	1.048	746
Total	**168**	**176**	**4.998**	**4.732**

	Group		Company	
	2016	2015	2016	2015
Administrative expenses	287	79	15	5
Distribution expenses	724	308	0	0
Total	**1.001**	**387**	**15**	**5**

During 2016 and 2015, transactions and fees of management members were as follows:

	Group		Company	
	2016	2015	2016	2015
Transactions and fees of management members	**2.610**	**2.658**	**525**	**488**

There are no other transactions between the Group or the Company with the management. The transactions with related parties are arm's length.

28.Transactions with Subsidiaries

During financial years 2016 and 2015, between the parent company and its subsidiaries the following transactions occurred:

	Group		Company	
	2016	2015	2016	2015
Revenue	29.005	24.724	3.839	3.884
Cost of Sales	22.800	19.364	3.686	3.460
Other Income	2.110	1.984	804	725
Administrative Expenses	4.590	4.682	9	12
Distribution expenses	3.520	2.598	0	0
Other operating expenses	18	7	0	0
Dividends	12.500	469	8.500	0

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Trade Receivables	19.463	8.769	9.444	702
Inventory	310	272	0	0
Creditors	16.963	6.368	1.208	126

The Group has issued letters of guarantee for its subsidiary and associated companies guaranteeing liabilities. The analysis of such letters of guarantee is disclosed in which appears in Note «Commitments and Contingencies».

29. Discontinued Operations

Discontinued operation includes the company FOURLIS TRADE S.A. which operates in Greece and the parent company had a direct shareholding of 100% until 23/12/2016. FOURLIS TRADE SA was merged with its absorption by HOUSEMARKET SA in which the parent company has a shareholding of 100%. The relevant announcement was registerd at GECR with Registration Code Number 868451 on 23/12/2016 and Balancesheet transformation date of the absorbed company 30/6/2016. Discontinued operation of 2015 also includes data of the company SERVICE ONE SA, subsidiary of FOURLIS TRADE SA until 24/11/2015, as well as the retail fashion activity segment (NEWLOOK Stores) of GENCO TRADE SRL the termination of operation of which was completed within July 2015.

Income Statement of the discontinued operations is presented below:

	Group	
	Discontinued Operations	
	1/1-31/12/2016	1/1-31/12/2015
Revenue	239	5.660
Cost of Goods Sold	-307	-4.648
Other Operating Income	676	289
Distribution Expenses	-928	-2.844
Administrative Expenses	453	-1.427
Other Operating Expenses	-248	-164
Financial Expenses / Income	-2	-257
Contribution to losses of subsidiary sale	0	-469
Profit / (Loss) before Tax	-117	-3.860
Income Tax	-397	495
Non Controlling Interest	0	0
Profit / (Loss) after Tax and Minority Interest	-513	-3.364

The cash flows of the discontinued operations are presented below:

	Discontinued Operations	
	1/1-31/12/2016	1/1-31/12/2015
Operating inflow / (outflow) from discontinued operations	-195	11.407
Investing inflow / (outflow) from discontinued operations	-8	214
Financing inflow / (outflow) from discontinued operations	0	-8.060
Effect of exchange rate fluctuations on cash held	0	-2
Net Increase / Decrease in cash and cash equivalents	-204	3.559

** Data of the prior 12month period have been reclassified in order to be similar and comparable to the amounts of the corresponding period of 2016 regarding the characterization of continued and discontinued operation.*

30. Significant Additions in Consolidated Data

The most significant changes recorded in the Consolidated and Separate Statement of Financial Position as of 31/12/2016 in comparison with the corresponding data as at 31/12/2015 are the following:

- Decrease in the amount of "Inventory" despite the opening of new retail stores of sporting goods, new IKEA Pick up

Point and the development of e-commerce stores, is due to the implementation of more rational management methods of inventory mainly through the investment in the supply chain center (robotic warehouse of INTERSPORT & TAF stores).

- Decrease in the amount of “Trade Receivables” is due to the collection of open balances of discontinued operation.
- Increase in the amount of “Cash and cash equivalents” is due to the collection of trade receivables of the Group’s discontinued operation.
- Decrease in the amount of “Investments/Financial data available for sale” is due to the evaluation and sale of shares held.
- Non-current assets assets classified an held for sale are are related to agreed transfer within the next year of the remaining shareholding of company of the Group which was sold within the prior year.
- Decrease in the amount of “Accounts payables and other current liabilities” is due to payment of suppliers goods within 1/1 – 31/12/2016.

31. Subsequent events

There are no other significant events following the date of 31/12/2016 that may affect the financial position of the Group and the Company.

Information pursuant to article 10 of Law 3401/ 2005

Protocol Number	Date - Time	Subject
2016/EXAE/H/546	25/01/2016 13:55	Publication date FY15 financial results
2016/EXAE/H/1865	08/03/2016 16:27	Financial Statement in PDF format
2016/EXAE/H/1866	08/03/2016 16:28	Financial Statement in PDF format
2016/EXAE/H/1867	08/03/2016 16:33	Financial Statement in PDF format
2016/EXAE/H/1868	08/03/2016 16:37	Financial Statement in PDF format
2016/EXAE/H/1900	09/03/2016 13:11	Financial Statement
2016/EXAE/H/1901	09/03/2016 13:12	Financial Statement
2016/EXAE/H/1899	09/03/2016 12:55	Presentation at the Hellenic Fund and Asset Management Association
2016/EXAE/H/1869	08/03/2016 16:45	Consolidated Financials FY15 (IFRS)
2016/EXAE/H/1870	08/03/2016 16:59	Financial Calendar 2016
2016/EXAE/H/2280	21/03/2016 17:32	Resignation of a Board Member
2016/EXAE/H/4233	25/04/2016 12:54	Publication date Q1FY16 financial results
2016/EXAE/H/5135	24/05/2016 16:12	Replacement of a member of the BoD
2016/EXAE/H/5138	24/05/2016 16:23	Corporate Presentation Q1FY16
2016/EXAE/H/5137	24/05/2016 16:18	Consolidated Financials Q1FY16 (IFRS)
2016/EXAE/H/5229	26/05/2016 09:53	INVITATION TO THE ANNUAL ORDINARY GENERAL MEETING OF THE SHAREHOLDERS
2016/EXAE/H/5662	03/06/2016 15:14	Notification of Home Member State
2016/EXAE/H/6196	17/06/2016 13:17	Resolution of the Annual General Meeting of the Shareholders of the company, held on 17.06.2016
2016/EXAE/H/6950	05/07/2016 18:05	Announcement according to L. 3556/2007
2016/EXAE/H/7361	20/07/2016 11:41	Publication date H1FY16 financial results
2016/EXAE/H/8306	30/08/2016 17:35	Corporate Presentation for H1 2016 Financial Results
2016/EXAE/H/8296	30/08/2016 17:19	Consolidated Financials H1FY16 (IFRS)
2016/EXAE/H/8901	16/09/2016 18:08	Tax Certificate for the fiscal year 2015
2016/EXAE/H/10597	25/10/2016 16:55	Publication date Q3FY16 financial results
2016/EXAE/H/10935	07/11/2016 16:21	Trade Aknowledgement
2016/EXAE/H/10990	08/11/2016 17:46	Trade Aknowledgement
2016/EXAE/H/8291	30/08/2016 17:10	Financial Statement in PDF format
2016/EXAE/H/11360	21/11/2016 13:39	Financial Statement in PDF format
2016/EXAE/H/11362	21/11/2016 15:20	Financial Statement in PDF format
2016/EXAE/H/11419	22/11/2016 18:11	Corporate Presentation for 9M 2016 Financial Results
2016/EXAE/H/11417	22/11/2016 17:50	Consolidated Financials Q3FY16 (IFRS)
2016/EXAE/H/11544	25/11/2016 09:58	Trade Aknowledgement
2016/EXAE/H/11622	28/11/2016 18:10	Announcement regarding the appointment of Market Maker
2016/EXAE/H/12332	21/12/2016 10:11	Announcement for the exercise of stock option rights

Web site for the publication of the Annual Financial Statements

The Annual Financial Report of the Group (Consolidated and Separate), The Independent Auditors Report and the Board of Directors Report for the year 2016 has been published by posting on the internet at the web address http://www.fourlis.gr.