

A detailed photograph of a butterfly with brown and gold wings perched on a green stem. The stem is covered in several large, clear water droplets that reflect light. The background is a soft, out-of-focus green with bokeh light effects.

Annual Report **2013**

***FOURLIS***  
*GROUP OF COMPANIES*





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Our Values



**Integrity**  
**Respect**  
**Efficiency**

**Passion for better living!**

To create superior value  
for our Customers,  
People,  
Shareholders  
and Society, by delivering  
goods and solutions  
for better living.

**FOURLIS**  
GROUP OF COMPANIES



Currently Operating in Greece,  
Cyprus, Bulgaria, Romania and Turkey



➤ **Greece**

IKEA  
INTERSPORT  
Wholesale Electrical  
Appliances

➤ **Cyprus**

IKEA  
INTERSPORT

➤ **Romania**

INTERSPORT  
NEW LOOK

➤ **Bulgaria**

IKEA  
INTERSPORT

➤ **Turkey**

INTERSPORT

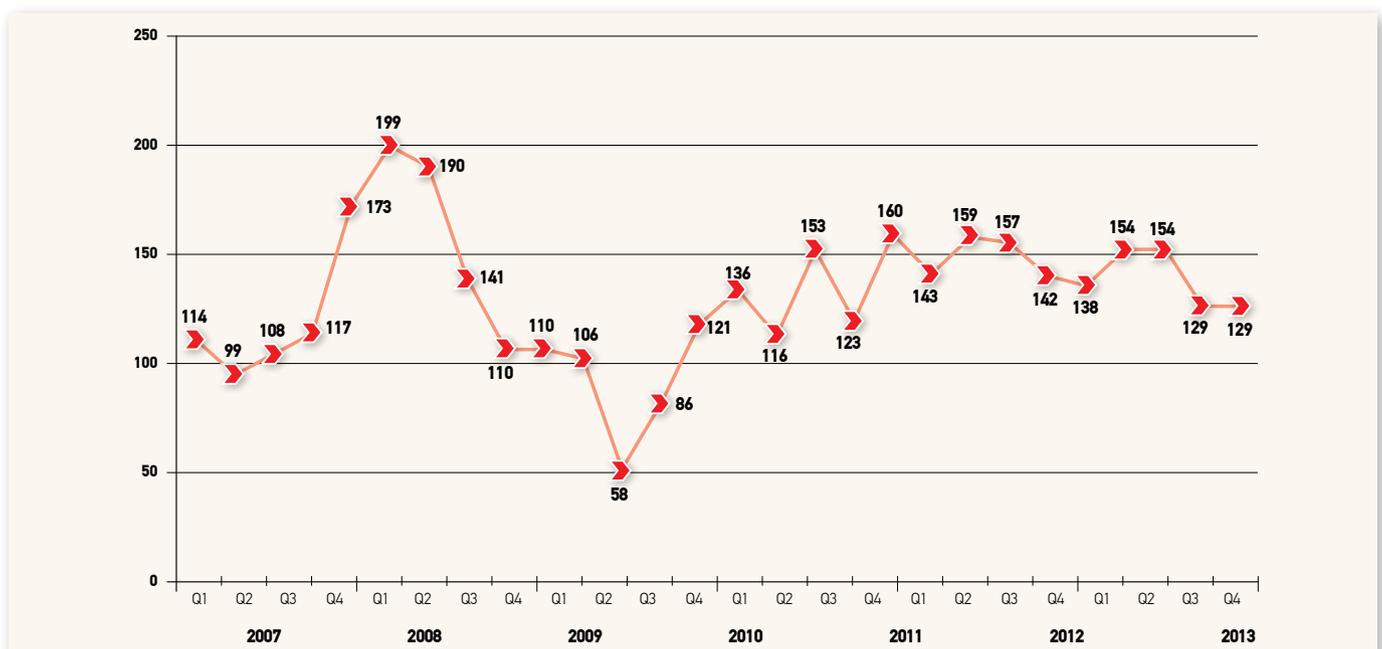
## Facts and Figures 2007 – 2013



## Group Consolidated Key Financial Figures (in €mm)

	2013	2012	Δείκτης
Revenue	403,3	420,3	96
Gross Profit	155,4	159,7	97
EBITDA	25,4	20,1	127
PBT	-5,8	-11,7	50
NP	-8,3	-11,3	74

## Net Debt Evolution (€mm)



## Executive Summary FY13

- FURLIS Group, during 2013, realized sales € 403,3 million, 4,0% lower than 2012.
- 7 new INTERSPORT stores opened since the end of 2012.
- 3 new IKEA ordering points opened between August and October 2013.
- Net Debt €128,9 mio vs € 137,9 mio in 2012.
- CAPEX € 16,7 mio.
- EBITDA € 25,4 mio vs € 20,1 mio in FY12.
- PBT at € -5,8 mio vs € -11,7 mio in FY12.
- NP at € -8,3 mio vs € -11,3 mio in FY12.
  - The net result of the group was negatively affected by € 1,3 million due to a tax provision on non-tax reserves, according to the new applicable tax Law 4172/2013 and € 2,0 million negative foreign exchange differences from the operation in Turkey.





**HOME  
FURNISHING RETAIL**

## IKEA in the world (facts & figures)

- IKEA is the world leader in home furnishings and accessories.
- Founded in Sweden in 1943.
- IKEA numbers 345 stores in 42 countries.
- 775 million visitors all over the world in fiscal year 2013.
- Turnover for fiscal year 2012 (Sept. 12 through Aug. 13) EUR 29,2 bio.
- 1.2 bio website visits a year in 2013.



## Key Financial Figures (in €mm)

	2013	2012	Δείκτης
Revenue	266,4	286,5	93
EBITDA	21,3	18,1	118
PBT	1,1	-2,0	n/c

### IKEA Stores today

### IKEA Stores



Retail Home Furnishing and Accessories activity (IKEA stores) realized sales of € 266,4 million in FY13, 7,0% lower than 2012. EBITDA was € 21,3 million 17,8% higher versus 2013 (€ 18,1 million), while the profits before taxes were € 1,1 million vs losses € 2,0 million in 2012. 7 IKEA stores operate today (5 in Greece, one in Cyprus and one in Sofia, Bulgaria) and 5 Pick up Points in Greece (Komotini, Rhodes Island, Patras, Chania and Heraklion).





 **INTERSPORT<sup>®</sup>**

**SPORTING  
GOODS RETAIL**

## INTERSPORT in the world

- The world's largest retail sporting goods chain.
- More than 5.400 stores in 42 countries.
- More than 50 million customers are served per year.
- Group's total annual retail sales is more than € 10 billion.

INTERSPORT INTERSPORT INTERSPORT

Multisport



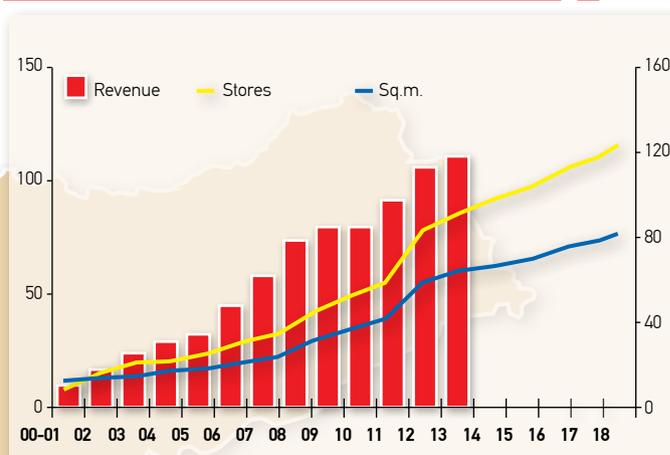
## Key Financial Figures (in €mm)

	2013	2012	Δείκτης
Revenue	111,0	106,3	104
EBITDA Gr & Cyp	7,8	6,9	114
EBITDA Other Countries	-0,3	-0,8	38
TOTAL EBITDA	7,6	6,1	123
PBT	-1,8	-1,0	190

### INTERSPORT Network (today)



### Expansion Plan



Retail Sporting Goods activity (INTERSPORT stores), realized € 111,0 million sales 4,4% higher versus FY12 (€ 106,3 million). The EBITDA was € 7,6 million compared to € 6,1 million in FY12 improved by 23,1%. The losses before taxes were € 1,8 million vs € 951 thousand for the same period last year. Despite the good performance on EBITDA level, PBT was affected negatively by € 2,0 million of foreign exchange differences, from the operation in Turkey.

FOURLIS Group currently operates 94 INTERSPORT stores in the region (43 in Greece, 25 in Romania, 4 in Bulgaria, 18 in Turkey and 4 in Cyprus) compared to 84 stores at the end of 2012.

# ELECTRICAL APPLIANCES WHOLESALE

## FOURLIS Trade

► The exclusive distributor of LIEBHERR, KÖRTING and GENERAL ELECTRIC Home Appliances.

**LIEBHERR**

**körting**



## Service One

► Main activity is the after sales support and service of Group and third party products.

## Financial Figures (in €mm)

	2013	2012	Δείκτης
Revenue	22,3	24,1	93
EBITDA	-1,5	-1,9	78
PBT	-2,2	-2,9	75

# FASHION GOODS RETAIL

## The retail fashion activity (NEW LOOK stores)

The retail fashion activity (NEW LOOK stores) launched in Romania in August 2011. Today there are seven (7) NEW LOOK stores operating in Romania.

NEW LOOK

## Financial Figures (in €mm)

	2013	2012	Δείκτης
Revenue	3,9	3,8	102
EBITDA	-1,0	-1,4	73
PBT	-1,8	-2,0	90



**2013**  
SOCIAL  
RESPONSIBILITY  
REPORT

**FOURLIS**  
GROUP OF COMPANIES



# SOCIAL RESPONSIBILITY DEPARTMENT

In the **FOURLIS Group**, the concept of Social Responsibility is inextricably linked to the Group's activities.

The Social Responsibility Department officially became active in 2008, as a direct result of the need for a coordinated operation of the Group's companies within a common framework of actions and initiatives which focus on the respect for the People, laying the foundations for a better Society and providing the conditions for a cleaner Environment.

In the same year, 2008, the **FOURLIS Group** became an official member of the **UN GLOBAL COMPACT** and thus sealed its commitment to responsible corporate practices.

By applying administrative practices of Corporate Governance and at the same time having adopted high standards of professional ethics described in our Code of Conduct, our primary concern is to cultivate an ethical and incorruptible professional behavior throughout the company as well as the respect for our Stakeholders, in other words our people, our customers, our suppliers, our shareholders, the N.G.Os and the Communities in which we are active.



In 2013, and while the financial and social circumstances never ceased to have an adverse impact on our country, we continued to work with unabated faith and commitment towards the successful implementation of our Social Responsibility programme, aiming above all to reinforce and intensify those actions that support disadvantaged social groups which are mostly affected by the crisis in our country and provide care for children.

At the same time we continued to run a series of training programmes for the **FOURLIS Group** employees, as well as to implement environment protection programmes such as recycling, energy and resources saving programmes.

In the **FOURLIS Group** we work day after day with commitment to our mission statement "TOGETHER FOR A BETTER QUALITY OF LIFE" in order to realize our vision and achieve our aim: To create, by means of our products and our actions, a Better Life for all.



Η Ελλάδα είναι  
η οικογένειά μας.  
Και στην  
οικογένειά μας,  
στεκόμαστε  
πάντα δίπλα.



Στον Όμιλο FOURLIS, 63 χρόνια συμβάλλουμε στην ελληνική οικονομία και στηρίζουμε την ελληνική κοινωνία - ακόμα περισσότερο τώρα που το χρειάζεται πραγματικά. Με επενδύσεις που αγγίζουν τα €125.000.000 τα 5 τελευταία χρόνια, με χιλιάδες έλληνες μετόχους, με πάνω από 3.600 ανθρώπους που εργάζονται στις εταιρίες μας, και με ουσιαστικές ενέργειες κοινωνικής υπευθυνότητας, στεκόμαστε **δίπλα στην προσπάθεια της χώρας κάθε μέρα.**

FOURLIS TRADE

INTERSPORT



**FOURLIS**  
ΟΜΙΛΟΣ ΕΤΑΙΡΙΩΝ

# People

Every year, the **FOURLIS Group** Social Responsibility Department implements a series of actions axed around the Group's Human Resources. The following are some of the most important actions implemented in 2013:



## “WELL BEING” (EF ZIN) PROGRAMME

In the context of the “WELL BEING” (EF ZIN) programme, run by the Social Responsibility Department since 2010, with the primary aim to inform employees on issues of health and longevity and to motivate them to adopt a healthier life model, during March 2013, all employees of the **FOURLIS Group** in Greece, Cyprus, Bulgaria and Turkey were offered the opportunity to have a body fat measurement test in the Group companies' premises.

The total number of employees who were tested in Greece, Cyprus, Bulgaria and Turkey amounts to 731.

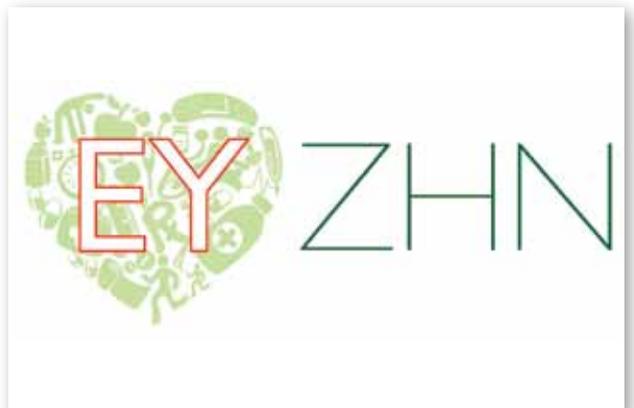
In the same year, all employees had the chance to undergo medical examinations benefiting from the special offers and prices reserved exclusively for the **FOURLIS Group** employees, by affiliated Medical and Diagnostic Centers.



## “WELL BEING” (EF-ZIN) DIET

The “WELL BEING” (EF ZIN) Nutrition programme, first launched in autumn 2011 as a part of the “WELL BEING” (EF ZIN) programme, continued to run in 2013.

In the context of the “WELL BEING” (EF ZIN) Nutrition programme, all employees of the **FOURLIS Group** working in the **IKEA** stores in Greece and in Cyprus have the opportunity to enjoy the benefits of a balanced diet, simply by selecting the daily menus prepared and suggested, every week, by a specialized clinical nutritionist-dietologist and offered at the restaurants for the **IKEA** employees.



## ATHLETIC TOURNAMENTS

Once more, in 2013, athletic tournaments were hosted in N. Greece and in Cyprus with the **FOURLIS Group** employees active participation, who welcomed the opportunity to compete in their favourite sports such as beach volley, beach tennis, beach football as well as tennis and football.

Moreover, in October of the same year, the **FOURLIS Group** employees, in Attica, had the opportunity to participate in the Second Hellenic Company Sport Games organized by the Hellenic Organization for Company Sport and Health (HOSCH) at the Stadium of Peace and Friendship.

The tournament was held with the participation of both company groups and independent groups from inside the country but also from abroad. The employees of the **FOURLIS Group** competed in basketball, football 5 x 5, beach volley, ping pong, bowling, tennis and the 5000 m track race and thus had the chance to experience the joy of participation and physical exercise and also to be awarded several distinctions.



## BREAST CANCER SPEECHES

In collaboration with the Panhellenic Association of Women with Breast Cancer, "Alma Zois", a series of speeches were delivered in the Group's premises in Attiki. Our purpose was to inform women employees about methods of breast cancer prevention and to motivate them to have routine breast cancer checks. Women employees who participated in the event had the chance to raise questions and discuss this important issue with the Association's members.



## BEST STUDENT AWARDS

Every year, in the **FOURLIS Group**, we offer awards to our employees' children who scored high marks, therefore wishing to recognise their effort and encourage them to keep up the good work and achieve their personal and professional goals.

In 2013, award giving ceremonies were held in the **FOURLIS Group** premises in Greece, Cyprus, Bulgaria and Romania, in which awards were given to 82 students who either excelled in secondary school and high school or entered Universities. Parents and Management staff were present.

Students were also given gift vouchers from **IKEA** and **INTERSPORT** and received personal, academic and professional advice from experienced members of our Group who attended the ceremony.



## EMPLOYEES' CHILDREN SCHOLARSHIPS

In 2013, the **FOURLIS Group** initiated a new program entitled "STUDYING WITH A SCHOLARSHIP". This includes five scholarships worth 3.000 EURO each, offered to employees' children who study in Universities away from their permanent place of residence and whose families face financial difficulties.

## KEEPING EMPLOYEES' INFORMED

In 2013, as in previous years, our employees had the chance to get informed about the news of the Social Responsibility Department through our newsletter "LIVE TO LEARN" which is published 3 times a year in Greece, Cyprus, Bulgaria, Romania and Turkey.

Moreover, the employees received, on a regular basis, the standard electronic and printed Newsletter "WELL BEING" (EF ZIN), which informs them about prevention and health, balanced diet, exercise and physical activity, sports and other events, all of which are the main topics of the "WELL BEING" (EF ZIN) programme.

**Νέο!**  
Σπουδ@ΖΩ με υποτροφία

**Πρόγραμμα υποτροφιών του Ομίλου FOURLIS**  
**5 υποτροφίες**  
για το ακαδημαϊκό έτος 2013-2014  
για παιδιά εργαζομένων που σπουδάζουν εκτός του μόνιμου τόπου διαμονής τους σε Ελλάδα και Κύπρο

Για περισσότερες πληροφορίες παρακαλούμε απευθυνθείτε στη Διεύθυνση Κοινωνικής Υπευθυνότητας του Ομίλου FOURLIS  
τηλ: 2106293020 email: csr@fourlis.gr  
ή στη Διεύθυνση Ανθρώπινου Δυναμικού του Ομίλου  
τηλ: 2106293086 email: hr@fourlis.gr  
ή της εταιρίας σας ή του καταστήματός σας

## Society

With faith and dedication to creating a better life for everyone, the **FOURLIS Group** continued its social work throughout 2013 with a series of actions supporting society and our fellow citizens.



## BLOOD DONATION 2013

The established Voluntary Blood Donation of the **FOURLIS Group**, which has been practiced since 1985, was carried out both in January and in June 2013, in all the companies of our Group. The Voluntary Blood Donation was supported by hundreds of employees who offered a few minutes of their time to donate blood, proving in action their sensitivity to social responsibility. Overall, in Greece and in Cyprus, 395 bottles of blood were collected, 60 of which were used to cater for the needs of the Group's employees and their families. The **FOURLIS Group** Companies in Bulgaria also carried out Voluntary Blood Donations, during which 32 bottles of blood were collected.



## COLLABORATION WITH THE NON-PROFIT ORGANISATION "BOROUME"

In 2013, the **FOURLIS Group** continued its collaboration with the Non-profit Organization **BOROUME**. This involved the donation of all leftover meals from the **IKEA** restaurants to those among our fellow citizens who are underprivileged. Since the inception of the programme, in July 2012 and until 31/12/2013, 124.246 meals were donated to institutions in Attica, Thessaloniki, Larissa and Ioannina.



## SUPPORT TO NON PROFIT ORGANIZATIONS

In 2013, the **FOURLIS Group** continued to run premises design & furnishing programmes, which included Institutions, Associations and other Organizations. Our target was to create pleasant and hospitable venues for vulnerable social groups. In this regard, our Group, in association with the **"THEOPHILOS"** organization for the support of large families, undertook the task of equipping an apartment for students coming from underprivileged families from the Greek countryside. At the same time, the Group fully furnished the Hostel for Abused Women and their children in the Municipality of Thessaloniki. In fall 2013, we committed ourselves to support, equip and cover the basic needs of nursery schools in Epirus and Thessaly. This program will be resumed in other areas of Greece during 2014. Equipment was also provided to various other institutions. Among them are: ➤ Lighthouse for the Blind in Kallithea and Thessaloniki, ➤ Attikon Hospital for Children, ➤ E.L.E.P.A.P, ➤ Larissa Welfare Clinic, ➤ Douraxani Monastery Orphanage in Ioannina, ➤ Central Public Library of Corfu.



## UNICEF and IKEA

Run from Nov. 10, 2013 to Jan. 4, 2014 for every soft toy sold, **IKEA** donated one euro to **UNICEF**, to give children, in developing countries, access to quality education. In Greece and Cyprus the sum raised amounted to € 64.172.

## INTERSPORT REACHED THE EDGES

For three consecutive years, **INTERSPORT** has been running its own Social Responsibility programme entitled "**WE REACH THE EDGES**", in which Public Primary Schools in remote areas of Greece are supplied with sports equipment for school children.

In 2013, **INTERSPORT** visited 30 remote Public Schools in Ioannina, Arta, Preveza and Corfu and donated high standard sports equipment for individual and team sports according to the school curriculum, thus making more than 3.000 children happy.

At the same time, athletes from local Associations talked to students about the benefits of sports, physical exercise and healthy diet in their lives.

For the second time in a row, employees from **INTERSPORT** and the **FOURLIS** Group voluntarily participated in the collection and packing of the equipment distributed to the schools.

During the three running years of this program, **INTERSPORT** has visited 86 Primary Schools in remote areas, providing more than 9.400 students with sports equipment.



## VOLUNTARY OFFER OF FOOD AND OTHER ESSENTIAL PRODUCTS TO CHARITY INSTITUTES

Every year, before Christmas holidays, the **FOURLIS Group** employees collect and donate food, essentials and clothes to Institutions and Organizations in Greece and Cyprus. In 2013 the collected products were distributed:

- ▶ In Athens: to the REHABILITATION CENTER FOR DISABLED CHILDREN OF VOULA, to the MEROPION PHILANTHROPIC FOUNDATION and to the VOLUNTEERS OF THE WORLD
- ▶ In Thessaloniki: to ARSIS, to the GREEK CHILDREN'S VILLAGE IN FILYRO and to the BREATH OF HOPE (PNOI ELPIDAS)
- ▶ In Volos: to the Municipality SOCIAL GROCERY STORE
- ▶ In Ioannina: to the BOARDING HOUSE- ORPHANAGE OF DOURAHANI MONASTERY
- ▶ In Cyprus: to the SOCIAL GROCERY STORE OF THE ORTHODOX ARCHDIOCESE OF CYPRUS

Overall, in Greece, 240 boxes containing food, essentials and clothing were gathered and distributed, whereas another 2.044 boxes full of food and essentials were distributed to Cyprus. Once again the **FOURLIS Group** employees proved their social awareness and their willingness to offer help and support to those who may be deprived of basic needs.

## HOSTING ORGANISATIONS IN THE IKEA STORES

In 2013, as in previous years, **IKEA** hosted in its premises stands and representatives from **WWF**, **UNICEF**, **MEDECINS SANS FRONTIERES**, **ALMA ZOIS** and **FRODIDA**. In this way, the public became acquainted with the above organizations and supported them, if so desired.

## THE PARTICIPATION OF OUR EMPLOYEES

The **FOURLIS Group** employees, voluntarily participated in many of the Group's Social Responsibility Department projects, as well as in charitable races such as the RACE FOR THE CURE, the CORPORATE RELAY RUN, the CLASSICAL MARATHON OF ATHENS, the TORCH RELAY OF VOLUNTEER BLOOD DONORS IN IOANNINA etc.

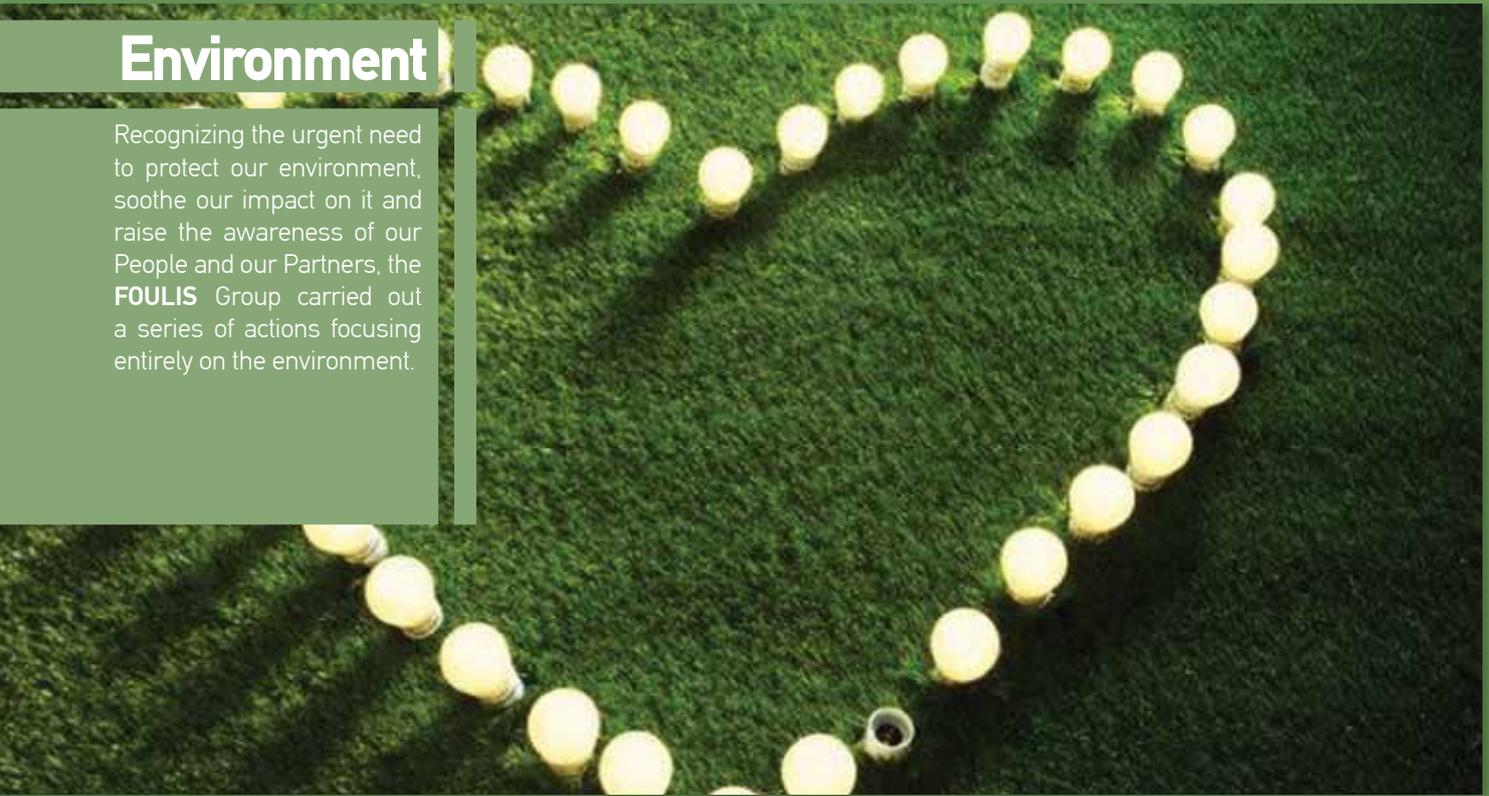
**ΕΥΧΑΡΙΣΤΟΥΜΕ!**  
Το 2013, η ενέργεια «Λούτρινα Παιχνίδια για την Εκπαίδευση» στην Ελλάδα συγκέντρωσε 52.329€.

Για κάθε Λούτρινα παιχνίδι που πωλήθηκε στα καταστήματα IKEA κατά τη διάρκεια της ενέργειας, που πραγματοποιήθηκε κάθε χρόνο τον Νοέμβριο και τον Δεκέμβριο, το IKEA Φιλανθρωπία δωρίζει 1€ στη UNICEF για την εκπαίδευση των παιδιών. Από το 2013, η ενέργεια «Λούτρινα παιχνίδια για την Εκπαίδευση» έχει βοηθήσει περισσότερα από 10 εκατομμύρια παιδιά, μέσα από 90 προγράμματα σε 46 διαφορετικές χώρες. Το συνολικό ποσό που συγκεντρώθηκε προηγούμενα μέσα της ενέργειας για το 2013, είναι 10,1 εκατομμύρια ευρώ. Για ακόμα μία φορά σας ΕΥΧΑΡΙΣΤΟΥΜΕ που αγοράσατε Λούτρινα παιχνίδια, προεργασμένα έτσι σε περισσότερα παιδιά μία ευκαιρία στην εκπαίδευση και ένα μέλλον γεμάτο δυνατότητες.

unicef

## Environment

Recognizing the urgent need to protect our environment, soothe our impact on it and raise the awareness of our People and our Partners, the **FOURLIS** Group carried out a series of actions focusing entirely on the environment.



## RECYCLING AND SAVING ENERGY PROGRAMMES

In 2013, all programmes concerning the recycling of Paper, Batteries, Aluminum, Glass, Lamps, Plastic, Metal, Electronic Equipment and Toners were resumed. Along with these, programmes for saving Electricity and the use of Natural Gas continued to run in the **FOURLIS Group** premises, while the use of paper and biodegradable bags remained a standard practice.

## CENTERS OF RETRIBUTIVE RECYCLING

In 2013, **IKEA** maintained its Recycling Centers located in Aigaleo, Piraeus, Syntagma and Ioannina.

In these four Recycling Centers, from 01/01/2013 to 31/12/2013, 4.618.926 packages or else 280.268,40 kilos of packages were gathered.

## TRADE LOGISTICS- CARBON FOOTPRINT 2012/2013

**TRADE LOGISTICS**, which belongs to the **FOURLIS Group** of Companies, calculated and registered its Carbon Footprint for 2012/2013, with a view to reducing it.

In the **FOURLIS Group** each and every one of us commit ourselves to continue with faith, enthusiasm, vision and dedication our effort to create through our products, services, operations and actions, a Better Life for everyone.

The detailed **FOURLIS Group** Social Responsibility Report 2013, is available at : [www.fourlis.gr](http://www.fourlis.gr)



## Βοηθήστε μας να συνεισφέρουμε ακόμα πιο πολύ στην προστασία του περιβάλλοντος.

- Δεν χρησιμοποιούμε ξύλο από τροπικά δάση για τα ξύλινα έπιπλά μας.
- Στο τμήμα "Ευκαιριών" επιδιορθώνουμε έπιπλα με μικρή φθορά και έτσι μειώνουμε τα απορρίμματα.
- Ερείς συνεργαζόμαστε με την Ελληνική εταιρία ανακύκλωσης, βοηθήστε μας και εσείς πετώντας τις χάρτινες συσκευασίες μας στους ειδικούς κάδους.

Εδώ ανακυκλώνουμε χαρτί, μπαταρίες, λαμπτήρες και πλαστικό.



IKEA



# Annual Financial Report

For the period 1/1/2013 to 31/12/2013  
(TRANSLATED FROM THE GREEK ORIGINAL)  
(In accordance with Law 3556/2007)

FOURLIS HOLDINGS S.A.  
REG. NO: 13110/06/B/86/01  
G.E.M.I. 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 L. 3556/ 2007)

### The members of the Board of Directors of FOURLIS HOLDINGS SA

1. Vassilis S. Furlis, Chairman,
2. Dafni A. Furlis, 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/ - 31/12/2013 which have been prepared in accordance with International Financial Reporting Standards provide a true and fair view of the Assets, Liabilities and Shareholders Equity along with the income statement of FOURLIS HOLDINGS S.A. and its subsidiaries included in the consolidation according to article 4 paragraphs 3 to 5 of L.3556/ 2007.
- b. The Annual Report of Board of Directors provides a true and fair view of the information required by paragraph 6 of article 4 of L.3556/ 2007.

**Maroussi, February 24, 2014**

The Chairman  
**Vassilis S. Furlis**

The Vice Chairman  
**Dafni A. Furlis**

The CEO  
**Apostolos D. Petalas**



# ANNUAL REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY FOURLIS HOLDINGS SA FOR THE PERIOD 1/1 – 31/12/2013

(In accordance with L. 3556/ 2007)

## TO THE SHAREHOLDERS ANNUAL GENERAL ASSEMBLY OF YEAR 2014

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 - 31/12/2013.

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

### 1 THE GROUP - BUSINESS SEGMENTS

The FOURLIS Group which consists of the parent Company FOURLIS HOLDING S.A. along with its subsidiaries and their subsidiaries companies is operating in the Home Furniture and Household Goods (Retail), Sporting Goods (Retail), Fashion Activity (Retail) and Electrical Equipment (Wholesale).

The subsidiary companies and their subsidiaries that are included in the consolidated financial statements for the year 2013, grouped per Segment and countries of operation are the following:

#### a) Full method

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

- HOUSEMARKET SA which operates in Greece and the parent company has a direct 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%.
- RENTIS REAL ESTATE INVESTMENTS SA which operates in Greece and the parent company has an indirect shareholding of 100%.
- HOUSE MARKET BULGARIA AD which operates in Bulgaria and the parent company has an indirect shareholding of 100% (except of one share).
- WYLDES LTD which operates in Cyprus and the parent company has an indirect shareholding of 100%.

##### Retail Trading of Sporting Goods (INTERSPORT stores)

- 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 MAZACILIK VE DİTİCİLİK A.Ş. which operates in Turkey and the parent company has an indirect shareholding of 100%.
- Retail Trading of Sporting Goods segment includes the retail sales of Sporting goods of GENCO TRADE SRL which operates in Romania. The parent company has a direct shareholding of 5.28% and an indirect shareholding of 94.72%.

##### Retail Trading of Fashion Activity (NEW LOOK stores)

The Retail Trading of Fashion Activity segment includes the retail sales of fashion activity of GENCO TRADE SRL.

### Wholesale Trading of Electrical Equipment

- ▶ FOURLIS TRADE SA which operates in Greece and the parent company has a direct shareholding of 100%.
- ▶ SERVICE ONE SA which operates in Greece and the parent company has an indirect shareholding of 99,94%.

### b) Net Equity method

#### Affiliated Companies

**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%.

## 2 FINANCIAL DATA – IMPORTANT FACTS & FIGURES

In Greece, whence 69% of revenue derives (fiscal year 2013), the Management of the Group has implemented prudent and targeted development policy by establishing new IKEA products Pick up Points and Intersport stores, ensuring through that their funding under extremely unfavorable conditions elaborated by the macroeconomic environment. At the same time, the Management of the Group, firmly committed to its objectives, has created a powerful legacy for future profitability, due to significant market shares gained by the retailers in the year 2013.

In other countries, where the Group operates, the business plan with selective investments mainly in the retail trading of Sporting Goods (INTERSPORT stores) was implemented.

In the year 2013, the centralization of support services of the Group operated for a whole year in Greece, particularly of IT services, human resources, financial planning and controlling, treasury and corporate social responsibility management, was implemented in 2012, aiming to benefit from synergies and to achieve central coordination in decision making and implementing.

The Group, despite the decline in its consolidated revenue at 4,04% (total sales in the year 2013 amounted to € 403,3 million versus € 420,3 million in 2012), has increased its consolidated EBITDA by 26,6% from € 20,1 million in the year 2012 to € 25,4 million in 2013. At the same time, in fiscal year 2013 the Group managed to reduce both its consolidated Losses before tax by 50,4% from € 11,7 million in the year 2012 to € 5,8 million in 2013 and its consolidated Net Losses (after minority interest) by 26,5% from € 11,3 million in the year 2012 to € 8,3 million in 2013.

The retail trading of Home Furniture and Household Goods (IKEA) segment, realized sales of € 266,4 million for the whole of the year 2013, recording a decline of 7,0% compared to 2012. The EBITDA totaled € 21,3 million profits in the year 2013 compared to € 18,1 million for 2012 and reported profits before tax € 1,1 million for the year 2013 versus € 2,0 million losses in 2012. Today, seven (7) IKEA Stores are operating, five (5) of which in Greece, one (1) in Cyprus and one (1) in Bulgaria. Furthermore, four (4) IKEA products Pick up Points are operating in Rhodes, Patras, Chania and Heraklion, in order to offer better services to the consumers of the respective regions.

The retail trading of Sporting Goods (INTERSPORT) segment, realized sales of € 111,0 million recording for the year 2013 an increase of 4,4% compared to 2012. The sportswear activity EBITDA recorded € 7,6 million profits for the year 2013 (€ 6,1 million in 2012) and recorded losses before tax € 1,8 million for the year 2013 compared to losses before tax € 1,0 million in 2012. The segment on 31/12/2013 has ninety (90) INTERSPORT Stores vs eighty four (84) at the end of 2012, from which forty one (41) in Greece, twenty five (25) in Romania, seventeen (17) in Turkey, four (4) in Bulgaria and three (3) in Cyprus. Added to this, e-shops are operating in Greece and Turkey in order to offer better services to the consumers.

The retail trading of the segment Fashion Activity (NEW LOOK), started operating in the third quarter of 2011 in Romania and on 31/12/2013 operated seven (7) Stores. In 2013, the industry recorded total sales of € 3,9 million versus € 3,8 million in 2012. Its EBITDA for the year 2013 recorded losses € 1,0 million (€ 1,4 million losses in 2012) while losses before tax in 2013 amounted to € 1,8 million compared to € 2,0 million losses before tax in 2012.

The Group continues to represent in Greece brands with international recognition like General Electric, Liebherr, Körting. The disposal (wholesale trading and repair-maintenance services) of electrical equipment is implemented by FOURLIS TRADE S.A. and SERVICE ONE S.A. The wholesale trading of electrical equipment segment in the year 2013 recorded total sales € 22,3 million (€ 24,0 million in 2012), EBITDA € 1,5 million losses (€ 1,9 million losses in 2012) and losses before tax € 2,2 million versus € 2,9 million in 2012.

In an effort to present a complete and real view of the Group's performance, we report the annual consolidated results per Segment for fiscal year 2013 versus 2012 at the following tables.

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

	<b>2013</b>	<b>2012</b>	<b>2013/ 2012</b>
Revenue	266.359	286.480	0,93
EBITDA	21.314	18.098	1,18
Profit /Loss before Tax	1.083	-1.965	-

**Retail Trading of Sporting Goods (INTERSPORT stores)**

	<b>2013</b>	<b>2012</b>	<b>2013/ 2012</b>
Revenue	111.024	106.318	1,04
EBITDA	7.566	6.147	1,23
Loss before Tax	-1.804	-951	1,90

**Retail Trading of Fashion Activity (NEW LOOK stores)**

	<b>2013</b>	<b>2012</b>	<b>2013/2012</b>
Revenue	3.858	3.776	1,02
EBITDA	-1.024	-1.393	0,73
Loss before Tax	-1.816	-2.007	0,90

**Wholesale Trading of Electrical Equipment:**

	<b>2013</b>	<b>2012</b>	<b>2013/ 2012</b>
Revenue	22.278	24.065	0,93
EBITDA	-1.514	-1.938	0,78
Loss before Tax	-2.170	-2.888	0,75

**Group Consolidated:**

	<b>2013</b>	<b>2012</b>	<b>2013/ 2012</b>
Revenue	403.271	420.254	0,96
EBITDA	25.422	20.086	1,27
Loss before Tax	-5.840	-11.700	0,49
Net Loss after Tax and Minority Interests	-8.293	-11.253	0,62

We note that on a consolidated basis the Group's Total Equity (after minority interest) at December 31, 2013 amounts to € 169,0 millions versus an amount of € 176,9 millions of year end 2012.

### 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 2013 and 2012 respectively.

#### Financial Structure Indicators:

	2013	2012
Current Assets/ Total Assets	30,96%	35,40%
Total Liabilities/ Total Equity & Liabilities	61,11%	61,71%
Total Equity (after minority interest)/ Total Equity & Liabilities	38,89%	38,29%
Current Assets/ Short Term Liabilities	93,62%	108,17%

#### Performance & Efficiency basic Indicators:

	2013	2012
Operating Profit/ Revenues	2,62%	0,66%
Loss before tax/ Total Equity (after minority interest)	-3,46%	-6,61%

### 4 Operating Performance – Important developments:

According to the resolution of Annual General Assembly of Shareholders of 14/6/2013, the headquarters of the Company were transferred to a leased property in Building A of a building complex located at 18-20 Sorou str., Marousi.

According to the resolution of the Extraordinary General Assembly of Shareholders of 27/9/2013, the adoption of a stock option plan (SOP) to the Executives of the Company and its affiliates was approved, as well as the authorization of the Board of Directors to regulate procedural issues and details. The relevant decision is referred to paragraph 6 of Annual Report of the Board of Directors with further details.

During the period 1/1 – 31/12/2013 the following share capital increases realised in cash:

- Increase of the share capital of the subsidiary INTERSPORT ATHLETICS S.A. with the amount of euros 3.493.824,00 by issuing 119.040 new common nominal shares with vote, with nominal price euros 29,35 per share, in compliance with the resolution 27/20.08.2013 and 28/22.11.2013 of the General Assembly of the shareholders of INTERSPORT ATHLETICS S.A. The share capital increase was totally covered by the shareholder FOURLIS HOLDINGS S.A.

Therefore, share capital on 31.12.2013 amounted to euros 15.625.353,00, divided into 532.380 nominal shares, with nominal price euros 29.35 per share.

- GENCO TRADE SRL: a) Decrease of the share capital of the subsidiary with the amount of RON 47.920.815,00, by decreasing the nominal price per share from RON 4.158,10 to RON 214,00 in order to offset accumulated losses of the Company. The aforementioned decrease took place within August 2013, according to the resolution 344/21.01.2013 of the Board of Directors of FOURLIS HOLDINGS SA and the resolution 267/22.01.2013 of the Board of Directors of INTERSPORT ATHLETICS SA b) Increase of the share capital of the subsidiary with the amount of RON 17.680.680,00, by issuing 82.620 new common nominal shares with vote, with nominal price RON 214,00 per share, in accordance with the resolutions 351/27.08.2013 and 354/25.11.2013 of the Board of Directors of FOURLIS HOLDINGS SA and the resolutions 278/27.08.2013 and 282/25.11.2013 of the Board of Directors of INTERSPORT ATHLETICS SA. The share capital increase was totally covered by the shareholder INTERSPORT ATHLETICS SA.

Consequently, share capital on 31.12.2013 amounted to RON 20.280.780,00, divided into 94.770 nominal shares, with nominal price RON 214,00 per share.

- Increase of the share capital of the subsidiary RENTIS S.A. with the amount of euros 9.900.000,00, by issuing 9.900.000 new common nominal shares with vote, with nominal price euro 1,00 per share, according to the resolutions 20/5.4.2013, 22/8.7.2013 and 23/16.9.2013 of the General Assembly of the shareholders of RENTIS S.A. The share capital increase was to-

tally covered by the shareholder, H.M. HOUSEMARKET (CYPRUS) LIMITED.

Consequently, share capital on 31.12.2013 amounted to euros 11.960.000,00, divided into 11.960.000 nominal shares, with nominal price euros 1,00 per share.

- ▶ Increase of the share capital of the subsidiary WYLDES LTD with the amount of euros 763,00, plus the amount of euros 7.624.237,00 as premium, by issuing 763 new common nominal shares with vote, with nominal price euro 1,00 per share in accordance with the resolutions 293/3.1.2013, 294/10.1.2013, 295/17.1.2013, 298/7.3.2013, 299/21.3.2013, 301/8.5.2013 and 305/3.9.2013 of the Board of Directors of shareholder HOUSEMARKET SA, by virtue of which the participation of the latter in that increase was decided.

Consequently, share capital on 31.12.2013 amounted to euros 6.380,00, divided into 6.380 nominal shares, with nominal price euro 1,00 per share (without calculating share premium).

During period 1/1 – 31/12/2013, decreases of share capital of the subsidiaries also took place as follows:

- ▶ Decrease of the share capital of the subsidiary SERVICE ONE SA with the amount of euros 954.164,00, by decreasing nominal price per share from euros 2,93 to euros 0,30 according to resolution 14/08.07.2013 of the General Assembly of the shareholders of the 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 segment currently operates seven (7) stores [five (5) in Greece, one (1) in Cyprus and one (1) in Bulgaria]. Moreover, four (4) IKEA products Pick up Points are operating in Rhodes island, Patras, Chania and Heraklion aiming to offer better services to the consumers of the respective regions.

**Retail trading of sporting goods (INTERSPORT stores):** The segment currently operates ninety (90) INTERSPORT stores [fourty one (41) in Greece, twenty five (25) in Romania, four (4) in Bulgaria, three (3) in Cyprus and seventeen (17) in Turkey]. The stores added to the network during the year 2013 are the two (2) new stores in Greece: in Corfu which began its operation on 5/4/2013 and in Ioannina which began its operation on 26/4/2013, three (3) new stores in Romania: Ploesti (3/10/2013), Floreasca (16/10/2013) and Galati (21/11/2013) and three (3) new stores in Turkey: Ist. Novada (February 2013), Ant. Erasta (March 2013) and Ist Vialand (June 2013) [at the same time the store in Egepark stopped operating (May 2013)].

**Retail Trading of Fashion Activity (NEW LOOK stores):** The retail trading of fashion activity segment (NEW LOOK stores) launched its operation in Romania in 2011 and operates seven (7) stores.

**Wholesale Trading of Electrical Equipment:** the Group continues to represent in Greece brands with international recognition like General Electric, Liebherr, Körting.

## 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 1/1/2013 to 31/12/2013.



## 6 Stock Option Plan

Fourlis Holding S.A. following the approval of its repeated General Assembly of the shareholders of June 30, 2008 proceeded with a Stock Option Plan for its executives and the executives of its direct and indirect subsidiaries. The General Assembly has authorized the Board of Directors to arrange all the procedural issues and details.

Based on the above, the Board of Directors of FOURLIS HOLDINGS SA decided to grant to its executives and the executives of its direct and indirect subsidiaries the following stock options:

- 223.843 (BoD resolution 26/08/2008),
- 204.000 (BoD resolution 23/2/2009) and
- 102.663 (BoD resolution 24/5/2010).

On 31/12/2009, certain number of participants waived the right to exercise of 111.922 options granted by the Board of Directors on 26/8/2008.

On 22/11/2010, the Board issued an Invitation to the beneficiaries of stock option plan of the Company to exercise their rights. In this invitation, 5 beneficiaries responded and exercised their right to purchase 39.402 shares of nominal value of 1,00 euros, in the price of 3,89 euros per share. Consequently Company's share capital increased from 50.952.920 euros to 50.992.322 euros divided into 50.992.322 shares of nominal value one (1) euro each.

On 31/10/2011, the beneficiaries of stock option plan waived the right to exercise 111.921 stock options which were granted by the Board of 26/8/2008.

During period 1/1 – 31/12/2012, participants waived the right to execute 24.871 options, granted by the Board of Directors on 23/2/2009 and 24/5/2010.

During period 1/1 – 31/12/2013, a participant waived the right to execute 65.977 options, granted by the Board of Directors on 23/2/2009 and 24/5/2010.

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 exercise 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.

During period 1/1 – 31/12/2013 no granted option based on the first wave of the SOP was exercised.

## **7** Information about Group's plan of development

For the year 2014, given that the policies leveraged by the achievements of year 2013 (primary surplus, budget implementation, deceleration of GDP decline, restoration of capital adequacy of banking system, competitiveness improvement) will be implemented by the Government, the prospects of Greek economy show positive expectations compared to estimations made at the end of year 2012 regarding fiscal year 2013. The year 2014, will be a crucial year for the shrinking of economic recession and will be preannouncement of economic recovery and growth for the next year.

Under the constantly forming environment described above and taking into consideration the risks which pose significant obstacles to the restoration of both the economic environment in normal levels and therefore of consumers credibility, the Management of the Group is vigilant for the confrontation of any adverse events which may occur, so as to take all necessary measures (effective management of operating expenses and securing financial resources for targeted investments funding).

In 2014, the Management of the Group, facing now with reasonable optimism the improvement of the economic environment which will lead to the recovery of the economy, will proceed emphatically in the retail segment aiming to the expansion of its market shares, to the implementation of its business plan by accomplishing selective investments not only in Greece but also in all the other countries where the Group operates, as follows:

In the retail trading of home furniture and household goods (IKEA stores) segment, a network of seven (7) stores in Greece, Cyprus and Bulgaria and four (4) Pick up Points in Greece, in 2014 it is expected two (2) new pick up Points to be added in its network.

In the retail trading of sporting goods (INTERSPORT stores) segment, a network of ninety (90) stores in Greece, Romania, Bulgaria, Cyprus and Turkey, in 2014 it is expected eight (8) new stores to be added in its network.

In wholesale trading of electrical equipment segment, in 2014 the Group is expected to initiate a co-operation with a new foreign firm for the representation of white appliances.

The policy of gaining benefits from synergies within the Group will continue for the year 2014.

The Group is able to achieve its goals in accordance with the values of the Group: "Integrity", "Respect" and "Efficiency".

## **8** Fournalis Group – Major Threats & Uncertainties

### **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 subject to foreign exchange risk arising from its transactions in foreign currencies (RON, USD, TRY, GBP) with suppliers which invoice the Group in currencies other than the local. The Group, in order to minimize the foreign exchange risk, in certain cases pre - purchases foreign currencies.

### **Credit risks:**

The Group is subject to credit risk arising from the Segment of Wholesale Trading of Electrical Equipment and is due to the collection of receivables in accordance with the customers' credit terms.

### **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 - 31/12/2013.

## **9 Social Responsibility**

In 2013, under the slogan "Together for a Better Quality of Life", we worked all together and each of us individually, with faith and dedication to our values and the principles of the UN Global Compact, (an official member of which, FOURLIS HOLDINS SA, is since November 2008), to achieve our common vision and goal: to create through our products, services, activities and actions, a better life for the whole world.

In January and in June 2013, the established Voluntary Blood Drive was held at the FOURLIS Group premises in Greece and Cyprus. In 2013 a Voluntary Blood Drive was also held at the FOURLIS Group companies in Bulgaria.

In the context of the "EF ZIN (Healthy Living)-Love Yourself" program, all the Group's employees in Greece and Cyprus had the opportunity to participate in a free fat determination examination held at the premises of the Group companies, in collaboration with experienced dietitians - nutritionists. The employees also received useful information for a proper and balanced diet as well as for other relevant issues that concerned them. Free fat determination examinations were also carried out at INTERSPORT Turkey, where employees also received personalized diet programs.

Alongside, all employees continued to enjoy preferential rates and offers from medical and diagnostic centers.

For yet another year, the HOUSEMARKET (IKEA) employees had the opportunity to benefit from the balanced diet menu available in all the HOUSEMARKET (IKEA) staff restaurants on a weekly basis. This menu is prepared by an experienced dietician-nutritionist, based on the daily menu offered in the staff restaurants of the HOUSEMARKET (IKEA) stores.

In 2013, the FOURLIS Group employees participated in the established annual sports tournaments held in Attica, Northern Greece and Cyprus, while they also voluntarily participated in numerous events such as the CORPORATE RELAY RUN, the GREECE RACE FOR THE CURE, the ATHENS CLASSIC MARATHON, supporting charitable purposes through their participation.

In addition, all the Group's women employees in Attica had the opportunity to attend seminars on breast cancer, conducted in collaboration with the Organization ALMA ZOIS, at the FOURLIS Group premises.

Moreover, the established institution of the awarding of distinguished students-children of the Group's employees, once more took place in all the Group companies in Greece, Cyprus and abroad. Furthermore, in 2013 the FOURLIS Group introduced, for the first time, the very important institution of scholarships for students - children of employees, who study away from their permanent place of residence and their families are unable to afford the costs of their living in the province.

In 2013, the FOURLIS Group continued its important Social Responsibility Program, by donating equipment and products to meet the needs of institutions and organizations in Greece and Cyprus. Some indicative examples of such activities, are the renovation of the children's section of the Public Central Library of Corfu, the renovation of an apartment of the THEOPHILOS Organization

intended to accommodate students of large families from the province who face economic problems, the renovation and decoration of a Home for Women Victims of Violence and their children, created in cooperation with the Municipality of Thessaloniki, the renovation of the Cyprus Red Cross Home for Sick Children, the donation of products to the Orphanage of the Monastery of "Panagia Dourachani" in Ioannina, the renovation of a lounge area at the School for the Blind in Thessaloniki, the renovation of a number of nursery schools in Epirus and Thessaly etc.

At the same time, many institutions and organizations took advantage of discounts for their purchases from the FOURLIS Group companies, several organizations were hosted at the HOUSEMARKET (IKEA) stores, to inform the visitors about their activities and HOUSEMARKET (IKEA) continued its cooperation with the BOROUME Organization, through which the HOUSEMARKET (IKEA) offers, on a daily basis, the meals that are not consumed in the store restaurants, for the feeding of people in need.

In October 2013, INTERSPORT continued, for the third consecutive year, its Social Responsibility Program, WE REACH THE EDGES. Through this program, INTERSPORT visits public primary schools in remote areas of Greece and distributes high standards sports equipment necessary for the P.E classes, while at the same time athletes from local clubs inform children about the importance of exercise and healthy diet for their lives. In 2013, INTERSPORT visited 30 schools in Ioannina, Arta, Preveza and Corfu and reached more than 3,000 children.

Finally, in December 2013 the FOURLIS Group's employees in Greece and Cyprus gathered and offered, to Institutions and Organizations in Athens, Thessaloniki, Volos, Ioannina and Cyprus, food, other necessary products, clothing, shoes and toys.

Being aware of the urgent need to protect the environment, the recycling and energy saving programs continued in all companies of the Group. Meanwhile, HOUSEMARKET (IKEA) maintained its Recycling Centers at Egaleo, Piraeus and Ioannina, as well as the "Sustainable Homes" in Attica (Airport), Thessaloniki and Cyprus stores, aiming to sensitize and inform the public about the ways they can save energy at home.

Finally, in June 2013, the Social Responsibility Department issued the fourth Social Responsibility Report since its establishment.

## 10 Related parties transactions

As Related parties are considered the Company, the subsidiary companies, the associate companies, the Management and the first line managers and their connected individuals (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 31/12/2013 and 31/12/2012 is analysed as follows:

		GROUP		COMPANY	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
<b>Receivables from :</b>	FOURLIS TRADE SA	0	0	24	0
	HOUSE MARKET SA	0	0	435	0
	INTERSPORT SA	0	0	797	327
	SERVICE ONE SA	0	0	34	26
	TRADE LOGISTICS SA	0	0	25	24
	GENCO BULGARIA	0	0	28	32
	INTERSPORT (CYPRUS) LTD	0	0	9	6
	H.M. HOUSE MARKET (CYPRUS) LTD	0	0	38	35
	SPEEDEX SA	0	1	0	0
	RENTIS SA	0	0	2	1
	HOUSE MARKET BULGARIA AD	0	0	44	87
	WYLDES	0	0	0	0
	INTERSPORT ATLETIK	0	0	273	164
	VYNER	0	0	0	0
	GENCO TRADE SRL	0	0	486	437
	<b>Total</b>	<b>0</b>	<b>1</b>	<b>2.195</b>	<b>1.139</b>
<b>Payables to:</b>	FOURLIS TRADE SA	0	0	45	0
	HOUSE MARKET SA	0	0	19	0
	INTERSPORT SA	0	0	0	69
	SERVICE ONE SA	0	0	0	18
	TRADE LOGISTICS SA	0	0	1	11
	GENCO BULGARIA	0	0	0	9
	INTERSPORT (CYPRUS) LTD	0	0	0	3
	H.M. HOUSE MARKET (CYPRUS) LTD	0	0	0	29
	SPEEDEX SA	136	113	2	1
	RENTIS SA	0	0	0	0
	HOUSE MARKET BULGARIA AD	0	0	0	29
	WYLDES	0	0	0	0
	INTERSPORT ATLETIK	0	0	0	14
	VYNER	0	0	0	0
	GENCO TRADE SRL	0	0	0	37
	<b>Total</b>	<b>136</b>	<b>113</b>	<b>67</b>	<b>218</b>

Third Parties transactions for the period 1/1 to 31/12/2013 and for the period 1/1 to 31/12/2012 are analysed as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
Revenues	1	1	3.474	3.250
Other operating income	2	0	494	424
<b>Total</b>	<b>3</b>	<b>1</b>	<b>3.969</b>	<b>3.674</b>

	GROUP		COMPANY	
	2013	2012	2013	2012
Administrative expenses	50	94	7	7
Distribution expenses	289	146	0	0
Other operating expenses	0	0	0	0
<b>Total</b>	<b>339</b>	<b>240</b>	<b>7</b>	<b>7</b>

During the years 2013 and 2012 the following transactions have been applied among FOURLIS HOLDINGS SA and the subsidiaries of the Group:

	GROUP		COMPANY	
	2013	2012	2013	2012
Revenue	17.585	18.138	3.474	3.250
Cost of Sales	14.176	13.389	2.853	2.490
Other Income	1.383	1.885	494	424
Administrative expenses	3.357	3.844	46	52
Distribution expenses	1.567	2.962	0	0
Dividends	0	0	0	0

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Trade receivables	12.416	11.472	2.195	1.539
Inventory	210	343	0	0
Creditors	10.415	10.552	484	417

## 11 Human Recourses of the Group

The total number of employees of the Group as at 31, December 2013 and 31, December 2012 was 3.617 and 3.531 respectively. The total number of employees of the Company for the same reporting periods set above was at 71 and 58 respectively. The increase of the number of employees of the Company in 2013 is a result of the centralization of support services for Group's companies in Greece which was completed within this specific year.

## 12 Management members' transactions and remuneration

During periods 1/1 – 31/12/2013 and 1/1 – 31/12/2012, transactions and fees with the management members were as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
Transactions and fees of management members	2.601	2.938	406	428

## 13 Treasury shares

The Board of Directors, with their decision dated 24/8/2010, proceeded to implement the resolution of the General Assembly of Shareholders of June 11<sup>th</sup> 2010 on the purchase of treasury shares. In the context of these decisions, the Company during the period from 24/8/2010 to 8/6/2012 purchased 541.948 treasury shares with a total acquisition value of euros 2.083.394,76, which represent 1,06% of total shares of the share capital. The average price for the period from 24/8/2010 to 8/6/2012 was euros 3,8443 per share. On 11/6/2012 the above share buyback project was completed.

The Annual General Assembly of Shareholders of the parent company "FOURLIS Holdings SA" held on 15/6/2012 approved a new share buyback program of up to 5% of the issued share capital or 2.549.616 shares. The Share Buy Back will be implemented within (24) twenty four months from the Annual General Assembly's approval, until 15/6/2014. The lowest purchase price will be fifty cents (0,50 €) per share and maximum fifteen euros (15,00 €) per share. Under this decision, the company during the period from 15/6/2012 until 30/9/2013 did not buyback any shares.

On September 9, 2013, FOURLIS HOLDINGS S.A. proceeded to the sale of 541.948 treasury shares at the price of € 2,59 per share with total amount of € 1.403.645,32 according to August 27, 2013 resolution of the Board of Directors.

After this disposal, FOURLIS HOLDINGS S.A. does not hold any treasury shares.

## 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 50.992.322 and consists of 50.992.322 nominal shares with a nominal value of one euro (1) each.

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 31/12/2013, the following shareholders owned more than 5% of the voting shares of the Company:

▶ Dafni A. Fournalis: 20,562%.

▶ Mitica Limited: 5,883%

### **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 In-

corporation 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 Articles of Incorporation, 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 Art. 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 1<sup>st</sup> 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.

**3)** The Annual General Assembly of shareholders of "FOURLIS Holding SA" of 11/6/2010 decided, in accordance with Article 16 of Law 2190/ 1920, to approve the purchase from the company's shares buy back, until the number of 2.547.646 shares (5% of share capital paid in) within 24 months of approval, namely 11/06/2012, with a minimum acquisition price of one euro (1.00 euro) per share and maximum twenty euro (20.00) per share in accordance with the Article 16 of L. 2190/ 1920 and authorized the Board of Directors to determine, but within the above framework, the exact timing, number and price for acquisition of such shares.

**4)** 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.

**5)** The Annual General Assembly of shareholders of "FOURLIS Holding SA" of 15/6/2012 decided, in accordance with Article 16 of Law 2190/ 1920, to approve the purchase from the company's shares buy back, until the number of 2,549,616 shares (5% of share capital paid in) within 24 months of approval, namely 15/6/2014, with a minimum acquisition price of fifty cents (0.50 euros) per share and maximum fifteen euro (15.00) per share, in accordance with Article 16 of C.L. 2190/ 1920 and authorized the Board of Directors to determine, but within the above framework, the exact timing, number and price for acquisition of such shares.

Related to the program on the issue of new shares and the share buybacks for the period 1/1 to 31/12/2013, more details listed above, in the Board of Directors Report in paragraph 6 Stock Option Plan and 13 Treasury shares.

**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 – 31/12/2013

According to Law 3873/2010 article 2, paragraph 2, the Board of Directors 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, which commonly acknowledged the contribution of Corporate Governance at the continuous improvement of greek businesses' competitiveness and the incessant growth of Greek market's credibility. This joint initiative is reflected in the Code which from now on will be called the Greek Code of Corporate Governance and 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 th Company beyond th requirements of the Law and the website that can be found**

Whenever 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 in addition to the provisions of the Law (Law 3016/2002, Law 3693/2008 ar. 37 and Common 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 change 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 21<sup>st</sup> 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, by press publications which are 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 the decision of the Board on 15/6/2012, the Board was constituted and the responsibilities of its members were defined and the representation of the Company that was in force until 25/11/2013 and was as follows:

Chairman, Executive Member, Member of Nomination and Remuneration Committee	Vassilis S. Furlis
Vice – Chairman, Executive Member	Dafni A. Furlis
CEO, Executive Member, Member of Nomination and Remuneration Committee	Apostolos D. Petalas
Director, Executive Member	Ioannis P. Lioupis
Director, Executive Member, Corporate Social Responsibility Director	Lida S. Furlis
Director, Non – Executive Member, Member of Audit Committee	Ioannis Ev.Brebos
Director, Independent Non – Executive Member, Member of Audit Committee	Eftichios Th.Vassilakis
Director, Independent Non – Executive Member, Member of Audit Committee	Ioannis K. Papaioannou
Director, Independent Non – Executive Member, Member of Nomination and Remuneration Committee	Ioannis A.Costopoulos

By decision of the Board of Directors on 25/11/2013, Mr Pavlos Triposkiadis was elected as Director, independent non-executive member of the board, as a replacement of the resigned executive member of the Board, Mr Ioannis Lioupis.

Following the replacement mentioned above, the new Board was constituted as follows:

**The Board of FOURLIS HOLDINGS SA is:**

Chairman, Executive Member, Member of Nomination and Remuneration Committee	Vassilis S. Furlis
Vice – Chairman, Executive Member	Dafni A. Furlis
CEO, Executive Member, Member of Nomination and Remuneration Committee	Apostolos D. Petalas
Director, Corporate Social Responsibility Director, Executive Member	Lida S. Furlis
Director, Non – Executive Member, Member of Audit Committee	Ioannis Ev.Brebos
Director, Independent Non – Executive Member	Pavlos K. Triposkiadis
Director, Independent Non – Executive Member, Member of Audit Committee	Eftichios Th.Vassilakis
Director, Independent Non – Executive Member, Member of Audit Committee	Ioannis K. Papaioannou
Director, Independent Non – Executive Member, Member of Nomination and Remuneration Committee	Ioannis A.Costopoulos

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

The Articles of Incorporation 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.
- Adoption of 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:

<b>Board of Directors</b>	<b>HC Total</b>	<b>%</b>
Male	7	78%
Female	2	22%
<b>Grand Total</b>	<b>9</b>	<b>100%</b>

The age range of the members of the BoD varies from 47 to 74 years old.

<b>Executive Officers</b>	<b>HC Total</b>	<b>%</b>
Male	32	82%
Female	7	18%
<b>Grand Total</b>	<b>39</b>	<b>100%</b>

The age range of the Executive Officers varies from 32 to 57 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 exceed-

ing 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 (MBO), 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 (MBO) 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 (depart-

mental) 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**

The General Assembly of the Shareholders of Fourlis Holdings S.A. targets through the SOP program, 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) by the end of 2013 held 41 meetings (4 meetings/ year). Each regular meeting of the year 2013 was attended by Executives of the Financial Department of the Company and by the external auditors of the company.

The main responsibility of the Nomination and Remuneration Committee is to submit proposals to the Board of Directors for the nomination of Board Members and key senior executives along with their remuneration.

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 explain the reasons for that deviation.**

The Company complies with the Greek Code of Corporate Governance that was drafted at the initiative of SEV for Listed Companies and was then modified for the first time by the Greek Council of Corporate Governance (GCCG) on June 18<sup>th</sup> 2013 with minor deviations that are presented and explained in the following table.

The Board of Directors should appoint an independent Vice Chairman from among its independent members, in cases it has chosen a) to assign the duties of both President and CEO at the same person, b) to appoint an executive Chairman. If a former Chief Executive of the company is appointed as Chairman within three (3) years since his retirement as Chief Executive, he should be considered as being an Executive Chairman (special practice 3.3, Role and profile of the Chairman of the Board).

The (executive) Chairman of the Board should convene a BoD and be empowered to request the Chairman to include specific items in the Board's agenda after the relative request of the independent Vice Chairman. This does not affect the legal rights of other Board members to request a meeting of the Board or to actually call a meeting in case the Chairman or Vice – Chairman does not comply with their request. The independent Vice Chairman should also coordinate executive and non – executive Board members and give voice to their views. He should be responsible for leading the Board's evaluation of the Chairman and the meeting of non – executive Board members (as described in paragraph A.VI. (6.5)). He should also be available to shareholders to discuss issues of corporate governance whenever needed (specific practice 3.4, Role and profile of the chairman of the Board).

The Board of Directors consists of four (4) executive and five (5) non – executive members, among which four (4) are independent non – executive members. Both Chairman and Vice Chairman of the Board are executive members. The term of the current Board of Directors ends in the first half of 2017. The review of the implementation of this specific practice will take place at the next Annual General Assembly meeting of shareholders.

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 current Board of Directors.

The Nomination Committee should be composed of at least three (3) members, the majority of which should be non - executive Board members. The Committee should be chaired by an independent non - executive Board member or by the Chairman of the Board if (a) the conditions of section A.III (3.3) don't apply and (b) the Committee includes at least one independent non - executive among its members (specific practice 5.5, Nomination of Board members).

The Nomination and Remuneration Committee consists of the Chairman of the Board of Directors, the CEO, a member of the Board and the Director of Human Resources and is chaired by the Chairman of the Board. Since the Committee has been established and operating effectively as the Human Resources Committee before the adoption of Corporate Governance Code, it was considered more appropriate for this Committee to go on with a parallel enrichment of its role and responsibilities (regarding the nomination responsibilities). The review of the implementation of this specific practice will take place at the next Annual General Assembly meeting of shareholders.

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 to the Board during November's meeting annually, with its first implementation taking place in 2014. Added to this, the implementation of this specific practice regarding the coordination if necessary, through the independent Vice Chairman of the meeting of non-executive members of the Board, will take place at the next Annual General Assembly of shareholders.

### Greek Code of Corporate Governance (first modification June 2013)

### Explanation/ Justification of deviations from special practices of the Corporate Governance Greek Code

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.

Individual remuneration of executive Board members should be approved by the Board, by proposal of the Remuneration Committee without the presence of executive Board members. When remuneration needs to be approved by the General Assembly of shareholders according to the law, the proposal to the General Assembly should be developed by the Board according to the procedure mentioned above. In determining the remuneration of executive Board members, the board should consider (a) their role and responsibilities, (b) their performance against predetermined quantitative and qualitative objectives, (c) the economic situation, performance and outlook of the company, (d) the level of remuneration for similar executive functions in peer companies (specific practice 1.4, Level and structure of remuneration)

The Board of Directors consists of four (4) executive and five (5) non-executive members among which four (4) are independent non-executive members. Both Chairman and Vice Chairman of the Board are executive members. The term of the current Board of Directors ends in the first half of 2017. The review of the implementation of this specific practice will take place at the next Annual General Assembly of shareholders.

## 16 Subsequent Events

Short term loans include an amount of € 5 million of FOURLIS TRADE SA for which, the company signed an agreement to extend the payment terms until December 2017. Therefore, the amount of € 3,8 will be included in non – current loans and borrowings of the next reporting period.

Concluding the Annual Report of the Board of Directors and taking into account both the funding needs of development projects of the Company and the general economic environment, we propose to the Annual General Assembly of Shareholders for the year 2014, not to distribute any dividend.

This Report, the Annual Financial Statements of the year 2013, 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>.

Marousi, February 24<sup>th</sup> 2014

The Board of Directors

The annual Financial Statements (consolidated and separate) included in pages 63 to 111 are in accordance with the IFRS as applied in the European Union and approved by the Board of Directors of "Fourlis Holdings SA" on 24/2/2014 and are signed by the following:

Chairman of the Board of Directors  
**Vassilis St. Fourlis**  
ID No. S - 700173

CEO  
**Apostolos D. Petalas**  
ID No. AK - 021139

Finance Manager  
Controlling & Planning  
**Maria I. Theodoulidou**  
ID No. T - 134715

Chief Accountant  
**Sotirios I. Mitrou**  
ID No. AI – 557890  
Ch. Acct. Lic. No. 30609 A Class

**THIS REPORT HAS BEEN TRANSLATED FROM THE GREEK ORIGINAL VERSION**

**Independent Auditor's Report**

To the Shareholders of «FOURLIS HOLDING S.A.»

**Report on the Separate and Consolidated Financial Statements**

We have audited the accompanying separate and consolidated financial statements of FOURLIS HOLDING S.A. (“the Company”), which comprise the separate and consolidated statements of financial position as at December 31, 2013, and the separate and consolidated statements of income and comprehensive income, statements of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Separate and Consolidated 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 International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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.

**Opinion**

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of FOURLIS HOLDING S.A. as at December 31, 2013, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## Report on Other Legal and Regulatory Requirements

(a) The Directors' Report includes a statement of corporate governance which contains the information required by paragraph 3d article 43a of Codified Law 2190/1920.

(b) We confirm that the information given in the Directors' Report is consistent with the accompanying separate and consolidated financial statements and complete in the context of the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, February 25, 2014

The Certified Auditor Accountant

SOFIA KALOMENIDES  
S.O.E.L. No 13301  
ERNST & YOUNG (HELLAS)  
CERTIFIED AUDITORS ACCOUNTANTS S.A.  
11th KM NATIONAL ROAD ATHENS-LAMIA  
14451 METAMORFOSI  
S.O.E.L. R.N. 107

## Statement of Financial Position (Consolidated and Separate) as at December 31, 2013 and at December 31, 2012

(In thousands of Euro, unless otherwise stated)

Assets	Note	GROUP		COMPANY	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
<b>Non-current assets</b>					
Property plant and equipment	7	236.174	239.472	258	62
Investment Property	8	7.798	7.600	0	0
Intangible Assets	9	13.941	15.357	85	99
Investments in affiliates and associates	10	25.532	21.288	88.012	97.203
Investments	10	0	95	0	95
Long Term receivables		7.050	6.316	165	139
Deferred Taxes	22	9.552	8.302	200	170
<b>Total non-current assets</b>		<b>300.049</b>	<b>298.429</b>	<b>88.719</b>	<b>97.768</b>
<b>Current assets</b>					
Inventory	11	75.251	76.767	0	0
Income tax receivable		1.551	7.361	935	3.075
Trade receivables	12	14.885	16.838	2.235	1.560
Other receivables	13	14.999	20.754	497	461
Cash & cash equivalent	14	27.869	41.825	956	2.328
<b>Total current assets</b>		<b>134.553</b>	<b>163.545</b>	<b>4.622</b>	<b>7.425</b>
<b>Total Assets</b>		<b>434.602</b>	<b>461.973</b>	<b>93.341</b>	<b>105.193</b>
<b>SHAREHOLDERS EQUITY &amp; LIABILITIES</b>					
<b>Shareholders Equity</b>					
Share Capital	15	50.992	50.992	50.992	50.992
Share premium reserve		11.665	11.834	12.322	12.322
Reserves	16	35.875	35.544	17.221	28.903
Retained earnings		70.456	78.519	9.366	11.168
Total shareholders equity (a)		168.988	176.888	89.901	103.385
Non controlling interest (b)		0	1	0	0
<b>Total Equity (c)=(a)+(b)</b>		<b>168.989</b>	<b>176.889</b>	<b>89.901</b>	<b>103.385</b>
<b>Liabilities</b>					
<b>Non current Liabilities</b>					
Loans and borrowings	20	110.593	123.827	0	0
Employee retirement benefits	18	2.355	2.373	218	185
Deferred Taxes	22	1.862	1.421	0	0
Other non-current liabilities		7.091	6.265	1.393	121
<b>Total non current Liabilities</b>		<b>121.901</b>	<b>133.885</b>	<b>1.611</b>	<b>306</b>
<b>Current Liabilities</b>					
Short term loans for working capital	20	21.575	41.491	0	0
Current portion of non-current loans and borrowings	20	16.650	11.179	0	0
Short-term portion of non-current Lease	20	7.911	3.231	0	0
Income Tax Payable	22	3.176	2.054	20	20
Accounts payable and other current liabilities	21	94.401	93.244	1.809	1.482
<b>Total current Liabilities</b>		<b>143.712</b>	<b>151.199</b>	<b>1.829</b>	<b>1.502</b>
<b>Total Liabilities (d)</b>		<b>265.613</b>	<b>285.084</b>	<b>3.441</b>	<b>1.808</b>
<b>Total Equity &amp; Liabilities (c) + (d)</b>		<b>434.602</b>	<b>461.973</b>	<b>93.341</b>	<b>105.193</b>

The accompanying notes on pages 63 to 111 are an integral part of the Financial Statements.

## Income Statement (Consolidated) for the period 1/1 to 31/12/2013 and 1/1 to 31/12/2012

(In thousands of Euro, unless otherwise stated)

		<b>GROUP</b>	
	<b>Note</b>	<b>1/1-31/12/2013</b>	<b>1/1-31/12/2012</b>
Revenue	5	403.271	420.254
Cost of Goods Sold	5	(247.827)	(260.541)
<b>Gross Profit</b>		<b>155.444</b>	<b>159.713</b>
Other operating income	6	16.119	11.095
Distribution expenses	6	(139.423)	(140.382)
Administrative expenses	6	(20.154)	(25.052)
Other operating expenses	6	(1.406)	(2.588)
<b>Operating Profit / (Loss)</b>		<b>10.580</b>	<b>2.786</b>
Total finance cost	6	(16.575)	(17.102)
Total finance income	6	1.004	3.025
Contribution associate companies losses		(850)	(410)
<b>Profit / (Loss) before Tax</b>		<b>(5.840)</b>	<b>(11.700)</b>
Income tax	22	(1.202)	258
Tax Provision L.4172 Tax Free Reserves	22	(1.251)	0
<b>Net Income/Loss (A)</b>		<b>(8.294)</b>	<b>(11.442)</b>
<b>Attributable to:</b>			
Equity holders of the parent		(8.293)	(11.253)
Non controlling interest		0	(189)
<b>Net Income/Loss (A)</b>		<b>(8.294)</b>	<b>(11.442)</b>
Basic (Losses)/Earnings per Share (in Euro)	23	(0,1638)	(0,2229)
Diluted (Losses)/Earnings per Share (in Euro)	23	(0,1637)	(0,2223)

The accompanying notes on pages 63 to 111 are an integral part of the Financial Statements.

## Statement of Comprehensive Income (Consolidated) for the period 1/1 to 31/12/2013 and 1/1 to 31/12/2012

(In thousands of Euro, unless otherwise stated)

		<b>GROUP</b>	
	<b>Note</b>	<b>1/1-31/12/2013</b>	<b>1/1-31/12/2012</b>
<b>Net Income/Loss (A)</b>		<b>(8.294)</b>	<b>(11.442)</b>
<b>Other comprehensive income/(expenses)</b>			
<b>Other comprehensive income transferred to the income statement</b>			
Foreign currency translation from foreign operations		(1.499)	120
Effective portion of changes in fair value of cash flow hedges	20	351	260
<b>Total Other comprehensive income transferred to the income statement</b>		<b>(1.148)</b>	<b>380</b>
<b>Other comprehensive income not transferred to the income statement</b>			
Actuarial gain/losses on defined benefit pension plans	18	(67)	(47)
<b>Total Other comprehensive income not transferred to the income statement</b>		<b>(67)</b>	<b>(47)</b>
<b>Comprehensive Income/Losses after Tax (B)</b>		<b>(1.215)</b>	<b>333</b>
<b>Total Comprehensive Income/(Losses) after tax (A)+(B)</b>		<b>(9.509)</b>	<b>(11.109)</b>
<b>Attributable to:</b>			
Equity holders of the parent		(9.509)	(10.920)
Non controlling interest		0	(189)
<b>Total Comprehensive Income/(Losses) after tax (A)+(B)</b>		<b>(9.509)</b>	<b>(11.109)</b>

The accompanying notes on pages 63 to 111 are an integral part of the Financial Statements.

## Income Statement (Separate) for the period 1/1 to 31/12/2013 and 1/1 to 31/12/2012

(In thousands of Euro, unless otherwise stated)

	Note	COMPANY	
		1/1 - 31/12/2013	1/1 - 31/12/2012*
Revenue	5	3.486	3.250
Cost of Goods Sold	5.27	(2.853)	(2.490)
<b>Gross Profit</b>		<b>633</b>	<b>760</b>
Other operating income	6	573	459
Administrative expenses	6	(2.122)	(2.034)
Depreciation/Amortisation		(13.015)	(46)
Other operating expenses	6	(5)	(14)
<b>Operating Profit / (Loss)</b>		<b>(13.936)</b>	<b>(874)</b>
Total finance cost	6	(2)	(3)
Total finance income	6	72	30
Contribution associate companies losses		0	0
<b>Profit / (Loss) before Tax</b>		<b>(13.866)</b>	<b>(847)</b>
Income tax	22	28	88
Tax Provision L.4172 Tax Free Reserves		(1.251)	0
<b>Net Income/Loss (A)</b>		<b>(15.089)</b>	<b>(759)</b>

The accompanying notes on pages 63 to 111 are an integral part of the Financial Statements.

## Statement of Comprehensive Income (Separate) for the period 1/1 to 31/12/2013 and 1/1 to 31/12/2012

(In thousands of Euro, unless otherwise stated)

	Note	COMPANY	
		1/1 - 30/9/2013	1/1 - 30/9/2012
<b>Net Income/Loss (A)</b>		<b>(15.089)</b>	<b>(759)</b>
Other comprehensive income/(expenses)			
<b>Other comprehensive income not transferred to the income statement</b>			
Actuarial gain/losses on defined benefit pension plans	18	(4)	20
<b>Total other comprehensive income not transferred to the income statement</b>		<b>(4)</b>	<b>20</b>
<b>Comprehensive Income/Losses after Tax (B)</b>		<b>(4)</b>	<b>20</b>
Total Comprehensive Income/(Losses) after tax (A)+(B)		(15.093)	(739)
<b>Attributable to:</b>			
Equity holders of the parent		(15.093)	(739)
<b>Total Comprehensive Income/(Losses) after tax (A)+(B)</b>		<b>(15.093)</b>	<b>(739)</b>

The accompanying notes on pages 63 to 111 are an integral part of the Financial Statements.

## Statement of Changes in Equity (Consolidated) for the period 1/1 to 31/12/2013 and 1/1 to 31/12/2012

(In thousands of Euro, unless otherwise stated)

	Share Capital	Share premium reserve	Reserves	Own shares	Foreign currency translation from foreign operations	Retained earnings / (Accu- mulated losses)	Total	Non-con- trolling interest	Total Equity
Balance at 1.1. 2012	50.992	11.837	37.222	(1.998)	(1.912)	91.658	187.799	(119)	187.680
<b>Total comprehensive income/(loss) for the period</b>									
Profit or loss	0	0	0	0	0	(11.253)	(11.253)	(189)	(11.442)
Foreign currency translation from foreign operations	0	0	0	0	120	0	120	0	120
Effective portion of changes in fair value of cash flow hedges	0	0	260	0	0	0	260	0	260
Actuarial gains (losses) on defined benefit pension plan	0	0	0	0	0	(47)	(47)	0	(47)
<b>Total other comprehensive income/loss</b>	<b>0</b>	<b>0</b>	<b>260</b>	<b>0</b>	<b>120</b>	<b>(47)</b>	<b>333</b>	<b>0</b>	<b>333</b>
<b>Total comprehensive income/loss for the period after taxes</b>	<b>0</b>	<b>0</b>	<b>260</b>	<b>0</b>	<b>120</b>	<b>(11.300)</b>	<b>(10.920)</b>	<b>(189)</b>	<b>(11.109)</b>
<b>Transactions with shareholders, recorded directly in equity</b>									
SOP Reserve	0	0	(288)	0	0	310	22	0	22
Published Shares	0	0	0	0	0	0	0	462	462
Reserves	0	(3)	1.553	0	0	(1.550)	0	0	0
Sales/(Purchases) of own shares	0	0	0	(85)	0	0	(85)	0	(85)
Net Income directly booked in the statement movement in Equity	0	0	(146)	0	0	66	(80)	0	(80)
Chg of Minority rights %	0	0	819	0	0	(665)	154	(154)	0
<b>Total transactions with shareholders</b>	<b>0</b>	<b>(3)</b>	<b>1.938</b>	<b>(85)</b>	<b>0</b>	<b>(1.839)</b>	<b>10</b>	<b>308</b>	<b>318</b>
<b>Balance at 31.12. 2012</b>	<b>50.992</b>	<b>11.834</b>	<b>39.419</b>	<b>(2.083)</b>	<b>(1.792)</b>	<b>78.519</b>	<b>176.888</b>	<b>1</b>	<b>176.889</b>
Balance at 1.1. 2013	50.992	11.834	39.419	(2.083)	(1.792)	78.519	176.888	1	176.889
<b>Total comprehensive income/(loss) for the period</b>									
Profit or loss	0	0	0	0	0	(8.293)	(8.293)	0	(8.294)
Foreign currency translation from foreign operations	0	0	0	0	(1.416)	(83)	(1.499)	0	(1.499)
Effective portion of changes in fair value of cash flow hedges	0	0	351	0	0	0	351	0	351
Actuarial gains (losses) on defined benefit pension plan	0	0	0	0	0	(67)	(67)	0	(67)
<b>Total other comprehensive income/loss</b>	<b>0</b>	<b>0</b>	<b>351</b>	<b>0</b>	<b>(1.416)</b>	<b>(151)</b>	<b>(1.215)</b>	<b>0</b>	<b>(1.215)</b>
<b>Total comprehensive income/loss for the period after taxes</b>	<b>0</b>	<b>0</b>	<b>351</b>	<b>0</b>	<b>(1.416)</b>	<b>(8.444)</b>	<b>(9.509)</b>	<b>0</b>	<b>(9.509)</b>
<b>Transactions with shareholders, recorded directly in equity</b>									
SOP Reserve	0	0	(244)	0	0	449	205	0	205
Published Shares	0	(116)	0	0	0	116	0	0	0
Reserves	0	0	183	0	0	(183)	0	0	0
Sales/(Purchases) of own shares	0	0	(680)	2.083	0	0	1.404	0	1.404
Net Income directly booked in the statement movement in Equity	0	(53)	53	0	0	0	0	0	0
<b>Total transactions with shareholders</b>	<b>0</b>	<b>(168)</b>	<b>(688)</b>	<b>2.083</b>	<b>0</b>	<b>381</b>	<b>1.609</b>	<b>0</b>	<b>1.609</b>
<b>Balance at 31.12. 2013</b>	<b>50.992</b>	<b>11.665</b>	<b>39.083</b>	<b>0</b>	<b>(3.208)</b>	<b>70.456</b>	<b>168.988</b>	<b>0</b>	<b>168.989</b>

The accompanying notes on pages 63 to 111 are an integral part of Financial Statements.

## Statement of Changes in Equity (Separate) for the period 1/1 to 31/12/2013 and 1/1 to 31/12/2012

(In thousands of Euro, unless otherwise stated)

	Share Capital	Share premium reserve	Reserves	Own shares	Retained earnings / (Accu- mulated losses)	Total Equity
Balance at 1.1. 2012	50.992	12.322	31.274	(1.998)	11.597	104.187
<b>Total comprehensive income/(loss) for the period</b>						
Profit or loss	0	0	0	0	(759)	(759)
Actuarial gains (losses) on defined benefit pension plan	0	0	0	0	20	20
<b>Total comprehensive income/loss for the period after taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(739)</b>	<b>(739)</b>
<b>Transactions with shareholders, recorded directly in equity</b>						
Sales/(Purchases) of own shares	0	0	0	(85)	0	(85)
SOP Reserve	0	0	(288)	0	310	22
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>(288)</b>	<b>(85)</b>	<b>310</b>	<b>(63)</b>
<b>Balance at 31.12. 2012</b>	<b>50.992</b>	<b>12.322</b>	<b>30.986</b>	<b>(2.083)</b>	<b>11.168</b>	<b>103.385</b>
Balance at 1.1. 2013	50.992	12.322	30.986	(2.083)	11.168	103.385
<b>Total comprehensive income/(loss) for the period</b>						
Profit or loss	0	0	0	0	(15.089)	(15.089)
Actuarial gains (losses) on defined benefit pension plan	0	0	0	0	(4)	(4)
<b>Total comprehensive income/loss for the period after taxes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15.093)</b>	<b>(15.093)</b>
Sales/(Purchases) of own shares	0	0	(680)	2.083	0	1.404
SOP Reserve	0	0	(238)	0	442	205
<b>Balance at 31.12. 2013</b>	<b>50.992</b>	<b>12.322</b>	<b>17.221</b>	<b>0</b>	<b>9.366</b>	<b>89.901</b>

The accompanying notes on pages 63 to 111 are an integral part of the Financial Statements.

## Statement of Cash Flows (Consolidated and Separate) for the period 1/1 to 31/12/2013 and 1/1 to 31/12/2012

(In thousands of Euro, unless otherwise stated)

	Note	GROUP		COMPANY	
		1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
<b>Operating Activities</b>					
<b>(Loss)/Profit before taxes</b>		<b>(5.840)</b>	<b>(11.700)</b>	<b>(13.866)</b>	<b>(847)</b>
Adjustments for:					
Depreciation / Amortization	7.9	14.841	17.300	13.015	46
Income on depreciation in fixed subsidy		(418)	(426)	0	0
Provisions		124	225	70	171
Foreign exchange differences		2.390	256	0	(1)
<b>Results (Income, expenses, profit and loss) from investment activity</b>		<b>(443)</b>	<b>(753)</b>	<b>(101)</b>	<b>(29)</b>
Interest Expense	6	14.041	15.044	2	3
<b>Plus/less adj for changes in working capital related to the operating activities:</b>					
Decrease / (increase) in inventory		25	11.714	0	0
Decrease / (increase) in trade and other receivables		9.856	5.555	1.404	(675)
(Decrease) / increase in liabilities (excluding banks)		4.819	1.276	351	841
Less:					
Interest paid		(15.940)	(14.953)	(2)	(2)
Income taxes paid		(1.136)	(1.327)	0	0
<b>Net cash generated from operations (a)</b>		<b>22.319</b>	<b>22.210</b>	<b>873</b>	<b>(492)</b>
<b>Investing Activities</b>					
Purchase Share capital increase of subsidiaries and related companies	10	(5.095)	(7.959)	(3.494)	(1.994)
Purchase of tangible and intangible fixed assets	7.9	(11.480)	(9.975)	(256)	(44)
Proceeds from disposal of tangible and intangible assets		25	247	0	0
Purchase of other investments		(1.707)	0	(1.509)	0
Interest Received		509	824	72	29
Proceeds from the sale of other investments		1.538	0	1.538	0
<b>Total inflow / (outflow) from investing activities (b)</b>		<b>(16.211)</b>	<b>(16.862)</b>	<b>(3.650)</b>	<b>(2.010)</b>
<b>Financing Activities</b>					
Receipts/(Payments) for sale/(purchase) of own shares	24	1.404	(85)	1.404	(85)
Proceeds from issued loans		37.742	48.705	0	0
Repayment of loans		(55.847)	(65.364)	0	0
Repayment of leasing liabilities		(3.232)	(3.045)	0	0
<b>Total inflow / (outflow) from financing activities (c)</b>		<b>(19.933)</b>	<b>(19.789)</b>	<b>1.404</b>	<b>(85)</b>
<b>Net increase/(decrease) in cash and cash equivalents for the period (a)+(b)+(c)</b>		<b>(13.825)</b>	<b>(14.441)</b>	<b>(1.373)</b>	<b>(2.587)</b>
Cash and cash equivalents at the beginning of the period		41.825	56.294	2.328	4.916
Effect of exchange rate fluctuations on cash held		(131)	(28)	0	0
<b>Closing balance, cash and cash equivalents</b>		<b>27.869</b>	<b>41.825</b>	<b>956</b>	<b>2.328</b>

The accompanying notes on pages 63 to 111 are an integral part of the Financial Statements.

# Notes to the annual financial statements (consolidated and separate) as of Dec 31, 2013 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 Shareholders' Assembly on 10/3/2000, which was approved by decision K2 - 3792/ 25.04.2000 of the Ministry of Development. The Shareholders' 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.

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. Fournalis, Chairman, executive member
2. Dafni A. Fournalis, Vice Chairman, executive member
3. Apostolos D. Petalas, CEO, executive member
4. Lyda St. Fournalis, Director, executive member
5. Ioannis Ev. Brebos, Director, non executive member
6. Pavlos K. Triposkiadis, Director, independent non executive member
7. Eftihios Th. Vassilakis, Director, independent non executive member
8. Ioannis K. Papaioannou, 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 3.617 and 3.531 respectively while the total number of employees of the Company on 31/12/2013 was 71 and on 31/12/2012 was 58.

## 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. In 2013 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, which was initially implemented in 2012, aiming to the exploitation of synergies and the central coordination of decision making and implementing.

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

Name	Location	% Holding	Consolidation Method
HOUSEMARKET SA	Athens, Greece	100,00	Full
FOURLIS TRADE SA	Athens, Greece	100,00	Full
INTERSPORT ATHLETICS SA	Athens, Greece	100,00	Full
SERVICE ONE SA*	Athens, Greece	99,94	Full
TRADE LOGISTICS SA*	Athens, Greece	100,00	Full
RENTIS SA*	Athens, Greece	100,00	Full
GENCO TRADE SRL	Bucharest, Romania	5,28	Full
GENCO TRADE SRL*	Bucharest, Romania	94,72	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
SPEDEX SA	Athens, Greece	49,55%	Net equity

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

Shareholding ratios for subsidiaries have changed since prior reporting period due to the participation of INTERSPORT ATHLETICS SA in share capital increases of GENCO TRADE SRL, which were completed on December 2013:

During the period 1/1 – 31/12/2013 the following share capital increases realised in cash:

- Increase of the share capital of the subsidiary INTERSPORT ATHLETICS S.A. with the amount of euros 3.493.824,00 by issuing 119.040 new common nominal shares with vote, with nominal price euros 29,35 per share, according to the resolution 27/20.08.2013 and 28/22.11.2013 of the General Assembly of the shareholders of INTERSPORT ATHLETICS S.A. The share capital increase was totally covered by the shareholder FOURLIS HOLDINGS S.A.

Therefore, the share capital on 31.12.2013 amounted to euros 15.625.353,00, divided into 532.380 nominal shares, with nominal price euros 29.35 per share.

- a) Decrease of the share capital of the subsidiary GENCO TRADE SRL with the amount of RON 47.920.815,00, by decreasing the nominal price per share from RON 4.158,10 to RON 214,00 in order to offset accumulated losses of the Company. The decrease mentioned above took place within August 2013, according to the resolution 344/21.01.2013 of the Board of Directors of FOURLIS HOLDINGS SA and the resolution 267/22.01.2013 of the Board of Directors of INTERSPORT ATHLETICS SA b) Increase of the share capital of the subsidiary GENCO TRADE SRL with the amount of RON 17.680.680,00, by issuing 82.620 new common nominal shares with vote, with nominal price RON 214,00 per share, in accordance to the resolutions 351/27.08.2013 and 354/25.11.2013 of the Board of Directors of FOURLIS HOLDINGS SA and the resolutions 278/27.08.2013 and 282/25.11.2013

of the Board of Directors of INTERSPORT ATHLETICS SA. The share capital increase was totally covered by the shareholder INTERSPORT ATHLETICS SA.

Consequently, the share capital on 31.12.2013 amounted to RON 20.280.780,00, divided into 94.770 nominal shares, with nominal price RON 214,00 per share.

- Increase of the share capital of the subsidiary RENTIS S.A. with the amount of euros 9.900.000,00, by issuing 9.900.000 new common nominal shares with vote, with nominal price euro 1,00 per share, according to the resolutions 20/5.4.2013, 22/8.7.2013 and 23/16.9.2013 of the General Assembly of the shareholders of RENTIS S.A. The share capital increase was totally covered by the shareholder, H.M. HOUSEMARKET (CYPRUS) LIMITED.

Consequently, the share capital on 31.12.2013 amounted to euros 11.960.000,00, divided into 11.960.000 nominal shares, with nominal price euros 1,00 per share.

- Increase of the share capital of the subsidiary WYLDES LTD with the amount of euros 763,00, plus the amount of euros 7.624.237,00 as premium, by issuing 763 new common nominal shares with vote, with nominal price euro 1,00 per share in accordance with the resolutions 293/3.1.2013, 294/10.1.2013, 295/17.1.2013, 298/7.3.2013, 299/21.3.2013, 301/8.5.2013 and 305/3.9.2013 of the Board of Directors of shareholder HOUSEMARKET SA, by virtue of which the participation of the latter in that increase was decided.

Consequently, the share capital on 31.12.2013 amounted to euros 6.380,00, divided into 6.380 nominal shares, with nominal price euro 1,00 per share (without calculating the share premium).

During period 1/1 – 31/12/2013, decreases of the share capital of the subsidiaries also took place as follows:

- Decrease of the share capital of the subsidiary SERVICE ONE SA with the amount of euros 954.164,00, by decreasing the nominal price per share from euros 2,93 to euros 0,30 according to the resolution 14/08.07.2013 of the General Assembly of the shareholders of the Company.

## 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 2013, on February 24, 2014. 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:

- Recognition of 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 goodwill: goodwill is tested for impairment on an annual basis. Such impairment testing requires judgments to be made with respect to the determination of cash generating units and the allocation of goodwill to such cash generating units. Significant estimates and assumptions are made when determining the recoverable amount and with respect to the expected future cash flows of the cash generating unit, discount and growth rates. Further details are provided in Note 9.
- 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 judgments 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 18.

#### **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 of each period and the ratio of bad debt provision is applied on the total revenues. 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. The following differences, however, 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 up 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 FOUR-LIS 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 stores).
- Retail Trading of Fashion Activity (NEW LOOK stores).
- Wholesale Trading of Electrical Equipment.

### **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 operates (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

The Group decided to change its accounting policy in 2011 from a revaluation to a cost model for the owner - occupied properties.

The own - use properties are exclusively designed and used for the commercial operation of the Group's companies and their value is related to their operational use. Therefore their valuation according to the cost model gives more relevant information rather than the revaluation method as the latter may fluctuate due to conditions which are not directly related to the Group's core operations.

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 exist or 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. The reversal of an impairment loss is recorded to income, except if the asset has been revalued, whereby the impairment loss increases the related revaluation reserve.

### **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. Equity instruments not traded on an active market and classified as available for sale financial assets and whose fair value cannot be reliably estimated are valued at acquisition cost.

## **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 valued 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 liquidity and low risk.

### **3.16 Non - current assets held for sale and discontinued operations**

Non - current assets held for sale are valued at the lower of carrying value and fair value less costs to sell.

Any subsequent increase in fair value is recorded in the statement of comprehensive income, but the amount recognised may not exceed the initial impairment loss. From the date that an asset is classified as held for sale, depreciation stops being recorded on that asset.

Non - current assets are classified as held for sale if their carrying value will be recovered via disposal and not through use. This condition is valid only if the sale is probable and the asset is available for immediate sale. Management must be committed to sell the asset which will occur either via as a result of a contractual obligation or within one year from the date when the asset was originally classified as available for sale.

### **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 capitalised.

### **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 remeasuring 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	26%
Romania	16%
Cyprus	12,5%
Bulgaria	10%
Turkey	20%

### **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 by the Law 3899/17-12-10 article 17 paragraph 5a, 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 Projected 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 recognised 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.

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 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 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 Company as of 1 January 2013:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income.** The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's and Company's financial position or performance.
- **IAS 19 Employee Benefits (Revised).** IAS 19 initiates a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. The adoption of this standard had no impact on the Financial Statements, as the accounting policy followed has no significant difference from those provided in the amended

standard. Actuarial gains (losses) are already recognised in other comprehensive income.

- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities.** These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. This amendment had no impact on the Group and Company.
- **IFRS 13 Fair Value Measurement.** IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group/Company. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. The adoption of the standard by the Group and Company has no impact on the Financial Statements.
- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.**

This interpretation applies to waste removal incurred in surface mining activity, during the production phase of the mine (stripping costs during production). The interpretation addresses the accounting for the benefit from the stripping activity. This amendment had no impact on the Group/Company.
- **The IASB has issued the Annual Improvements to IFRSs – 2009 – 2011 Cycle,** which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS.
- **IAS 1 Financial Statements Presentation:** This improvement clarifies the difference between additional voluntary comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.
- **IAS 16 Property, Plant and Equipment:** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property and plant and equipment are not inventory.
- **IAS 32 Financial Instruments, Presentation:** This improvement clarifies that income taxes arising from distributions of equity holders are accounted for in accordance with IAS 12 Income Taxes.
- **IAS 34 Interim Financial Reporting:** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

### **3.30 Standards issued but not implemented in current accounting period, which have not been earlier adopted by the Group/Company.**

In addition to the standards and interpretations disclosed in Financial Statements concerning the prior financial year, the new standards, amendments/revisions on standards or interpretations mentioned below, have been issued but not implemented in the period beginning on the 1<sup>st</sup> of January 2013 and have not been adopted earlier by the Group/Company:

- **IAS 28 Investments in Associates and Joint Ventures (Revised).** The Standard is effective for annual periods beginning on or after 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The Group and the Company do not expect that the adoption of this standard will have any impact on the Financial Statements.
- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities.** The amendment is effective for annual periods beginning on or after the 1<sup>st</sup> of January 2014. These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Group and the Company do not expect that the adoption of this standard will have any impact on the Financial Statements.

- **IFRS 9 Financial Instruments: Classification and Measurement and subsequent amendments to IFRS 9 and IFRS 7: Mandatory Effective Date and Transition Disclosures; Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39.** IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The subsequent package of amendments issued in November 2013 initiate further accounting requirements for financial instruments. These amendments a) bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements; b) allow the changes to address the so-called 'own credit' issue that were already included in IFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instruments; and c) remove the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements. These standard and subsequent amendments have not yet been endorsed by the EU. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.
- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements.** The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The Group and the Company do not expect that the adoption of this standard will have any impact on the Financial Statements.
- **IFRS 11 Joint Arrangements.** The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The Group and the Company do not expect that the adoption of this standard will have any impact on the Financial Statements.
- **IFRS 12 Disclosures of Interests in Other Entities.** The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The Group and the Company do not expect that the adoption of the standard will have any impact on the Financial Statements.
- **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12).** The guidance is effective for annual periods beginning on or after 1 January 2014. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of 'initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. The Group and the Company do not expect that the adoption of the standard will have any impact on the Financial Statements.
- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).** The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of businesses that qualify as investment entities. The IASB uses the term 'investment entity' to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting

entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. The Group and the Company do not expect that the adoption of the standard will have any impact on the Financial Statements.

- **IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets.** This amendment is effective for annual periods beginning on or after 1 January 2014. These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. The Group and the Company do not expect that the adoption of this standard will have any impact on the Financial Statements.
- **IAS 39 Financial Instruments (Amended): Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting.** This amendment is effective for annual periods beginning on or after 1 January 2014. Under the amendment there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The IASB made a narrow-scope amendment to IAS 39 to permit the continuation of hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes in order to achieve clearing for that instrument. The Group and the Company do not expect that the adoption of this standard will have any impact on the Financial Statements.
- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions.** The amendment is effective from 1 July 2014. 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. This amendment has not yet been endorsed by the EU.
- **IFRIC Interpretation 21: Levies.** The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been endorsed by the EU.

**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 July 2014. These annual improvements have not yet been endorsed by the EU.

- **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 only 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 2011 – 2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. These annual improvements have not yet been endorsed by the EU.

➤ **IFRS 3 Business Combinations:** This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

➤ **IFRS 13 Fair Value Measurement:** This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

➤ **IAS 40 Investment Properties:** This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property, requires the separate application of both standards independently of each other.

## 4. Financial Risk Management

The Group is exposed to financial risks such as foreign exchange risk, credit risk, interest rate risk and liquidity risk. Risk management is handled by the portfolio management department, which operates according to specific rules set by the Board of Directors. The portfolio management department identifies and hedges financial risks in cooperation with the departments that is exposed to these risks. The Board of Directors provides written instructions and guidance on general risk management as well as specific guidance for managing specific types of risks such as foreign exchange risk, interest rate risk, liquidity risk and credit risk.

## 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 stores).
- Retail Trading of Fashion Activity (NEW LOOK stores).
- Wholesale Trading of Electrical Equipment.

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 2013 arise 69% from activities in Greece (71% in 2012) with the remaining 31% arising from the other countries of Southeastern Europe (29% in 2012). 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 2013 are analysed below:

1/1 - 31/12/2013

	Furniture and Household Goods	Sporting Goods	RETAIL FASHION ACTIVITY	Electrical Equipment	FOURLIS HOLDINGS	Consolidation Enties	Total
Revenue	266.359	111.023	3.858	22.278	3.486	(3.734)	403.271
Cost of Goods Sold	(170.959)	(57.388)	(2.125)	(17.364)	(2.853)	2.863	(247.827)
<b>Gross Profit</b>	<b>95.400</b>	<b>53.635</b>	<b>1.733</b>	<b>4.914</b>	<b>633</b>	<b>(871)</b>	<b>155.444</b>
Other operating income	14.516	673	23	1.045	573	(711)	16.119
Distribution expenses	(88.398)	(44.486)	(2.561)	(4.845)	0	868	(139.423)
Administrative expenses	(9.138)	(6.291)	(407)	(2.627)	(15.137)	13.446	(20.154)
Other operating expenses	(717)	(258)	(69)	(358)	(5)	1	(1.406)
<b>Operating Profit / (Loss)</b>	<b>11.663</b>	<b>3.273</b>	<b>(1.281)</b>	<b>(1.872)</b>	<b>(13.936)</b>	<b>12.733</b>	<b>10.580</b>
Total finance income	305	472	25	130	72	0	1.004
Total finance cost	(10.035)	(5.549)	(560)	(429)	(2)	0	(16.575)
Contribution associate companies losses	(850)	0	0	0	0	0	(850)
<b>Profit / (Loss) before Tax</b>	<b>1.083</b>	<b>(1.804)</b>	<b>(1.816)</b>	<b>(2.170)</b>	<b>(13.866)</b>	<b>12.733</b>	<b>(5.840)</b>
Depreciation/Amortisation	9.651	4.292	257	358	13.015	(12.733)	14.841

Group results by operating segment for the year 2012 are analysed below:

1/1 - 31/12/2012

	Furniture and Household Goods	Sporting Goods	RETAIL FASHION ACTIVITY	Electrical Equipment	FOURLIS HOLDINGS	Consolidation Entries	Total
Revenue	286.480	106.318	3.776	24.065	3.250	(3.634)	420.254
Cost of Goods Sold	(183.180)	(55.935)	(2.055)	(19.370)	(2.490)	2.490	(260.541)
<b>Gross Profit</b>	<b>103.300</b>	<b>50.383</b>	<b>1.721</b>	<b>4.694</b>	<b>760</b>	<b>(1.145)</b>	<b>159.713</b>
Other operating income	7.955	1.177	48	2.027	459	(571)	11.095
Distribution expenses	(91.583)	(42.206)	(2.790)	(4.798)	0	994	(140.382)
Administrative expenses	(10.479)	(6.169)	(584)	(3.421)	(2.080)	(2.319)	(25.052)
Other operating expenses	(814)	(914)	0	(846)	(14)	0	(2.588)
<b>Operating Profit / (Loss)</b>	<b>8.378</b>	<b>2.271</b>	<b>(1.605)</b>	<b>(2.343)</b>	<b>(874)</b>	<b>(3.041)</b>	<b>2.786</b>
Total finance income	611	705	50	1.630	30	0	3.025
Total finance cost	(10.545)	(3.927)	(452)	(2.175)	(3)	0	(17.102)
Contribution associate companies losses	(410)	0	0	0	0	0	(410)
<b>Profit / (Loss) before Tax</b>	<b>(1.965)</b>	<b>(951)</b>	<b>(2.007)</b>	<b>(2.888)</b>	<b>(847)</b>	<b>(3.041)</b>	<b>(11.700)</b>
Depreciation/Amortisation	9.720	3.876	212	405	46	3.041	17.300

The breakdown structure of assets and liabilities as of 31/12/2013 and 31/12/2012 are as below:

	Furniture and Household Goods		Sporting Goods		FASHION ACTIVITY		Electrical Equipment		FOURLIS HOLDINGS		Consolidation Entries		TOTAL GROUP	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Total Assets	320.242	337.467	76.923	78.672	3.373	3.871	32.014	36.434	93.341	105.193	(91.292)	(99.665)	434.602	461.973
Total Liabilities	186.890	204.394	56.803	57.539	7.549	6.266	14.517	17.787	3.441	1.808	(3.586)	(2.709)	265.613	285.084
Inventory	33.053	36.269	37.281	34.793	514	784	4.402	4.921	0	0	0	0	75.251	76.767

Transactions between the Group companies are based in 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	
	2013	2012	2013	2012
Distribution expenses	139.423	140.382	0	0
Administrative expenses	18.204	19.481	2.122	2.034
Depreciation/Amortisation	1.950	5.571	13.015	46
Other operating expenses	1.406	2.588	5	14
Expenses in Cost of Goods Sold	4.020	5.015	2.853	2.490
<b>Total</b>	<b>165.003</b>	<b>173.037</b>	<b>17.995</b>	<b>4.584</b>

In Depreciation / Amortisation of the Company the amount of €12.943 thousand is included as impairment losses (Note 10). The main categories of expenses are analysed below:

	GROUP		COMPANY	
	2013	2012	2013	2012
Payroll expenses	61.561	63.888	3.423	3.149
Third party services	59.249	60.388	733	575
Taxes-duties	2.242	2.115	12	8
Depreciation/Amortisation	14.841	17.300	13.015	46
Miscellaneous expenses	27.110	29.346	812	806
<b>Total</b>	<b>165.003</b>	<b>173.037</b>	<b>17.995</b>	<b>4.584</b>

Various expenses include mainly advertising, goods transportation expenses during the reporting period. Payroll expenses are analyzed as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
Salaries and wages	47.554	49.697	2.571	2.201
Social security contributions	11.390	11.848	548	450
Miscellaneous grants	2.616	2.343	304	499
<b>Total</b>	<b>61.561</b>	<b>63.888</b>	<b>3.423</b>	<b>3.149</b>

(b) Other operating income is analysed as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
Co-advertisement income	12.415	6.364	0	0
Recycling income	419	397	0	0
Subsidies Law 3299/04	418	426	0	0
Management Fees	0	0	0	0
Revenue from non-used provisions	431	736	0	34
Proceeds from Sale of Investments	29	0	29	0
Fixed Assets Gain	15	239	0	0
Income from provisions of previous years	0	0	0	0
Other income	2.392	2.932	544	425
<b>Total</b>	<b>16.119</b>	<b>11.095</b>	<b>573</b>	<b>459</b>

Figures of 2013 include co-advertisement income € 12 million (2012: € 6 million) of a subsidiary.

**(c) Net Financial Results are analyzed as follows:**

	GROUP		COMPANY	
	2013	2012	2013	2012
Interest - expenses	(10.499)	(11.876)	0	0
Other bank expenses	(3.548)	(3.173)	(2)	(3)
Foreign exchange differences (expense) -realized-	(2.528)	(2.053)	0	0
<b>Total finance cost</b>	<b>(16.575)</b>	<b>(17.102)</b>	<b>(2)</b>	<b>(3)</b>
Interest and related income	509	824	72	29
Foreign exchange differences (income) -realized-	496	2.201	0	1
<b>Total finance income</b>	<b>1.004</b>	<b>3.025</b>	<b>72</b>	<b>30</b>
<b>Financial Result</b>	<b>(15.570)</b>	<b>(14.076)</b>	<b>70</b>	<b>27</b>

**(d) The expenses/ income from associate companies for the years 2013 and 2012 refer to the share of losses with the associate company VYNER LTD which is 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 2013 are analyzed as follows:

	GROUP						
	Land	Buildings and installations	Machinery-Installations-Miscellaneous equipment	Motor vehicles	Furniture and miscellaneous equipment	Construction in progress	Total of Property plant and equipment
<b>Acquisition cost at 31.12.2012</b>	<b>60.362</b>	<b>204.305</b>	<b>5.671</b>	<b>4.882</b>	<b>39.910</b>	<b>1.800</b>	<b>316.931</b>
<b>Accumulated depreciation /amortisation at 31.12.2012</b>	<b>0</b>	<b>(47.096)</b>	<b>(3.095)</b>	<b>(2.878)</b>	<b>(24.390)</b>	<b>0</b>	<b>(77.458)</b>
<b>Net book value at 31.12.2012 - 1.1 - 31.12.2013</b>	<b>60.362</b>	<b>157.210</b>	<b>2.576</b>	<b>2.004</b>	<b>15.520</b>	<b>1.800</b>	<b>239.472</b>
Additions	5	6.644	163	40	2.842	1.002	10.696
Other changes in acquisition cost	0	(1.392)	(42)	(185)	(302)	(42)	(1.964)
Depreciation/amortisation	0	(7.828)	(468)	(444)	(4.414)	0	(13.154)
Other Depreciation changes	0	734	41	178	170	0	1.123
<b>Acquisition cost at 31.12.2013</b>	<b>60.367</b>	<b>209.578</b>	<b>5.806</b>	<b>4.737</b>	<b>42.474</b>	<b>2.760</b>	<b>325.722</b>
<b>Accumulated depreciation at 31.12.2013</b>	<b>0</b>	<b>(54.210)</b>	<b>(3.537)</b>	<b>(3.144)</b>	<b>(28.657)</b>	<b>0</b>	<b>(89.548)</b>
<b>Net book value at 31.12.2013</b>	<b>60.367</b>	<b>155.368</b>	<b>2.269</b>	<b>1.593</b>	<b>13.817</b>	<b>2.760</b>	<b>236.174</b>

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

Three IKEA Pick up Points in Patras, Chania and Heraklion began their operations in the second half of 2013.

**Most considerable additions in property, plant and equipment in the year 2013 refer to:**

- a)** property, plant and buildings installations of amount € 4,5 million for IKEA stores, € 1,4 million for INTERSPORT stores and € 1,6 million for TRADE LOGISTICS.
- b)** machinery – installations, furniture and miscellaneous equipment of amount €1,4 million for IKEA stores and € 1,5 million for INTERSPORT stores.

Property Plant and Equipment also include subsidiaries' finance leasing amounted at € 28.170 thousand (31/12/2012: € 28.371 thousand).

The average interest rate of the financial lease was 5.80% for the year 2013 (2012: 6,12%).

Depreciation/ Amortization of Property, Plant and Equipment and intangible assets of total amount € 14.747 thousand, was allocated in Cost of Sales by the amount of € 930 thousand, in Distribution Expenses by the amount of € 11.961 thousand and in Administrative Expenses by the amount of € 1.856 thousand.

## 8. Investment property

The amount of € 7,8 million concerns to a subsidiary's plant and premises, where the subsidiary has the real estate investments (2012: € 7,6 million). The income is included in Note 25.2.

A revaluation process of the Group's investment properties was performed by independent appraisers in the year 2012. The appraisal exercise was performed by Savills Hellas in accordance with the income approach (discounted cash flows analysis) and following the revaluation standards prescribed by the Royal Institution of Chartered Surveyors. For the calculation of the fair value the Investment Method was used, according to the latter the investment property value is calculated by capitalizing the real and future leasing that it creates. Regarding the year 2013 the Group confirmed the validity of the assumptions of the exercise.

## 9. Intangible assets

Intangible assets are analyzed as follows:

	<b>GROUP</b>				
	<b>Royalties</b>	<b>Software</b>	<b>Goodwill</b>	<b>Miscellaneous</b>	<b>Total</b>
<b>Cost 31.12.2012</b>	<b>9.668</b>	<b>7.543</b>	<b>2.621</b>	<b>4.377</b>	<b>24.209</b>
Accumulated depreciation/amortisation 31.12.2012	(3.602)	(4.823)	0	(427)	(8.852)
<b>Net book value at 31.12.2012</b>	<b>6.065</b>	<b>2.720</b>	<b>2.621</b>	<b>3.950</b>	<b>15.357</b>
<b>1.1 - 31.12.2013</b>					
Additions	0	777	0	0	777
Other changes in acquisition cost	(721)	(21)	0	(739)	(1.481)
Depreciation/amortisation	(393)	(807)	0	(232)	(1.432)
Other Depreciation changes	720	0	0	0	720
<b>Cost 31.12.2013</b>	<b>8.947</b>	<b>8.291</b>	<b>2.621</b>	<b>3.552</b>	<b>23.411</b>
Accumulated depreciation/amortisation 31.12.2013	(3.275)	(5.623)	0	(573)	(9.471)
<b>Net book value at 31.12.2013</b>	<b>5.672</b>	<b>2.669</b>	<b>2.621</b>	<b>2.979</b>	<b>13.941</b>

Royalties include the Royalty for the use of 'IKEA' brand name.

Goodwill was derived on 30/6/2004 on acquisition of an additional 43,36% of the company FOURLIS TRADE SA. After the acquisition the company became a 100% subsidiary of FOURLIS HOLDINGS S.A. On 31/12/2013 an impairment test on goodwill was performed in the consolidated financial statements using the DCF method and there was no impairment loss.

## 10. Investments

Investments are as analyzed as follows:

			<b>COMPANY</b>		
	<b>COUNTRY</b>	<b>% SHAREHOLDING 2013</b>	<b>31/12/2013</b>	<b>% SHAREHOLDING 2012</b>	<b>31/12/2012</b>
<b>Subsidiaries</b>					
GENCO TRADE SRL	Romania	5.28%	903	41,15%	6.479
HOUSEMARKET SA	Greece	100%	38.740	100%	38.740
FOURLIS TRADE SA	Greece	100%	31.820	100%	39.090
INTERSPORT ATHLETICS SA	Greece	100%	15.664	100%	12.170
<b>Associate</b>					
SPEEDEX SA	Greece	49,55%	-	49,55%	-
<b>Investment</b>					
ATC SA	Greece	-	-	10 %	95
<b>STOCK OPTION</b>			<b>886</b>		<b>724</b>
<b>TOTAL</b>			<b>88.013</b>		<b>97.298</b>

On 31/12/2013 an impairment test of the investment in all subsidiaries of the Group was performed in case of impairment indications (reduction in shareholding of GENCO TRADE SLR, decision to sale and transfer the shares of ATC SA and decrease of value in use of FOURLIS TRADE SA compared to its book value in the separate financial statements of FOURLIS HOLDINGS SA) and an amount of euros 12.943 thousand was recognized as impairment losses (euros 5.576 thousand in GENCO TRADE SRL investment, euros 95.000 thousand in ATC SA investment and euros 7.270 thousand in FOURLIS TRADE SA investment).

The parent company had a direct shareholding of 100% of GENCO TRADE SRL until 28/5/2012. All capital increases followed were covered 100% by the subsidiary INTERSPORT ATHLETICS SA. As a result at the end of the fiscal year the parent company held a direct shareholding of 5,28% and INTERSPORT ATHLETICS SA of 94,72%.

The associated companies SPEEDEX SA and VYNER LTD, an associate company of WYLDES LTD (100% subsidiary of HOUSE-MARKET SA), have been included in the consolidated financial statements of the Group through the application of the equity method of accounting. WYLDES LTD has a 50% participation stake in VYNER LTD.

After applying the equity method, a loss of €850 thousand was recognised in the consolidated statement of income statement under "Contribution to associate companies losses" with a corresponding decrease in the carrying value of the investments in associates.

The Summary financial information of SPEEDEX SA is as follows:

<b>Company</b>	<b>Country of establishment</b>	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Income</b>	<b>Profits/Losses</b>	<b>Shareholding</b>
<b>SPEEDEX SA</b>						
2013	Greece	15.405	20.663	28.453	104	49,553%
2012	Greece	13.987	19.334	27.271	(1.583)	49,553%

The Summary financial information of VYNER LTD is as follows:

<b>Company</b>	<b>Country of establishment</b>	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Income</b>	<b>Profits/Losses</b>	<b>Shareholding</b>
<b>VYNER LTD</b>						
2013	Cyprus	96.662	45.603	-	(1.701)	50,00%
2012	Cyprus	44.934	8	14	(730)	50,00%

In relation to the associate company SPEEDEX SA, according to IAS 28, if the Group'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 € 2.605 thousand for the year 2013 and € 2.649 thousand for the year 2012.

Investments in the accompanying consolidated financial statements relate to a 50% participation stake in VYNER LTD and a 49,553% in SPEEDEX SA.

Whithin the year 2013 the Group paid € 5.092 thousand to the associate VYNER LTD as participation in the share capital increase of the latter.

## 11. Inventory

Inventory is analyzed as follows:

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Inventory	72.886	73.413	0	0
Advances for purchases of merchandise	2.365	3.354	0	0
<b>Total</b>	<b>75.251</b>	<b>76.767</b>	<b>0</b>	<b>0</b>

The inventory cost of the Group which was recorded as an expense under cost of goods sold amounts to €243.450 thousand (2012: € 253.277 thousand). The inventory value that was written off within the financial year was € 1.493 thousand (2012: € 1.463 thousand). An impairment provision for idle and slow moving inventory has been recognised and amounts to € 170 thousand (2012: € 886 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	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Trade receivables	19.284	20.839	2.235	1.560
Cheques receivables	1.941	2.346	0	0
Bad Debt Provisions	(6.341)	(6.346)	0	0
<b>Total</b>	<b>14.885</b>	<b>16.838</b>	<b>2.235</b>	<b>1.560</b>

Trade Receivables in 2013 include a customer balance of amount € 2.773 thousand (2012: € 1.602 thousand) which is greater than 18,63% of the total Trade Receivables balance.

The movement of the provision for impaired receivables for 2013 and 2012 is analyzed as follows:

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Opening Balance	(6.346)	(6.784)	0	0
Reversal of provisions	34	437	0	0
Provision	(29)	0	0	0
<b>Closing Balance</b>	<b>(6.341)</b>	<b>(6.346)</b>	<b>0</b>	<b>0</b>

As at December 31, 2013 and 2012 the ageing of trade receivables is analyzed as follows:

	Total	Not due and not impaired trade receivables	Overdue but not impaired trade receivables
2013	14.885	14.885	0
2012	16.838	16.838	0

## 13. Other receivables

Other receivables are analyzed as follows:

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Debited VAT	2.154	5.909	0	0
Credit Cards receivable	7.564	9.765	0	0
Other debtors	5.281	5.080	497	461
<b>Total</b>	<b>14.999</b>	<b>20.754</b>	<b>497</b>	<b>461</b>

## 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	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Cash in hand	3.031	2.645	1	0
Bank Deposits	24.838	39.181	955	2.328
Total	27.869	41.825	956	2.328

Bank deposits of the Group include a minimum deposit limit of € 2.000 thousand as a result of a loan agreement of a subsidiary.

## 15. Share capital

As at 31 December 2013, at December 31, 2012 the share capital amounted to Euros 50.992.322 thousand, consisting of 50.992.322 shares with a nominal value of Euro 1 (one) each.

The evolution and the way of coverage of the share capital of the Company since its incorporation is presented in the following table:

**TABLE OF CAPITAL EVOLUTION (amounts in euros)**

Date of General Assembly	Government Gazette No.	Cash Payments	Amount of increase				Nominal value per share
			By capitalization of reserves - goodwill assets - Difference of share premium account	New shares total	Shares total	Share Capital after the increase	
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	1,00
21/6/2002	6897/8.7.02	-	25.970.000,00	25.970.000	51.940.000	51.940.000,00	1,00
20/6/2003	12169/4.11.03	Cancellation 987.080 of own shares	-	-	50.952.920	50.952.920,00	1,00
10/6/2011	99/19.1.11	39.402,00	-	39.402	50.992.322	50.992.322,00	1,00
				<b>Total</b>	<b>50.992.322</b>	<b>50.992.322,00</b>	<b>1,00</b>

## 16. Reserves

The movement of the reserves is analyzed as follows:

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Statutory Reserves	14.228	14.045	6.686	6.686
Foreign exchange diff. from Statement of Financial Position transl. reserves	(2.754)	(1.792)	0	0
Extraordinary Reserves	24.416	25.502	10.267	23.795
SOP Reserve	267	505	267	505
Purchase of own shares	0	(2.083)	0	(2.083)
IRS Reserve	(282)	(634)	0	0
<b>Total</b>	<b>35.875</b>	<b>35.544</b>	<b>17.221</b>	<b>28.903</b>

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 € 7.563 thousand (2012: € 25.502 thousand), which was derived from sale of shares. In the case of distribution or capitalisation the reserves will be taxed with the official tax rate declared by the L4172/2013 (Note 22).

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 Group.

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).

## 17. Dividends

The Shareholders General Assembly dated on 14/6/2013 did not propose a dividend distribution for the year 1/1 – 31/12/2012 taking into account the financial results of this period.

The Shareholders General Assembly dated on 15/6/2012 approved not to distribute any dividend for the year 1/1 – 31/12/2011

Taking into account not only the development projects of the Company funding needs, but also the general economic environment, the Board of Directors will propose to the Annual General Assembly of Shareholders of 2014, not to distribute any dividend.

## 18. Employee retirement benefits

### 18.1 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 N1475 for Turkish Companies) appears in the Financial Statements in compliance with IAS 19 and is based on an actuarial study elaborated by AON Hewitt on December 31<sup>st</sup>,2013. Since its implementation on January 1<sup>st</sup>, 2011 the Group has changed its accounting policy regarding the defined benefit pension program by applying the revised IAS 19 in June 2011, which requires direct recognition of the actuarial profits and losses in Equity. The obligation for employee compensation due to termination of service was affected in 2013 by the provisions of Law 4093/12, according to which the maximum level of compulsory compensation of which the employee is entitled in case of dismissal or retirement, has decreased.

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

<b>Greek Companies</b>	<b>2013</b>	<b>2012</b>
Average annual payroll increase	1,00%	1,00%
Discount interest rate	3,28% - 3,89%	3,30% - 3,89%
Inflation	1%	1%
Plan duration	13-24	15-25

In case of an average annual payroll increase by 1% (namely 2%), the amount of liabilities due to termination of service of Greek companies would increase by 20%. In case of a discount rate increase to the levels of 2012, the amount of liabilities due to termination of service of Greek companies would increase by 2%.

<b>Bulgarian Companies</b>	<b>2013</b>	<b>2012</b>
Average annual payroll increase	3,50%	3,50%
Discount interest rate	4,15%	4,15%
Inflation	2%	2%
Plan duration	26-31	17-25

In case of an average annual payroll increase by 0,5% (namely 4%), the amount of liabilities due to termination of service of Bulgarian companies would increase by 13% for HOUSEMARKET BULGARIA AD and by 16% for GENCO BULGARIA EOOD. In case of a discount rate increase by 0,5% (namely 4,65%), the amount of liabilities due to termination of service of Bulgarian companies would decrease by 12% for HOUSEMARKET BULGARIA AD and by 14% for GENCO BULGARIA EOOD..

<b>Turkish Companies</b>	<b>2013</b>	<b>2012</b>
Average annual payroll increase	7,10%	7,10%
Discount interest rate	8,50%	8,50%
Inflation	5,10%	5,10%
Plan duration	24	25

In case of an average annual payroll increase by 0,5% (namely 7,6%), the amount of liabilities due to termination of service would increase by 4,3% for INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş. In case of a discount rate increase by 0,5% (namely 9,0%), the amount of liabilities due to termination of service would decrease by 11,5% for for INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş.

The expense derived from the compensation to employees due to retirement, that was recorded in the Income Statement of the financial year 2013 is analysed as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>31/12/2013</b>	<b>31/12/2012</b>
Service Cost	272	263	20	6
Interest Cost	87	117	7	2
Cost reduction/settlement/termination service	196	125	0	157
<b>Total amount allocated in Income statement</b>	<b>555</b>	<b>505</b>	<b>27</b>	<b>165</b>
<b>Balance of liability at the beginning</b>	<b>2.364</b>	<b>2.182</b>	<b>185</b>	<b>45</b>
Compensation due to retirement	555	505	27	165
Paid amounts	(656)	(369)	0	0
Actuarial gains/losses	92	54	6	(25)
<b>Balance of liability in the end</b>	<b>2.355</b>	<b>2.373</b>	<b>218</b>	<b>185</b>

## 18.2 Share based payments

On 23/2/2009 the Board of Directors granted 204.000 Stock Options, which compose the second of the three waves. Exercise price amounted to 3,89 € and share price at grant date amounted to 6,88 €. On 24/5/2010 the Board of Directors granted 102.662

Stock Options, which are the third of the three waves. The vesting period of options of the series above is three years with the following vesting dates:

<b>Vesting Date</b>	<b>No of Options</b>
31/12/2010	25.665
31/12/2011	25.665
31/12/2012	51.332

Fair Value per Option Right and Vesting Date is defined as below:

<b>Vesting Date</b>	<b>Fair Value per Option €</b>
31/12/2010	0,7372
31/12/2011	1,4184
31/12/2012	1,8772

The variables upon which the Fair Value calculation has been performed are as below:

<b>Variable</b>	<b>Value</b>
Exercise Price	€ 6,63
Current Price at the Grant Date	€ 5,80
Grant Date	24/5/2010
Vesting Period (Months)	6-18-30
Volatility	55%
Dividend Yield	2%
Risk Free Rate	6,91%

On 22/11/2010 the resolution of the Board of Directors invited the holders of the Stock Options Plan to exercise their Stock Option rights. After the invitation five Stock Option Plan holders exercised their rights of corresponding 39.402 shares, of nominal value 1,00 euro, at price 3,89 euro per share, from the second wave.

During period 1/1 – 31/12/2012, participants waived the right to execute 24.871 options, granted by the Board of Directors on 23/2/2009 and 24/5/2010.

During period 1/1 – 31/12/2013, participants waived the right to execute 65.977 options, granted by the Board of Directors on 23/2/2009 and 24/5/2010.

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:

<b>Vesting Date</b>	<b>No of Options</b>
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:

<b>Vesting Date</b>	<b>Value per Option €</b>
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%
Risk Free Rate	1,5114%

During the period 1/1 – 31/12/2013, no stock option granted by the first wave of SOP was exercised.

During the period 1/1 – 31/12/2013, an amount of € 204.933,39 was recorded in Profit and Loss as an expense.

### 18.3 Benefit contributions under the private insurance programme

During the year ended December 31, 2013 the amount of defined benefit contributions under the private insurance programme that was recorded as an expense by the parent Company totalled €125 thousand (2012: € 126,3 thousand) while the respective amount recorded as an expense by the Group amounted to € 263 thousand (2012: € 251,4 thousand).

## 19. Financial Instruments and Risk Management Policies

### 19.1 Credit Risk

#### Exposure to Credit Risk

The Group is subject to credit risk arising from the Segment of Wholesale Trading of Electrical Equipment and relates to the collection of receivables in accordance with the customers' credit terms. The Group implements a strict credit policy which is monitored and evaluated constantly in order to ensure that each customer's balance does not exceed the granted credit limit. Furthermore, the majority of receivables are secured via entering into insurance contracts. More specifically, in the Segment of Wholesale Trading of Electrical Equipment there are insurance policies of credit insurance in place, in Greece and in Romania in collaboration with the insurance company "ATRADIUS CREDIT INSURANCE N.V" through which customer balances are insured. The carrying value of the Group's Trade receivables as presented in the accompanying financial statements represents the maximum exposure to credit risk (without taking into consideration any hedging or insurance strategies). The maximum exposure at 31/12/2013 was as follows:

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:

€ 000s	Book Value	
	2013	2012
Trade & other receivables	14.885	16.838
Cash & cash equivalent	27.869	41.825

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

€ 000s	Book Value	
	2013	2012
Greece	14.642	16.587
Southeastern Europe Countries	243	252

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

€ 000s	Book Value	
	2013	2012
Wholesale trade customers	14.885	16.838
Retail trade customers	0	0

## 19.2 Liquidity Risk

Liquidity risk is retained at low levels by maintaining adequate bank credit lines and significant cash and cash equivalents which on 31/12/2013 amounted to euros 27,9 million vs euros 41.8 million on 31/12/2012. During year 2013, Group succeeded improved credit terms from its main suppliers.

The contractual loan dues including interest payments, excluding the net - off agreements, are as per paragraph Borrowings (Note 20), while for Accounts Payable and Other Liabilities is less than 12 months (Note 21).

	Immediate termination	3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
<b>2013</b>						
Credit lines	1.797	0	2.900	0	0	4.697
Short-term loans	1.107	7.951	7.820	0	0	16.878
Long-term loans	0	2.880	13.770	110.193	400	127.243
Leasing	0	797	7.113	0	0	7.911
<b>Total</b>	<b>2.904</b>	<b>11.629</b>	<b>31.603</b>	<b>110.193</b>	<b>400</b>	<b>156.728</b>
<b>2012</b>						
Credit lines	5.469	4.000	4.568	0	0	14.037
Short-term loans	6.323	8.867	14.923	8.200	0	38.313
Long-term loans	0	1.150	7.369	84.140	23.575	116.234
Leasing	0	757	2.474	7.912	0	11.142
<b>Total</b>	<b>11.793</b>	<b>14.774</b>	<b>29.334</b>	<b>100.252</b>	<b>23.575</b>	<b>179.727</b>

The contractual dues of Trade and Other Receivables are less than 12 months (Note 12 and 13).

## 19.3 Foreign Exchange Risk

### Foreign exchange risk exposure

The Group is subject to foreign exchange risk arising for its transactions in foreign currencies (RON, USD, TRY, GBP) with suppliers which invoice the Group in currencies other than the local. 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 subject 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). Management has kept the foreign exchange risk in Romania to a minimum via loans in RON.

As already mentioned, approximately 90% of GENCO TRADE SRL (Romania) loans were 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 in the case of a worsening situation this conversion ratio will remain constant. In Turkey, the financing for commercial activity is in local currency, while for investments is in euro.

	31/12/2013 Foreign currency in euro							
	USD	GBP	CHF	SEK	RON	TRY	BGN	EUR
Trade creditors and other liabilities	281	0	0	243	0	2.913	0	2.219

	31/12/2012 Foreign currency in euro							
	USD	GBP	CHF	SEK	RON	TRY	BGN	EUR
Trade creditors and other liabilities	193	394	0	532	0	2.658	0	5.829

### 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 2013.

Impact in €000s	Net Equity	Operating Result
<b>Dec 31 , 2013</b>		
USD	28	28
GBP	0	0
SEK	24	24
TRY	291	291
RON	0	222
<b>TOTAL</b>	<b>343</b>	<b>565</b>
<b>Dec 31 , 2012</b>		
USD	19	19
GBP	39	39
SEK	53	53
TRY	266	266
RON	0	583
<b>TOTAL</b>	<b>377</b>	<b>960</b>

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.

#### 19.4 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 (20).

##### 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) the Net Equity and the Operating Results by € 1.567 thousand for the year 2013 and € 1.799 thousand for the year 2012.

##### Sensitivity Analysis of fair value for financial instruments with a fixed interest rate

No such Instruments (Assets/Liabilities) valued at fair value exist.

#### 19.5 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 2013 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: Unobservable inputs 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 amounts approximate 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 took into consideration factors such as the current and the prospective interest rates trend and the duration and falls into level 2 of the fair value hierarchy.

## 19.6 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%.

## 20. Borrowings

Borrowings for the year 2013 and 2012 are analyzed as follows:

	<b>GROUP</b>	
	<b>31/12/2013</b>	<b>31/12/2012</b>
<b>Non - current loans</b>	<b>127.243</b>	<b>127.094</b>
<b>Finance Leases</b>	<b>7.911</b>	<b>11.142</b>
<b>Total long term loans and short term portion of long term loans</b>	<b>135.154</b>	<b>138.237</b>
Current portion of non-current loans and borrowings	16.650	11.179
Short-term portion of non-current Lease	7.911	3.231
Non - current loans	110.593	123.827
<b>Short term loans for working capital</b>	<b>21.575</b>	<b>41.491</b>
<b>Total loans and borrowings</b>	<b>156.728</b>	<b>179.727</b>

The Company had no loan liabilities on 31/12/2013 and on 31/12/2012.

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

	<b>GROUP</b>							
	<b>2013</b>				<b>2012</b>			
	<b>Up to 1 year</b>	<b>2 - 5 years</b>	<b>More than 5 years</b>	<b>Total</b>	<b>Up to 1 year</b>	<b>2 - 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Future Lease Payments	8.259	0	0	8.259	4.073	11.493	3.486	19.052
Less Interest	(349)	0	0	(349)	(517)	(340)	0	(857)
Present Value of Future Lease Payments	7.911	0	0	7.911	3.555	11.153	3.486	18.195

The repayment period of non - current loans varies between 2 to 5 years and the average effective interest rate of the Group was 5.2% during the year 2013 (2012: 5.0%). Non - current loans, including their part which is payable within 12 months, cover mainly the Group's growth needs and are analyzed in bond, non - current loans and short term portion of long term loans as follows:

<b>31/12/2013</b>		<b>Amount</b>	<b>Issuing Date</b>	<b>Duration</b>
FOURLIS TRADE SA	Bond	5.000	14/12/2009	5 years from the issuing date (€5.000 payable forthcoming period). In 2014 an extension was agreed until December 2017 (€1.200 payable forthcoming period)
		<b>5.000</b>		
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	3.493	17/8/2011	7 years from the issuing date (€720 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	4.000	23/12/2013	6 years from the issuing date (€600 payable forthcoming period)
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	4.000	23/12/2013	6 years from the issuing date (€600 payable forthcoming period)
		<b>11.493</b>		
TRADE LOGISTICS SA	Bond	9.000	4/11/2009	6 years from the issuing date
	Bond	8.200	29/2/2012	3 years from the issuing date (€1.600 payable forthcoming period)
		<b>17.200</b>		
RENTIS SA	Bond	8.000	2/3/2013	2 years from the issuing date
	Bond	4.000	20/1/2010	5 years from the issuing date
		<b>12.000</b>		
HOUSE MARKET BULGARIA AD	Syndicated	51.747	22/12/2011	7 years from the issuing date (€2.930 payable forthcoming period)
		<b>51.747</b>		
INTERSPORT S.A.	Bond	13.000	20/12/2012	3 years from the issuing date (€2.000 payable forthcoming period)
		<b>13.000</b>		
HOUSEMARKET SA	Bond	16.000	21/2/2011	6 years from the issuing date (€3.200 payable forthcoming period)
		<b>16.000</b>		
GENCO TRADE SRL	Long-term overdraft account	802		Maturity 30/9/2015
		<b>802</b>		
<b>Total</b>		<b>127.243</b>		

<b>31/12/2012</b>		<b>Amount</b>	<b>Issuing Date</b>	<b>Duration</b>
FOURLIS TRADE SA	Bond	6.000	14/12/2009	5 years from the issuing date (€1.000 payable forthcoming period)
		<b>6.000</b>		
H.M. HOUSEMARKET (CYPRUS) LTD	Bilateral	4.180	17/8/2011	6 years from the issuing date (€600 payable forthcoming period)
		<b>4.180</b>		
TRADE LOGISTICS SA	Bond	9.800	29/2/2012	3 years from the issuing date (€1.600 payable forthcoming period)
	Bond	9.000	4/11/2009	6 years from the issuing date
		<b>18.800</b>		

31/12/2012		Amount	Issuing Date	Duration
RENTIS SA	Bond	8.000	20/1/2010	5 years from the issuing date
		<b>8.000</b>		
HOUSE MARKET BULGARIA AD	Syndicated	54.614	22/12/2011	7 years from the issuing date (€2.900 payable forthcoming period)
		<b>54.614</b>		
INTERSPORT S.A.	Bond	15.000	20/12/2012	3 years from the issuing date (€2.000 payable forthcoming period)
		<b>15.000</b>		
HOUSEMARKET SA	Bond	20.500	21/2/2011	6 years from the issuing date (€3.200 payable forthcoming period)
		<b>20.500</b>		
<b>Total</b>		<b>127.094</b>		

Non - current loans include the rest of lease liability of HOUSEMARKET S.A. which, from 27 December 2000, has been funded to acquire the land, the building and its configuration and the equipment of the first IKEA Store in Greece, in Pylea Thessaloniki. The original lease of the land and building improvements expired in December 2011 and was renewed for three (3) more years.

Total current loans of the group mainly relate to overdraft bank accounts which are used as 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 was approximately 7,2% for the financial year 2013 (2012: 6,8%). Currently subsidiaries entered into cash flow hedges (Interest Rate Swaps or IRSs), in order to mitigate the risk of a sudden increase in interest rates in the interbank market. The terms of the swap agreements are as follows:

- A 5year financial product (IRS) that hedges interest rate risk through the exchange of fixed/ floating rate for an amount of euros 15 million euros of negative fair value for TRADE LOGISTICS SA on 31/12/2013 of € 265 thousand (31/12/2012: 792 thousand).
- A 5year financial product (IRS) that hedges interest rate risk through the exchange of fixed/ floating rate for an amount of 5 million euros of negative fair value for HOUSE MARKET BULGARIA AD on 31/12/2013 of € 96 thousand (31/12/2012: 0 thousand).

Short term loans of working capital include an amount of € 5 million of FOURLIS TRADE S.A for which, the company signed an agreement to extent the payment terms until December 2017. Therefore, the amount of € 3,8 million will be included in non-current loans and borrowings from the next reporting period.

Part of Group's loans include loan covenants. On 31/12/2013 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.

Fourlis Group operates in Cypriot market through its subsidiaries HM HOUSEMARKET (CYPTRUS) LTD (IKEA) with one store and INTERSPORT ATHLETICS (CYPRUS) LTD (Intersport) with 3 stores.

On Friday 15 March 2013, when the "haircut" of the bank accounting balances of Bank of Cyprus and CPB was decided by the Cypriot Government due to the financial circumstances, the net exposure of the these companies in the aforementioned Banks was of that level that there was no effect from this event.

Furthermore, it is stated that there is no other exposure in securities like shares, bonds or other financial instruments of the two aforementioned banks for both subsidiaries.

The total revenue of both companies for the year 2012 contributes the 10.7% of the total Group revenues. Given the strong position of IKEA and Intersport stores in the Cypriot market and their relatively small contribution on total Fourlis Group revenue, the expected sales reduction due to the current economic environment in Cyprus, is not expected to affect significantly the total revenue of Fourlis Group.

Regarding the aforementioned event, the I.R. Department of Fourlis Holdings S.A. uploaded a press release on the 28<sup>th</sup> of March 2013 at the site of the company <http://www.fourlis.gr>.

## 21. Trade and other payables

Trade and other payables are analyzed as follows:

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
<b>Trade payables</b>	<b>79.071</b>	<b>76.358</b>	<b>631</b>	<b>535</b>
<b>Accrued expenses</b>	<b>4.876</b>	<b>5.555</b>	<b>394</b>	<b>222</b>
<b>Other payables</b>	<b>1.379</b>	<b>2.484</b>	<b>467</b>	<b>457</b>
Taxes liability	4.752	4.532	182	166
Customers advances	1.616	1.713	0	0
<b>Insurance Organizations</b>	<b>2.706</b>	<b>2.602</b>	<b>136</b>	<b>104</b>
<b>Total</b>	<b>94.401</b>	<b>93.244</b>	<b>1.809</b>	<b>1.482</b>

The variation of Trade payables is due to changes in credit terms of suppliers of segment of retail trading of home furniture and household goods.

## 22. Income taxes

The nominal tax rates in the countries that the Group is operating vary between 10% and 26% for the year, as follows:

Country	Income Tax Rates (31/12/2013)	Income Tax Rates (31/12/2012)
Greece	26,0%	20,0%
Romania	16,0%	16,0%
Bulgaria	10,0%	10,0%
Cyprus	12,5%	10,0%
Turkey	20,0%	20,0%

Under the tax law L. 4110/ 23.1.2013 the tax rate, of entities located in Greece, increased from 20% to 26% for fiscal years on or after January 1, 2013. According to IAS 12 (par. 47) and to IAS 10 (par.22) the change of tax rate held on the beginning of 2013 is a "non-adjusting event" and as result income and deferred tax of the parent and subsidiaries companies in Greece was calculated with the tax rate 20%, which was in force on 31<sup>st</sup> of December, 2012. Moreover, on 1/1/2013 the tax rate of legal entities located in Cyprus increased from 10% to 12,5%.

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

COMPANY	YEARS
FOURLIS HOLDINGS SA	2010-2013 (*)
FOURLIS TRADE SA	2009 – 2013 (*)
INTERSPORT ATHLETICS SA	2008 – 2013 (*)
SERVICE ONE SA	2010 – 2013 (*)
GENCO TRADE SRL	2007 – 2013
GENCO BULGARIA EOOD	2009 – 2013
TRADE LOGISTICS SA	2010 – 2013 (*)
HOUSEMARKET SA	2007 – 2013 (*)
HM HOUSEMARKET (CYPRUS) LTD	2006 – 2013
HOUSE MARKET BULGARIA AD	2008 – 2013
RENTIS SA	2010 – 2013 (*)
INTERSPORT ATHLETICS (CYPRUS) LTD	2006 – 2013
WYLDES LTD	2009 – 2013
INTERSPORT ATLETİK MAĞAZACILIK VE DIŞ TİCARET A.Ş.	2011 - 2013

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

COMPANY	YEARS
VYNER LTD	2009 – 2013
SPEEDEX SA	2007 – 2013 (*)

(\*)For the periods 1/1 – 31/12/2011, 1/1 – 31/12/2012 and 1/1 – 31/12/2013 all companies of the Group located in Greece, have been subjected to tax audit by Certified Audit Accountants in accordance with the provisions of Article 82 par. 5 of Law 2238/1994 and received a Tax Compliance Certificate. In order to consider that the fiscal years 2011, 2012 and 2013 are audited by the tax authorities, all the defined mentioned in paragraph 1a of Article 6 L. 1159/2011 should be applied. At the end of the current fiscal year (2013) a tax audit was in process for the fiscal years 2007-2010 of the company HOUSEMARKET SA.

The income tax expense for the year 2013 and the relative year 2012 is as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
<b>Income tax</b>	<b>2.541</b>	<b>1.206</b>	<b>0</b>	<b>0</b>
<b>Tax audit differences</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Tax provision N.4172 tax free reserves</b>	<b>1.251</b>	<b>0</b>	<b>1.251</b>	<b>0</b>
<b>Deferred Taxes:</b>				
Differences of fixed assets	438	552	3	3
Provisions for employee benefits	(65)	(44)	(100)	(28)
Finance leases	(82)	(179)	0	0
Provisions	(234)	(29)	110	0
Accrued Taxes	(433)	(1.696)	0	(63)
Inventory Write Off Provision	(194)	(67)	0	0
Effect of changes on tax rates	(768)	0	(41)	0
<b>Total Deferred taxes</b>	<b>(1.339)</b>	<b>(1.464)</b>	<b>(28)</b>	<b>(88)</b>
<b>Income Tax Expense</b>	<b>2.453</b>	<b>(258)</b>	<b>1.223</b>	<b>(88)</b>

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

	GROUP		COMPANY	
	2013	2012	2013	2012
<b>Profit before taxes</b>	<b>(5.746)</b>	<b>(11.700)</b>	<b>(13.771)</b>	<b>(847)</b>
Income tax based on nominal tax rate	(2.843)	(1.540)	(3.580)	(169)
Tax on tax free income	(498)	(29)	(389)	56
Tax on non deductible expenses	4.490	511	3.970	50
Additional tax on real estate rents	0	28	0	0
Tax on tax losses	941	(155)	0	0
Tax audit differences	0	0	0	0
Non operating income tax	153	105	0	0
Proportionate tax on unrealized profits	0	0	0	0
Finance leases	0	0	0	0
Miscellaneous timing differences	(1.042)	823	(28)	(25)
Tax provision L4172 tax free reserve	1.251	0	1.251	0
<b>Tax in statement of comprehensive income</b>	<b>2.453</b>	<b>(258)</b>	<b>1.223</b>	<b>(88)</b>

The article 72 of L.4172/2013 and the law 1007/2.1.2014 have provisions about the taxation of reserves of L.2238/1994. As the Company and the Group have reserves under this legislation, have registered a provision of € 1.251 thousand regarding the estimated taxation, debiting the income statement of 2013 by crediting the long term liabilities.

Deferred taxes result from temporary differences between tax assets and liabilities recognition at the date of the Financial Statements.

On 31/12/2013 the Group had cumulative transferred tax losses at his subsidiaries and took a provision on part of them in Deferred tax Asset which amounted to euros 6.152 thousand, as management recognition criteria have been fulfilled. For the part of tax losses on which deferred tax asset has been recognized, the management estimates that they will be set-off with taxable profits before their expiration date.

Deferred taxes as at 31 December 2013 and 31 December 2012 in the accompanying Statement of financial positions amount to € 123 th as income from fair value of cash flow hedges (2012 € 65 th) and to € 23 th as defined benefit plan (2012 € 12 th):

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
<b>Liabilities:</b>				
Depreciation Difference	2.609	1.958	0	0
Employee retirement benefits	(349)	(301)	0	0
Income tax	0	(224)	0	0
Expenses Provision	(398)	(9)	0	0
Bad dept Provision	0	0	0	0
Finance leases	0	0	0	0
Reclass of Revenue account	0	159	0	0
Impairment on asset	0	0	0	0
Impairment on reserves	0	(60)	0	0
Provision Other Expenses	0	(102)	0	0
<b>Total</b>	<b>1.862</b>	<b>1.421</b>	<b>0</b>	<b>0</b>
<b>Assets:</b>				
Depreciation calc. difference	1.120	958	(14)	(11)
Employee retirement benefits	343	170	145	37
Stock devaluation	26	20	0	0
Provisions	233	539	0	7
Provision for doubtful debts	1.525	789	0	0
Finance leases	323	240	0	0
Reclass of Revenue account	(60)	0	0	0
Deferred income tax	6.042	5.586	68	137
Devaluation of assets	0	0	0	0
<b>Total</b>	<b>9.552</b>	<b>8.302</b>	<b>200</b>	<b>170</b>

Taking into consideration that some of the Group companies have not been audited by the tax authorities for a few years, it is considered by the Group that adequate provisions for future tax audit differences have been made. During current reporting period, the cumulative Group's provision for unaudited tax years amounted to € 1.785 thousand and to € 20 thousand for the Company as at 31/12/2013 which is displayed in Income Tax Payable.

## 23. Earnings 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 2013 is 50.992.322.

	GROUP	
	31/12/2013	31/12/2012
(Loss)/Profit after tax attributable to owners of the parent	(8.293)	(11.253)
Number of issued shares	50.992.322	50.992.322
SOP Impact	41.879	146.993
Effect from purchase of own shares	(361.299)	(514.082)
<b>Weighted average number of shares</b>	<b>50.672.902</b>	<b>50.625.233</b>
Basic (Losses)/Earnings per Share (in Euro)	(0.164)	(0.223)
Diluted (Losses)/Earnings per Share (in Euro)	(0.164)	(0.222)

## 24. Treasury Shares

The Board of Directors, with their decision dated 24/8/2010, proceeded to implement the decision of the General Assembly of Shareholders of 11 June 2010 regarding the purchase of treasury shares. In the context of these decisions, the Company during the period from 24/8/2010 to 8/6/2012 purchased 541.948 treasury shares with a total acquisition value of euros 2.083.394,76, which represent 1,06% of total shares of the share capital. The average price for the period from 24/8/2010 to 8/6/2012 was euros 3,8443 per share. On 11/6/2012 the above share buyback project was completed.

The Annual General Assembly of Shareholders of the parent company "FOURLIS Holdings SA" held on 15/6/2012 approved a share buyback program of up to 5% of the issued share capital or 2.549.616 shares, within (24) twenty four months from the Annual General Assembly approval, namely 15/6/2014. The lowest purchase price will be fifty cents euro (0,50 €) per share and maximum fifteen euro (15,00 €) per share. Under this decision, the Company during the period from 15/6/2012 until 30/9/2013 did not buyback any shares.

On September 9, 2013, FOURLIS HOLDINGS S.A. proceeded to the sale of 541.948 treasury shares at the price of € 2,59 per share with total amount of € 1.403.645,32 according to August 27, 2013 resolution of the Board of Directors.

After this disposal, FOURLIS HOLDINGS S.A. does not hold treasury shares.

## 25. Commitments and Contingencies

### 25.1 Commitments

The Group's commitments on 31/12/2013 are analysed as follows:

- ▶ The company has issued letters of guarantee for the associate company for loans and participation in tenders amounting to € 9.534 thousand.
- ▶ The company has issued letters of guarantee for its subsidiaries guaranteeing liabilities amounting to € 141.503 thousand.
- ▶ Subsidiary companies have issued letters of guarantee for its subsidiaries guaranteeing liabilities amounting to € 46.593 thousand.
- ▶ A subsidiary company mortgage its property to secure a bond loan amounting to € 25.200 thousand.
- ▶ A subsidiary company mortgage its property to secure a bond loan amounting to € 55.175 thousand.
- ▶ A subsidiary company mortgage its property to secure a bond loan amounting to € 25.000 thousand.
- ▶ A subsidiary company mortgage its property to guarantee liabilities of a subsidiary amounting to € 15.000 thousand.
- ▶ Bank deposits of the Group include a minimum deposit limit of € 2.000 thousand as a result of a loan agreement of a subsidiary.

## 25.2 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 20 "Borrowings".

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

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Up to 1 year	19.047	18.162	191	227
Between 1-5 years	75.867	75.494	774	329
More than 5 years	153.994	209.331	776	72
<b>Total</b>	<b>248.909</b>	<b>302.987</b>	<b>1.741</b>	<b>628</b>

The expense for operating leasing of financial year 2013, that was recorded in the income statement amounted to € 22.009 thousand (€ 21.815 thousand for the year 2012).

**Group as Lessor:** The future leasing contracts of RENTIS SA subsidiary of the Group as a lessor amounts to € 180 thousand until 1 year, € 2.812 thousand for 2 - 5 years, and 2.613 thousand for 5 years and up.

## 25.3 Litigation

During 2012 the Competition Committee of Romania requested for a preliminary investigation regarding trading practices that were followed during previous years by companies that trade electrical equipment including indirectly the subsidiary of the Group in Romania. On 18/12/2013 the investigation was completed without incurring any liability for the Group.

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

## 26. 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 year 2013 the centralization of support services was held for a whole year for the Group Companies in Greece in the areas of IT, HR, financial planning and controlling, treasury and social responsibility which was implemented in 2012, aiming to the exploitation of synergies and the central coordination in decision making and implementing.

The analysis of the related party receivables and payables as at 31 December 2013 and 2012 are as follows:

		GROUP		COMPANY	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
<b>Receivables from :</b>	FOURLIS TRADE SA	0	0	24	0
	HOUSE MARKET SA	0	0	435	0
	INTERSPORT SA	0	0	797	327
	SERVICE ONE SA	0	0	34	26
	TRADE LOGISTICS SA	0	0	25	24
	GENCO BULGARIA	0	0	28	32
	INTERSPORT (CYPRUS) LTD	0	0	9	6
	H.M. HOUSE MARKET (CYPRUS) LTD	0	0	38	35
	SPEDEX SA	0	1	0	0
	RENTIS SA	0	0	2	1
	HOUSE MARKET BULGARIA AD	0	0	44	87
	WYLDES	0	0	0	0
	INTERSPORT ATLETIK	0	0	273	164
	VYNER	0	0	0	0
	GENCO TRADE SRL	0	0	486	437
	<b>Total</b>	<b>0</b>	<b>1</b>	<b>2.195</b>	<b>1.139</b>
<b>Payables to:</b>	FOURLIS TRADE SA	0	0	45	0
	HOUSE MARKET SA	0	0	19	0
	INTERSPORT SA	0	0	0	69
	SERVICE ONE SA	0	0	0	18
	TRADE LOGISTICS SA	0	0	1	11
	GENCO BULGARIA	0	0	0	9
	INTERSPORT (CYPRUS) LTD	0	0	0	3
	H.M. HOUSE MARKET (CYPRUS) LTD	0	0	0	29
	SPEDEX SA	136	113	2	1
	RENTIS SA	0	0	0	0
	HOUSE MARKET BULGARIA AD	0	0	0	29
	WYLDES	0	0	0	0
	INTERSPORT ATLETIK	0	0	0	14
	VYNER	0	0	0	0
	GENCO TRADE SRL	0	0	0	37
	<b>Total</b>	<b>136</b>	<b>113</b>	<b>67</b>	<b>218</b>

Related party transactions as at 31 December 2013 and 2012 are as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
Revenues	1	1	3,474	3,250
Other operating income	2	0	494	424
<b>Total</b>	<b>3</b>	<b>1</b>	<b>3,969</b>	<b>3,674</b>

	GROUP		COMPANY	
	2013	2012	2013	2012
Administrative expenses	50	94	7	7
Distribution expenses	289	146	0	0
Other operating expenses	0	0	0	0
<b>Total</b>	<b>339</b>	<b>240</b>	<b>7</b>	<b>7</b>

During 2013 and 2012, transactions and fees of management members were as follows:

	GROUP		COMPANY	
	2013	2012	2013	2012
Transactions and fees of management members	2,601	2,938	406	428

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

## 27. Transactions with Subsidiaries

During financial years 2013 and 2012, between the parent company and its subsidiaries the following transactions occurred:

	GROUP		COMPANY	
	2013	2012	2013	2012
Revenue	17,585	18,138	3,474	3,250
Cost of Sales	14,176	13,389	2,853	2,490
Other Income	1,383	1,885	494	424
Administrative expenses	3,357	3,844	46	3,093
Distribution expenses	1,567	2,962	0	0

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Trade receivables	12,416	11,472	2,195	1,539
Inventory	210	343	0	0
Creditors	10,415	10,552	484	417

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.

## 28. Reclassifications

Income resulted from corresponding depreciation of grant assets of a subsidiary are separately presented in the statement of cash flow of the period 1/1 – 31/12/2013. For comparability and consistency reasons of the presentation, reclassification of the Statement of Cash Flow data was implemented for the period 1/1 – 31/12/2012. Furthermore, the statement of comprehensive income was divided into income statement and statement of comprehensive income for the aforementioned period.

## 29. Significant Additions in Consolidated Data

The most significant changes, that appear in the Statement of Financial Position as of 31/12/2013 in comparison with the corresponding data as of 31/12/2012 and in the Statement of Comprehensive Income for the period 1/1 - 31/12/2013 in comparison with the period 1/1 - 31/12/2012 are the following:

- Increase in the amount of "Investments in affiliates and associates" resulted from the implementation of the investment program of an associate of the Group.
- Decrease in the amount of "Inventory" resulted from the improvement of inventory turnover.
- Increase in the amount of "Accounts payable and other current liabilities" resulted from sales and goods purchases seasonality of the Group.
- Decrease in the amount of "Income Tax Receivable" resulted from the offsetting among current tax liabilities and income tax advance.
- Decrease in the amount of "Other receivables" resulted from the offsetting of current tax liability and credit VAT receivable.
- Decrease in the amount of "Cash and Cash Equivalents" resulted from the funding needs of Group's operational activity.

## 30. Subsequent events

Short term loans include an amount of € 5 million of FOURLIS TRADE S.A. for which, the company signed an agreement to extent the payment terms until December 2017. Therefore, the amount of €3,8 million will be included in non-current loans at the next reporting period.

There are no other significant events following the date of 31/12/2013 that may affect the financial position of the Group and the Company.



Financial Data and Information  
1/1 – 31/12/2013

Societas Anonymas Register Number: 1311000838001  
 General Electronic Commercial Registry No: 258101000  
 19-20, Sornu Str (Building A)-111 23 Marousi, Athens, Greece  
 Phone: +30 210 6122000  
 Fax: +30 210 6122013

According to L. 2190/2010, Art. 115 for companies publishing annual financial statements consolidated or not, in compliance with the IFRS  
 The figures presented below resulting from the financial statements, provide general information about the financial position and the results of Fourlis Holdings SA and Fourlis Group. Thereby we advise the reader who intends to proceed to any form of transaction with the Company to visit the company's website where the consolidated and separate financial statements in compliance with the International Financial Reporting Standards issued by I.U. and the Central Auditors' Report whenever required have been published.

**Supervising Authority**

Website Company address  
 Date of Approval of Financial Statements from BoD  
 Certified Auditor  
 Audit Firm  
 Type of Audit Report

: Ministry of Development, General Electronic Commercial Registry  
 : www.fourlis.gr  
 : 24, February 2014  
 : Sofia Kalamonidou A.M. S.O.E. 13384  
 : Ernst & Young (HELLAS) Certified Auditors Accountants S.A.  
 : Unqualified

**Board of Directors**  
 Chairman - Executive Member  
 Vice President - Executive Member  
 CEO - Executive Member  
 Executive Member  
 Non Executive Member  
 Non Executive Independent Member  
 Non Executive Independent Member  
 Non Executive Independent Member  
 Non Executive Independent Member  
 Non Executive Independent Member

: Vasilios Fourlis  
 : Daphi Fourlis  
 : Apostolisa Poulas  
 : Lyda Fourlis  
 : Ianna Demetria  
 : Petros Tsigonidis  
 : Eliothea Vasilakou  
 : Ianna Poulakidou  
 : Ianna Katsipoulas

**STATEMENT OF FINANCIAL POSITION**  
 (Consolidated & Separate) amounts in thousand €

	GROUP			COMPANY		
	31/12/13	31/12/12	31/12/13	31/12/12	31/12/12	31/12/12
<b>ASSETS</b>						
Non-current assets						
Property, plant and equipment	236,174	239,472	258	258	62	
Investment Property	7,728	7,000	0	0	0	
Intangible Assets	13,941	15,357	85	85	99	
Investments in affiliates and associates	29,532	21,288	88,012	97,203		
Investments	0	95	0	0	95	
Long Term receivables	7,050	6,318	165	139		
Deferred Taxes	9,552	8,302	200	170		
<b>Total non-current assets</b>	<b>300,049</b>	<b>298,429</b>	<b>683,719</b>	<b>807,769</b>		
Current assets						
Inventory	0	0	0	0	0	
Income tax receivable	75,251	78,787	0	0	0	
Trade receivables	1,551	7,381	935	3,075		
Other receivables	14,858	16,838	2,235	1,560		
Other receivables	14,999	20,754	497	461		
Cash & cash equivalent	27,869	41,825	956	2,328		
<b>Total current assets</b>	<b>134,530</b>	<b>165,546</b>	<b>4,622</b>	<b>7,425</b>		
<b>TOTAL ASSETS</b>	<b>434,579</b>	<b>463,975</b>	<b>693,341</b>	<b>815,193</b>		
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>						
Shareholders' Equity						
Share Capital	50,992	50,992	50,992	50,992		
Share premium reserve	11,665	11,834	12,322	12,322		
Reserves	35,875	35,544	17,221	28,903		
Retained earnings	30,456	28,519	9,366	11,158		
Total equity (E) (E+P+R)	168,968	176,888	89,961	103,385		
Non-current liabilities	0	1	0	0		
Total equity (E) (E+P+R)	168,968	176,889	89,961	103,385		
Liabilities						
Loans and borrowings	110,980	123,827	0	0		
Employee retirement benefits	2,355	2,373	218	185		
Deferred Taxes	1,862	1,421	0	0		
Other non-current liabilities	7,991	6,255	1,353	1,21		
<b>Total non-current liabilities</b>	<b>122,988</b>	<b>133,880</b>	<b>1,611</b>	<b>1,406</b>		
Current Liabilities						
Short term loans for working capital	21,575	41,481	0	0		
Current portion of non-current loans and borrowings	16,650	11,179	0	0		
Short-term portion of non-current lease	3,218	3,231	0	0		
Income Tax Payable	94,401	93,344	1,859	1,482		
Accounts payable and other current liabilities	103,772	157,199	7,809	7,502		
<b>Total Liabilities (L)</b>	<b>295,613</b>	<b>285,084</b>	<b>3,440</b>	<b>1,609</b>		
<b>TOTAL EQUITY &amp; LIABILITIES (E+L)</b>	<b>434,579</b>	<b>463,975</b>	<b>693,341</b>	<b>815,193</b>		

**INCOME STATEMENT (amounts in thousand €)**  
 CONSOLIDATED

	11 - 31/12/2013	11 - 31/12/2012
Revenue	403,271	420,254
Cost of Sales	(243,822)	(262,541)
<b>Gross Profit</b>	<b>159,449</b>	<b>157,713</b>
Other operating income	16,119	11,699
Distribution expenses	(39,423)	(40,382)
Administrative expenses	(26,154)	(26,652)
Other operating expenses	(1,425)	(2,588)
<b>Operating Profit/Loss</b>	<b>10,666</b>	<b>2,786</b>
Finance costs	(16,575)	(17,102)
Finance income	1,004	3,625
Contribution associate company losses	(802)	(410)
<b>Profit / Loss before Tax</b>	<b>(6,841)</b>	<b>(11,700)</b>
Income tax	(1,262)	258
Tax provision/LAT2 Tax fees reserves	(1,291)	0
<b>Net Income / Loss (A)</b>	<b>(8,294)</b>	<b>(11,442)</b>
Attributable to:		
Equity holders of the parent	(8,294)	(11,253)
Non - controlling interest	0	(189)
<b>Net Income / Loss (A)</b>	<b>(8,294)</b>	<b>(11,442)</b>
Basic Earnings / Losses per Share (in Euro)	(0,1638)	(0,2229)
Diluted Earnings / Losses per Share (in Euro)	(0,1637)	(0,2223)
<b>EBITDA</b>	<b>25,421</b>	<b>20,086</b>

**STATEMENT OF COMPREHENSIVE INCOME (amounts in thousand €)**  
 CONSOLIDATED

	11 - 31/12/2013	11 - 31/12/2012
Profit / (Loss) after tax (A)	(8,294)	(11,442)
Other comprehensive income/losses transferred to the income statement:		
Other comprehensive income/losses transferred to the income statement:	0	0
Other comprehensive income/losses transferred to the income statement:	(1,409)	120
Foreign Exchange differences on translation of income statements	351	250
Net (tax)/gain on cash flow hedges	(1,168)	380
<b>Total other comprehensive income/losses transferred to the income statement</b>	<b>(1,168)</b>	<b>380</b>
Other comprehensive income/losses not transferred to the income statement:		
Accumulated gain / losses on defined benefit plans	(47)	(47)
<b>Total other comprehensive income/losses not transferred to the income statement</b>	<b>(1,215)</b>	<b>333</b>
<b>Other comprehensive income/losses after tax (B)</b>	<b>(9,509)</b>	<b>(11,059)</b>
<b>Total comprehensive income/losses after tax (A) + (B)</b>	<b>(17,803)</b>	<b>(22,501)</b>
Attributable to:		
Equity holders of the parent	(17,803)	(22,501)
Non - controlling interest	0	(189)
<b>Total comprehensive income/losses after tax (A) + (B)</b>	<b>(17,803)</b>	<b>(22,501)</b>

**INCOME STATEMENT (amounts in thousand €)**  
 COMPANY

	11 - 31/12/2013	11 - 31/12/2012
Revenue	3,489	3,250
Cost of Sales	(2,853)	(2,492)

**STATEMENT OF CHANGES IN EQUITY**  
(Consolidated and Separate) amounts in thousand €

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Balance at the beginning of period (31/12/2013 and 31/12/2012 respectively)	170,880	187,680	103,385	104,187
Total comprehensive income/losses for the period after taxes	-0,500	-11,109	-15,903	-739
Sale / (Purchase) of treasury shares	1,404	48	1,404	46
Other	205	-654	205	-85
Balance at the end of period (31/12/2013 and 31/12/2012), respectively	168,680	176,888	89,991	103,385

**CASH FLOW STATEMENT**  
(Consolidated and Separate) amounts in thousand €

	GROUP		COMPANY	
	1/1 - 31/12/2013	1/1 - 31/12/2012	1/1 - 31/12/2013	1/1 - 31/12/2012
<b>Operating Activities</b>				
Net profit, loss before taxes	-5,840	-11,700	-13,866	-847
Adjustments for:				
Depreciation / Amortization	14,841	17,300	13,915	46
Income on Depreciation in fixed assets	-418	-428	0	0
Provisions	124	225	70	171
Foreign exchange differences	2,390	298	0	-1
Interest Expense	-443	-283	-101	-29
Results (income, expense, profit and loss) from investment activity	14,041	15,044	2	3
<b>Financing Activities</b>				
Net cash generated from operations (6)	22,219	22,210	873	-622
Purchase of share capital of subsidiaries and related companies	-5,066	-2,669	-3,684	-1,094
Purchase of tangible and intangible fixed assets	-11,440	-9,915	-286	-44
Proceeds from disposal of tangible and intangible assets	2,000	2,000	0	0
Proceeds from investments	-1,207	-1,500	0	0
Interest Received	560	824	72	29
Proceeds from sale from other investments	1,538	0	1,538	0
<b>Total inflow / (outflow) from investing activities (8)</b>	-16,717	-16,662	-3,660	-2,010
<b>Financing Activities</b>				
Sale / (Purchase) of treasury shares	1,404	-85	1,404	-85
Proceeds from borrowings	37,742	48,705	0	0
Repayment of borrowings	-60,847	-65,304	0	0
Repayment of leasing liabilities	-3,232	-3,645	0	0
<b>Total inflow / (outflow) from financing activities (6)</b>	-18,633	-19,789	1,404	-85
<b>Net increase/(decrease) in cash and cash equivalents for the period (6)-(8)+(10)</b>	-13,825	-14,447	-1,379	-2,087
Cash and cash equivalents at the beginning of the period	41,825	56,274	2,328	4,970
Effect of exchange rate fluctuations on cash held	-131	-48	0	0
Closing balance, cash and cash equivalents	27,869	41,779	966	2,883

	6/3	7/6
Gross Profit	633	760
Other operating income	873	459
Administrative expenses	-2,122	-2,034
Depreciation/Amortization	-13,015	-46
Other operating expenses	-5	-11
Operating Profit/Loss	-13,009	-874
Finance costs	-2	-3
Finance income	22	30
Profit / Loss before Tax	-13,866	-847
Income tax	28	88
Net Income / Loss (A)	-13,838	-759
The provision for 14/12 tax fee reserves	-4,261	0
Attributable to:		
Equity holders of the parent	-15,099	-759
Non - controlling interest	0	0
Net Income / Loss (A)	-15,099	-759
Proposed Dividend per share - (€)	0,0000	0,0000
EBITDA	-621	-829

**STATEMENT OF COMPREHENSIVE INCOME** (amounts in thousand €)

	COMPANY	
	1/1 - 31/12/2013	1/1 - 31/12/2012
Profit / (Loss) after tax (A)	-15,069	-759
Other comprehensive income / (loss)		
Other comprehensive income/loss transferred to the income statement:		
Valuation of financial assets available for sale	0	0
Total other comprehensive income/loss transferred to the income statement	0	0
Other comprehensive income/loss not transferred to the income statement:		
Actuarial gain / losses on defined benefit plans	-4	20
Total other comprehensive income/loss not transferred to the income statement	-4	20
Other comprehensive income/loss after tax (B)	-4	20
Total comprehensive income/loss after tax (A) + (B)	-15,073	-739
Attributable to:		
Equity holders of the parent	-15,063	-739
Non - controlling interest	0	0
Total comprehensive income/loss after tax (A) + (B)	-15,063	-739

**Notes:**

- The basic accounting principles applied are consistent with those applied for the Annual Financial Statements of 31/12/2012 taking into consideration new or updated standards.
- Subsidiary company managed the property to secure a subsidiary's liabilities amounting to euro 15,000 thousand. Subsidiaries mortgage its property to secure bond loans amounting to euro 15,000 thousand.
- There are no liquidations or rescissions.
- There are no liquidations or rescissions proceedings, which have a material impact on the financial position of Faurds Group and the Company.
- The type of audit report is unqualified.
- The total headcount for Group and Company 31/12/2012 is as follows: Group 3,617 (31/12/2012: 3,531), Company 71 (31/12/2012: 54).
- Subsidiary Companies, their location, Faurds Holdings share participation along with the method of consolidation are detailed in Note 1 of the Annual Financial Report.
- The Unaudited Fiscal years for the Group Companies are listed under Note 22 of the Annual Financial Report. The accumulated provisions related to the unaudited tax years amount to euro 1,765 thousand for the Group and to euro 20 thousand for the Company.
- Earnings per share have been calculated on the weighted average number of shares outstanding at the reporting date.
- The Board resolution of 24/9/2010 proceeded to the implementation of the decision of the General Assembly of shareholders dated June 11 2010 on the share buyback. According to these resolutions, the Company from 24/9/2010 to 11/6/2012 purchased 541,548 treasury shares.
- The Annual General Assembly of Shareholders of the parent company "FOURDS HOLDINGS SA" held on 15/5/2012 approved a new share buyback program of up to 5% of the issued share capital of 2,549,616 shares. The Share Buy Back will take place within (24) twenty four months from the Annual General Assembly approval, namely 15/6/2014. The lowest purchase price will be fifty cents (0.50 €) per share and maximum fifteen euro (15.00 €) per share. On 09/09/2013 Company sold 541,548 treasury shares at a price of € 2.59 per share for a total consideration of € 1,403,645.32 based on the 27/08/2013 Decision of the Board. On 31.12.2013, the Company no longer holds any treasury shares.
- The Financial Statements of the prior year have been retrospectively reclassified in order to become comparable to the corresponding figures of the current period due to the implementation of the share buyback program.
- At the Annual General Assembly of 14/09/2013 there was no question of dividend distribution for the period 1/1 - 31/12/2012 taking into account the results of the aforementioned period.
- The Extraordinary General Assembly of the Company of September 27th 2013, under the Stock Option Plan, approved the disposal of 1,507,678 options. The program will be implemented in three waves, with a maturity period of three years per wave. On November 26th 2013, the Board of Directors granted 562,560 stock options which compose the first of the three waves.
- On December 31, 2013 the Group and the Company signed tax calculation protocols with the tax authority for the recovery of amount € 1,281,358.91 according to L.1472/2013.
- The transactions (1/1 - 31/12/2013) and the balances with the related parties (table 145.2.4) at the reporting date are presented below:

	GROUP	COMPANY
Income	3	3
Expenses	339	339
Receivables	0	0
Liabilities	136	136
Transactions and fees of management members	2,601	406

Apart from those presented in the table above, there are no other transactions and balances between the Group/Company and the Directors/Managers

Manual February, 24 2014  
The CEO

The Chief Accountant

Agostinos D. Pichas  
ID No. 474021159

Sofianos I. Mitrou  
ATA 55769

The Chairman of the BOD

Yannos E. Fouris  
ID No. 4700172

## Information pursuant to article 10 of Law 3401/ 2005

Protocol number	Date-Time	Subject
2013/XA/A/49	02/01/2013 17:08	TRADE AKNOWLEDGEMENT
2013/XA/A/162	04/01/2013 12:05	ANNOUNCEMENT BASED ON LAW 3556/2007
2013/XA/A/734	15/01/2013 18:05	TRADE AKNOWLEDGEMENT
2013/XA/A/2008	05/02/2013 12:02	FINANCIAL CALENDAR
2013/XA/A/2010	05/02/2013 12:36	FINANCIAL CALENDAR
2013/XA/A/2016	05/02/2013 13:53	FINANCIAL CALENDAR
2013/XA/A/1682	30/01/2013 14:41	PUBLICATION DATE OF YEAR 2012 FINANCIAL RESULTS
2013/XA/A/3039	26/02/2013 16:37	FINANCIAL STATEMENTS IN PDF FORMAT
2013/XA/A/3040	26/02/2013 16:38	FINANCIAL STATEMENTS IN PDF FORMAT
2013/XA/A/3044	26/02/2013 16:56	FINANCIAL STATEMENTS IN PDF FORMAT
2013/XA/A/3041	26/02/2013 16:46	FINANCIAL STATEMENTS IN PDF FORMAT
2013/XA/A/3047	26/02/2013 17:09	CORPORATE FINANCIAL RESULTS OF YEAR 2012 PRESENTATION
2013/XA/A/3038	26/02/2013 16:30	CONSOLIDATED FINANCIALS FY 2012
2013/XA/A/3092	27/02/2013 15:13	FINANCIAL STATEMENTS (IAS)
2013/XA/A/3093	27/02/2013 15:15	FINANCIAL STATEMENTS (IAS)
2013/XA/A/3094	27/02/2013 15:33	ANALYSTS' BRIEFING ANNOUNCEMENT
2013/XA/A/4928	28/03/2013 12:56	TRADE AKNOWLEDGEMENT
2013/XA/A/5109	28/03/2013 18:38	TRADE AKNOWLEDGEMENT
2013/XA/A/4843	28/03/2013 10:07	GROUP REPORT AT MARKET OF CYPRUS
2013/XA/A/7398	25/04/2013 19:35	TRADE AKNOWLEDGEMENT
2013/XA/A/9325	29/05/2013 15:39	FINANCIAL STATEMENTS (IAS)
2013/XA/A/9327	29/05/2013 15:40	FINANCIAL STATEMENTS (IAS)
2013/XA/A/11729	18/06/2013 17:40	TRADE AKNOWLEDGEMENT
2013/XA/A/11730	18/06/2013 17:45	TRADE AKNOWLEDGEMENT
2013/XA/A/11732	18/06/2013 18:00	ANNOUNCEMENT BASED ON LAW 3556/2007
2013/XA/A/11525	14/06/2013 16:18	RESOLUTION OF THE ANNUAL GENERAL ASSEMBLY OF THE SHAREHOLDERS OF THE COMPANY, HELD ON 14.06.2013
2013/XA/A/7817	08/05/2013 17:04	PUBLICATION DATE OF Q1 FY2013 FINANCIAL RESULTS
2013/XA/A/9208	28/05/2013 16:59	CONSOLIDATION FINANCIALS Q1 FY2013
2013/XA/A/12700	01/07/2013 14:19	HEADQUARTERS ADDRESS CHANGE
2013/XA/A/13852	24/07/2013 09:49	PUBLICATION DATE OF H1 FY2013 FINANCIAL RESULTS
2013/XA/A/13978	26/07/2013 20:00	TRADE AKNOWLEDGEMENT
2013/XA/A/14742	19/08/2013 14:20	TAX CERTIFICATE FOR THE FINANCIAL YEAR 2012
2013/XA/A/15123	28/08/2013 10:06	FINANCIAL STATEMENTS (IAS)
2013/XA/A/15124	28/08/2013 10:08	FINANCIAL STATEMENTS (IAS)
2013/XA/A/15088	27/08/2013 16:24	H1 FY2013 FINANCIAL RESULTS PRESENTATION
2013/XA/A/15084	27/08/2013 16:19	CONSOLIDATED FINANCIALS H1 FY2013
2013/XA/A/15132	28/08/2013 12:05	FINANCIAL STATEMENTS IN PDF FORMAT
2013/XA/A/15133	28/08/2013 12:06	FINANCIAL STATEMENTS IN PDF FORMAT
2013/XA/A/15134	28/08/2013 12:09	FINANCIAL STATEMENTS IN PDF FORMAT
2013/XA/A/15135	28/08/2013 12:10	FINANCIAL STATEMENTS IN PDF FORMAT
2013/XA/A/16340	04/09/2013 11:24	INVITATION TO THE EXTRAORDINARY GENERAL ASSEMBLY OF THE SHAREHOLDERS
2013/XA/A/16548	09/09/2013 18:42	TREASURY SHARES SALE
2013/XA/A/16549	09/09/2013 18:50	TREASURY SHARES SALE
2013/XA/A/17119	24/09/2013 18:48	TRADE AKNOWLEDGEMENT
2013/XA/A/17282	27/09/2013 19:53	RESOLUTION OF THE EXTRAORDINARY GENERAL ASSEMBLY OF THE SHAREHOLDERS
2013/XA/A/18780	31/10/2013 15:51	OTHER SIGNIFICANT EVENTS (NOT PROVIDED IN OTHER CATEGORIES)

<b>Protocol number</b>	<b>Date-Time</b>	<b>Subject</b>
2013/XA/A/20135	26/11/2013 16:42	FINANCIAL STATEMENTS IN PDF FORMAT
2013/XA/A/20136	26/11/2013 16:43	FINANCIAL STATEMENTS IN PDF FORMAT
2013/XA/A/20138	26/11/2013 16:50	FINANCIAL STATEMENTS IN PDF FORMAT
2013/XA/A/20139	26/11/2013 16:55	FINANCIAL STATEMENTS IN PDF FORMAT
2013/XA/A/20186	26/11/2013 20:31	FINANCIAL STATEMENTS (IAS)
2013/XA/A/20187	26/11/2013 20:32	FINANCIAL STATEMENTS (IAS)
2013/XA/A/20245	27/11/2013 12:41	ANALYSTS' BRIEFING
2013/XA/A/20134	26/11/2013 16:40	CONSOLIDATED FINANCIALS Q3FY2013
2013/XA/A/20251	27/11/2013 13:31	ANALYSTS' BRIEFING
2013/XA/A/20142	26/11/2013 17:02	CONSOLIDATED FINANCIALS Q3FY2013
2013/XA/A/20149	26/11/2013 17:14	COMPOSITION OF THE BOARD OF DIRECTORS MODIFICATION AKNOWLEDGEMENT
2013/XA/A/20133	26/11/2013 16:31	COMPOSITION OF THE BOARD OF DIRECTORS MODIFICATION AKNOWLEDGEMENT
2013/XA/A/21672	06/12/2013 17:37	TRADE AKNOWLEDGEMENT
2013/XA/A/21673	06/12/2013 17:38	TRADE AKNOWLEDGEMENT
2013/XA/A/21949	13/12/2013 18:00	TRADE AKNOWLEDGEMENT
2013/XA/A/22176	18/12/2013 18:08	TRADE AKNOWLEDGEMENT
2013/XA/A/22177	18/12/2013 18:08	TRADE AKNOWLEDGEMENT
2013/XA/A/22178	18/12/2013 18:09	TRADE AKNOWLEDGEMENT
2013/EXAE/H/22337	20/12/2013 17:35	TRADE AKNOWLEDGEMENT
2013/EXAE/H/22425	23/12/2013 18:37	TRADE AKNOWLEDGEMENT

## 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 2013 has been published by posting on the Internet at the web address <http://www.fourlis.gr>.





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