

LOGICOM PUBLIC LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015


LOGICOM PUBLIC LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

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We hereby certify that the report and financial statements of Logicom Public Limited for the year ended 31 December 2015 is true copy of the report and financial statements laid and deposited at the General Meeting of the Company


.....
Director

ANTHONIS PAPACHRISTOFOROU

FOR LOGICOM PUBLIC LTD


.....
Secretary

ADAMINCO SECRETARIAL
LIMITED

BOARD OF DIRECTORS AND PROFESSIONAL ADVISERS**DIRECTORS**

Adamos K. Adamides, Chairman
Varnavas Irinarchos, Vice Chairman and Managing Director
Sparsis Modestou, Director (retired on 03 August 2015)
Takis Klerides, Director
Nicos Michaelas, Director
George Papaioannou, Director
Anthoulis Papachristoforou, Director
Anastasios Athanasiades, Director (appointed on 07 December 2015)

GROUP CHIEF FINANCIAL OFFICER

Anthoulis Papachristoforou

SECRETARY

Adaminco Secretarial Limited
Eagle Star House, 1st floor
35 Theklas Lysioti Street
3030 Limassol

REGISTERED OFFICE

Eagle Star House, 1st floor
35 Theklas Lysioti Street
3030 Limassol

MANAGEMENT OFFICE

26 Stasinou Street, Ayia Paraskevi
2003 Strovolos, Nicosia

INDEPENDENT AUDITORS

KPMG Limited
14 Esperidon street
1087 Nicosia
Cyprus

LEGAL ADVISERS

Scordis, Papapetrou & Co LLC
Eagle Star House, 1st floor
35 Theklas Lysioti Street
3030 Limassol

BANKERS

Emporiki Bank SA
FBME Bank Ltd
Bank of Bahrain & Kuwait BSC
COOP Central Bank
NEB Factors SA
Al banka Turk Katilim Bankasi

BANKERS

Hellenic Bank Public Company Limited
Bank of Cyprus Public Company Limited
National Bank of Greece (Cyprus) Ltd
HSBC Bank Middle East
Banque Audi SAL
Alpha Bank Cyprus Ltd
Societe Generale Cyprus Ltd
Standard Chartered Bank
Eurobank Ergasias S.A.
Piraeus Bank (Cyprus) Ltd
Unicredit Bank AG
Credito Artigiano S.p.A.
The Cyprus Development Bank Public Company Limited
Societe Generale Lebanon
Garanti Bank
Housing Bank for Trade & Finance
National Bank of Greece S.A.
Eurobank Cyprus Ltd
Euro Bank Factors S.A
Alpha Bank S.A.
Macquarie Bank Limited (London branch)
FIMBank PLC
Saudi British Bank
National Bank of Fujairah PSC
Arab Bank PLC
Mashreq Bank PSC
Alpha Bank (Romania)
CIBC
Russian Commercial Bank Ltd
Piraeus Bank A.E.
Marfin Bank (Romania)
Noor Bank
ABC Factors S.A.
Commercial Bank of Dubai PSC
Banca Popolare di Milano Sarl
Bank of Beirut
Akbank TAS
Finansbank AS
Yapi re Kredi Bakasi AS
Asya Kntim bankasi AS
Turkiye Is Bankasi

LOGICOM PUBLIC LIMITED**STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE OFFICIALS OF THE
COMPANY RESPONSIBLE FOR THE FINANCIAL STATEMENTS**

According to article 9, sections (3)(c) and (7) of the Conditions for Transparency (Movable Securities for Trading in Controlled Market) Law of 2007 (“Law”), we the members of the Board of Directors and Anthoulis Papachristoforou, BA (Hons) FCCA, Group Financial Controller responsible for the preparation of the financial statements, of the Group and the Company Logicom Public Ltd, for the year ended 31 December 2015, we confirm that to the best of our knowledge:

(a) The annual consolidated and separate financial statements that are presented in pages 9 to 87.

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

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

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

Members of the Board of Directors

Adamos K. Adamides, Chairman

Varnavas Irinarchos, Vice Chairman and Managing Director

Takis Klerides

Nicos Michaelas

George Papaioannou

Anthoulis Papachristoforou

Anastasios Athanasiades

Responsible for the preparation of financial statements

Anthoulis Papachristoforou (Group Chief Financial Officer)

Nicosia, 31 March 2016

LOGICOM PUBLIC LIMITED**BOARD OF DIRECTORS' REPORT**

The Board of Directors of Logicom Public Limited (the “Company”) presents to the members its report together with the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) and the separate financial statements of the Company for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Group continued in 2015 the distribution of high technology products, the supply of services and complete information technology, telecommunication and software solutions and the participation in large infrastructure projects in the water sector.

REVIEW OF RESULTS

The turnover increased by 34,1% in relation to 2014. The turnover of the Distribution Sector shows a significant increase of 36,4% mainly due to the increase of sales in the United Arab Emirates and in Saudi Arabia. The turnover of the Software and Integrated Solutions Division also shows an increase of 3,6%.

The percentage of gross profit margin has decreased from 6,7% in 2014 to 6,4%, mainly due to the high increase in the contribution of the turnover of the Distribution Division where the gross profit margin is lower.

Other Income mainly relates to contributions from suppliers for promotion of their products and income through business relationships with third parties.

The increase in Administration Expenses by €5.231.989, and in percentage terms 17,8% compared to 2014, is mainly due to the increase of personnel and infrastructure expenses as a result of the Group's expansion in new markets and of the increase in the variety of available products.

The profit from operating activities amounted to €20.309.718, which increased by 46,7% compared to 2014 mainly due to the increase of the Group's turnover.

The financing cost, including interest receivable and payable, and related bank charges resulting from the banking facilities used for the expansion of the Group's operations amounted to €7.320.232 compared to €5.501.360 during 2014, showing an increase of 33,1%. The increase is mainly due to the increase of Bank Borrowings for the purpose of financing the additional Working Capital required to support the increased turnover and financing of other activities of the Group.

The Foreign Exchange Difference, resulting from the exchange rate fluctuation between the US Dollar and the Euro, had a positive impact on the Group's results amounting to a gain of €183.602, compared to 2014 where the loss amounted to €880.170.

It is clarified that as from 1/1/2010 the provisions of the IAS39 in relation to Hedge Accounting have been adopted, with the aim to reduce the effects of the exchange rate fluctuation between the US Dollar and the Euro in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The adoption of the provisions of IAS 39 limited the effect on Group results. Profit amounting to €3.794.852 which arose on the conversion of the net investment in foreign subsidiaries was hedged in reserves with a loss of €3.794.852 that arose on the conversion of long-term and short-term loans.

According to the directives of the Revised International Accounting Standard 21, the increase in the value of the Company's investments in foreign subsidiaries, due to exchange differences, amounting to €1.024.325 is transferred to the Reserves until the date of liquidation where any result will be transferred to the Statement of Profit or Loss and Other Comprehensive Income.

The Share of loss of associated companies and partnership and the Share of loss attributable to Non-Controlling interest mainly relates to the loss from the investment in Larnaka Desalination Unit of which the renovation and upgrading was completed in 2015 and for which the corresponding cost has been fully written off due to the impairment of the investment during the previous year and taking into account corresponding claims.

LOGICOM PUBLIC LIMITED**BOARD OF DIRECTORS' REPORT****REVIEW OF RESULTS** *(continued)*

The increase in taxation by €1.516.063 is mainly due to the provisions for Taxation, to the subsidiary companies of the Group and to the reversal of Deferred Taxation from temporary tax differences resulting from losses that arose in previous years.

The Group's profit before taxation amounted to €12.243.406 for the year 2015 compared to €6.260.514 in 2014, that corresponds to an increase in percentage terms of 95,6%. The increase is mainly due to the increase of the Group's turnover. The profit attributable to the Company's shareholders has increased by €4.353.759 and in percentage terms by 67,3%, from €6.473.576 in 2014 to €10.827.335 in 2015.

The earnings per share and the diluted earnings per share in 2015 increased by 67,3% compared to 2014 to 14,62 cents.

The Group's cash and cash equivalents compared to the bank overdrafts present a credit balance of €24.234.329 at the end of 2015 compared to €21.669.327 at the end of 2014. The short-term loans have increased to €43.038.306 from €39.611.692. The long-term loans have decreased to €6.938.823 from €11.018.933.

DIVIDEND POLICY

The Board of Directors decided to propose for approval, at the Annual General Meeting of the shareholders, a final dividend of €3.703.980 for 2015, which corresponds to €0,05 cent per share and in percentage terms to 0 of the profits for the year attributable to the company's shareholders.

SHARE CAPITAL

There was no change to the issued share capital of the Company for the year 2015.

All shares are listed and traded in the Cyprus Stock Exchange, they have the same and equal rights and have no limitations in their transfer. Detailed information in relation to the Company's share capital is presented in note 21 of the consolidated financial statements.

BOARD OF DIRECTORS

The members of the Board of Directors as at 31 December 2015 and as at the date of the existing report are set out on page 2. According to article 94 of the Company's articles of association Takis Clerides and Nicos Michaelas resign by rotation, but can be re-elected and they offer themselves for re-election. Moreover, Anastasios Athanasiades, who was appointed director on 7 December 2015, resigned and is offering himself for election. The resume of those offered for re-election or election are included in the Corporate Governance Report of the Board of Directors.

There were no significant changes in the assignment of responsibilities of the Directors.

BRANCHES

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

MAIN RISKS

The main risks faced by the Group and the Company are stated and analysed in note 30 of the consolidated financial statements.

LOGICOM PUBLIC LIMITED**BOARD OF DIRECTORS' REPORT****SIGNIFICANT INFORMATION, ESTIMATIONS, GOALS AND PROSPECTS**

Verendrya Ventures Limited, of which the Company holds 60% of its share capital and in a joint venture with a 50% share, completed the construction of the Desalination plant in Episkopi based on a relevant agreement with the Water Development Department dated 7 August 2009. As announced, as per the agreement dated 20 July 2011 Demetra Investments Public Ltd, participates indirectly to the execution and operation of the desalination project in Episkopi with 40% share of Verendrya Ventures Ltd interest in the joint venture. The construction of the project was completed in June 2012 and the desalination unit remains in stand-by mode since 1 July 2012 until 27 April 2014. The desalination unit started production on the 28th of April 2014.

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

During 2015, the turnover, the operating profit and the net profit have increased, due to the reasons explained in the review of results above.

The efforts for the reduction of the operational and administration costs, as well as for the increased productivity will continue to be pursued.

Despite the existing market conditions which are outlined by the uncertainty resulting from the economic crisis and also from the uncertainty in the rate fluctuation between the US Dollar and the Euro, during 2016, the prospects are optimistic and the increase of operating and net profitability will be pursued.

STATEMENT OF DIRECTORS PARTICIPATION IN COMPANY'S SHARE CAPITAL

The percentages of participation in the Company's share capital that were held directly or indirectly by the members of the Board of Directors of the Company on 31 December 2015 and on 31 March 2016 are presented in notes 32 and 33 of the consolidated financial statements.

EXECUTIVE DIRECTORS' CONTRACTS

The contracts of the Executive Directors are stated in note 34 of the consolidated financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Group, KPMG Limited, have expressed their willingness to continue in office. A resolution for re-election of the independent auditors and an authorisation to the Board of Directors for fixing their remuneration will be submitted at the Annual General Meeting.

By order of the Board of Directors,

Adaminco Secretarial Limited
Secretary

Nicosia, 31 March 2016

Independent Auditors' report

To the Members of Logicom Public Limited

Report on the consolidated and separate financial statements of Logicom Public Limited

We have audited the consolidated and separate financial statements of Logicom Public Limited and its subsidiaries the "Group") and the separate financial statements of Logicom Public Limited ("the Company") on pages 9 to 87, which comprise the consolidated statement of financial position and the statement of financial position of the Company as at 31 December 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements of the Company based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements of the Company. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated and separate financial statements that give a true and fair view 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 the Board of Directors, as well as evaluating the overall presentation of the consolidated and separate 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 consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2015, 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 and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 as amended from time to time, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The consolidated and separate financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated and the separate financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 4 to 6 is consistent with the consolidated and the separate financial statements.

Pursuant to the requirements of the Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 as amended from time to time and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

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

KPMG Limited
Chartered Accountants and Registered Auditors
14 Esperidon street
1087 Nicosia
Cyprus
31 March 2016

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOMEYear ended 31 December 2015

	Note	2015 €	2014 €
Revenue		846.252.721	631.176.348
Cost of sales		<u>(792.471.781)</u>	<u>(588.982.295)</u>
Gross profit		53.780.940	42.194.053
Other income	5	1.120.542	1.013.367
Administrative expenses	6	<u>(34.591.764)</u>	<u>(29.359.775)</u>
Profit from operations		<u>20.309.718</u>	<u>13.847.645</u>
Net foreign exchange profit/(loss)		183.602	(880.170)
Interest receivable		131.184	167.464
Interest payable and bank charges		<u>(7.451.416)</u>	<u>(5.668.824)</u>
Net finance expenses	7	<u>(7.136.630)</u>	<u>(6.381.530)</u>
Share of loss of associated companies and partnership (net of taxation)		<u>(929.682)</u>	<u>(1.205.601)</u>
Profit before taxation		12.243.406	6.260.514
Taxation	8	<u>(1.760.950)</u>	<u>(244.887)</u>
Profit for the year		<u>10.482.456</u>	<u>6.015.627</u>
Other comprehensive income that will not be reclassified to profit or loss in future periods		-	-
Other comprehensive income that are or may be reclassified to profit or loss in future periods			
(Deficit)/surplus from revaluation of available for sale investments		(102.879)	185.959
Exchange difference from translation and consolidation of financial statements from foreign operations		5.331.942	4.389.114
Exchange difference in relation to hedge of a net investment in a foreign operation		(3.794.853)	(3.941.794)
Deferred taxation arising from exchange differences in relation to foreign operations	8	87.936	98.915
Deferred taxation arising from revaluation of land and buildings	8	<u>2.641</u>	<u>(6.465)</u>
Other comprehensive income for the year after taxation		<u>1.524.787</u>	<u>725.729</u>
Total comprehensive income for the year after taxation		<u>12.007.243</u>	<u>6.741.356</u>
Profit for the year attributable to:			
Company's shareholders		10.827.335	6.473.576
Non-controlling interest		<u>(344.879)</u>	<u>(457.949)</u>
Profit for the year		<u>10.482.456</u>	<u>6.015.627</u>
Total comprehensive income for the year attributable to:			
Company's shareholders		12.352.122	7.199.305
Non-controlling interest		<u>(344.879)</u>	<u>(457.949)</u>
Total comprehensive income		<u>12.007.243</u>	<u>6.741.356</u>
Basic earnings per share (cent)	10	<u>14,62</u>	<u>8,74</u>
Diluted earnings per share (cent)	10	<u>14,62</u>	<u>8,74</u>

The notes on pages 17 to 87 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONAs at 31 December 2015

	Note	2015 €	2014 €
Assets			
Property, plant and equipment	11	11.957.137	11.392.452
Intangible assets and goodwill	12	8.731.551	8.853.305
Available-for-sale investments	17	5.853.396	5.927.886
Trade and other receivables	19	21.295.695	18.668.146
Deferred taxation	26	<u>2.993.808</u>	<u>3.557.620</u>
Total non-current assets		<u>50.831.587</u>	<u>48.399.409</u>
Inventories	18	69.624.498	60.857.033
Trade and other receivables	19	172.189.073	144.434.822
Derivative financial instruments	38	-	1.274.941
Investments at fair value through profit and loss	16	23.635	99.792
Current tax assets	24	7.424.305	4.465.061
Cash and cash equivalents	20	<u>28.148.721</u>	<u>26.006.304</u>
Total current assets		<u>277.410.232</u>	<u>237.137.953</u>
Total assets		<u>328.241.819</u>	<u>285.537.362</u>
Equity			
Share capital	21	25.187.064	25.187.064
Reserves	22	<u>47.431.052</u>	<u>38.130.050</u>
Equity attributable to shareholders of the company		72.618.116	63.317.114
Non-controlling interest		<u>(849.405)</u>	<u>(504.526)</u>
Total equity		<u>71.768.711</u>	<u>62.812.588</u>
Liabilities			
Long-term loans	25	2.947.384	5.486.974
Trade and other payables	23	9.550.751	8.145.189
Deferred taxation	26	579.927	1.448.659
Contingent liabilities	13	<u>350.697</u>	<u>436.529</u>
Total non-current liabilities		<u>13.428.759</u>	<u>15.517.351</u>
Trade and other payables	23	108.806.738	88.805.913
Bank overdrafts	25	52.383.050	47.675.631
Short term loans	25	43.038.306	39.611.692
Current portion of long-term loans	25	3.991.439	5.531.959
Promissory notes	37	30.808.228	24.557.129
Derivative financial instruments	38	351.408	-
Current tax liabilities	24	3.350.180	825.099
Contingent liabilities	13	<u>315.000</u>	<u>200.000</u>
Total current liabilities		<u>243.044.349</u>	<u>207.207.423</u>
Total liabilities		<u>256.473.108</u>	<u>222.724.774</u>
Total equity and liabilities		<u>328.241.819</u>	<u>285.537.362</u>

The consolidated financial statements were approved by the Board of Directors of Logicom Public Limited on 31 March 2016.

.....
Adamos K. Adamides
Chairman

.....
Varnavas Irinarchos
Managing Director

The notes on pages 17 to 87 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Share capital €	Share Premium Reserve €	Revaluation Reserve €	Fair Value Reserve €	Difference arising on the conversion of the share capital to Euro €	Hedge reserve €	Statutory reserve €	Translation reserve €	Retained earnings €	Total €	Non-controlling interest €	Total €
Balance at 1 January 2014	25.187.064	10.443.375	3.192.643	1.221.891	116.818	(1.595.031)	209.362	(7.714.787)	27.007.378	58.068.713	(46.577)	58.022.136
Total comprehensive income												
Profit for the year	-	-	-	-	-	-	-	-	6.473.576	6.473.576	(457.949)	6.015.627
Other comprehensive income	-	-	(6.465)	185.959	-	(3.941.794)	-	4.389.114	-	626.814	-	626.814
Transactions with owners of the Company, recognized directly in equity												
Proposed dividend for 2013 that was paid in 2014 (note 9)	-	-	-	-	-	-	-	-	(1.851.989)	(1.851.989)	-	(1.851.989)
Revaluation reserve utilised through use	-	-	(22.080)	-	-	-	-	-	22.080	-	-	-
Balance at 1 January 2015	25.187.064	10.443.375	3.164.098	1.407.850	116.818	(5.536.825)	209.362	(3.325.673)	31.651.045	63.317.114	(504.526)	62.812.588
Total comprehensive income												
Profit for the year	-	-	-	-	-	-	-	-	10.827.335	10.827.335	(344.879)	10.482.456
Other comprehensive income	-	-	2.641	(102.879)	-	(3.794.853)	-	5.331.942	-	1.436.851	-	1.436.851
Transactions with owners of the Company, recognized directly in equity												
Proposed dividend for 2014 that was paid in 2015 (note 9)	-	-	-	-	-	-	-	-	(2.963.184)	(2.963.184)	-	(2.963.184)
Transfer	-	-	-	-	-	-	691.377	-	(691.377)	-	-	-
Revaluation reserve utilised through use	-	-	(22.080)	-	-	-	-	-	22.080	-	-	-
Balance at 31 December 2015	25.187.064	10.443.375	3.144.659	1.304.971	116.818	(9.331.678)	900.739	2.006.269	38.845.899	72.618.116	(849.405)	71.768.711

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

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2015

	Note	2015 €	2014 €
Cash flows from operations			
Profit for the year		10.482.456	6.015.627
<i>Adjustments for:</i>			
Exchange differences		625.204	(316.085)
Depreciation	11	1.141.781	1.016.482
Depreciation on leased property, plant and equipment	11	493.952	523.043
Interest payable		4.458.270	3.342.513
Interest receivable	7	(131.184)	(167.464)
Unrealised exchange (profit) on derivative financial instruments		(4.268.792)	(1.314.503)
Loss on revaluation of investments at fair value through profit and loss		76.157	185.512
Impairment of available-for-sale investments	17	75.808	-
Loss on derecognition of investments in subsidiary companies	14	12.217	-
Loss/(profit) from the sale of property, plant and equipment		21.040	(7.837)
Amortisation of research and development	12	124.578	90.000
Taxation		<u>2.103.233</u>	<u>1.220.211</u>
		15.214.720	10.587.499
Increase in inventories		(8.767.465)	(9.537.336)
Increase in trade and other receivables		(30.381.800)	(45.572.069)
Increase in trade and other payables		<u>21.406.387</u>	<u>31.152.037</u>
		(2.528.158)	(13.369.869)
Interest paid		(4.458.270)	(3.342.513)
Taxation paid		<u>(2.537.396)</u>	<u>(5.485.334)</u>
Net cash flow used in operations		<u>(9.523.824)</u>	<u>(22.197.716)</u>
Cash flows used in investing activities			
Payments to acquire available-for-sale investments	17	(104.197)	(1.085.481)
Proceeds from sale of property, plant and equipment		194.151	902.141
Payments to acquire intangible assets	12	(2.824)	(53.028)
Payments to acquire investments at fair value through profit and loss		-	(8.259)
Payments to acquire other investments		-	(377.441)
Increase/(decrease) in provisions		29.168	(504.956)
Payments to acquire property, plant and equipment	11	(1.818.220)	(1.896.861)
Interest received		<u>131.184</u>	<u>167.464</u>
Net cash flow used in investing activities		<u>(1.570.738)</u>	<u>(2.856.421)</u>
Cash flows from financing activities			
Proceeds from issue of new loans		44.490.155	42.975.446
Repayment of loans		(45.143.651)	(29.362.148)
Increase in promissory notes		6.251.099	9.588.141
Dividends paid		(2.963.184)	(1.851.989)
Proceeds from derivative financial instruments		<u>5.895.141</u>	<u>39.562</u>
Net cash flow from financing activities		<u>8.529.560</u>	<u>21.389.012</u>
Net cash flow in cash and cash equivalents		(2.565.002)	(3.665.125)
Cash and cash equivalents at the beginning of the year		<u>(21.669.327)</u>	<u>(18.004.202)</u>
Cash and cash equivalents at the end of the year	20	<u>(24.234.329)</u>	<u>(21.669.327)</u>

The notes on pages 17 to 87 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2015

	2015	2014
	€	€
	Note	
Revenue	98.957.420	70.388.564
Cost of sales	<u>(95.802.637)</u>	<u>(70.348.823)</u>
Gross profit	3.154.783	39.741
Other income	5 18.494.899	4.395.630
Administrative expenses	6 <u>(5.238.041)</u>	<u>(4.803.091)</u>
Profit/(loss) from operations	16.411.641	(367.720)
Net foreign exchange profit/(loss)	11.337	(184.032)
Interest receivable	408	3.534
Interest payable and bank charges	<u>(1.894.348)</u>	<u>(2.373.468)</u>
Net finance expenses	7 <u>(1.882.603)</u>	<u>(2.553.966)</u>
Profit/(loss) before taxation	14.529.038	(2.921.686)
Taxation	8 <u>238.700</u>	<u>(304.149)</u>
Profit/(loss) for the year	<u>14.767.738</u>	<u>(3.225.835)</u>
Other comprehensive income that will not be reclassified to profit or loss in future periods	-	-
Other comprehensive income that are or may be reclassified to profit or loss in future periods	-	-
Deferred taxation arising on revaluation of land and buildings	8 <u>1.531</u>	<u>(7.988)</u>
Other comprehensive income/(expenses) for the year	<u>1.531</u>	<u>(7.988)</u>
Total comprehensive income/(expenses) for the year after taxation	<u>14.769.269</u>	<u>(3.233.823)</u>
Basic earnings per share (cent)	10 <u>19.93</u>	<u>(4.35)</u>
Diluted earnings per share (cent)	10 <u>19.93</u>	<u>(4.35)</u>

The notes on pages 17 to 87 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015 €	2014 €
Assets			
Property, plant and equipment	11	3.818.262	3.881.801
Intangible assets	12	58.852	150.370
Investments in subsidiary companies	14	12.841.060	7.482.709
Long-term loans to subsidiary companies	36	26.480.934	23.085.952
Deferred taxation	26	<u>2.172.276</u>	<u>2.566.956</u>
Total non-current assets		<u>45.371.384</u>	<u>37.167.788</u>
Inventories	18	4.254.113	5.002.316
Trade and other receivables	19	17.109.197	12.564.284
Balances with subsidiary companies	36	67.813.508	62.506.925
Derivative financial instruments	38	-	1.192.987
Investments at fair value through profit and loss	16	16.781	90.452
Current tax assets	24	137.059	137.059
Cash and cash equivalents	20	<u>2.624.785</u>	<u>1.809.114</u>
Total current assets		<u>91.955.443</u>	<u>83.303.137</u>
Total assets		<u>137.326.827</u>	<u>120.470.925</u>
Equity			
Share capital	21	25.187.064	25.187.064
Reserves	22	<u>11.895.306</u>	<u>89.221</u>
Total equity		<u>37.082.370</u>	<u>25.276.285</u>
Liabilities			
Long-term loans	25	2.424.613	5.399.546
Deferred taxation	26	<u>440.786</u>	<u>1.077.822</u>
Total non-current liabilities		<u>2.865.399</u>	<u>6.477.368</u>
Trade and other payables	23	54.659.258	50.526.388
Bank overdrafts	25	32.087.337	28.076.328
Short term loans	25	3.765.959	4.133.103
Current portion of long-term loans	25	3.904.012	4.367.585
Promissory notes	37	2.682.361	1.610.468
Derivative financial instruments	38	276.731	-
Current tax liabilities	24	<u>3.400</u>	<u>3.400</u>
Total current liabilities		<u>97.379.058</u>	<u>88.717.272</u>
Total liabilities		<u>100.244.457</u>	<u>95.194.640</u>
Total equity and liabilities		<u>137.326.827</u>	<u>120.470.925</u>

The financial statements were approved by the Board of Directors of Logicom Public Limited on 31 March 2016.

.....
Adamos K. Adamides
Chairman

.....
Varnavas Irinarchos
Managing Director

The notes on pages 17 to 87 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Share capital €	Share Premium Reserve €	Revaluation Reserve €	Difference arising on the conversion the share capital to Euro €	Retained earnings €	Total €
Balance at 1 January 2014	<u>25.187.064</u>	<u>10.443.375</u>	<u>1.986.037</u>	<u>116.818</u>	<u>(7.371.197)</u>	<u>30.362.097</u>
Total comprehensive income						
Loss for the year	-	-	-	-	(3.225.835)	(3.225.835)
Other comprehensive loss for the year	-	-	(7.988)	-	-	(7.988)
Transactions with owners of the Company, recognized directly in equity						
Proposed dividend for 2013 that was paid in 2014 (note 9)	-	-	-	-	(1.851.989)	(1.851.989)
Revaluation reserve utilised through use	-	-	(22.080)	-	22.080	-
Balance at 1 January 2015	<u>25.187.064</u>	<u>10.443.375</u>	<u>1.955.969</u>	<u>116.818</u>	<u>(12.426.941)</u>	<u>25.276.285</u>
Total comprehensive income						
Profit for the year	-	-	-	-	14.767.738	14.767.738
Other comprehensive expense for the year	-	-	1.531	-	-	1.531
Transactions with owners of the Company, recognized directly in equity						
Revaluation reserve utilised through use	-	-	(22.080)	-	22.080	-
Proposed dividend for 2014 that was paid in 2015 (note 9)	-	-	-	-	(2.963.184)	(2.963.184)
Balance at 31 December 2015	<u>25.187.064</u>	<u>10.443.375</u>	<u>1.935.420</u>	<u>116.818</u>	<u>(600.307)</u>	<u>37.082.370</u>

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

LOGICOM PUBLIC LIMITED

STATEMENT OF CASH FLOWSYear ended 31 December 2015

	Note	2015 €	2014 €
Cash flows from operations			
Profit/(loss) for the year		14.767.738	(3.225.835)
<i>Adjustments for:</i>			
Depreciation	11	226.761	269.258
Unrealised exchange (profit) on derivative financial instruments		(3.807.554)	(1.280.252)
Amortisation of research and development	12	94.342	90.000
Profit from the sale of property, plant and equipment		(7.101)	(2.709)
Loss from the derecognition of investments in subsidiary companies		12.217	-
Loss on revaluation of investments at fair value through profit and loss		73.671	156.351
Dividends receivable	5	(18.099.887)	(4.121.530)
Interest receivable	7	(408)	(3.534)
Interest payable		1.505.413	1.329.244
Taxation		(238.700)	304.149
		<u>(5.473.508)</u>	<u>(6.484.858)</u>
Decrease/(increase) in inventories		748.203	(2.780.782)
Increase in trade and other receivables		(4.544.913)	(274.322)
Increase in balances with subsidiary companies		(8.701.565)	(7.445.813)
Decrease in promissory notes		1.071.893	155.958
Increase in trade and other payables		<u>4.132.870</u>	<u>16.363.668</u>
		(12.767.020)	(466.149)
Interest paid		(1.505.413)	(1.329.244)
Taxation paid		(2.124)	(29.681)
Net cash flow used in operations		<u>(14.274.557)</u>	<u>(1.825.074)</u>
Cash flows from investing activities			
Payments to acquire intangible assets	12	(2.824)	(13.028)
Payments to acquire property, plant and equipment	11	(163.222)	(135.430)
Payments to acquire investments in subsidiary companies	14	(5.370.568)	(751.075)
Proceeds from sale of property, plant and equipment		7.101	2.709
Interest received		408	3.534
Dividends received		18.099.887	4.121.530
Proceeds from derivative financial instruments		<u>5.277.272</u>	<u>97.265</u>
Net cash flow from investing activities		<u>17.848.054</u>	<u>3.325.505</u>
Cash flows from financing activities			
Repayment of loans		(7.571.610)	(7.345.507)
Proceeds from issue of new loans		3.765.959	7.377.256
Dividends paid		(2.963.184)	(1.851.989)
Net cash flow used in financing activities		<u>(6.768.835)</u>	<u>(1.820.240)</u>
Net cash flow in cash and cash equivalents		(3.195.338)	(319.809)
Cash and cash equivalents at the beginning of the year		<u>(26.267.214)</u>	<u>(25.947.405)</u>
Cash and cash equivalents at the end of the year	20	<u>(29.462.552)</u>	<u>(26.267.214)</u>

The notes on pages 17 to 87 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2015

1. STATUS AND PRINCIPAL ACTIVITY

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

The address of the registered office of the Company is the following:

Eagle Star House
1st Floor
Theklas Lysioti 35
3030 Limassol

The address of the management office of the Company is the following:

Stasinou 26
Ayia Paraskevi
2003 Strovolos
Nicosia

On 1 January 1999, Logicom Public Limited acquired the whole share capital of Logicom (Overseas) Limited of €17.100. The principal activity of Logicom (Overseas) Limited is the distribution of high technology products and the assembly of computers. The company remained dormant during 2015.

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

On 27 April 2000, Netcom Limited was incorporated in Cyprus with a share capital of €17.100, which is wholly owned by Logicom Public Limited. The principal activity of Netcom Limited is the execution of infrastructure projects, especially the construction of a desalination plant in Episkopi Limassol and the renovation and operation of a desalination plant in Larnaca. On 20 July 2010 the whole share capital of Netcom Limited was acquired by Verendrya Ventures Limited. The company remained dormant during 2015.

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

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

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

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

1. STATUS AND PRINCIPAL ACTIVITY *(continued)*

On 7 November 2001, Logicom Dubai LLC was incorporated in the United Arab Emirates, with a share capital of AED 300.000, which is wholly owned, directly and indirectly, by Logicom Public Limited. The principal activity of Logicom Dubai LLC is the distribution of high technology products. On 17 November 2015, the share capital of Logicom Dubai LLC was acquired by Logicom FZE.

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

On 1 December 2005, Logicom IT Distribution Ltd was incorporated in Turkey, with a share capital of 5.000 Turkish liras which, is owned evenly by subsidiary companies ENET Solutions – Logicom S.A. and Logicom FZE. On 30 March 2007 there was an increase in the share capital of Logicom IT Distribution Ltd to 140.000 Turkish liras, which is owned by 40% from Enet Solutions – Logicom S.A. and 60% from Logicom FZE. On 27 December 2007 there was a further increase in the share capital of Logicom IT Distribution Ltd to 1.540.000 Turkish liras which is owned by 4% from Enet Solutions – Logicom S.A. and 96% from Logicom FZE. On 21 April 2015 there was a further increase in the share capital of Logicom IT Distribution Ltd to 23.000.000 Turkish liras which is owned by 0,24% from Enet Solutions-Logicom S.A. and 99,76% from Logicom FZE. The principal activity of Logicom IT Distribution Ltd is the distribution of high technology products.

On 1 August 2006, Rehab Technologies Ltd was incorporated in Saudi Arabia with a share capital of SAR 500.000 which is held by a trustee on behalf of Logicom Public Ltd. Logicom Public Ltd has full control of the operations of Rehab Technologies Ltd through a contractual agreement. The principal activity of Rehab Technologies Ltd is the distribution of high technology products. The activities of Rehab Technologies Ltd were transferred to Logicom Saudi Arabia LLC on 08 June 2010 and the company has since remained dormant.

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

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

On 15 June 2007, Logicom Hungary Ltd was incorporated in Hungary, with a share capital of 3.000.000 Hungarian Forint which is wholly owned by Logicom Public Limited. The principal activity of Logicom Hungary Ltd is the distribution of high technology products. During 2014, the company Logicom Hungary Ltd has been liquidated.

On 30 May 2008, Noesis Ukraine LLC was incorporated in Ukraine, with a share capital of 184.176 Ukraine Hryvnia which belongs both to Logicom Public Ltd by 46% and to its subsidiary DAP Noesis Business Solutions Ltd by 54%. The principal activity of Noesis Ukraine LLC is the provision of software solutions and services. During 2015 the company Noesis Ukraine LLC has been liquidated.

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

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

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

1. STATUS AND PRINCIPAL ACTIVITY *(continued)*

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

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

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

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

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

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

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

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

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

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

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

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

1. STATUS AND PRINCIPAL ACTIVITY *(continued)*

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

2. BASIS OF PREPARATION

Statement of compliance

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

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 31 March 2016.

Basis of presentation

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

Functional and presentation currency

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

Estimates and judgments

The preparation of the consolidated and separate financial statements in conformity with the International Financial Reporting Standards requires Group's Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note 28 – Lease classification

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

- Note 12 – Measurement of the recoverable amount of goodwill
- Note 17 – Available for sale investments
- Note 26 - Recognition of deferred taxation: Utilisation of tax losses
- Note 15 - Impairment calculation of investment in Larnaka Desalination Plant

3. SIGNIFICANT ACCOUNTING POLICIES

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Adoption of new and revised International Financial Reporting Standards and Interpretations that are adopted by the European Union:

During the current year, the Group has adopted all the changes to IFRS that are relevant to its operations and effective for accounting periods beginning on 1 January 2015. From 1 January 2015, the Group adopted Annual Improvements to IFRSs 2011-2013, a collection of amendments to its standards, which responds to four issues during the 2011-2013 cycle period. The Group does not expect the adoption of these amendments in future periods to have a material effect on its consolidated financial statements.

Standards, amendments to standards and interpretations not yet effective

The following Standards, amendments to standards and interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2015. Those that are relevant to the activities of the Group are presented below. The Group does not intend to adopt the following before the date of validity. The Group does not expect the adoption of these amendments in future periods to have a material effect on its consolidated financial statements.

(i) Standards and Interpretations adopted by the European Union

Amendment to IFRS 11 “Accounting for acquisitions of Interests in Joint Operations” (effective for annual periods beginning on or after 1st January 2016).

The amendment clarify that same general accounting concept is applied in accounting for business combinations or the acquisition of additional interests in joint operations that result in retaining joint control. The additional interest acquired in the joint operation should be measured at fair value. The previously acquired interest in the joint operation should not be remeasured.

Amendments to IAS 1: Disclosure Initiative (effective for annual periods beginning on or after 1st January 2016).

Amendments to IAS 1: Disclosure Initiative addresses the disclosure requirements in existing Standards and develop principles for disclosures in the notes in the separate financial statements.

IAS 27 (Amendments) "Equity method in separate Financial Statements" (effective for annual periods beginning on or after 1st January 2016).

The amendments allow entities to account for their investments in subsidiaries, joint ventures and associates under the equity method in their separate financial statements.

IAS 16 and IAS 38 (Amendments) "Clarification of acceptable methods of depreciation and amortisation" (effective for annual periods beginning on or after 1st January 2016).

The amendments to IAS 38 'Intangible Assets' establish the presumption that the use of revenue-based methods to calculate the amortisation of intangible assets is not appropriate. This presumption can only be rebutted when revenue and the consumption of the economic benefits embodied in an intangible asset are highly correlated or when the intangible assets are used as a measure of revenue. The amendments to IAS 16 'Property, plant and equipment' clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate for Property, Plant and Equipment.

Annual Improvements to IFRSs 2012–2014 Cycle (effective the latest as from the commencement date of its first annual period beginning on or after 1st January 2016).

Annual Improvements to IFRSs 2012–2014 Cycle was issued by the IASB on 25 September 2014, a collection of amendments to IFRSs, in response to four issues addressed during the 2012-2014 cycle. The amendments reflect issues identified by the IASB during the project cycle that began in 2012, and that were subsequently included in the Exposure Draft of proposed amendments to IFRSs, Annual Improvements to IFRSs 2012-2014 Cycle (published in September 2014). The issues addressed in this cycle include the following: IFRS 5 “Changes in methods of disposal”, IFRS 7 “Servicing contracts” and applicability of the amendments to IFRS 7 to condensed interim Financial Statements, IAS 19 'Discount rate' and IAS 34 'Disclosure of information elsewhere in the interim financial report'

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Standards, amendments to standards and interpretations not yet effective *(continued)*

(i) Standards and Interpretations adopted by the European Union *(continued)*

IAS 19 (Amendments) "Employee Benefits" (effective for annual periods beginning on or after 1st February 2015).

This amendment introduces important changes to the recognition and measurement of defined benefit plans and post-retirement benefits (elimination of the corridor method) as also to the disclosures of all employees' benefits. The basic changes relate to the recognition of actuarial profits and losses, the recognition of the service cost/curtailments to the measurement of pensions, the required disclosures for the treatment of expenses and taxes which relate to defined benefit plans and distinction between short and long term benefits.

Improvements to IFRSs 2010-2012 (effective for annual periods beginning on or after 1st February 2014).

In December 2013, the International Accounting Standards Board issued Annual Improvements to IFRSs 2010-2012 Cycle, a collection of amendments to IFRSs, in response to eight issues addressed during the 2010-2012 cycle. The amendments reflect issues discussed by the International Accounting Standards Board during the project cycle that began in 2010 and that were subsequently included in the exposure draft of proposed amendments to IFRSs, Annual Improvements to IFRSs 2010-2012 Cycle.

(ii) Standards and Interpretations not adopted by the European Union

IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1st January 2016).

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for "regulatory deferral account balances" in accordance with previous accounting policies, both on initial adoption of IFRS and in subsequent financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1st January 2016).

In December 2014, the International Accounting Standards Board issued narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28. These amendments introduce clarifications to the requirements when accounting for investment entities, while they provide relief in particular circumstances, which will reduce the costs of applying the Standards.

IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1st January 2018).

The new standard may have a significant effect on how and when entities will recognise revenue from contracts with customers. IFRS 15 replaces the IAS 11 "Construction contracts", IAS 18 "Revenue", IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC-31 "Revenue - Barter Transactions Involving Advertising Services". The standard provides a single, principles based model to be applied to all contracts with customers and two approaches to the recognition of revenue: at a point in time or over time.

IAS 7 (Amendments) "Disclosure Initiative" (effective for annual accounting periods beginning on or after 1 January 2017).

The amendments are intended to clarify IAS 7 and improve information provided to users for an entity's financing activities. The amendments will require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Standards, amendments to standards and interpretations not yet effective *(continued)*

(ii) Standards and Interpretations not adopted by the European Union *(continued)*

IAS 12 (Amendments) “Recognition of Deferred Tax Assets for Unrealised Losses” (effective for annual accounting periods beginning on or after 1 January 2017).

The amendments will give clarifications in relation to the recognition of a deferred tax asset that is related to a debt instrument measured at fair value. Additionally, it clarifies that the carrying amount of an asset does not limit the estimation of probable future taxable profits and that estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. Finally, it clarifies that an entity assesses a deferred tax asset in combination with other deferred tax assets. Finally, where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

IFRS 16 “Leases” (effective for annual periods beginning on or after 1 January 2019).

IFRS 16 will supersede IAS 17 and related interpretations. The new standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however will remain largely unchanged and the distinction between operating and finance leases is retained.

IFRS 9 "Financial Instruments" (the International Accounting Standards Board decided temporarily to request the application of this standard for annual periods beginning on or after 1st January 2018).

On 24th of July 2014, the International Accounting Standards Board (IASB) published the final version of IFRS 9 “Financial Instruments” which will replace the requirements of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 abolishes the four categories of classification of financial instruments and financial assets are classified under one of the three measurement categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The new standard is effective for periods beginning on or after 1st of January 2018 with early adoption permitted, if the Group decides so, subject to its adoption by the competent EU bodies. IFRS 9 changes significantly the way provisions for impairment are calculated, since it involves losses in relation to events that have occurred, as well as part of losses that are expected to occur in the future (“expected credit loss”). Particular criteria are established to determine for which loans expected credit losses that may occur in the next 12 months will be recognised and for which loans expected credit losses that may occur by the final payment of these loans will be recognised.

Basis of consolidation

Subsidiary companies

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

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

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

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

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Basis of consolidation** (continued)*Minority interest*

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

Contingent Consideration

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

Equity accounted investees

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

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

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

Transactions between Group companies

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

Revenue

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

Revenue represents amounts invoiced for products sold or services rendered during the year and are stated after deduction of trade discounts and returns. In addition, revenue includes amounts received or are receivable from the European Union for research and technological development projects.

Cost of sales

Cost of sales is presented after the deduction of rebates from suppliers and provisions for decrease in the net realisable value of inventories.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition (continued)

Other income

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

Grants for research and development

Grants comprise of amounts received or are receivable from the European Union. In case there are amounts not recoverable these are expensed in the year they are incurred. These amounts represent reimbursements of expenses on contracts financed by the European Union for research and technological development projects. Grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to it, and that the grant will be received. Research and development costs incurred to gain scientific and technical knowledge, are recognised in the year they are incurred.

Finance income/expenses

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

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

Property, plant and equipment

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

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

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

No depreciation is provided on land.

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

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

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Property, plant and equipment** (continued)**Expenses for replacement improvement or repair of buildings**

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

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

Revaluation and provision for impairment of parts of property, plant and equipment

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

Inventories

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

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

Non-derivative financial instruments

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

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

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

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

Trade and other receivables

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

Trade and other payables

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

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2015****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Non-derivative financial instruments (continued)***Investments*

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

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

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

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

Measurement at fair value

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

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

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

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

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

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*Non-derivative financial instruments (continued)*Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method.

Impairment of assets*Financial assets*

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

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

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

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

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

Non-financial assets

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

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

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

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

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

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Investments in subsidiary companies**

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

Taxation

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

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

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

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

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

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

Foreign currency transactions

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

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

Translation of results of foreign subsidiary companies

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency transactions (continued)

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

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

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

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

Hedge of a net investment in foreign operation

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

Non-derivative financial instruments including hedge accounting

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

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

Intangible assets

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

Development costs	5 years
Licensing costs	2 years

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

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

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)***Operating segments**

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

Lease

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

Warranties

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

Provisions

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

Deferred income

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

Deferred expenditure

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

Derivative financial instruments

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

Events after the reporting date

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

Share capital**(i) Ordinary shares**

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

(ii) Dividends

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Earnings per share

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

Comparative amounts

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

4. OPERATING SEGMENTS

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

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

Information regarding the results of each reportable segment is presented below. The information is used for the preparation of the consolidated and separate financial statements. The performance is evaluated based on the profit before taxation of each segment, as presented in the management reports which are examined by the Board of Directors. The profit of each segment is used for the evaluation of the performance since the management believes that this information is the most appropriate for the evaluation of the results of all segments that are reported. The accounting policies of the operating segments are presented in note 3.

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

	Revenue		Total non-current assets	
	2015	2014	2015	2014
	€	€	€	€
Cyprus	76.229.280	63.072.058	43.684.427	42.008.128
Greece	84.719.724	84.164.302	547.302	271.696
United Arab Emirates	348.948.311	256.849.236	4.261.682	3.368.938
Other foreign countries	<u>336.355.406</u>	<u>227.090.752</u>	<u>2.338.176</u>	<u>2.750.647</u>
	<u>846.252.721</u>	<u>631.176.348</u>	<u>50.831.587</u>	<u>48.399.409</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

4. OPERATING SEGMENTS (continued)

Major Customer

Revenue from one customer of the Group's Middle East Distribution Markets Segment represents approximately €17.600.000 (2014: €11.300.000 European Markets Segment Customer) from the total Group's revenue.

2015	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segment €	Transactions between Operating Segments €	Total €
Revenue from third parties	162.786.387	553.633.796	83.228.802	46.603.736	-	846.252.721
Intersegment revenue	93.102.678	149.765.905	2.624.905	5.575.137	(251.068.625)	-
Other income	18.844.633	631.657	10.615	8.826.086	(27.192.449)	1.120.542
Depreciation and amortisation	415.643	447.850	198.978	192.503	-	1.254.974
Personnel costs	5.267.642	8.897.989	2.596.626	4.532.501	-	21.294.758
Travelling expenses	372.324	219.646	94.605	215.841	-	902.416
Provision for bad debts	18.422	199.053	(87.550)	39.614	475.000	644.539
Professional fees	1.241.538	306.543	232.205	449.140	65.000	2.294.426
Rent	291.905	903.676	349.775	247.525	-	1.792.881
Credit insurance	241.243	640.860	72.284	-	-	954.387
Transportation expenses	278.644	540.434	233.181	35.409	(30.000)	1.057.668
Profit from operations	20.258.936	15.852.028	395.110	11.739.519	(27.935.875)	20.309.718
Net foreign exchange profit/(loss)	(2.025.779)	1.548	(927.154)	364.458	2.770.529	183.602
Interest receivable	13.963	-	15.653	101.568	-	131.184
Interest payable and bank charges	(2.977.196)	(4.724.289)	(112.686)	(149.648)	512.403	(7.451.416)
Net finance (expenses)/ income	(4.989.012)	(4.722.741)	(1.024.187)	316.378	3.282.932	(7.136.630)
Share of loss of associated companies and partnership (net of taxation)	-	-	(929.682)	-	-	(929.682)
Profit before taxation	15.269.924	11.129.287	(1.558.759)	12.055.897	(24.652.943)	12.243.406
Acquisition of property plant and equipment	201.964	954.837	115.711	545.708	-	1.818.220
Total assets	212.472.537	197.862.898	32.393.821	56.656.677	(171.144.114)	328.241.819
Total liabilities	171.545.095	145.964.685	28.384.288	44.428.610	(133.849.570)	256.473.108

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

4. OPERATING SEGMENTS (continued)

2014	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segment €	Transactions between Operating Segments €	Total €
Revenue from third parties	153.273.544	365.380.531	67.544.939	44.977.334	-	631.176.348
Intersegment revenue	69.476.340	112.003.097	1.346.009	5.886.834	(188.712.280)	-
Other income	4.533.738	813.102	2.753	1.282.695	(5.618.921)	1.013.367
Depreciation and amortisation	449.904	337.247	157.108	164.427	-	1.108.686
Personnel costs	4.875.763	6.063.751	2.692.273	4.230.061	-	17.861.848
Travelling expenses	478.341	160.914	79.389	209.926	-	928.570
Provision for bad debts	39.695	142.091	315.897	12.238	-	509.921
Professional fees	848.966	687.635	194.325	478.355	(20.000)	2.189.281
Rent	276.767	532.241	260.741	285.095	-	1.354.844
Credit insurance	358.371	477.500	82.617	-	-	918.488
Transportation expenses	323.628	300.174	257.416	44.661	(150.000)	775.879
Profit from operations	2.919.730	13.000.470	(646.247)	5.402.146	(6.828.454)	13.847.645
Net foreign exchange profit/(loss)	(2.287.772)	(7.864)	(330.271)	(1.132.068)	2.877.805	(880.170)
Interest receivable	17.122	-	23.552	126.790	-	167.464
Interest payable and bank charges	(3.299.549)	(2.547.172)	(82.213)	(261.063)	521.173	(5.668.824)
Net finance expenses	(5.570.199)	(2.555.036)	(388.932)	(1.266.341)	3.398.978	(6.381.530)
Share of loss of associated companies and partnership (net of taxation)	-	-	(1.205.601)	-	-	(1.205.601)
Profit before taxation	(2.650.469)	10.445.434	(2.240.780)	4.135.805	(3.429.476)	6.260.514
Acquisition of property plant and equipment	202.992	452.792	564.943	676.134	-	1.896.861
Total assets	190.101.716	141.540.001	30.234.411	60.132.366	(136.471.132)	285.537.362
Total liabilities	161.085.256	103.135.264	29.191.487	38.749.401	(109.436.634)	222.724.774

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**5. OTHER INCOME****THE GROUP**

	2015	2014
	€	€
(Loss)/profit from sale of property, plant and equipment	(21.040)	7.837
(Loss)/profit from sale of investments at fair value through profit or loss	(76.157)	(185.211)
Loss on the derecognition of investments in subsidiary companies	(12.217)	-
Impairment of available-for-sale investments	(75.808)	-
Sundry operating income	<u>1.305.764</u>	<u>1.190.741</u>
	<u>1.120.542</u>	<u>1.013.367</u>

THE COMPANY

	2015	2014
	€	€
Profit from sale of property, plant and equipment	7.101	2.709
Dividends received	18.099.887	4.121.530
Loss on the derecognition of investments in subsidiary companies	(12.217)	-
Loss on revaluation of investments at fair value through profit or loss	(73.671)	(156.351)
Sundry operating income	<u>473.799</u>	<u>427.742</u>
	<u>18.494.899</u>	<u>4.395.630</u>

6. ADMINISTRATIVE EXPENSES**THE GROUP**(a) Personnel expenses

	2015	2014
	€	€
Staff salaries	16.390.696	14.326.951
Social insurance	1.968.714	1.721.063
Other personnel costs	<u>2.692.064</u>	<u>1.528.149</u>
	<u>21.051.474</u>	<u>17.576.163</u>

The average number of employees during the year was 712 (2014: 643).

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**6. ADMINISTRATIVE EXPENSES** *(continued)*(b) Other administrative expenses

	2015	2014
	€	€
Depreciation	1.130.396	1.018.686
Amortisation of research and development	124.578	90.000
Directors fees - Non executives directors	52.390	47.950
- Executive directors	243.284	237.734
Rent	1.792.881	1.354.844
Common expenses	46.318	53.344
Taxes and licences	218.357	226.087
Electricity and water	311.530	315.098
Cleaning	115.391	89.455
Insurance	1.382.459	1.282.211
Repairs and maintenance expenses	172.607	155.700
Telephone and postage expenses	594.026	564.020
Printing and stationery	112.145	131.964
Subscriptions and donations	164.654	154.033
Staff training expenses	143.954	67.066
Other staff expenses	395.980	259.787
Computer hardware maintenance expenses	289.914	98.887
Auditors' remuneration for the statutory audit of annual accounts	260.094	294.797
Legal fees (Note1)	291.124	248.053
Other professional fees (Note 1)	1.224.027	1.243.536
Advertising expenses	442.495	370.279
Traveling expenses	902.416	928.570
Entertainment	160.733	157.570
Motor vehicles expenses	473.004	479.288
Transportation expenses	1.057.668	775.879
Subcontractors	466.792	402.896
Provision for bad debts	644.539	509.921
Other expenses	326.534	225.957
	<u>13.540.290</u>	<u>11.783.612</u>
Total administrative expenses	<u><u>34.591.764</u></u>	<u><u>29.359.775</u></u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**6. ADMINISTRATIVE EXPENSES** *(continued)***THE COMPANY**(a) Personnel expenses

	2015	2014
	€	€
Staff salaries	2.114.822	1.888.179
Social insurance	279.525	263.100
Other personnel costs	<u>59.611</u>	<u>(4.837)</u>
	<u>2.453.958</u>	<u>2.146.442</u>

The average number of employees during the year was 74 (2014: 71).

(b) Other administrative expenses

	2015	2014
	€	€
Depreciation	226.761	269.259
Amortisation of research and development	94.342	90.000
Directors fees - Non executives directors	52.390	47.950
- Executive directors	243.284	237.734
Rent	103.960	88.512
Common expenses	2.550	1.509
Taxes and licences	9.153	83.991
Electricity and water	53.929	56.342
Cleaning	7.176	5.727
Insurance	83.214	170.235
Repairs and maintenance expenses	73.139	66.473
Telephone and postage expenses	97.140	90.154
Printing and stationery	8.692	24.655
Subscriptions and donations	88.762	111.735
Staff training expenses	36.922	7.773
Other staff expenses	40.015	32.793
Computer hardware maintenance expenses	59.344	24.234
Auditors' remuneration for the statutory audit of annual accounts	29.275	65.500
Legal fees	77.500	95.179
Other professional fees	422.508	79.358
Advertising expenses	109.622	141.912
Traveling expenses	248.612	325.671
Entertainment	25.368	41.675
Motor vehicles expenses	68.632	78.352
Transportation expenses	29.970	30.810
Subcontractors	458.432	348.143
Provision for bad debts	(3.098)	2.858
Other expenses	<u>36.489</u>	<u>38.115</u>
	<u>2.784.083</u>	<u>2.656.649</u>
Total administrative expenses	<u><u>5.238.041</u></u>	<u><u>4.803.091</u></u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**6. ADMINISTRATIVE EXPENSES** *(continued)*Note 1

The total fees for the services of the lawyers and legal advisors of the law office Scordis, Papapetrou & Co LLC, amount to €87.145 and are included in the legal fees and other professional fees. The total fees for the services of secretary of the company Adaminco Secretarial Ltd, amount to €22.883 and are included in other professional fees.

7. NET FINANCE INCOME**THE GROUP**

	2015	2014
	€	€
<u>Finance income</u>		
Interest receivable	131.184	167.464
Net foreign exchange profit on derivative financial instruments	<u>4.268.792</u>	<u>1.314.503</u>
	<u>4.399.976</u>	<u>1.481.967</u>
<u>Finance expenses</u>		
Interest payable and bank charges	(7.451.416)	(5.668.824)
Net foreign exchange loss	<u>(4.085.190)</u>	<u>(2.194.673)</u>
	<u>(11.536.606)</u>	<u>(7.863.497)</u>
Net finance expenses	<u>(7.136.630)</u>	<u>(6.381.530)</u>
Net finance expenses recognized in other comprehensive income that are or may be reclassified to profit or loss in future periods		
Exchange difference from translation and consolidation of financial statements from foreign operations	5.331.942	4.389.114
Deferred taxation arising from exchange differences in relation to foreign operations	87.936	98.915
(Deficit)/surplus from revaluation of available for sale investments	<u>(102.879)</u>	<u>185.959</u>
	<u>5.316.999</u>	<u>4.673.988</u>

THE COMPANY

	2015	2014
	€	€
<u>Finance income</u>		
Interest receivable	408	3.534
Net foreign exchange profit on derivative financial instruments	<u>3.807.554</u>	<u>1.280.052</u>
	<u>3.807.962</u>	<u>1.283.586</u>
<u>Finance expenses</u>		
Interest payable and bank charges	(1.894.348)	(2.373.468)
Net foreign exchange loss	<u>(3.796.217)</u>	<u>(1.464.084)</u>
	<u>(5.690.565)</u>	<u>(3.837.552)</u>
Net finance expenses	<u>(1.882.603)</u>	<u>(2.553.966)</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**8. TAXATION****THE GROUP**

	2015 €	2014 €
Corporation tax - current year	2.020.589	900.738
Adjustment for prior years	72.063	306.064
Special defence contribution	10.581	13.409
Deferred tax - credit (Note 26)	<u>(342.283)</u>	<u>(975.324)</u>
	<u>1.760.950</u>	<u>244.887</u>

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

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

THE COMPANY

	2015 €	2014 €
Special defence contribution	2.216	3.361
Deferred tax - (credit)/charge (Note 26)	<u>(240.916)</u>	<u>300.788</u>
	<u>(238.700)</u>	<u>304.149</u>

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

8. TAXATION (continued)

Reconciliation of taxation with the taxation based on accounting profit**THE GROUP**

	2015 €	2014 €
Profit before taxation	<u>12.243.406</u>	<u>6.260.514</u>
Effective tax rate	<u>16,54%</u>	<u>17,60%</u>
Tax for the year based on accounting profit	2.025.059	1.101.850
Tax effect for:		
Depreciation	30.618	109.495
Capital allowances	(23.951)	(40.903)
Income not allowed in computation of taxable income	(4.432.516)	(1.669.302)
Expenses not allowed in computation of taxable income	3.587.357	667.924
Tax effect of tax losses brought forward	834.022	731.674
Special defence contribution	10.581	13.409
Deferred tax	(342.283)	(975.324)
Adjustment for prior years	72.063	306.064
	<u>1.760.950</u>	<u>244.887</u>

Reconciliation of taxation with the taxation based on accounting profit**THE COMPANY**

	2015 €	2014 €
Profit/(loss) before taxation	<u>14.529.038</u>	<u>(2.921.686)</u>
Effective tax rate	<u>12,50%</u>	<u>12,50%</u>
Tax for the year based on accounting profit	1.816.130	(365.211)
Tax effect for:		
Depreciation	28.345	33.654
Capital allowances	(23.152)	(27.696)
Income not allowed in computation of taxable income	(3.059.409)	(1.151.406)
Expenses not allowed in computation of taxable income	404.063	61.522
Tax effect of tax losses brought forward	834.023	1.449.137
Special defence contribution	2.216	3.361
Deferred tax	(240.916)	300.788
	<u>(238.700)</u>	<u>304.149</u>

Deffered taxation recognized in other comprehensive income**THE GROUP**

	2015 €	2014 €
Temporary differences arising from foreign exchange differences	87.936	98.915
Revaluation of land and buildings	2.641	(6.465)
	<u>90.577</u>	<u>92.450</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**8. TAXATION (continued)**
THE COMPANY

	2015 €	2014 €
Revaluation of land and buildings	<u>1.531</u>	<u>(7.988)</u>
	<u><u>1.531</u></u>	<u><u>(7.988)</u></u>

9. DIVIDEND

	2015 €	2014 €
Dividend paid	<u>2.963.184</u>	<u>1.851.989</u>
	<u><u>2.963.184</u></u>	<u><u>1.851.989</u></u>

During the year a final dividend for 2014 of €2.963.184 was paid. This corresponds to €0,040 cent per share. In accordance with IAS 10, dividends are recognised in the year in which they are declared.

The proposed final dividend for 2015 of €3.703.980, corresponds to €0,050 cent per share and in accordance with IAS 10, it will be recognized during 2016, the year in which it will be declared.

10. EARNINGS PER SHARE**THE GROUP**Basic and diluted earnings per share

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

	2015	2014
Earnings attributable to shareholders (€)	<u>10.827.335</u>	<u>6.473.576</u>
Weighted average number of shares in issue during the year	<u>74.079.600</u>	<u>74.079.600</u>
Basic earnings per share (cent)	<u>14,62</u>	<u>8,74</u>
Diluted weighted average number of shares	<u>74.079.600</u>	<u>74.079.600</u>
Diluted earnings per share (cent)	<u>14,62</u>	<u>8,74</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**10. EARNINGS PER SHARE** *(continued)***THE COMPANY**Basic and diluted earnings per share

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

	2015	2014
Earnings attributable to shareholders (€)	<u>14.767.738</u>	<u>(3.225.835)</u>
Weighted average number of shares in issue during the year	<u>74.079.600</u>	<u>74.079.600</u>
Basic earnings per share (cent)	<u>19.93</u>	<u>(4.35)</u>
Diluted weighted average number of shares	<u>74.079.600</u>	<u>74.079.600</u>
Diluted earnings per share (cent)	<u>19.93</u>	<u>(4.35)</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

11. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Land and buildings €	Computers €	Furniture and fittings €	Motor vehicles €	Total €
Cost or revaluation					
2014					
Balance at 1 January 2014	8.121.160	6.086.966	2.387.350	1.599.943	18.195.419
Additions for the year	366.410	787.710	395.783	346.958	1.896.861
Disposals for the year	(823.111)	(677.293)	(158.821)	(279.835)	(1.939.060)
Adjustment on revaluation	(58.193)	-	-	-	(58.193)
Exchange differences	346.956	260.611	210.702	52.969	871.238
Balance at 31 December 2014	<u>7.953.222</u>	<u>6.457.994</u>	<u>2.835.014</u>	<u>1.720.035</u>	<u>18.966.265</u>
2015					
Balance at 1 January 2015	7.953.222	6.457.994	2.835.014	1.720.035	18.966.265
Additions for the year	798.344	751.335	147.746	120.795	1.818.220
Disposals for the year	(312.926)	(407.290)	(57.191)	(58.743)	(836.150)
Exchange differences	469.687	94.261	72.955	63.780	700.683
Balance at 31 December 2015	<u>8.908.327</u>	<u>6.896.300</u>	<u>2.998.524</u>	<u>1.845.867</u>	<u>20.649.018</u>
Depreciation					
2014					
Balance at 1 January 2014	323.239	3.731.981	1.603.631	1.173.435	6.832.286
Charge for the year	219.668	948.864	214.092	156.901	1.539.525
Disposals for the year	(73.833)	(645.043)	(93.944)	(231.936)	(1.044.756)
Exchange differences	12.420	140.883	59.742	33.713	246.758
Balance at 31 December 2014	<u>481.494</u>	<u>4.176.685</u>	<u>1.783.521</u>	<u>1.132.113</u>	<u>7.573.813</u>
2015					
Balance at 1 January 2015	481.494	4.176.685	1.783.521	1.132.113	7.573.813
Charge for the year	254.455	921.513	271.743	188.022	1.635.733
Disposals for the year	(137.054)	(385.369)	(39.793)	(58.743)	(620.959)
Exchange differences	31.874	32.862	14.163	24.395	103.294
Balance at 31 December 2015	<u>630.769</u>	<u>4.745.691</u>	<u>2.029.634</u>	<u>1.285.787</u>	<u>8.691.881</u>
Net book value					
Balance at 31 December 2014	<u>7.471.728</u>	<u>2.281.309</u>	<u>1.051.493</u>	<u>587.922</u>	<u>11.392.452</u>
Balance at 31 December 2015	<u>8.277.558</u>	<u>2.150.609</u>	<u>968.890</u>	<u>560.080</u>	<u>11.957.137</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

11. PROPERTY, PLANT AND EQUIPMENT (continued)

THE COMPANY	Land and buildings €	Computers €	Furniture and fittings €	Motor vehicles €	Total €
Cost or revaluation					
2014					
Balance at 1 January 2014	3.487.500	1.522.807	551.346	460.966	6.022.619
Additions for the year	-	121.099	14.331	-	135.430
Disposals for the year	-	(25)	-	(19.307)	(19.332)
Balance at 31 December 2014	<u>3.487.500</u>	<u>1.643.881</u>	<u>565.677</u>	<u>441.659</u>	<u>6.138.717</u>
2015					
Balance at 1 January 2015	3.487.500	1.643.881	565.677	441.659	6.138.717
Additions for the year	-	129.595	17.909	15.718	163.222
Disposals for the year	-	-	-	(35.384)	(35.384)
Balance at 31 December 2015	<u>3.487.500</u>	<u>1.773.476</u>	<u>583.586</u>	<u>421.993</u>	<u>6.266.555</u>
Depreciation					
2014					
Balance at 1 January 2014	-	1.212.090	428.969	365.931	2.006.990
Charge for the year	65.250	141.436	24.209	38.363	269.258
Disposals for the year	-	(25)	-	(19.307)	(19.332)
Balance at 31 December 2014	<u>65.250</u>	<u>1.353.501</u>	<u>453.178</u>	<u>384.987</u>	<u>2.256.916</u>
2015					
Balance at 1 January 2015	65.250	1.353.501	453.178	384.987	2.256.916
Charge for the year	65.250	108.924	26.535	26.052	226.761
Disposals for the year	-	-	-	(35.384)	(35.384)
Balance at 31 December 2015	<u>130.500</u>	<u>1.462.425</u>	<u>479.713</u>	<u>375.655</u>	<u>2.448.293</u>
Net book value					
Balance at 31 December 2014	<u>3.422.250</u>	<u>290.380</u>	<u>112.499</u>	<u>56.672</u>	<u>3.881.801</u>
Balance at 31 December 2015	<u>3.357.000</u>	<u>311.051</u>	<u>103.873</u>	<u>46.338</u>	<u>3.818.262</u>

On December 1998 the Company acquired land and buildings at Strovolos. At the end of the same month the land and buildings were revalued by independent professional valuers. The transfer of ownership of the building in the Land Registry Department was made in March 1999.

On 31 December 2015 the Group assesses that the net book value of land and buildings of Logicom (Middle East) SAL in Lebanon is not materially different from its fair value.

The revaluations were made according to the comparative valuation method for the computation of market value, with the cost of construction method for the purchase price of the building and also on the basis of the future prospects of the immovable properties under examination. These valuations were made by independent professional valuers.

The provision for deferred taxation arising from the revaluation of land and buildings is presented in note 26.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**11. PROPERTY, PLANT AND EQUIPMENT** *(continued)*

If the total amounts of land and buildings were carried out at historic cost, these would have been as follows:

	2015	2014
	€	€
Cost	5.336.440	4.851.022
Depreciation	<u>(1.674.487)</u>	<u>(1.475.193)</u>
	<u>3.661.953</u>	<u>3.375.829</u>

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

	2015	2014
	€	€
Balance at 31 December	<u>354.091</u>	<u>354.091</u>

The subsidiary company Logicom (Overseas) Limited acquired buildings (land, offices and warehouse) in the Larnaca Free Zone Area in December 1994. Land was acquired on a long term lease agreement from the Cyprus Government to the subsidiary, ending on 30 September 2016 with an option for renewal for another two lease periods of 33 years. There is no commitment on behalf of the Company for renewal of the lease. The buildings are owned by the Group with an initial cost of €130.178 followed by additions of cost €29.672 and the annual lease payment of €3.225.

The subsidiary company Logicom FZE acquired land in the Free Trade Zone Area in Jebel Ali. The land is under an operating lease for 10 years from the 1st of August 2007 with an option for renewal. The annual lease payment is €119.132.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

12. INTANGIBLE ASSETS AND GOODWILL

THE GROUP	Development costs €	Licensing costs €	Goodwill €	Total €
Cost or revaluation				
2014				
Balance at 1 January 2014	101.603	459.814	9.621.060	10.182.477
Additions	40.000	13.028	-	53.028
Adjustment for the year	-	-	(304.956)	(304.956)
Balance at 31 December 2014	<u>141.603</u>	<u>472.842</u>	<u>9.316.104</u>	<u>9.930.549</u>
2015				
Balance at 1 January 2015	141.603	472.842	9.316.104	9.930.549
Additions	-	2.824	-	2.824
Balance at 31 December 2015	<u>141.603</u>	<u>475.666</u>	<u>9.316.104</u>	<u>9.933.373</u>
Amortisation				
2014				
Balance at 1 January 2014	101.603	232.472	653.169	987.244
Amortisation for the year	-	90.000	-	90.000
Balance at 31 December 2014	<u>101.603</u>	<u>322.472</u>	<u>653.169</u>	<u>1.077.244</u>
2015				
Balance at 1 January 2015	101.603	322.472	653.169	1.077.244
Amortisation for the year	30.236	94.342	-	124.578
Balance at 31 December 2015	<u>131.839</u>	<u>416.814</u>	<u>653.169</u>	<u>1.201.822</u>
Net book value				
Balance at 31 December 2014	<u>40.000</u>	<u>150.370</u>	<u>8.662.935</u>	<u>8.853.305</u>
Balance at 31 December 2015	<u>9.764</u>	<u>58.852</u>	<u>8.662.935</u>	<u>8.731.551</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015

12. INTANGIBLE ASSETS AND GOODWILL (continued)

THE COMPANY	Licensing costs €
Cost or revaluation	
2014	
Balance at 1 January 2014	450.000
Additions	<u>13.028</u>
Balance at 31 December 2014	<u>463.028</u>
2015	
Balance at 1 January 2015	463.028
Additions	<u>2.824</u>
Balance at 31 December 2015	<u>465.852</u>
Amortisation	
2014	
Balance at 1 January 2014	222.658
Amortisation for the year	<u>90.000</u>
Balance at 31 December 2014	<u>312.658</u>
2015	
Balance at 1 January 2015	312.658
Amortisation for the year	<u>94.342</u>
Balance at 31 December 2015	<u>407.000</u>
Net book value	
Balance at 31 December 2014	<u>150.370</u>
Balance at 31 December 2015	<u>58.852</u>
<u>Goodwill</u>	

Logicom Solutions Limited / DAP Noesis Business Solutions Limited

Goodwill amounting to €1.102.924 arose on the acquisition of the subsidiary company Logicom Solutions Limited on 1 January 2000 and on the acquisition of the subsidiary company DAP Noesis Business Solutions Limited on 20 March 2002. Goodwill that arose on the acquisition of the above named subsidiaries had been capitalized and was amortized annually in the statement of profit or loss until 31 December 2004. As of 1st January 2005, in accordance with IFRS 3, goodwill is no longer amortized but it is assessed annually for impairment.

The carrying amount of goodwill that arose from DAP Noesis Business Solutions Limited has been impaired with an amount equal to its net book value as at 31 December 2005. The recoverable amount of the goodwill of Logicom Solutions Limited is assessed annually during the reporting date by calculating the greater of the value in use and the fair value less costs to sell. Based on the fact that the fair value cannot be measured, the recoverable amount equals with the value in use which is calculated as present value of the estimated future cash flows, using a discount rate of 11% for a period of 3 years and the terminal value of the company. For the determination of terminal value the cash flows until 2018 by dividing the difference of weighted average cost of capital and growth rate have been used. The weighted average cost of capital was calculated at 11% and the growth rate in perpetuity at 2%. There is no impairment on the goodwill as at the reporting date because the net value of the goodwill is lower than its recoverable amount.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

12. INTANGIBLE ASSETS AND GOODWILL *(continued)*

The amount of goodwill arising from the acquisition of Logicom Solutions Limited as at 31 December 2015 is €449.755 (2014: €449.755).

Newcytech Business Solutions Limited

Goodwill amounting to €7.535.670 arose on the acquisition of the subsidiary company Newcytech Business Solutions Limited (“Newcytech”) on 30 October 2009. The acquisition cost was based on a valuation report for Newcytech that was prepared by external advisors. The calculation of the value was based on the assumption of a growth rate of 3% and weighted average cost of capital of 15,59%.

Management estimates that there is no need for impairment of the goodwill that arose on the acquisition of Newcytech, on the basis that the recoverable amount exceeds the carrying amount of goodwill. The recoverable amount equals the value in use that is calculated as the present value of the estimated future cash flows for a period of 3 years and the terminal value of the company. For the determination of the terminal value the cash flows after 2018 were used divided with the difference of the weighted average cost of capital and the growth rate. The weighted average cost of capital was calculated to 11% and the growth rate to perpetuity to 2%.

The amount of goodwill arising from the acquisition of Newcytech Business Solutions Limited as at 31 December 2015 is €6.319.447 (2014: €6.319.447).

Inteli-scape Limited

Goodwill amounting to €1.893.733 arose on the acquisition of the subsidiary company Inteli-scape Limited (“Inteli-scape”) on 29 November 2011. The acquisition cost was based on a valuation of report for Inteli-scape that was prepared by external advisers. The calculation of the value was based on the assumption of a growth rate of 3% and weighted average cost of capital of 18%. Management estimates that there is no need for impairment of the goodwill that arose on the acquisition of Inteli-scape on the basis that the acquisition is higher than the net value of goodwill. The recoverable amount is equal to the value in use which is calculated as the present value of estimated future cash flows for a period of 3 years and the terminal value of the Company. For the determination of the terminal value the cash flows after 2018 were used divided by difference of the weighted average cost of capital and the growth rate. The weighted average cost of capital was calculated to 11% and the growth rate to perpetuity to 2%.

The amount of goodwill arising from the acquisition of Inteli-scape Limited as at 31 December 2015 is €1.893.733 (2014: €1.893.733).

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

Discount rate

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

Growth rate for terminal value

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

Estimated future inflows

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

- The budget for 2016 shows that the turnover of Newcytech Business Solutions Ltd and Logicom Solutions Ltd will slightly increase compared to 2015. Projects that the companies expect to perform during the year and their development projects have been taken into account.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

12. INTANGIBLE ASSETS AND GOODWILL *(continued)*

- The growth for 2017 is estimated to be at positive rates at the level of 3%, for Newcytech Business Solutions Ltd and Logicom Solutions Ltd while projected marginal increase of 3% is estimated for the year 2018.
- The growth after 2018 is expected to be within the expectations of the Management based on growth data for the country and segment of operations of the companies.

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

Development/licensing costs

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

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

Development costs	5 years
Licensing costs	2 years

Licensing costs relate to the acquisition of the distribution rights of Nokia products in Cyprus which have been acquired by Logicom Public Ltd on 11 July 2011 through a distribution contract with duration until the end of 2014 with a right of renewal for a further year. This contract was renewed successfully up to the end of 2015 with the right for renewal of an additional one year.

Costs relating to the distribution of products are capitalised and amortised in profit and loss with equal annual charges over the expected useful economic life for 5 years.

13. ACQUISITION OF SUBSIDIARY COMPANY/CONTINGENT CONSIDERATION

Inteli-scape Limited

On 29 November 2011, the Company acquired the 100% of the shares of Inteli-scape Limited for €2.554.376. The total cost for the acquisition of the subsidiary includes a contingent consideration of €1.244.376.

The purchase agreement provides that the contingent consideration is payable subject to the achievement of the targets set for the annual profit before tax of Inteli-scape Limited for the years 2011 until 2014. The consideration will be payable in partial payments within 30 days from the finalization of the audited financial statements of Inteli-scape Limited for each of the years stated above.

The contingent consideration has been determined between the Group and former shareholder at €975.000. The discounted value of this amount was estimated at €836.529.

The contingent consideration was adjusted in 2015 as follows:

	€
Balance at 1 January 2015	636.529
Unwinding of interest	<u>29.168</u>
Balance at 31 December 2015	<u><u>665.697</u></u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**13. ACQUISITION OF SUBSIDIARY COMPANY/CONTINGENT CONSIDERATION** *(continued)*

The contingent consideration is analysed in short term and long term as follows:

	2015 €	2014 €
Short-term	315.000	200.000
Long-term	<u>350.697</u>	<u>436.529</u>
	<u>665.697</u>	<u>636.529</u>

The total contingent liabilities are analysed in long-term and short-term as follows:

	Long-term €	Short-term €	Total €
Inteli-scape Limited	<u>350.697</u>	<u>315.000</u>	<u>665.697</u>
	<u>350.697</u>	<u>315.000</u>	<u>665.697</u>

14. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company has the following investments in subsidiary companies:

<u>Name</u>	<u>Country of incorporation</u>	2015 Percentage %	2014 Percentage %	Cost 2015 €	Cost 2014 €
Logicom (Overseas) Limited	Cyprus	100	100	-	-
Logicom Solutions Limited	Cyprus	100	100	-	-
Logicom (Middle East) SAL	Lebanon	100	100	52.652	52.652
ENET Solutions - Logicom S.A.	Greece	100	100	1.205.400	1.205.400
Logicom FZE	United Arab Emirates	100	100	7.759.420	3.296.728
Logicom Dubai LLC	United Arab Emirates	-	100	-	92.124
Logicom Jordan LLC	Jordan	100	100	78.372	78.372
Logicom Italia s.r.l.	Italy	100	100	3.569.544	2.569.544
Rehab Technologies Limited	Saudi Arabia	100	100	100.382	100.382
Logicom Hungary Ltd	Hungary	-	100	-	12.217
Logicom Information Technology Distribution s.r.l.	Romania	100	100	63	63
Logicom Bulgaria EOOD	Bulgaria	100	100	10.048	10.048
Noesis Ukraine LLC	Ukraine	46	46	11.214	11.214
Logicom Services Ltd	Cyprus	100	100	10.000	10.000
Verendrya Ventrures Ltd	Cyprus	60	60	600	600
Logicom Distribution Germany GmbH	Germany	100	100	27.000	27.000
Cadmus Tech Points S.A.L	Lebanon	100	100	<u>16.365</u>	<u>16.365</u>
				<u>12.841.060</u>	<u>7.482.709</u>

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

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2015

14. INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

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

The Company owns indirectly, through the subsidiary company Logicom Solutions Ltd, the remaining 54% of the subsidiary Noesis Ukraine LLC in Ukraine.

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

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

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

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

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

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

The Company owns indirectly, through the subsidiary company Logicom Services Ltd, the 100% of the subsidiary Inteli-scape Limited in Cyprus, with share capital of €85.500.

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

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

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

As at 31 December 2015, the Company made an impairment assessment of its investments by comparing the net asset value of each investment with their carrying amount. There was no indication for impairment in the value of the investments in subsidiaries, except for Netcom Ltd, Verendrya Ventures Ltd, Logicom Middle East SAL, Cadmus Tech Points S.A.L., Logicom Bulgaria EOOD, Logicom Information Technology Distribution s.r.L, Rehab Technologies Ltd and Logicom Solutions LLC based on the criteria discussed above.

The Company issued a financial support commitment to the Group companies noted above, confirming that the Group will continue to provide financial support to enable them to continue as a going concern and meet their liabilities as they fall due.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

14. INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

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

	Date of acquisition/ incorporation	Nominal Value	Number of shares
Logicom (Overseas) Limited	01/01/1999	EUR 1,71	10.000
Logicom Solutions Limited	01/01/1999	EUR 1,71	5.000
Netcom Limited	27/04/2000	EUR 1,71	10.000
Logicom (Middle East) SAL	25/07/2000	LBP 15.000	5.000
ENET Solutions - Logicom S.A.	21/02/2001	EUR 2,94	410.000
Logicom Jordan LLC	07/08/2001	JOD 1	50.000
Logicom FZE	03/10/2001	AED 1m.	1
Logicom Dubai LLC	07/11/2001	AED 100	3.000
Logicom Italia s.r.l.	14/06/2005	EUR 10.000	1
Logicom IT Distribution Limited	01/12/2005	YTL 25	920.000
Rehab Technologies Limited	01/08/2006	SAR 500	1.000
Logicom Information Technology Distribution s.r.l.	19/03/2007	RON 200	1
Logicom Bulgaria EOOD	12/04/2007	BGN 20.000	1
Verendrya Ventures Ltd	30/01/2009	EUR 1	1.000
Logicom Services Ltd	06/05/2009	EUR 1	10.000
Logicom Solutions LLC	16/08/2009	AED 1.000	300
ICT Logicom Solutions SA	03/11/2009	EUR 1	100.000
Logicom Saudi Arabia LLC	29/09/2009	SAR 10	2.680.000
Newcytech Business Solutions Ltd	30/10/2009	EUR 1,71	442.559
Newcytech Distribution Ltd	30/10/2009	EUR 1,71	5.000
Logicom Distribution Germany GmbH	29/09/2010	EUR 1	25.000
Inteli-scape Ltd	29/09/2011	EUR 1,71	50.000
Logicom LLC	02/09/2012	OR 1	20.000
Logicom Kuwait Computer Company W.L.L	02/09/2012	KD 200	100
Cadmus Tech Points S.A.L	01/10/2013	LBP10.000	3.000
Logicom Trading & Distribution LLC	23/03/2014	QR 1.000	<u>200</u>

15. EQUITY-ACCOUNTED INVESTEEES

The Group participates in the consortium M.N Limassol Water Co. Ltd and M.N. EPC Water Co. (partnership) with 50% holding through its subsidiary Verendrya Ventures Ltd. These consortiums have undertaken the construction and operation of the desalination plant in Episkopi.

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

The Group recognizes the above investments using the equity method.

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**15. EQUITY-ACCOUNTED INVESTEEES** *(continued)*

The Group through the consolidation of the results of the subsidiary company Verendrya Ventures Ltd recognised a total loss of €929.682 (2014: €1.205.601) resulting from the indirect participation in the partnership M.N. E.P.C. Water Co., in the company M.N. Limassol Water Co. Ltd and in the company M.N. Larnaca Desalination Co. Ltd.

Regarding the investment in the Desalination Unit of Larnaca, Management has prepared the consolidated financial statements for the year ended 31 December 2015 on the basis of a legal opinion in relation to the validity of claims in favor and against the Company and an opinion from its consultants in respect of the level of the compensation that the Company is expected to be entitled to. The determination of the level of compensation required the application of management's judgment and involves estimates. Judgement has also been applied in the allocation of the expected compensation between the financial and intangible asset in the financial model of the desalination project.

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

<u>2015</u>	M.N. Larnaca Desalination Co. Ltd	M.N. E.P.C. Water Co.	M.N. Limassol Water Co. Ltd	Total
Percentage	50%	50%	50%	
Statement of financial position Date	31/12/2015	31/12/2015	31/12/2015	
	€	€	€	€
Non-current assets	21.820.967	-	46.240.467	68.061.434
Current assets	5.555.697	86.384	8.364.396	14.006.477
Total assets	<u>27.376.664</u>	<u>86.384</u>	<u>54.604.863</u>	<u>82.067.911</u>
Current liabilities	(4.261.704)	(106.832)	(5.880.317)	(10.248.853)
Liabilities	<u>(27.201.216)</u>	<u>-</u>	<u>(49.637.897)</u>	<u>(76.839.113)</u>
Total liabilities	<u>(31.462.920)</u>	<u>(106.832)</u>	<u>(55.518.214)</u>	<u>(87.087.966)</u>
Net Assets	<u>(4.086.256)</u>	<u>(20.448)</u>	<u>(913.351)</u>	<u>(5.020.055)</u>
Revenue	6.647.957	3	3.482.148	10.130.108
Expenses	<u>(8.663.448)</u>	<u>(7.665)</u>	<u>(3.318.359)</u>	<u>(11.989.472)</u>
Loss	<u>(2.015.491)</u>	<u>(7.662)</u>	<u>163.789</u>	<u>(1.859.364)</u>
Group's share in net assets	<u>(2.043.128)</u>	<u>(10.224)</u>	<u>(456.676)</u>	<u>(2.510.028)</u>
Group's share in loss	<u>(1.007.746)</u>	<u>(3.831)</u>	<u>81.895</u>	<u>(929.682)</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

15. EQUITY-ACCOUNTED INVESTEEES (continued)

2014	M.N. Larnaca			Total
	Desalination Co. Ltd	M.N. EPC Water Co.	M.N. Limassol Water Co. Ltd	
Percentage	50%	50%	50%	
Statement of financial position Date	31/12/2014	31/12/2014	31/12/2014	
	€	€	€	€
Non-current assets	16.859.604	11.999	47.893.344	64.764.947
Current assets	2.695.333	2.140.966	7.847.780	12.684.079
Total assets	19.554.937	2.152.965	55.741.124	77.449.026
Current liabilities	(1.648.186)	(2.165.751)	(5.147.642)	(8.961.579)
Liabilities	(19.977.416)	-	(51.670.622)	(71.648.038)
Total liabilities	(21.625.602)	(2.165.751)	(56.818.264)	(80.609.617)
Net Assets	(2.070.665)	(12.786)	(1.077.140)	(3.160.591)
Revenue	11.783.509	16	5.394.822	17.178.347
Expenses	(13.777.697)	(11.798)	(5.800.054)	(19.589.549)
Loss	(1.994.188)	(11.782)	(405.232)	(2.411.202)
Group's share in net assets	(1.035.333)	(6.393)	(538.570)	(1.580.296)
Group's share in loss	(997.094)	(5.891)	(202.616)	(1.205.601)

16. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments designated as investments at fair value through profit and loss are analysed as follows:

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	€	€	€	€
Investments at fair value through profit and loss				
Shares of the companies listed in ASE	1.300	75.991	1.300	75.991
Shares of the companies listed in CSE	13.792	15.258	6.938	5.918
Other investments	8.543	8.543	8.543	8.543
	23.635	99.792	16.781	90.452

As at the date of the approval of the financial statements, on 31 March 2016, the value of the shares traded in the CSE was €7.730 and the shares traded in the ASE was €1.147.

17. AVAILABLE-FOR-SALE INVESTMENTS

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

17. AVAILABLE-FOR-SALE INVESTMENTS (continued)

THE GROUP

	2015 €	2014 €
Balance at 1 January	5.927.886	4.692.462
Additions	104.197	1.085.481
Impairment charge of investments	(75.808)	-
Transfer to Investments at fair value through profit or loss	-	(36.016)
(Decrease)/ increase in fair value of investments	<u>(102.879)</u>	<u>185.959</u>
Balance at 31 December	<u>5.853.396</u>	<u>5.927.886</u>

THE COMPANY

	2015 €	2014 €
Balance at 1 January	-	-
Additions	<u>-</u>	<u>-</u>
Balance at 31 December	<u>-</u>	<u>-</u>

18. INVENTORIES

THE GROUP

	2015 €	2014 €
Net value of inventories at 31 December	<u>69.624.498</u>	<u>60.857.033</u>

The provision for the decrease of the value of inventories has increased by €259.581 (2014: increase €306.384) as a result of the sale of inventories for which a provision was recorded in previous years and of the increase in the provision of the year as a result of the provisions which have been recognised in certain subsidiary companies.

THE COMPANY

	2015 €	2014 €
Net value of inventories at 31 December	<u>4.254.113</u>	<u>5.002.316</u>

The provision for the decrease of the value of inventories was increased by €1.742 (2014: decrease €9.455) as a result of the sale of inventories for which a provision was recorded in previous years and as of the increase of provision for the year.

Inventories consist of finished goods for sale and spare parts. Part of the spare parts, in certain cases, can be sold as finished goods. Work in progress has been determined by management as immaterial and therefore it is not separately presented. Inventories are stated net of any provision for inventory determined as obsolete and which it is possible that they cannot be sold.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**19. TRADE AND OTHER RECEIVABLES****THE GROUP**

	2015	2014
	€	€
Trade receivables	163.791.406	135.460.157
Other receivables	3.573.345	2.802.646
Prepayments	4.824.322	6.171.820
Amounts receivable from associated companies	<u>21.295.695</u>	<u>18.668.345</u>
	193.484.768	163.102.968
Amount receivable from associated companies	<u>(21.295.695)</u>	<u>(18.668.146)</u>
Current portion	<u>172.189.073</u>	<u>144.434.822</u>

THE COMPANY

	2015	2014
	€	€
Trade receivables	8.973.177	5.262.978
Other receivables	7.929.710	6.109.156
Prepayments	206.310	259.981
Amounts receivable from associated companies (Note 36)	<u>-</u>	<u>932.169</u>
	17.109.197	12.564.284
	<u>17.109.197</u>	<u>12.564.284</u>

Trade and other receivables are stated after the deduction of the provision for doubtful debts. The provision which amounted to €2.967.688 (2014:€2.443.597) for the Group and to €115.208 (2014:€122.181) for the Company.

Part of trade receivables of Logicom Public Ltd in Cyprus and Malta and its subsidiaries Enet Solutions -Logicom S.A. in Greece and Logicom FZE in United Arab Emirates have been settled through the factoring agreement without recourse. The total amount of trade receivables that were settled as at 31 December 2015 amounted to €23.828.073 (2014:€20.918.952).

The risks in relation to trade and other receivables are presented in note 30.

20. CASH AND CASH EQUIVALENTS**THE GROUP**

	2015	2014
	€	€
Cash in hand	17.944	22.062
Current accounts with banks	<u>28.130.777</u>	<u>25.984.242</u>
	<u>28.148.721</u>	<u>26.006.304</u>

THE COMPANY

	2015	2014
	€	€
Cash in hand	2.031	969
Current accounts with banks	<u>2.622.754</u>	<u>1.808.145</u>
	<u>2.624.785</u>	<u>1.809.114</u>

The Company does not hold any time deposits which bear interest.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**20. CASH AND CASH EQUIVALENTS** *(continued)*

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

THE GROUP

	2015 €	2014 €
Cash at bank and in hand	28.148.721	26.006.304
Bank overdrafts (Note 25)	<u>(52.383.050)</u>	<u>(47.675.631)</u>
	<u>(24.234.329)</u>	<u>(21.669.327)</u>

THE COMPANY

	2015 €	2014 €
Cash at bank and in hand	2.624.785	1.809.114
Bank overdrafts (Note 25)	<u>(32.087.337)</u>	<u>(28.076.328)</u>
	<u>(29.462.552)</u>	<u>(26.267.214)</u>

21. SHARE CAPITAL

	2015 Number of shares	2015 €	2014 Number of shares	2014 €
Authorised				
Ordinary shares of €0,34 each	<u>100.000.000</u>	<u>34.000.000</u>	<u>100.000.000</u>	<u>34.000.000</u>
Issued and fully paid				
Balance at 1 January	<u>74.079.600</u>	<u>25.187.064</u>	<u>74.079.600</u>	<u>25.187.064</u>
Balance at 31 December	<u>74.079.600</u>	<u>25.187.064</u>	<u>74.079.600</u>	<u>25.187.064</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**22. RESERVES
THE GROUP**

	Difference arising on the conversion of the share capital to Euro €	Share Premium Reserve €	Consolidated Retained earnings €	Revaluation Reserve €	Fair Value Reserve €	Translation reserve €	Hedge reserve €	Statutory reserve €	Total €	Non-controllin g interest €	Total €
Balance at 1 January 2014	116.818	10.443.375	27.007.378	3.192.643	1.221.891	(7.714.787)	(1.595.031)	209.362	32.881.649	(46.577)	32.835.072
Profit for the year	-	-	6.473.576	-	-	-	-	-	6.473.576	(457.949)	6.015.627
Exchange differences in relation to foreign operations	-	-	-	-	-	4.389.114	(3.941.794)	-	447.320	-	447.320
Deferred tax on revaluation of land and buildings	-	-	-	(6.465)	-	-	-	-	(6.465)	-	(6.465)
Surplus arising from the revaluation of available for sale investments	-	-	-	-	185.959	-	-	-	185.959	-	185.959
Total comprehensive income	-	-	6.473.576	(6.465)	185.959	4.389.114	(3.941.794)	-	7.100.390	(457.949)	6.642.441
Proposed dividend for 2013 that was paid in 2014 (note 9)	-	-	(1.851.989)	-	-	-	-	-	(1.851.989)	-	(1.851.989)
Revaluation reserve utilised through use	-	-	22.080	(22.080)	-	-	-	-	-	-	-
	-	-	(1.829.909)	(22.080)	-	-	-	-	(1.851.989)	-	(1.851.989)
Balance at 31 December 2014	116.818	10.443.375	31.651.045	3.164.098	1.407.850	(3.325.673)	(5.536.825)	209.362	38.130.050	(504.526)	37.625.524

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**22. RESERVES (continued)**

	Difference arising on the conversion of the share capital to Euro €	Share Premium Reserve €	Consolidated Retained earnings €	Revaluation Reserve €	Fair Value Reserve €	Translation reserve €	Hedge reserve €	Statutory reserve €	Total €	Non-controllin g interest €	Total €
Balance at 1 January 2015	116.818	10.443.375	31.651.045	3.164.098	1.407.850	(3.325.673)	(5.536.825)	209.362	38.130.050	(504.526)	37.625.524
Profit for the year	-	-	10.827.335	-	-	-	-	-	10.827.335	(344.879)	10.482.456
Exchange differences in relation to foreign operations	-	-	-	-	-	5.331.942	(3.794.853)	-	1.537.089	-	1.537.089
Deferred tax on revaluation of land and buildings	-	-	-	2.641	-	-	-	-	2.641	-	2.641
Deficit arising from the revaluation of available for sale investments	-	-	-	-	(102.879)	-	-	-	(102.879)	-	(102.879)
Total comprehensive income	-	-	10.827.335	2.641	(102.879)	5.331.942	(3.794.853)	-	12.264.186	(344.879)	11.919.307
Proposed dividend for 2014 that was paid in 2015 (note 9)	-	-	(2.963.184)	-	-	-	-	-	(2.963.184)	-	(2.963.184)
Transfer	-	-	(691.377)	-	-	-	-	691.377	-	-	-
Revaluation reserve utilised through use	-	-	22.080	(22.080)	-	-	-	-	-	-	-
	-	-	(3.632.481)	(22.080)	-	-	-	691.377	(2.963.184)	-	(2.963.184)
Balance at 31 December 2015	116.818	10.443.375	38.845.899	3.144.659	1.304.971	2.006.269	(9.331.678)	900.739	47.431.052	(849.405)	46.581.647

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

22. RESERVES (continued)

THE COMPANY

	Difference arising on the conversion of the share capital to Euro €	Share Premium Reserve €	Retained earnings €	Revaluation Reserve €	Total €
Balance at 1 January 2014	116.818	10.443.375	(7.371.197)	1.986.037	5.175.033
Loss for the year	-	-	(3.225.835)	-	(3.225.835)
Deferred tax on revaluation of land and buildings	-	-	-	(7.988)	(7.988)
Total comprehensive income	-	-	(3.225.835)	(7.988)	(3.233.823)
Proposed dividend for 2013 that was paid in 2014 (note 9)	-	-	(1.851.989)	-	(1.851.989)
Revaluation reserve utilised through use	-	-	22.080	(22.080)	-
	-	-	(1.829.909)	(22.080)	(1.851.989)
Balance at 1 January 2015	116.818	10.443.375	(12.426.941)	1.955.969	89.221
Profit for the year	-	-	14.767.738	-	14.767.738
Deferred tax on revaluation of land and buildings	-	-	-	1.531	1.531
Total comprehensive income	-	-	14.767.738	1,531	14.769.269
Proposed dividend for 2014 that was paid in 2015 (note 9)	-	-	(2.963.184)	-	(2.963.184)
Revaluation reserve utilised through use	-	-	22.080	(22.080)	-
	-	-	(2.941.104)	(22.080)	(2.963.184)
Balance at 31 December 2015	116.818	10.443.375	(600.307)	1.935.420	11.895.306

Retained earnings

Retained earnings include accumulated gains or losses of the Company.

Share premium reserve

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

Reserve arising from the change of the nominal value of the shares

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

Revaluation reserve

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

Fair value reserve

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

Translation Reserve

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

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2015

22. RESERVES (continued)

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

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

Hedging Reserve

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

Statutory reserve

This reserve consists of amounts that are transferred every year from retained earnings, according to the statutory requirements applicable in Greece, Jordan, Lebanon, United Arab Emirates, Kuwait, Qatar, Oman, Saudi Arabia and Romania.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**23. TRADE AND OTHER PAYABLES****THE GROUP**

	2015	2014
	€	€
Trade payables	86.043.002	69.119.419
Accrued expenses	8.001.550	7.469.709
Other payables	20.201.303	17.169.756
Deferred income	<u>4.111.634</u>	<u>3.192.218</u>
	118.357.489	96.951.102
Less non-current payables		
Other payables	<u>(9.550.751)</u>	<u>(8.145.189)</u>
Current portion	<u>108.806.738</u>	<u>88.805.913</u>

THE COMPANY

	2015	2014
	€	€
Trade payables	50.552.605	47.935.885
Accrued expenses	1.369.233	1.118.860
Other payables	<u>2.737.420</u>	<u>1.471.643</u>
	<u>54.659.258</u>	<u>50.526.388</u>

The risks in relation to trade and other payables are presented in note 30.

24. CURRENT TAX ASSETS AND LIABILITIES**THE GROUP**

	2015	2014
	€	€
Current tax assets	<u>7.424.305</u>	<u>4.465.061</u>
Current tax liabilities	<u>3.350.180</u>	<u>825.099</u>

THE COMPANY

	2015	2014
	€	€
Current tax assets	<u>137.059</u>	<u>137.059</u>
Current tax liabilities	<u>3.400</u>	<u>3.400</u>

Current tax assets include the amount of €5.206.503 (2014: €3.852.077) which was paid by the subsidiary company Enet Solutions-Logicom S.A.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**25. LOANS AND BANK OVERDRAFTS****THE GROUP**

	2015 €	2014 €
Long-term loans	6.938.823	11.018.933
Short term loans	43.038.306	39.611.692
Bank overdrafts (Note 20)	<u>52.383.050</u>	<u>47.675.631</u>
	<u>102.360.179</u>	<u>98.306.256</u>

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

THE GROUP

	2015 €	2014 €
Within one year	3.991.439	5.531.959
Between two and five years	<u>2.947.384</u>	<u>5.486.974</u>
	<u>6.938.823</u>	<u>11.018.933</u>

THE COMPANY

	2015 €	2014 €
Long-term loans	6.328.625	9.767.131
Short term loans	3.765.959	4.133.103
Bank overdrafts (Note 20)	<u>32.087.337</u>	<u>28.076.328</u>
	<u>42.181.921</u>	<u>41.976.562</u>

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

THE COMPANY

	2015 €	2014 €
Within one year	3.904.012	4.367.585
Between two and five years	<u>2.424.613</u>	<u>5.399.546</u>
	<u>6.328.625</u>	<u>9.767.131</u>

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

Loan in Euro repayable in eight years, with 15 equal quarterly installments of Euro 225.000. The interest rate is equal to 6 month EURIBOR + 2,0% annually and the first installment was paid on 31/12/2009.

Loan in Euro repayable in eight years, with 15 equal quarterly installments of Euro 408.000. The interest rate is equal to 6 month EURIBOR + 2,0% annually and the first installment was paid on 30/04/2011.

Loan in United States Dollars (USD) repayable in seven years including a grace period of two years. Seven equal quarterly installments of USD 718.000 remained for the full repayment of the loan. The interest rate is equal to 3 month LIBOR +4,0% annually.

The weighted average cost of the bank overdraft is 4,2% annually (2014: 4,7%). The bank overdrafts are repayable on demand by the respective banks.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

25. LOANS AND BANK OVERDRAFTS *(continued)*

The interest rate of short-term loans is equal to 3 month LIBOR plus 4,25% annually and 6 month LIBOR plus 4,25% annually (2014: 3 month LIBOR plus 4,25% annually and 6 month EURIBOR plus 4,25% annually). Short-term loans are repayable within three months from the day they are signed.

The undrawn balance of the bank overdrafts of the Group as at 31 December 2015 amounted to €86,7 million (2014: €47,3 million) and of the Company to €5,9 million (2014: €3,0 million).

The banking facilities are secured by:

1. The guarantee of Logicom Solutions Limited for €19.648.916, \$3.000.000, €7.688.706, €516.000, €2.400.000, \$550.000, \$6.600.000 and \$600.000.
2. First mortgage with registration number Y2258/85 for factory and offices in Larnaca with registration number L8 on the name of Logicom (Overseas) Limited for €170.861 (it also secures the liabilities of Logicom (Overseas) Limited).
3. First mortgage with registration number Y1858/99 amounts to €598.010, second mortgage with registration number Y3404/99 amounts to €256.290 and third mortgage with registration number Y3405/99 amounts to €170.860 on building with registration number N1664 at Ayia Paraskevi owned by Logicom Public Limited
4. First mortgage with registration number Y1953/99 dated 15 September 1999 for plot with registration number N1665 in Nicosia (Ayia Paraskevi area, Strovolos) for €133.270, owned by Logicom Public Limited.
5. Second mortgage with registration number Y5753/00 dated 21 July 2000 on plot with registration number N1665 in Nicosia (Ayia Paraskevi area, Strovolos) for €136.688, owned by Logicom Public Limited.
6. Pledge of 100% of the shares in Newcytech Business Solutions Ltd with reg. number 145820.
7. Corporate guarantees on guarantee document NT6 dated 07/10/2005 of the company Logicom Solutions Limited for the amount of €20.503.217.
8. Corporate guarantees on guarantee document NT6 dated 07/10/2005 of the company Logicom Solutions Limited for the amount of €2.562.906.
9. Assignment of receivables of Logicom Public Ltd for the amount €1.998.533 and \$9.998.678.
10. The guarantee of Logicom (Overseas) Limited for €170.861 και €3.836.391.
11. First, second, third, fourth, fifth and sixth floating charge on the assets of Newcytech Business Solutions Limited, for the amount €4.991.105 (2014: €4.991.105).
12. Assignment of trade receivables of Newcytech Business Solutions Limited, for the amount €900.000 (2014: €900.000).
13. Corporate guarantee of Logicom Public Limited for €6.202.375 (2014: €5.991.875).
14. Promissory note of Logicom Public Ltd, for the amount \$10.073.510 and \$8.439.967.
15. Corporate guarantee of Logicom Public Ltd for \$45.000.000.
16. Corporate guarantee of Logicom Public Ltd with no amount restriction.
17. Corporate guarantee of Logicom Public Limited for the amount of \$45.000.000, \$6.000.000, \$15.000.000, \$1.500.000, €1.500.000, €3.000.000, AED 30.000.000, AED 88.035.000, AED 35.000.000.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

26. DEFERRED TAX

Liabilities/Assets of deferred taxation

	Liabilities 2015 €	Assets 2015 €	Transfer to reserves €	Transfer to Statement of Comprehensive Income €	Liabilities 2014 €	Assets 2014 €
THE GROUP						
Deferred taxation arising from:						
Temporary differences arising from differences between depreciation and capital allowances	(589.390)	1.223	-	14.176	(600.700)	(1.643)
Temporary differences arising from loss for the year	-	2.480.486	-	(373.598)	-	2.854.084
Revaluation of land and buildings	(462.609)	-	2.641	-	(465.250)	-
Temporary differences arising from administrative expenses	(65.044)	1.185.306	-	426.079	(368.164)	1.062.346
Temporary differences arising from unrealised exchange difference	(121.733)	-	-	275.626	(835.425)	438.067
Exchange difference	658.849	(673.207)	-	-	820.880	(795.234)
	<u>(579.927)</u>	<u>2.993.808</u>	<u>2.641</u>	<u>342.283</u>	<u>(1.448.659)</u>	<u>3.557.620</u>
THE COMPANY						
Deferred taxation arising from:						
Temporary differences arising from differences between depreciation and capital allowances	(3.413)	-	-	315	(3.728)	-
Temporary differences arising from loss for the year	-	2.172.276	-	(394.680)	-	2.566.956
Revaluation of land and buildings	(437.373)	-	1.531	-	(438.812)	-
Temporary differences arising from unrealised exchange difference	-	-	-	635.282	(635.282)	-
	<u>(440.786)</u>	<u>2.172.276</u>	<u>1.531</u>	<u>240.917</u>	<u>(1.077.822)</u>	<u>2.566.956</u>

The Company calculates deferred taxation on debit balances for all deductible temporary differences and tax losses when it expects that a tax liability will arise from future profits.

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

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

Year ended 31 December 2015

27. CONTINGENCIES AND LITIGATIONS

The most important guarantees are as follows:

1. The Company has provided a bank guarantee of up to USD 3.600.000 (€3.306.696) to a foreign supplier for providing a trading credit facility. This guarantee is valid from 12 August 2015 until 18 August 2016.
2. The Company has provided a second bank guarantee of up to US Dollars 400.000 (€367.411) to a second foreign supplier for providing a trading credit facility. This guarantee is valid from 24 August 2015 until 18 August 2016.
3. The Company has provided a third bank guarantee of up to €1.350.000 to a third foreign supplier for providing a trading credit facility. This guarantee is valid from 30 September 2015 until 11 August 2016.
4. The Company has provided a fourth bank guarantee of up to €150.000 to a fourth foreign supplier for providing a trading credit facility. This guarantee is valid from 30 September 2015 until 11 August 2016.
5. The Company has provided a fifth bank guarantee of up to USD 1.600.000 (€1.469.643) to a fifth foreign supplier for providing a trading credit facility. This guarantee is valid from 12 April 2015 until 12 April 2016.
6. The Company has provided a sixth bank guarantee of up to €34.172 to the Director of Customs and Excise Department for the use of a Bonded Warehouse in the Free Trade Zone in Larnaca.
7. The Company has provided a seventh bank guarantee of up to €239.170 to the VAT Commissioner for the examination of a relevant objection to the opinion of the Value Added Tax Department and the demand for the payment of an equal amount.
8. Companies of the Group have provided bank guarantees in order to participate to government projects and private sector projects.

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

Litigation

Trade and other receivables include an amount of USD 1,6 million (€1,5 m.) due from a customer of the subsidiary company Logicom FZE, that in 2007, ceased his operations in the Middle East. The company filed a legal claim demanding payment of outstanding invoices from the sale of computer systems. The court ordered the customer to pay the required amount of USD 1,6 m (€1,5 m). The lawyer of the company shall monitor the implementation of the action in this matter. A provision has been made in respect of 100% of the outstanding amount.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

28. OPERATING LEASE

THE GROUP

	2015	2014
	€	€
Within one year	880.003	825.447
Between one and five years	1.946.326	1.232.719
More than five years	<u>323.499</u>	<u>246.413</u>

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

The Group acquired land in the Larnaca Free Trade Zone Area in December 1994, on a long-term operating lease agreement from the Cyprus Government ending on 30 September 2016, with an option for renewal for another two lease periods of 33 years.

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

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

The amount of leases that was recognized during 2015 in the statement of profit or loss and other comprehensive income is €1.232.384 (2014: €631.892).

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

29. FAIR VALUES

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

30. RISK MANAGEMENT

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

30.1 Credit risk

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

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**30. RISK MANAGEMENT** *(continued)***30.1** Credit risk *(continued)*

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

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

THE GROUP

	2015 €	2014 €
Available-for-sale investments	5.853.396	5.927.886
Investments at fair value through profit and loss	23.635	99.792
Trade and other receivables	193.484.768	163.102.968
Cash and cash equivalents	<u>28.148.721</u>	<u>26.006.953</u>
	<u>227.510.520</u>	<u>195.137.599</u>

THE COMPANY

	2015 €	2014 €
Investments at fair value through profit and loss	16.781	90.452
Long-term loans to subsidiary companies	26.480.934	23.085.952
Trade and other receivables	17.109.197	12.564.284
Cash and cash equivalents	2.624.785	1.809.114
Balances with subsidiary companies	<u>67.813.508</u>	<u>62.506.925</u>
	<u>114.045.205</u>	<u>100.056.727</u>

Cash and cash equivalents

The Group held cash and cash equivalents amounting to €28.130.777 (2014: €25.984.242), which is the maximum credit risk exposure for these assets, after the trade and other receivables from whom any risk has been limited as explained below. Cash and cash equivalents are deposited in banks and financial institutions, which are valued at Caa3 up to A2, based on Moody's, from C up to A+ based on Standard & Poor's and from RD up to AA- based on Fitch.

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

THE GROUP

	2015 €	2014 €
Europe	66.622.787	61.008.562
Middle East	<u>97.168.619</u>	<u>74.451.595</u>
	<u>163.791.406</u>	<u>135.460.157</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**30. RISK MANAGEMENT** *(continued)***30.1 Credit risk** *(continued)***THE COMPANY**

	2015 €	2014 €
Europe	<u>8.973.177</u>	<u>5.262.978</u>
	<u><u>8.973.177</u></u>	<u><u>5.262.978</u></u>

In accordance to the above analysis 41% of the Group's trade receivables (2014: 45%) originates from Europe. 59% (2014: 55%) of the Group's trade receivables originates from the Middle East.

The ageing of the remaining trade receivables is as follows:

THE GROUP

	2015 €	2014 €
0 until 90 days	151.323.550	126.973.068
91 until 180 days	9.026.518	3.397.152
more than 180 days	<u>3.441.338</u>	<u>5.089.937</u>
	<u><u>163.791.406</u></u>	<u><u>135.460.157</u></u>

THE COMPANY

	2015 €	2014 €
0 until 90 days	8.840.839	5.126.336
91 until 180 days	46.304	13.172
more than 180 days	<u>86.034</u>	<u>123.470</u>
	<u><u>8.973.177</u></u>	<u><u>5.262.978</u></u>

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

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

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

THE COMPANY

	2015 €	2014 €
0 until 180 days	67.813.508	62.506.925
more than 180 days	<u>26.480.934</u>	<u>23.085.952</u>
	<u><u>94.294.442</u></u>	<u><u>85.592.877</u></u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**30. RISK MANAGEMENT** *(continued)***30.1** Credit risk *(continued)*

The provision for doubtful debts for the year has slightly increased in relation to the provision recognised in the corresponding period of 2014. Group's management estimates that the credit insurance has significantly reduced the risk for doubtful debts. The provision for doubtful debts is analysed as follows:

THE GROUP

	2015 €	2014 €
At 1 January	2.443.599	5.821.314
Provision for doubtful debts	580.567	686.623
Decrease in provision for doubtful debts	<u>(56.478)</u>	<u>(4.064.338)</u>
At 31 December	<u><u>2.967.688</u></u>	<u><u>2.443.599</u></u>

THE COMPANY

	2015 €	2014 €
At 1 January	122.181	148.938
Provision for doubtful debts	-	4.503
Decrease in provision for doubtful debts	<u>(6.973)</u>	<u>(31.260)</u>
At 31 December	<u><u>115.208</u></u>	<u><u>122.181</u></u>

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

30.2 Interest rate risk

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

The interest rates and repayment dates applicable for loans and bank facilities are stated in note 25.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

30. RISK MANAGEMENT *(continued)*30.2 Interest rate risk *(continued)*Sensitivity analysis on interest rates

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

THE GROUP

	2015 €	2014 €
Long-term loans	(69.388)	(110.189)
Short term loans	(430.383)	(396.117)
Bank overdrafts	(523.831)	(476.756)
Cash and cash equivalents	281.487	260.063
Promissory notes	<u>(308.082)</u>	<u>(245.571)</u>
	<u>(1.050.197)</u>	<u>(968.570)</u>

THE COMPANY

	2015 €	2014 €
Long-term loans	(63.286)	(97.671)
Short term loans	(37.660)	(41.331)
Bank overdrafts	(320.873)	(280.763)
Cash and cash equivalents	<u>26.248</u>	<u>18.091</u>
	<u>(395.571)</u>	<u>(401.674)</u>

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

30.3 Foreign exchange risk

This risk arises from adverse movements in foreign exchange rates.

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

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

30. RISK MANAGEMENT *(continued)*

30.3 Foreign exchange risk (continued)

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

1. Natural Hedging. The Company maintains to the maximum possible degree, assets (investments in foreign subsidiaries) and liabilities (bank overdrafts, short and long term loans) at the same currency, mainly the United States Dollars (USD). In this way any gain or loss in assets is hedged by the corresponding loss or gain in liabilities.
2. The percentage of sales in foreign currency on total turnover, is approximately the same with the percentage of bank borrowing in foreign currency in relation to the total borrowings of the Group.
3. The bank borrowing is usually made in the currency that the suppliers invoice the Company.
4. In cases of projects where the total cost of completion of the project is known from the time of the validation of the tender, then forward contracts are used for the period required to complete the project and for the specific amount in foreign currency that the Company will be invoiced.
5. In addition, the Company enters into forward exchange contracts based on turnover at regular intervals e.g. weekly, for covering the payments to suppliers based on the credit period that they give to the Company. In this way the purchase of foreign currency for payments to suppliers in future periods is secured with the receipts from trade receivables.

Hedging of net investment in foreign operation

The Group applies hedge accounting to decrease foreign exchange risk.

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

As at 31 December 2015 the amounts that were hedged were, USD 40.000.000 of net investment in the above foreign companies and USD 40.000.000 of bank borrowings.

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

THE GROUP

	USD	
	2015	2014
	€	€
Trade and other receivables	12.658.377	8.851.057
Trade and other payables	(93.625.574)	(72.204.618)
Long-term loans	(1.885.819)	(10.327.671)
Short term loans	(3.765.959)	(4.345.520)
Bank overdrafts	(32.200.373)	(27.329.615)
	(118.819.348)	(105.356.367)

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

30. RISK MANAGEMENT (continued)30.3 Foreign exchange risk (continued)

THE COMPANY	USD	
	2015 €	2014 €
Trade and other receivables	9.764.500	6.039.442
Trade and other payables	(49.774.864)	(46.848.369)
Long-term loans	(4.442.802)	(6.895.052)
Short term loans	(3.765.959)	(4.133.103)
Bank overdrafts	(28.952.376)	(27.393.119)
Balances with subsidiary companies	<u>53.787.693</u>	<u>53.742.648</u>
	<u>(23.383.808)</u>	<u>(25.487.553)</u>

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

	Average Rate		Rate as at reporting date	
	2015 €	2014 €	2015 €	2014 €
USD 1	0,9013	0,7527	0,9185	0,8237

Sensitivity analysis on fluctuations of foreign exchange rates

A possible strengthening of the Euro against the US Dollar and the other currencies by 10% as at 31 December 2015 would have increased/decreased respectively the profit for the year and the shareholders' funds. The analysis below assumes that all other parameters and mainly interest rates remain constant:

THE GROUP

	Effect on the shareholders' funds		Effect on profit or loss	
	2015 €	2014 €	2015 €	2014 €
USD	<u>10.804.464</u>	<u>4.402.783</u>	<u>8.033.937</u>	<u>8.097.391</u>

THE COMPANY

	Effect on the shareholders' funds		Effect on profit or loss	
	2015 €	2014 €	2015 €	2014 €
USD	<u>2.125.801</u>	<u>2.317.050</u>	<u>2.125.801</u>	<u>2.317.050</u>

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

30.4 Liquidity risk

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

30. RISK MANAGEMENT (continued)**30.4 Liquidity risk** (continued)

Management estimates that the ability of the Group to receive in advance its trade receivables through the factoring agreement without recourse in Greece reduces even further the liquidity risk.

Bank loans and overdrafts of the Group and the Company are presented in note 25.

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

THE GROUP**Liquidity Risk**

	Balance	Cash outflows arising from contractual liabilities				
		6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	€	€	€	€	€	€
<u>31 December 2015</u>						
Long-term loans	6.938.823	1.952.006	2.039.433	2.424.613	522.771	-
Short term loans	43.038.306	43.038.306	-	-	-	-
Operating leases	3.149.828	440.002	440.001	486.582	1.459.744	323.499
Trade and other payables	118.357.489	118.336.703	20.786	-	-	-
Bank overdrafts	52.383.050	33.939.245	18.443.805	-	-	-
Contingent consideration	665.697	315.000	-	87.674	263.023	-
Promissory notes	30.808.228	30.808.228	-	-	-	-
	<u>255.341.421</u>	<u>228.829.490</u>	<u>20.944.025</u>	<u>2.998.869</u>	<u>2.245.538</u>	<u>323.499</u>

31 December 2014

Long-term loans	11.018.933	3.934.808	3.207.152	3.718.965	1.768.012	-
Short term loans	39.611.692	4.133.103	35.478.589	-	-	-
Operating leases	2.304.579	211.902	412.723	308.179	924.539	246.413
Trade and other payables	96.842.774	96.842.774	-	-	-	-
Bank overdrafts	47.675.631	28.532.824	19.142.807	-	-	-
Contingent consideration	636.529	-	200.000	115.000	321.529	-
Promissory notes	24.557.129	24.557.129	-	-	-	-
	<u>222.647.267</u>	<u>158.212.540</u>	<u>58.441.271</u>	<u>4.142.144</u>	<u>3.014.080</u>	<u>246.413</u>

THE COMPANY**Liquidity Risk**

	Balance	Cash outflows arising from contractual liabilities				
		6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	€	€	€	€	€	€
<u>31 December 2015</u>						
Long-term loans	6.328.625	1.952.006	1.952.006	2.424.613	-	-
Short term loans	3.765.959	3.765.959	-	-	-	-
Trade and other payables	54.659.258	54.659.258	-	-	-	-
Bank overdrafts	32.087.337	32.087.337	-	-	-	-
Promissory notes	2.682.361	2.682.361	-	-	-	-
	<u>99.523.540</u>	<u>95.146.921</u>	<u>1.952.006</u>	<u>2.424.613</u>	<u>-</u>	<u>-</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

30. RISK MANAGEMENT (continued)30.4 Liquidity risk (continued)31 December 2014

Long-term loans	9.767.131	1.815.766	2.551.815	3.631.538	1.768.012	-
Short term loans	4.133.103	4.133.103	-	-	-	-
Trade and other payables	50.526.388	50.526.388	-	-	-	-
Bank overdrafts	28.076.328	28.076.328	-	-	-	-
Promissory notes	<u>1.610.468</u>	<u>1.610.468</u>	-	-	-	-
	<u>94.113.418</u>	<u>86.162.053</u>	<u>2.551.815</u>	<u>3.631.538</u>	<u>1.768.012</u>	<u>-</u>

30.5 Fair Value

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

Assets and liabilities in amortised cost:

THE GROUP

	2015	2014
	€	€
Trade and other receivables	193.484.768	163.102.968
Cash and cash equivalents	28.148.721	26.006.304
Long-term loans	(6.938.823)	(11.018.933)
Short term loans	(43.038.306)	(39.611.692)
Bank overdrafts	(52.383.050)	(47.675.631)
Contingent consideration	(665.697)	(636.529)
Trade and other payables	(118.357.489)	(96.951.102)
Promissory notes	<u>(30.808.228)</u>	<u>(24.557.129)</u>
	<u>(30.558.104)</u>	<u>(31.341.744)</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**30. RISK MANAGEMENT** *(continued)*30.5 Fair Value *(continued)***THE COMPANY**

	2015 €	2014 €
Long-term loans to subsidiary companies	26.480.934	23.085.952
Balances with subsidiary companies	67.813.508	62.506.925
Trade and other receivables	17.109.197	12.564.284
Cash and cash equivalents	2.624.785	1.809.114
Long-term loans	(6.328.625)	(9.767.131)
Short term loans	(3.765.959)	(4.133.103)
Bank overdrafts	(32.087.337)	(28.076.328)
Trade and other payables	(54.659.258)	(50.526.388)
Promissory notes	(2.682.361)	(1.610.468)
	<u>14.504.884</u>	<u>5.852.857</u>

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

Assets and liabilities in fair value:

THE GROUP

	2015 €	2014 €
Investments at fair value through profit and loss	23.635	99.792
Available-for-sale investments	<u>5.853.396</u>	<u>5.927.886</u>
	<u>5.877.031</u>	<u>6.027.678</u>

THE COMPANY

	2015 €	2014 €
Investments at fair value through profit and loss	<u>16.781</u>	<u>90.452</u>

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

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**30. RISK MANAGEMENT** *(continued)*30.5 Fair Value *(continued)***THE GROUP****31 December 2015**

	Level 1 €	Level 2 €	Level 3 €
Investments at fair value through profit and loss	23.635	-	-
Available-for-sale investments	<u>5.853.396</u>	<u>-</u>	<u>-</u>
	<u>5.877.031</u>	<u>-</u>	<u>-</u>

31 December 2014

	Level 1 €	Level 2 €	Level 3 €
Investments at fair value through profit and loss	99.792	-	-
Available-for-sale investments	<u>5.802.894</u>	<u>-</u>	<u>124.992</u>
	<u>5.902.686</u>	<u>-</u>	<u>124.992</u>

During 2015 there were no transfers between the two levels reported above.

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

The fair value of shares that are classified as available for sale investments are based on stock exchange prices at the reporting date. The investment in Bank of Cyprus shares which are re-traded on the CSE and ASE since December 2014, were reclassified from Level 3 to Level 1.

30.6 Capital Management

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

31. OPERATING ENVIRONMENT OF THE GROUP

After almost four years of contraction, the Cypriot economy returned to positive growth rates in 2015. Based on seasonally and working day adjusted data, GDP growth rate in real terms is estimated at +1,6% for 2015. The expansion of the economy was mainly driven by rising private consumption amid negative inflation and supported by the depreciation of the Euro and the low oil prices.

The commitment regarding the implementation of the Economic Adjustment Programme ("programme") has been the cornerstone for the return to economic growth. The better than expected economic performance, combined with the progress made in the restructuring of the banking sector, allowed the Cypriot authorities to complete the programme ahead of schedule without a precautionary post-programme credit line. This reflects the flexibility of the Cypriot economy as well as the momentum and the potential of the modern economic environment in Cyprus. The positive macroeconomic performance in 2015, does not justify complacency and does not signal a relaxation of efforts to further reform the economy. On the contrary, more and longer efforts are needed to put the economy back on the track of sustainable growth. Important reforms which are still outstanding relate to privatisations of semi-governmental organizations and reforms within the public administration, local government and the health sector.

In early March 2016 the Eurogroup, has issued a statement, where it supports the Cypriot government's decision to exit its macroeconomic adjustment programme without a successor arrangement. Additionally, the International Monetary Fund accepted Cyprus's decision to end its bailout program in March 2016. As a result of the above, and the minimum credit rating requirement of the ECB's quantitative easing programme the Cyprus Bonds will qualify for the programme when Cyprus returns to investment grade.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

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

Despite the important steps taken towards restoring the economic climate, some degree of uncertainty remains, as the country still has certain issues to resolve, such as the high volume of non-performing exposures, high unemployment and the implementation of the privatization initiatives and public sector reforms. In particular, restoring the credibility of the financial sector is one of the greatest challenges. A key factor for the system's stability will be to address the high level of non-performing exposures.

From an exogenous perspective, the country's economy may be negatively influenced by the economic uncertainty in Greece, the negative outlook of the Russian economy and the increased geopolitical tensions in the Middle East and Eastern Mediterranean, which could trigger adverse spillovers to economic confidence, tourism and consequently to the aggregate economic activity. Additionally, developments over a potential reunification of Cyprus along with the exploitation of Cyprus' natural resources are being closely monitored in order to assess the potential prospects that are being developed.

Taking into account the existing debt, the available banking facilities the Group maintains with foreign banks, the available cash and the fact that over 90% of the Group's turnover relates to activities abroad, the Company's management has concluded that the developments in the Cyprus economy does not have and are not expected to have a material effect on the assets and liabilities of the Company and the Group.

32. DIRECTORS' INTEREST

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

	31/12/2015	31/03/2016
	Fully paid	Fully paid
	Shares	Shares
	%	%
Adamos Adamides ¹	0,27	0,33
Varnavas Irinarchos ²	51,55	51,55
Takis Klerides	0,34	0,41
Nicos Michaelas	-	-
George Papaioannou	0,68	0,80
Anthoulis Papachristoforou	0,50	0,50
Anastasios Athanasiades	-	-

1. The direct ownership of Mr. Adamos Adamides as at 31 March 2016 is 0,32% and the indirect ownership that arises from the participation of his wife Mrs. Maro Adamidou, is 0,01%.
2. The indirect ownership of Mr. Varnavas Irinarchos as at 31 March 2016 of 51,55% arises from the participation of the company Edcrane Ltd.

33. SHAREHOLDERS' INTEREST

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

	31/12/2015	31/03/2016
	%	%
Varnavas Irinarchos ¹	51,55	51,55
Demetra Investment Public Ltd	10,28	10,28

1. The indirect ownership of Mr. Varnavas Irinarchos as at 31 March 2016 is through the company Edcrane Ltd.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

34. DIRECTORS' CONTRACTS

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

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

Employment contract as Managing Director of the Company for two years from 1 January 2005, with annual salary (13 months) of €93.973 which will be increasing at a proportion equal to the annual rate of inflation, as determined by the annual index on 31 January each year or at a rate equal to 4% over his last salary, whichever is higher. For 2015 the annual salary of the Managing Director was €112.760. The Company will also pay annually (12 months) for entertainment expenses an amount of €25.629, that will be increasing in every following annual period at a proportion equal to the rate of inflation, as determined by the annual index on 31 January each year or at a rate equal to 4%, whichever is higher. For 2015 the allowance for entertainment expenses amounted to €25.629.

In addition, the Company provides to the Managing Director an appropriate vehicle and covers all related expenses. Mr. Varnavas Irinarchos is currently using his privately owned car and the Company covers all related expenses.

The contract was renewed for one year from 1 January 2016, with the same annual salary (13 months) of €112.760. The Company will also pay annually (12 months), for entertainment expenses, the same amount of €25.629.

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

(2) Contract of Mr Anthoulis Papachristoforou, Group Financial Controller

Mr. Anthoulis Papachristoforou has no employment contract with the company. In 2015 the annual salary of Mr. Papachristoforou amounted to €104.895. The remuneration of Mr. Papachristoforou for 2016 will be reconsidered.

35. REMUNERATION OF NON EXECUTIVE DIRECTORS

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

	2015 €	2014 €
Adamos Adamides	21.850	20.950
Sparsis Modestou	9.420	7.560
Takis Klerides	7.320	6.760
Nicos Michaelas	8.440	7.600
George Papaioannou	5.360	5.080
Anastasios Athanasiades	-	-
	<u>52.390</u>	<u>47.950</u>

36. RELATED PARTY TRANSACTIONS

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**36. RELATED PARTY TRANSACTIONS** *(continued)*

The amounts that Logicom Public Limited charged its subsidiary companies were as follows:

	2015 €	2014 €
Administration Services		
Logicom Solutions Limited	<u>127.000</u>	<u>127.000</u>
Commissions		
Logicom Solutions Limited	<u>120.000</u>	<u>120.000</u>

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

Sales

	2015 €	2014 €
Logicom Solutions Limited	1.151.958	1.549.176
Newcytech Business Solutions Ltd	2.608.252	3.110.272
ENET Solutions - Logicom S.A.	34.755.312	25.940.644
Logicom Jordan LLC	4.039.285	2.542.940
Logicom (Middle East) SAL	191.914	174.354
Logicom FZE	-	296
Logicom Italia s.r.l.	29.283	1.262.360
Logicom Information Technology Distribution s.r.l.	20.234.557	11.369.336
Logicom Saudi Arabia LLC	1.471	526
Verendrya Ventures Ltd	<u>6.932</u>	<u>523.377</u>

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

Long-term loans to subsidiary companies:

	2015 €	2014 €
ENET Solutions - Logicom S.A.	2.353.265	2.110.205
Logicom (Middle East) SAL	4.387.159	3.934.025
Logicom FZE	2.723.064	2.441.809
Logicom Jordan LLC	2.807.110	2.517.173
Verendrya Ventures Ltd	<u>14.210.336</u>	<u>12.082.740</u>
	<u>26.480.934</u>	<u>23.085.952</u>

There is no written agreement between the parent and the subsidiary companies regarding the long-term loans receivable from subsidiary companies. The loans bear no interest and there is no fixed repayment date.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**36. RELATED PARTY TRANSACTIONS** *(continued)*

The long term loan with subsidiary company Verendrya Ventures Limited, refers to the financing contract provided to the desalination plants in Larnaca and Limassol. The loan bears an interest of 4,5% and for which there is no fixed repayment date.

Balances with subsidiary companies

	2015	2014
	€	€
	Debit/ (Credit)	Debit/ (Credit)
Logicom (Overseas) Limited	(430.063)	(345.855)
Netcom Limited	86.266	83.774
Logicom Solutions Limited	4.770.043	3.668.197
Inteli-scape Ltd	-	14.884
Logicom Services Ltd	19.310.943	15.071.275
Newcytech Distribution Ltd	-	139.261
Newcytech Business Solutions Ltd	414.606	906.008
ENET Solutions - Logicom S.A.	2.460.353	4.274.442
ICT Logicom Solutions SA	(964.073)	3.137
Logicom Jordan LLC	1.164.702	1.428.147
Logicom (Middle East) SAL	376.001	2.470.794
Logicom FZE	(10.160.515)	(5.527.634)
Logicom Dubai LLC	2.919.383	2.617.379
Logicom Solutions LLC	1.180.656	748.377
Logicom Italia s.r.l.	6.987.297	6.383.331
Logicom IT Distribution Limited	3.521.945	5.536.486
Logicom Saudi Arabia LLC	26.124.671	15.584.241
Logicom Information Technology Distribution s.r.l.	9.580.133	8.878.865
Logicom Bulgaria EOOD	926.820	949.658
Logicom Distribution Germany GmbH	(455.660)	(377.842)
	<u>67.813.508</u>	<u>62.506.925</u>

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

Balances with associated companies

	2015	2014
	€	€
	Debit/ (Credit)	Debit/ (Credit)
M.N. E.P.C Water Co.	-	182.314
M.N. Larnaca Desalination Co Ltd	336.224	335.107
M.N. Limassol Water Co. Ltd	596.062	414.748
	<u>932.286</u>	<u>932.169</u>

The balances with the associated companies and the subsidiary company Verendrya Ventures Ltd, relate to the financing of the construction, maintenance and operation of the desalination plants in Cyprus. The ability of the Company to recover the amounts receivable depends on the operating environment that the Company operates in and it is analysed in note 31.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**36. RELATED PARTY TRANSACTIONS** *(continued)*

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

Sales

	2015	2014
	€	€
Logicom Public Limited	481.718	540.991
Logicom Jordan LLC	2.145.672	2.395.884
Logicom (Middle East) SAL	3.809.580	1.816.145
Logicom Dubai LLC	111.535.871	92.736.601
Logicom Solutions LLC	1.352	5.278
Logicom IT Distribution Limited	490.850	201.872
Logicom Saudi Arabia LLC	8.537.716	5.110.344
Logicom Kuwait for Computer Company W.L.L.	15.257.129	4.367.129
ENET Solutions - Logicom S.A.	27.310	-
Logicom Trading & Distribution LLC	<u>6.198.194</u>	<u>4.303.635</u>

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

Sales

	2015	2014
	€	€
Logicom Public Limited	12.081	2.712
Cadmus Tech Points S.A.L.	-	74.788
Logicom Jordan LLC	918	51.319
Logicom (Middle East) SAL	-	12.059
Logicom FZE	135.691	342.114
Logicom IT Distribution Limited	-	794
Logicom Saudi Arabia LLC	-	40.461
Logicom Italia s.r.l.	-	3.001
Logicom Solutions Limited	<u>2.704</u>	<u>2.355</u>

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

Sales

	2015	2014
	€	€
Logicom (Middle East) SAL	1.883	-
Logicom Solutions LLC	<u>11.273</u>	<u>880</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**36. RELATED PARTY TRANSACTIONS** *(continued)*

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

Sales

	2015	2014
	€	€
Logicom Public Limited	4.105	-
Logicom (Middle East) SAL	1.708	2.981
Logicom FZE	815.844	438.059
Logicom Saudi Arabia LLC	<u>224.575</u>	<u>-</u>

The sales made by ENET Solutions - Logicom S.A. to Group companies were as follows:

Sales

	2015	2014
	€	€
Logicom Public Limited	6.874.028	5.358.110
Logicom Solutions Limited	-	185.123
ICT Logicom Solutions SA	229.204	83.953
Logicom Italia s.r.l.	751	6.581
Logicom IT Distribution Limited	19.906.892	13.622.624
Logicom Information Technology Distribution s.r.l.	2.214.113	2.804.695
Newcytech Business Solutions Ltd	<u>1.249</u>	<u>8.074</u>

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

Sales

	2015	2014
	€	€
Logicom Public Limited	300.139	222.873
Newcytech Business Solutions Ltd	804.351	563.475
ICT Logicom Solutions SA	2.740.433	3.255.424
Inteli-scape Ltd	<u>-</u>	<u>13.173</u>

The sales made by Logicom Italia s.r.l. to Group companies were as follows:

Sales

	2015	2014
	€	€
Logicom Public Limited	243.071	15.225
ENET Solutions - Logicom S.A.	439.633	706.486
Logicom Information Technology Distribution s.r.l.	<u>-</u>	<u>4.126</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**36. RELATED PARTY TRANSACTIONS** *(continued)*

The sales made by Logicom IT Distribution s.r.l. to Group companies were as follows:

Sales

	2015	2014
	€	€
Logicom Public Limited	170.374	28.834
ENET Solutions - Logicom S.A.	325.388	188.833
ICT Logicom Solutions SA	78.734	92.480
Logicom Solutions Limited	1.531	-
Logicom Italia s.r.l.	<u>414</u>	<u>57</u>

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

Sales

	2015	2014
	€	€
ENET Solutions - Logicom S.A.	3.840	-
Logicom Jordan LLC	59.230	31.418
Logicom (Middle East) SAL	9.514	29.414
Logicom FZE	1.034.792	352.530
Logicom IT Distribution Limited	38.703	56.738
Logicom Information Technology Distribution s.r.l.	<u>-</u>	<u>19.789</u>

The sales made by Newcytech Business Solutions Limited to Group companies were as follows:

Sales

	2015	2014
	€	€
Logicom Public Limited	2.033	1.140
Logicom Solutions Limited	1.537.998	140.726
Inteli-scape Ltd	-	680.437
Newcytech Distribution Ltd	<u>115.620</u>	<u>157.910</u>

The sales made by Newcytech Distribution Limited to Group companies were as follows:

Sales

	2015	2014
	€	€
Logicom Public Limited	-	869
Newcytech Business Solutions Ltd	104	113
Logicom Solutions Limited	2.937	-
Inteli-scape Ltd	<u>-</u>	<u>37.468</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**36. RELATED PARTY TRANSACTIONS** *(continued)*

The sales made by Inteli-Scape Limited to Group companies were as follows:

Sales

	2015 €	2014 €
Logicom Public Limited	-	52.806
Newcytech Business Solutions Ltd	-	16.600
Logicom Solutions Limited	-	500.797
Newcytech Distribution Ltd	<u>-</u>	<u>219.948</u>

The sales made by Logicom IT Distribution Limited to Group companies were as follows:

Sales

	2015 €	2014 €
ENET Solutions - Logicom S.A.	534.466	306.866
Logicom FZE	531.282	131.850
Logicom Saudi Arabia LLC	<u>-</u>	<u>44.565</u>

The sales made by ICT Logicom Solutions S.A. to Group companies were as follows:

Sales

	2015 €	2014 €
Logicom Solutions Limited	<u>84.506</u>	<u>121.797</u>

The sales made by Logicom Distribution Germany GmbH to Group companies were as follows:

Sales

	2015 €	2014 €
Logicom Italia s.r.l.	<u>174.773</u>	<u>169.612</u>

The sales made by Cadmus Tech Points S.A.L. to Group companies were as follows:

Sales

	2015 €	2014 €
Logicom (Middle East) SAL	<u>-</u>	<u>9.226</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 2015**36. RELATED PARTY TRANSACTIONS** *(continued)*

The balances between Group companies and the parent Company are stated below:

Balances with related companies

	2015	2014
	€	€
	Debit/ (Credit)	Debit/ (Credit)
Logicom (Overseas) Limited	430.063	345.855
Netcom Limited	(86.266)	(83.774)
Logicom Solutions Limited	(4.770.043)	(3.668.197)
Inteli-scape Ltd	-	(14.884)
Logicom Services Ltd	(19.310.943)	(15.071.275)
Newcytech Distribution Ltd	-	(139.261)
Newcytech Business Solutions Ltd	(414.606)	(906.008)
ENET Solutions - Logicom S.A.	(4.813.618)	(6.384.647)
ICT Logicom Solutions SA	964.073	(3.137)
Logicom Jordan LLC	(3.971.812)	(3.945.320)
Logicom (Middle East) SAL	(4.763.160)	(6.404.819)
Logicom FZE	7.437.451	3.085.825
Logicom Dubai LLC	(2.919.383)	(2.617.379)
Logicom Solutions LLC	(1.180.656)	(748.377)
Logicom Italia s.r.l.	(6.987.297)	(6.383.331)
Logicom IT Distribution Limited	(3.521.945)	(5.536.486)
Logicom Saudi Arabia LLC	(26.124.671)	(15.584.241)
Logicom Information Technology Distribution s.r.l.	(9.580.133)	(8.878.865)
Logicom Bulgaria EOOD	(926.820)	(949.658)
Logicom Distribution Germany GmbH	455.660	377.842
Verendrya Ventures Ltd	<u>(14.210.334)</u>	<u>(12.082.740)</u>

During the year the companies of the Group paid dividends to the Company, as follow:

Dividend for 2015:

	2015
	€
Logicom FZE	4.592.633
Logicom Dubai LLC	1.837.054
Verendrya Ventures Ltd	25.200
Logicom Services Ltd	<u>11.645.000</u>
	<u>18.099.887</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

37. PROMISSORY NOTES

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	€	€	€	€
Liabilities	<u>30.808.228</u>	<u>24.557.129</u>	<u>2.682.361</u>	<u>1.610.468</u>

The Group, through its subsidiary Logicom FZE has signed an agreement for the financing of invoices issued from certain suppliers operating in the Gulf region, with Macquarie Bank with a limit of USD 45 m. Logicom FZE uses this facility to settle the invoices issued by Hewlett-Packard Europe B.V. The parent company has granted a corporate guarantee to Macquarie Bank for the corresponding amount of the facility.

The Company has also signed an agreement for the financing of invoices issued from certain suppliers, with FIMBank PLC with a limit of €4.3m. The Company uses this facility to settle the invoices issued by Hewlett-Packard Europe B.V and Microsoft Ireland Operations Ltd

38. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2015	2014	2015	2014
	€	€	€	€
Derivative financial instruments- assets	-	1.274.941	-	1.192.987
Derivative financial instruments- liabilities	<u>(351.408)</u>	<u>-</u>	<u>(276.731)</u>	<u>-</u>

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

The profit arising from the change in the fair value of derivative financial instruments for the year, that was recognised in Group's and Company's profit or loss amounts to €4.268.792 (2014: €1.314.503) and €3.807.554 (2014: €1.280.052) respectively.

The exposure of the Group and the Company to foreign exchange risk is presented in note 30 of the consolidated financial statements.

39. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting date that have a bearing on the understanding of the consolidated financial statements.