

LOGICOM PUBLIC LIMITED

**REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS**

Year ended 31 December 2011

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We hereby certify that the report and financial statements of Logicom Public Limited for the year ended 31 December 2011 is true copy of the report and financial statements laid and deposited at the General Meeting of the Company, which has properly confirmed receipt of these.

Director



VARNAVAS IRINARCHOS (MANAGING DIRECTOR)
FOR LOGICOM PUBLIC LIMITED

Secretary



Δ/α ADAMINCO SECRETARIAL LIMITED
ΓΙΩΤΑ ΠΑΣΧΑΛΗ, Διοικητικός Σύμβουλος

BOARD OF DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS

Adamos K. Adamides, Chairman

Varnavas Irinarchos, Vice Chairman and Managing Director

Sparsis Modestou, Director

Aristodemos A. Anastasiades, Director

Takis Klerides, Director

Nicos Michaelas, Director

Michalis Sarris, Director

George Papaioannou, Director

GROUP FINANCIAL CONTROLLER

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 Lintied

14 Esperidon street
1087 Nicosia

LEGAL ADVISERS

Scordis, Papapetrou & Co LLC

Includes through merger

Adamos K. Adamides & Co

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

FINANCIAL CONSULTANTS

Marfin CLR Public Co Ltd

CLR House, Vironos 26
1096 Nicosia

BANKERS

Hellenic Bank Public Company Limited
Marfin Popular Bank Public Company Limited
Bank of Cyprus Public Company Limited
National Bank of Greece (Cyprus) Ltd
Bank of Cyprus (Banking Services) - Greece
HSBC Bank Middle East
Banque Audi SAL
Marfin Egnatia Bank (Greece) Ltd
ALPHA Bank Ltd
Societe Generale Cyprus Ltd
Standard Chartered Bank
EFG Eurobank Ergasias S.A.
Piraeus Bank (Cyprus) Ltd
Unicredit Bank
Credito Artigiano S.p.A.
The Cyprus Development Bank Public Company Limited
Societe Generale Lebanon
Garanti Bank
The Housing Bank for Trade & Finance
CIB Bank Ltd
Eurobank EFG Cyprus
Commercial Bank of Greece S.A
Macquarie Bank Limited (London branch)
FIMBank PLC
Saudi British Bank
National Bank of Fujairah PSC
Mashreq Bank PSC

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 Papachristophorou, 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 2011, we confirm that to the best of our knowledge:

- (a) the annual consolidated financial statements that are presented in pages 9 to 96:
- (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 Ltd 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

Signature

Adamos K. Adamides, Chairman

Varnavas Irinarchos, Vice Chairman and Managing Director

Sparsis Modestou, Director

Aristodemos A. Anastasiades, Director

Takis Klerides, Director

Nicos Michaelas, Director

Michalis Sarris, Director

George Papaioannou, Director

GROUP FINANCIAL CONTROLLER

Anthoulis Papachristoforou

Nicosia, 29 March, 2012

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 2011.

PRINCIPAL ACTIVITIES

The Group continued in 2011 the distribution of high technology products, the supply of services and complete information technology, telecommunication and software solutions.

REVIEW OF RESULTS

There are no significant variances between the results reported in the consolidated financial statements and the indicative results of 2011 announced on 24/02/2012.

During 2011, the Group's turnover remained almost to the same levels, at €460,0 million in relation to €459,6 million in 2010. The turnover from the segment for software solutions and complete information technology solutions remained at the same levels. The revenue from abroad has increased by 0,4%, while the revenue from Cyprus has decreased by 1,72%. The share of revenue from abroad for 2011 amounted to €394,2 million, or in percentage terms 85,7% of the Group's total revenue.

The Gross Profit for the year has increased by €68609 and in percentage terms by 0,2%. The gross profit margin remained to 7,6% as in 2010.

The Other Income mainly relates to contributions from suppliers for promotion of their products as well as from services offered to third parties. An amount of €487.500 is also included in Other Income that relates to the consideration for the sale of Cisco Systems distribution rights in Hungary.

Administrative Expenses have increased by €1.222.390, and in percentage terms by 4,5%. The increase is mainly due to the expansion of activities and Group infrastructure in active markets such as the United Arab Emirates and also in new markets such as Central Europe, as well as the integration costs of the Inteli-scape Ltd (€ 77.557), whose takeover was completed on 29/11/2011.

Profit from operating activities amounted to €7.277.677, comparatively reduced by 13.2% compared with 2010. The term "operating activities" includes all the activities of the Group.

The decrease of the Net Finance Expense amounting to €1.028.030 and in percentage terms to 21,4%, is mainly due to the negative effect of the fluctuation of the US Dollar against the Euro on the Group's results and amounts to a loss of €507.733, compared to €1.421.157 in 2010. It is clarified that the adoption of the provisions of IAS 39 in relation to Hedge Accounting from 1/1/2010 limited the negative effect on Group's results. Profit of €1.009.911 that arose on the conversion of the net investment in foreign subsidiaries was hedged in reserves with a loss of €1.009.911 that arose on the conversion of long-term and short-term loans.

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

The bank facilities that were used for the Group's operating activities have also decreased, the cost of which, including interest payable and receivable and related bank charges, amounts to €3.278.908 in 2011 from €3.393.514 in 2010. Despite the increase in loan interest, the decrease in bank facilities as well as to the increase in deposit interest reduced banking costs.

The Group's profit before tax amounted to €3.376.856 for the year 2011 in comparison to €3.574.214 in 2010 that corresponds to a decrease in percentage terms of 5,5%. The Group's profit attributable to shareholders has increased by €311.467 and in percentage terms by 9,5%.

The Earnings per Share and the Diluted Earnings per Share in 2011 increased by 7,08% compared to 4,84 cents in 2010.

The Group's Cash and Cash Equivalents compared to the Bank Overdrafts present a credit balance of €14,7 million at the end of 2011 compared to €40,2 million at the end of 2010. The Short-term Loans increased to €8,3 million from €2,3 million. The Long-term Loans have decreased to €24,7 million from €28,9 million.

Despite of the positive results from the acquisitions, the continued global economic crisis, and the fluctuation of US Dollar against Euro affected negatively the profitability of the operational activities of the Group and 2011 results in general.

DIVIDEND POLICY

The Board of Directors decided to propose for approval at the Annual General Meeting of the shareholders, a final dividend of €1.851.990 for 2011, which corresponds to €0,025 cents per share and in percentage terms to 51,7% of the profits for the year.

SHARE CAPITAL

There was no change of the issued share capital of the company for the year 2011.

All shares are listed and are traded in Cyprus Stock Exchange, 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 the date of this report are set out on page 1. According to article 94 of the Company's articles of association Sparsis Modestou, Michalis Sarris and George Papaioannou resign by rotation, but can be re-elected and they offer themselves for re-election.

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

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

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

MAIN RISKS

The main risks faced by the Group and the Company are stated and analysed in note 31 of the consolidated financial statements.

EVENTS AFTER THE YEAR END

Events after the year end are stated and analysed in note 37 of the consolidated financial statements.

SIGNIFICANT INFORMATION, ESTIMATIONS, GOALS AND PROSPECTS

The Company through its subsidiary company Verendrya Ventures Ltd and in a joint venture with a 50% portion proceeds to the execution of the project for construction of Desalination Unit in Episkopi based on relevant agreement with the Water Development Department dated 7 August 2009. As announced as per agreement dated 20/07/2010 Dementra Investments Public Ltd, participates indirectly to the execution and operation of the desalination project in Episkopi with 40% share of the Company's interest in the joint venture. The construction of the desalination plant is in its final stage.

The subsidiary company, Logicom Hungary Ltd, has disposed the distribution rights of Cisco Systems products in Hungary to the company Alef Nula Kft and hence has withdrawn from the market. The fee for the grant of the rights amounts to €650.000. The withdrawal from this market is not expected to have a negative effect on the results of the Company.

The Company, through its subsidiary Logicom Services Holdings Limited, completed on 29 November 2011 the takeover agreement of 100% of the issued share capital of Inteli-Scape Ltd which operates primarily in the areas of development and sale of software programs. The contribution of Inteli-Scape to the Group results amounts to €226.520.

In 2011 and despite the negative effects from the continued global economic crisis, the turnover remained at the same level, while, the net profitability is slightly increased, mainly due to reasons that are analysed in the review of the results above. Under the conditions of the continued global economic crisis and the negative business environment, the 2011 results are considered to be satisfactory and within the Board of Directors estimates.

The aim is to increase profitability by further reducing operating costs and increasing productivity.

Despite the general current negative conditions, on the basis of the data to date, a slight increase is also expected on the profitability during 2012.

LOGICOM PUBLIC LIMITED**BOARD OF DIRECTORS' REPORT (continued)***STATEMENT OF DIRECTORS PARTICIPATION IN COMPANY'S SHARE CAPITAL*

The percentages of participation in the Company's share capital that was held directly or indirectly by the members of the Board of Directors of the Company on 31 December 2011 and on 29 March 2012 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 Company, 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 Ltd
Secretary

Nicosia, 29 March 2012

Independent Auditors' Report

To the Members of Logicom Public Limited

Report on the Consolidated Financial Statements and Separate Financial Statements

We have audited the consolidated 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 96, which comprise the consolidated statement of financial position and the statement of financial position of the Company as at 31 December 2011, the consolidated statements of comprehensive income, changes in equity and cash flows and the statements of 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 that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113 and for such internal control, which 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements 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 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 financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 financial statements.

LOGICOM PUBLIC LIMITED

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 2011, 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 EU and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal Requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, 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.
- The consolidated and the 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 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 3 to 6 is consistent with the consolidated and 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 Law of 2009 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.

Michael M. Antoniadis
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

14 Esperidon street
1087 Nicosia

29 March 2012

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOMEYear ended 31 December 2011

	Note	2011 €	2010 €
Revenue	4	460.035.660	459.597.253
Cost of sales		<u>(425.173.545)</u>	<u>(424.803.747)</u>
Gross Profit		34.862.115	34.793.506
Other income	6	1.095.295	1.052.722
Administrative expenses	5	<u>(28.679.733)</u>	<u>(27.457.343)</u>
Profit from operations	4	<u>7.277.677</u>	<u>8.388.885</u>
Net foreign exchange loss		(507.733)	(1.421.157)
Interest receivable		1.619.967	1.244.381
Interest payable and bank charges		<u>(4.898.875)</u>	<u>(4.637.895)</u>
Net finance expense	4,7	<u>(3.786.641)</u>	<u>(4.814.671)</u>
Share of profit of associated company and partnership (net of taxation)		<u>(114.180)</u>	<u>-</u>
Profit before tax	4	3.376.856	3.574.214
Taxation	8	<u>238.208</u>	<u>(300.363)</u>
Profit for the year		<u>3.615.064</u>	<u>3.273.851</u>
Other comprehensive income			
Exchange differences in relation to foreign operations		614.442	1.089.487
Exchange differences in relation to hedge of a net investment in foreign operation		(1.009.911)	(1.770.717)
Deferred taxation arising from net exchange differences in relation to foreign operations		20.142	37.716
Deferred taxation arising on revaluation of land and buildings		11.174	101.996
Net change in the fair value of investments available for sale		<u>(383.540)</u>	<u>(23.801)</u>
Other comprehensive income for the year		<u>(747.693)</u>	<u>(565.319)</u>
Total comprehensive income for the year		<u>2.867.371</u>	<u>2.708.532</u>
Profit attributable to:			
Company's shareholders		3.585.318	3.273.851
Non-controlling interest		<u>29.746</u>	<u>-</u>
		<u>3.615.064</u>	<u>3.273.851</u>
Total comprehensive income attributable to:			
Company's shareholders		2.837.625	2.708.532
Non-controlling interest		<u>29.746</u>	<u>-</u>
		<u>2.867.371</u>	<u>2.708.532</u>
Earnings per share	10	<u>4,84 €</u>	<u>4,52 €</u>
Diluted earnings per share	10	<u>4,84 €</u>	<u>4,52 €</u>

The notes on pages 19 to 96 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONYear ended 31 December 2011

	Note	2011 €	2010 €
Assets			
Property, plant and equipment	11	9.519.890	9.247.262
Intangible assets and goodwill	12	9.703.497	7.602.507
Equity accounted investees	15	4.906	-
Investments at fair value through profit or loss	16	20.558	27.568
Investments available for sale	17	1.750.560	2.134.100
Deferred taxation	26	<u>2.106.725</u>	<u>535.894</u>
Total non-current assets		<u>23.106.136</u>	<u>19.547.331</u>
Inventories	18	40.749.592	52.849.043
Tax refundable	24	443.764	451.024
Trade and other receivables	19	105.628.376	112.771.052
Cash and cash equivalents	20,27	<u>39.745.990</u>	<u>37.038.206</u>
Total current assets		<u>186.567.722</u>	<u>203.109.325</u>
Total assets	4	<u>209.673.858</u>	<u>222.656.656</u>
Equity			
Share capital	21	25.187.064	25.187.064
Reserves	22	<u>30.077.152</u>	<u>28.721.119</u>
Equity attributable to shareholders of the company		55.264.216	53.908.183
Non-controlling interest		<u>29.746</u>	<u>-</u>
Total equity		<u>55.293.962</u>	<u>53.908.183</u>
Liabilities			
Long-term loans	25	15.110.868	18.568.417
Deferred taxation	26	922.033	245.922
Contingent liabilities	13	<u>1.611.374</u>	<u>930.311</u>
Total non-current liabilities		<u>17.644.275</u>	<u>19.744.650</u>
Bank overdrafts	25,27	54.422.098	77.211.396
Short-term loans	25	8.337.776	2.323.614
Current portion of long-term loans	25	9.578.684	10.350.498
Tax payable	24	210.375	153.533
Trade and other payables	23	63.710.458	58.572.265
Contingent liabilities	13	<u>476.230</u>	<u>392.517</u>
Total current liabilities		<u>136.735.621</u>	<u>149.003.823</u>
Total liabilities	4	<u>154.379.896</u>	<u>168.748.473</u>
Total equity and liabilities		<u>209.673.858</u>	<u>222.656.656</u>

The consolidated financial statements were approved by the Board of Directors on 29 March 2012.

Adamos K. Adamides
Chairman

Varnavas Irinarchos
Managing Director

The notes on pages 19 to 96 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2011

	Share Capital	Difference arising from the conversion of share capital into Euro	Share Premium Reserve	Consolidated Retained Earnings	Revaluation Reserve	Fair Value Reserve	Translation Reserve	Hedging Reserve	Statutory Reserve	Total	Minority Share	Total Equity
	€	€	€	€	€	€	€	€	€	€	€	€
Balance 1 January 2010	24.565.247	116.818	10.443.375	20.916.023	3.039.384	157.901	(6.629.902)	-	129.563	52.738.409	-	52.738.409
Total comprehensive income for the year												
Total comprehensive income	-	-	-	3.273.851	101.996	(23.801)	1.089.487	(1.770.717)	-	2.670.816	-	2.670.816
Transactions with owners of the Company, recognised directly in equity												
Proposed dividend for 2009 that was paid in 2010 (note 9)	-	-	-	(2.528.775)	-	-	-	-	-	(2.528.775)	-	(2.528.775)
Issued share capital	621.817	-	-	-	-	-	-	-	-	621.817	-	621.817
Land and building revaluations	-	-	-	-	405.916	-	-	-	-	405.916	-	405.916
Revaluation Reserve realized through use	-	-	-	18.287	(18.287)	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	(79.799)	-	-	-	-	79.799	-	-	-
Balance 31 December 2010	25.187.064	116.818	10.443.375	21.599.587	3.529.009	134.100	(5.540.415)	(1.770.717)	209.362	53.908.183	-	53.908.183
Total comprehensive income for the year												
Total comprehensive income	-	-	-	3.585.318	11.174	(383.540)	634.584	(1.009.911)	-	2.837.625	29.746	2.867.371
Transactions with owners of the Company, recognised directly in equity												
Proposed dividend for 2010 that was paid in 2011 (note 9)	-	-	-	(1.481.592)	-	-	-	-	-	(1.481.592)	-	(1.481.592)
Revaluation Reserve realized through use	-	-	-	74.864	(74.864)	-	-	-	-	-	-	-
Balance 31 December 2011	<u>25.187.064</u>	<u>116.818</u>	<u>10.443.375</u>	<u>23.807.923</u>	<u>3.465.319</u>	<u>(249.440)</u>	<u>(4.905.831)</u>	<u>(2.780.628)</u>	<u>209.362</u>	<u>55.264.216</u>	<u>29.746</u>	<u>55.293.962</u>

The notes on pages 19 to 96 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITEDCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)Year ended 31 December 2011

Cypriot 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 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 at 17% (15% until 30 August 2011) will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) 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 this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWSYear ended 31 December 2011

	Note	2011 €	2010 €
Cash flows from operations			
Profit for the year		3.615.064	3.273.851
<i>Adjustments for:</i>			
Exchange differences		449.873	(490.834)
Depreciation		926.200	1.190.508
Depreciaton on leased property, plant and equipment		277.160	-
Interest payable		2.855.255	2.815.142
Interest receivable		(1.619.967)	(1.244.381)
Loss on revaluation of investments at fair through profit or loss		7.010	23.527
Loss on sale of property, plant and equipment		39.238	32.322
Amortisation of development costs		42.698	42
Taxation		<u>(238.208)</u>	<u>300.363</u>
		6.354.323	5.900.540
Change in inventories		12.099.451	(9.664.091)
Change in trade and other receivables		7.142.676	(18.059.289)
Change in trade and other payables		<u>5.138.193</u>	<u>282.698</u>
		30.734.643	(21.540.142)
Interest paid		(2.855.255)	(2.815.142)
Taxation paid		<u>(581.925)</u>	<u>(1.017.129)</u>
Net cash flow from/(used in) operations		<u>27.297.463</u>	<u>(25.372.413)</u>
Cash flows used in investing activities			
Payments to acquire investments at fair value through profit or loss		(450.000)	-
Proceeds from sale of property, plant and equipment		52.822	-
Payments for acquisition of subsidiary net of cash and cash equivalents acquired	13	(1.893.733)	(350.569)
Payments to acquire property, plant and equipment		(1.432.643)	(1.076.047)
Interest received		<u>1.619.967</u>	<u>1.244.381</u>
Net cash flow used in investing activities		<u>(2.103.587)</u>	<u>(182.235)</u>
Cash flows from financing activities			
Proceeds from issue of share capital		-	621.817
Proceeds from new loans		14.458.910	12.961.349
Repayment of loans		(12.674.112)	(19.591.181)
Dividends paid		<u>(1.481.592)</u>	<u>(2.528.775)</u>
Net cash flow from/(used in) financing activities		<u>303.206</u>	<u>(8.536.790)</u>
Net flow in cash and cash equivalents		25.497.082	(34.091.438)
Cash and cash equivalents at the beginning of the year		<u>(40.173.190)</u>	<u>(6.081.752)</u>
Cash and cash equivalents at the end of the year	27	<u>(14.676.108)</u>	<u>(40.173.190)</u>

The notes on pages 19 to 96 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF COMPREHENSIVE INCOMEYear ended 31 December 2011

	Note	2011 €	2010 €
Revenue		69.842.923	78.964.650
Cost of sales		<u>(66.791.541)</u>	<u>(76.051.404)</u>
Gross Profit		3.051.382	2.913.246
Other income	6	4.892.758	3.712.666
Administrative expenses	5	<u>(5.434.329)</u>	<u>(4.915.387)</u>
Profit from operations		<u>2.509.811</u>	<u>1.710.525</u>
Net foreign exchange loss		(49.527)	(918.346)
Interest receivable		1.083.826	962.078
Interest payable and bank charges		<u>(3.237.150)</u>	<u>(2.779.946)</u>
Net finance expense	7	<u>(2.202.851)</u>	<u>(2.736.214)</u>
Profit/(loss) before tax		306.960	(1.025.689)
Taxation	8	<u>686.776</u>	<u>176.693</u>
Profit/(loss) for the year		<u>993.736</u>	<u>(848.996)</u>
Other comprehensive income			
Net change in the fair value of investments available for sale		(383.540)	(23.801)
Deferred taxation arising on revaluation of land and buildings		<u>11.174</u>	<u>(101.999)</u>
Other comprehensive income for the year		<u>(372.366)</u>	<u>(125.800)</u>
Total comprehensive income for the year		<u>621.370</u>	<u>(974.796)</u>
Earnings/(loss) per share	10	<u>1,34 σ€VT</u>	<u>(1,17 σ€VT)</u>
Diluted earnings/(loss) per share	10	<u>1,34 σ€VT</u>	<u>(1,17 σ€VT)</u>

The notes on pages 19 to 96 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITIONAs at 31 December 2011

	Note	2011 €	2010 €
Assets			
Property, plant and equipment	11	5.169.941	5.179.715
Intangible assets	12	407.342	-
Investments in subsidiary companies	14	6.127.317	5.127.317
Investments at fair value through profit or loss	16	18.848	24.868
Deferred taxation	26	1.645.248	1.153.741
Investments available for sale	17	1.750.560	2.134.100
Long-term loans to subsidiary companies	35	<u>10.324.600</u>	<u>9.997.755</u>
Total non-current assets		<u>25.443.856</u>	<u>23.617.496</u>
Inventories	18	2.273.357	2.771.402
Tax refundable	24	137.059	131.059
Balances with subsidiary companies	36	56.058.215	71.761.071
Trade and other receivables	19	15.256.070	17.790.510
Cash and cash equivalents	20,27	<u>25.953.445</u>	<u>26.042.089</u>
Total current assets		<u>99.678.146</u>	<u>118.496.131</u>
Total assets		<u>125.122.002</u>	<u>142.113.627</u>
Equity			
Share capital	21	25.187.064	25.187.064
Reserves	22	<u>9.093.816</u>	<u>9.954.038</u>
Total equity		<u>34.280.880</u>	<u>35.141.102</u>
Liabilities			
Long-term loans	25	17.161.458	19.392.489
Deferred taxation	26	<u>589.926</u>	<u>935.808</u>
Total non-current liabilities		<u>17.751.384</u>	<u>20.328.297</u>
Bank overdrafts	25,27	38.378.834	49.697.479
Short-term loans	25	2.414.406	2.231.253
Current portion of long-term loans	25	3.563.620	9.245.524
Tax payable	24	28.183	8.759
Trade and other payables	23	<u>28.704.695</u>	<u>25.461.213</u>
Total current liabilities		<u>73.089.738</u>	<u>86.644.228</u>
Total liabilities		<u>90.841.122</u>	<u>106.972.525</u>
Total equity and liabilities		<u>125.122.002</u>	<u>142.113.627</u>

The financial statements were approved by the Board of Directors on 29 March 2012.

Adamos K. Adamides
Chairman

Varnavas Irinarchos
Managing Director

The notes on pages 19 to 96 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF CHANGES IN EQUITY

	<u>Years ended 31 December 2011</u>						Total
	Share Capital	Difference arising from the conversion of share capital into Euro	Share Premium Reserve	Retained Earnings	Revaluation Reserve	Fair Value Reserve	
	€	€	€	€	€	€	
Balance							
1 January 2010	24.565.247	116.818	10.443.375	(69.459)	2.119.422	157.901	37.333.304
Total comprehensive income for the year							
Total comprehensive income	-	-	-	(848.996)	(101.999)	(23.801)	(974.796)
Transactions with owners of the Company, recognized directly in equity							
Issued share capital	621.817	-	-	-	-	-	621.817
Land and building revaluations	-	-	-	-	689.552	-	689.552
Proposed dividend for 2009 that was paid in 2010 (note 9)	-	-	-	(2.528.775)	-	-	(2.528.775)
Revaluation reserve realised through use	-	-	-	18.287	(18.287)	-	-
Balance							
31 December 2010	25.187.064	116.818	10.443.375	(3.428.943)	2.688.688	134.100	35.141.102
Total comprehensive income for the year							
Total comprehensive income	-	-	-	993.736	11.174	(383.540)	621.370
Transactions with owners of the Company, recognized directly in equity							
Issued share capital	-	-	-	-	-	-	-
Land and building revaluations	-	-	-	-	-	-	-
Proposed dividend for 2010 that was paid in 2011 (note 9)	-	-	-	(1.481.592)	-	-	(1.481.592)
Revaluation reserve realised through use	-	-	-	74.864	(74.864)	-	-
Balance							
1 December 2011	<u>25.187.064</u>	<u>116.818</u>	<u>10.443.375</u>	<u>(3.841.935)</u>	<u>2.624.998</u>	<u>(249.440)</u>	<u>34.280.880</u>

The notes on pages 19 to 96 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITEDCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)Year ended 31 December 2011

Cypriot 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 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 at 17% (15% until 30 August 2011) will be payable on such deemed dividend to the extent that the shareholders (individuals and companies) 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 this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the Company for the account of the shareholders.

LOGICOM PUBLIC LIMITED

STATEMENT OF CASH FLOWSYear ended 31 December 2011

	Σημ.	2011 €	2010 €
Cash flows from operations			
Profit/(loss) for the year		993.736	(848.996)
<i>Adjustments for:</i>			
Depreciation		350.521	276.069
Interest payable		3.237.150	2.209.097
Interest receivable		(1.083.826)	(962.078)
Dividends receivable		(4.293.313)	(2.834.339)
Profit from sale of property, plant and equipment		(16.217)	(5.609)
Loss on revaluation of investments at fair value through profit or loss		6.020	21.427
Amortization of intangible assets		42.658	-
Taxation		<u>(686.776)</u>	<u>(176.693)</u>
		(1.450.047)	(2.321.122)
Change in inventories		498.045	(772.592)
Change in trade and other receivables		2.534.440	(9.633.168)
Change in balances with subsidiary companies		15.376.011	(8.408.721)
Change in trade and other payables		<u>3.243.482</u>	<u>(1.448.440)</u>
		20.201.931	(22.584.043)
Interest paid		(3.237.150)	(2.209.097)
Taxation paid		<u>(126.014)</u>	<u>(60.080)</u>
Net cash flow from/(used in) operations		<u>16.838.767</u>	<u>(24.853.220)</u>
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(340.747)	(444.518)
Proceeds from sale of property, plant and equipment		16.217	-
Payments to acquire share capital of subsidiary company		-	(27.600)
Payments for acquisition of trade licenses		(450.000)	-
Payments for increase of investment in subsidiary companies		(1.000.000)	(3.493.564)
Proceeds from disposal of subsidiary company		-	2.415.155
Dividends received		4.293.313	2.834.339
Interest received		<u>1.083.826</u>	<u>962.078</u>
Net cash flow from investing activities		<u>3.602.609</u>	<u>2.245.890</u>
Cash flows from financing activities			
Proceeds from issue of share capital		-	621.817
Proceeds from issue of new loans		3.746.994	12.935.938
Repayment of loans		(11.476.777)	(8.934.438)
Dividends paid		<u>(1.481.592)</u>	<u>(2.528.775)</u>
Net cash flow (used in)/from financing activities		<u>(9.211.375)</u>	<u>2.094.542</u>
Net flow in cash and cash equivalents		11.230.001	(20.512.788)
Cash and cash equivalents at beginning of year		<u>(23.655.390)</u>	<u>(3.142.602)</u>
Cash and cash equivalents at the end of the year	27	<u>(12.425.389)</u>	<u>(23.655.390)</u>

The notes on pages 19 to 96 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****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 2011.

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 Holdings Ltd for €2.398.056 on 31 December 2011.

On 27 April 2000, Netcom Limited was incorporated in Cyprus with a share capital of €17.086, which is wholly owned by Logicom Public Limited. The principal activity of Netcom Limited is the execution of infrastructure projects with the first project being the construction of a desalination plant in Episkopi Limassol. On 20 July 2010 the whole share capital of Netcom Limited was acquired by Verendrya Ventures Limited. The company remained dormant during 2011.

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.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****1. STATUS AND PRINCIPAL ACTIVITY (continued)**

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.

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

On 1 August 2006 Rehab Technologies Ltd was incorporated in Saudi Arabia with a share capital of SAR 500.000 that 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 08/06/2010 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.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****1. STATUS AND PRINCIPAL ACTIVITY (continued)**

On 30 May 2008, Noesis Ukraine LLC was incorporated in Ukraine, with 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.

On 30 January 2008, Verendrya Ventures Ltd was incorporated in Cyprus, with share capital of EUR1.000 which belongs both to Logicom Public Ltd and to Demetra Investments Public Ltd. 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 Holdings 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 Holdings Ltd is the holding of investments.

On 28 July 2009, the Group acquired, through its subsidiary Logicom Services Holdings 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 Holdings Ltd acquired the 100% of the share capital of Newcytech Business Solutions Ltd amounting to €756.776.

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 United Arab Emirates, with 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 share capital of SAR 26.800.000 which is owned by 75% from Logicom FZE and by 25% from 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, with 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 share capital of EUR 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.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****1. STATUS AND PRINCIPAL ACTIVITY (continued)**

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 Group's company Veredrya Ventures Ltd, through its subsidiary Netcom Ltd. M.N. E.P.C. Water Co. undertook the construction of Episkopi desalination unit on behalf of M.N. Limassol Water Co. Ltd.

On 4 November 2010, M.N. Limassol Water Co. Ltd was incorporated in Cyprus with share capital of €10.000 which is owned by 49,95% from Group's company Verendrya Ventures Ltd, through its subsidiary Netcom Ltd. M.N. Limassol Water Co. Ltd was tasked with construction and operation of Episkopi Desalination unit.

On 29 November 2011, the Group obtained control through its subsidiary Logicom Services Holdings 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.

2. BASIS OF PREPARATION**Statement of compliance**

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in accordance with the Cyprus Companies Law, Cap. 113 and the requirements of the Stocks and Cyprus Stock Exchange laws and regulations

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 29 March 2012.

Basis of presentation

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

Functional and presentation currency

The consolidated and separate financial statements are expressed 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 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****2. BASIS OF PREPARATION (continued)****Estimates and judgments (continued)**

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 29 – 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 note:

- Note 12 – Measurement of the recoverable amount of goodwill
- Note 17 – Investments available for sale
- Note 26 – Utilisation of losses

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.

Basis of consolidation***Subsidiary companies***

The consolidated financial statements include the Company and the subsidiary companies which the Group controls. Control exists when the Group has the power to govern the financial and operating policies of a financial entity so as to obtain benefits from its activities. The consolidation of the companies acquired during the year is made from the date that control commences until the date that control ceases to exist.

Equity accounted investees

The associated companies are all entities in which the Group exercises significant influence and is in general accompanied with a share between 20% and 50% in the voting rights but which they are not under the control of the Group.

Investments in related companies are accounted for using the Equity method and are recognised initially at cost. The investment of the Group includes goodwill that was recognised on the acquisition following the deduction of any accumulated impairment. The consolidated financial statements include the share of profit/(loss) from the equity accounted investees.

When Group's share of losses exceeds the share of investments recognised with the Equity method, the carrying amount of investments, including any 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

All balances, transactions and any unrealised income and expenses arising from transactions between the Group companies, are eliminated during the preparation of the consolidated financial statements.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Revenue**

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

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

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 for the use of financing instruments. Interest payable is recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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 net within other income in the profit or loss. When revalued assets are sold, the 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
Furniture and fittings	10
Computers	20 – 33,3
Motor Vehicles	20

There is no depreciation on land.

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

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

Expenses for replacement improvement or repair of buildings

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

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

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.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Inventories**

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

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

Non-derivative financial instruments

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

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

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

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.

Investments

The Group has classified all its investments in shares to the category fair value through profit or loss and to investments available for sale. 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.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Investments (continued)**

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

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

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

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.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand. Bank overdrafts that are repayable on demand, form part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment of assets***Financial assets***

A financial asset not carried at fair value through profit or loss is assessed at the end of the year to determine whether there is objective evidence that it is impaired. 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 original effective interest rate.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Impairment of assets (continued)*****Financial assets (continued)***

Losses on assets are recognised as an expense of the year. When an event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through 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, to profit or loss. The cumulative loss that is removed 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. However, any subsequent recovery in the fair value of an impaired investment available for sale is recognised in other comprehensive income.

Non-financial assets

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

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

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

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 2011****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 that arise are recorded in profit or loss.

Taxation

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

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

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

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

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

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

Foreign currency transactions

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

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****3. SIGNIFICANT ACCOUNTING POLICIES (continued)****Foreign currency transactions (continued)**

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

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 the other comprehensive income.

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

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

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

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

Hedge of a net investment in foreign operation

The Group applies hedge accounting to exchange differences arising between the functional currency of the investment in foreign operation and the 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.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-derivative financial instruments including hedge accounting (continued)

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
License fees	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 of the net assets of subsidiary companies and the cost of acquisition at the acquisition is recognised in profit or loss in the same year.

Provident fund

The provident fund operates under a defined contribution scheme. According to the provident fund scheme of the parent company of the Group, the percentage of contributions to the fund is 3% to 15% on behalf of the member and 3% on behalf of the employer on the earnings of members. The contributions of the employer (Company) are recognised in the period to which they relate and are transferred within personnel costs.

Operating segments

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

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

Year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Provisions**

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

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. 10.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

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 outstanding for the effect of Warrants.

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 and the presentation of the current financial year.

Adoption of new and revised International Financial Reporting Standards and Interpretations

As from 1 January 2011, the Group adopted all the IFRSs and International Accounting Standards (IAS), that are relevant to its operations. The adoption of these Standards did not have a material effect on the financial statements of the Group.

The following Standards, Amendments to Standards and Interpretations had been issued but are not yet effective for the year ended 31 December 2011:

(i) Standards and Interpretations adopted by the EU

- IFRS 7 (Amendments) "Financial Instruments Disclosures" Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011).

(ii) Standards and Interpretations not adopted by the EU

- IFRS 1 (Amendments) "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters" (effective for annual periods beginning on or after 1 July 2011).
- IFRS 7 (Amendments) "Financial Instruments" Disclosures - "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 7 (Amendments) "Financial Instruments" Disclosures – "Disclosures on transition to IFRS 9" (effective for annual periods beginning on or after 1 January 2015).
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).
- IAS 1 (Amendments) "Presentation of items of other Comprehensive Income" (effective for annual periods beginning on or after 1 July 2012).
- IAS 12 (Amendments) "Deferred tax" Recovery of Underlying Assets: (effective for annual periods beginning on or after 1 January 2012).
- IAS 19 (Amendments) "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013).

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new and revised International Financial Reporting Standards and Interpretations (continued)

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

- IAS 27 (Revised) "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013).
- IAS 28 (Revised) "Investments in Associates and Joint ventures" (effective for annual periods beginning on or after 1 January 2013).
- IAS 32 (Amendments) "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013).

The Board of Directors expects that the adoption of the above financial reporting standards in future periods will not have a significant effect on the consolidated financial statements of the Group except for:

- *The adoption of IFRS9 could change the classification and measurement of financial assets. The extent of the impact has not been determined.*

4. OPERATING SEGMENTS

The Group can be divided in to 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 for 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 Saud 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 for customers in Cyprus and abroad.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

4. OPERATING SEGMENTS (continued)

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 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.

Sales 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	
	2011 €	2010 €	2011 €	2010 €
Cyprus	66.479.880	67.028.317	20.465.293	14.593.665
Greece	75.816.390	88.388.828	576.026	445.763
United Arab Emirates	183.778.264	178.963.957	712.590	670.758
Other Foreign Countries	<u>133.961.126</u>	<u>125.216.151</u>	<u>1.352.227</u>	<u>1.139.583</u>
	<u>460.035.660</u>	<u>459.597.253</u>	<u>23.102.530</u>	<u>16.849.769</u>

Major Customer

Revenue from one customer of the Group's European Markets Segment represents approximately €15.000.000 (2010: € 25.000.000) of the Group's total revenue.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

4. OPERATING SEGMENTS (continued)

	European Markets Distribution Segment		Middle East Markets Distribution Segment		All other Segments		Services Segments		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	€	€	€	€	€	€	€	€	€	€
External revenue	<u>151.915.129</u>	<u>142.347.834</u>	<u>210.354.066</u>	<u>206.901.021</u>	<u>57.647.434</u>	<u>69.485.700</u>	<u>40.119.031</u>	<u>40.862.698</u>	<u>460.035.660</u>	<u>459.597.253</u>
Intersegment revenue	<u>58.644.689</u>	<u>76.412.635</u>	<u>36.477.840</u>	<u>36.619.882</u>	<u>1.622.000</u>	<u>6.405.758</u>	<u>1.622.000</u>	<u>704.490</u>	<u>98.366.529</u>	<u>120.142.765</u>
Other Income	5.098.431	3.963.436	374.865	377.313	494.705	99.735	3.180.301	660.835	9.148.302	5.101.319
Depreciations and amortisation	541.555	528.587	111.185	140.444	130.389	142.201	185.769	488.286	968.898	1.299.518
Personnel costs	6.056.501	5.187.026	3.649.577	3.224.617	2.304.089	2.377.156	6.293.041	5.598.021	18.303.208	16.386.820
Travelling expenses	350.682	351.802	111.449	84.666	150.768	158.943	200.469	203.917	813.368	799.328
Provision for bad debts	163.126	29.199	310.583	883.821	18.900	41.596	70.836	147.410	563.445	1.102.026
Other professional fees	714.543	727.742	142.876	186.615	199.269	228.708	226.614	365.807	1.283.302	1.508.872
Rent	407.926	373.841	463.631	366.217	228.041	234.497	288.164	283.917	1.387.762	1.258.472
Credit insurance	602.518	1.281.163	555.007	-	88.276	85.021	-	-	1.245.801	1.366.184
Transportation expenses	<u>396.722</u>	<u>345.133</u>	<u>81.318</u>	<u>87.824</u>	<u>285.523</u>	<u>298.442</u>	<u>55.310</u>	<u>68.312</u>	<u>818.873</u>	<u>799.711</u>
Profit from operations	<u>3.702.022</u>	<u>3.062.950</u>	<u>4.879.660</u>	<u>3.298.259</u>	<u>(692.382)</u>	<u>424.526</u>	<u>6.920.705</u>	<u>4.777.823</u>	<u>14.810.005</u>	<u>11.563.558</u>
Net foreign exchange gains / (loss)	(746.335)	(2.384.337)	142.391	64.025	(439.317)	(423.609)	(210.220)	137.630	(1.253.481)	(2.606.291)
Interest receivable	1.208.041	963.968	-	-	15.153	10.931	232.951	268.476	1.456.145	1.243.375
Interest payable and bank charges	<u>(4.568.692)</u>	<u>(4.175.508)</u>	<u>(150.447)</u>	<u>(135.784)</u>	<u>(93.745)</u>	<u>(71.249)</u>	<u>(245.306)</u>	<u>(254.899)</u>	<u>(5.058.190)</u>	<u>(4.637.440)</u>
Net finance expense	<u>(4.106.986)</u>	<u>(5.595.877)</u>	<u>(8.056)</u>	<u>(71.759)</u>	<u>(517.909)</u>	<u>(483.927)</u>	<u>(222.575)</u>	<u>151.207</u>	<u>(4.855.526)</u>	<u>(6.000.356)</u>
Share profit of associated company	<u>114.180</u>	-	-	-	-	-	-	-	<u>114.180</u>	-
Profit before tax	<u>(519.144)</u>	<u>(2.532.927)</u>	<u>4.871.604</u>	<u>3.226.500</u>	<u>(1.210.291)</u>	<u>(59.401)</u>	<u>6.698.130</u>	<u>4.929.030</u>	<u>9.840.299</u>	<u>5.563.202</u>
Acquisition of property plant and equipment	405.633	491.331	125.668	49.984	73.044	38.480	828.298	496.252	1.432.643	1.076.047
Total assets	171.067.503	197.419.429	51.171.058	51.513.206	22.873.146	31.696.824	46.936.742	43.393.755	292.048.449	324.023.214
Total liabilities	<u>133.803.222</u>	<u>159.374.577</u>	<u>25.853.142</u>	<u>29.763.329</u>	<u>24.671.481</u>	<u>32.283.464</u>	<u>33.200.112</u>	<u>31.439.658</u>	<u>217.527.957</u>	<u>252.861.028</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 20114. OPERATING SEGMENTS (continued)

The elements that are allocated to the Operating segments are reconciled with those reported in the Consolidated statement of Comprehensive Income:

	Revenue	Other income	Depreciation and amortization	Other professional fees	Net foreign exchange gain/ (loss)	Profit before tax
	€	€	€	€	€	€
31 December 2011						
Total as per table of allocation in the Operating segments	558.402.189	9.148.302	968.898	1.283.302	(1.253.481)	9.840.299
Intersegment transaction	<u>(98.366.529)</u>	<u>(8.053.007)</u>	<u>-</u>	<u>(812.934)</u>	<u>745.748</u>	<u>(6.463.443)</u>
Total as per Consolidated Financial Statements	<u>460.035.660</u>	<u>1.095.295</u>	<u>968.898</u>	<u>470.368</u>	<u>(507.733)</u>	<u>3.376.856</u>
31 December 2010						
Total as per table of allocation in the Operating segments	579.740.018	5.101.319	1.299.518	1.508.872	(2.606.291)	5.563.202
Intersegment transaction	<u>(120.142.765)</u>	<u>(4.048.597)</u>	<u>(109.010)</u>	<u>(928.992)</u>	<u>1.185.134</u>	<u>(1.988.988)</u>
Total as per Consolidated Financial Statements	<u>459.597.253</u>	<u>1.052.722</u>	<u>1.190.508</u>	<u>579.880</u>	<u>(1.421.157)</u>	<u>3.574.214</u>

The elements that are allocated between the Operating segments are reconciled with those reported in the Consolidated Statement of Financial Position:

	31 December 2011			31 December 2010		
	Acquisition of property plant and equipment	Total assets	Total liabilities	Acquisition of property plant and equipment	Total assets	Total liabilities
	€	€	€	€	€	€
Total as per table of allocation in the Operating Segments	1.432.643	292.048.449	217.527.957	1.076.047	324.023.214	252.861.028
Intersegment transactions	<u>-</u>	<u>(82.374.591)</u>	<u>(63.148.062)</u>	<u>-</u>	<u>(101.366.558)</u>	<u>(84.112.555)</u>
Total as per Consolidated Financial Statements	<u>1.432.643</u>	<u>209.673.858</u>	<u>154.379.895</u>	<u>1.076.047</u>	<u>222.656.656</u>	<u>168.748.473</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 20115. ADMINISTRATIVE EXPENSES**THE GROUP**(a) Personnel costs

	2011	2010
	€	€
Staff salaries	15.162.881	13.700.059
Social insurance and related costs	1.713.058	1.624.913
Contributions to Provident Fund	189.337	182.661
Other personnel costs	<u>422.960</u>	<u>179.551</u>
	<u>17.488.236</u>	<u>15.687.184</u>

The average number of employees during the year was 599 (2010: 562).

(b) Other administrative expenses

	2011	2010
	€	€
Depreciation	926.200	1.190.508
Amortisation of intangible asset	42.698	-
Directors fees - Non executives directors	69.500	66.150
- Executive directors	678.329	633.486
Audit fees	202.526	221.159
Legal fees	245.842	214.155
Other professional fees	470.368	579.880
Traveling expenses	813.368	799.328
Maintenance expenses	60.648	57.439
Rent	1.387.763	1.258.472
Subcontractors' fees	324.566	417.025
Promotion and advertising expenses	267.283	368.326
Doubtful debts allowance	563.445	1.102.026
Insurance	335.578	302.858
Credit insurance	1.245.802	1.366.184
Staff training expenses	57.755	95.286
Subscriptions and donations	156.683	119.111
Telephone expenses	560.876	603.020
Electricity and water	275.957	256.091
Software maintenance expenses	53.304	25.451
Transportation expenses	786.873	649.711
Sundry expenses	<u>1.666.133</u>	<u>1.444.493</u>
	<u>11.191.497</u>	<u>11.770.159</u>
Total administrative expenses	<u>28.679.733</u>	<u>27.457.343</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 20115. ADMINISTRATIVE EXPENSES (continued)THE COMPANY(a) Personnel expenses

	2011	2010
	€	€
Staff salaries	2.912.223	2.262.081
Social insurance and related costs	270.247	242.974
Contributions to Provident Fund	62.524	58.621
Other personnel costs	<u>(23.938)</u>	<u>(242.654)</u>
	<u>3.221.056</u>	<u>2.321.022</u>

The average number of employees during the year was 83 (2010: 79).

(b) Other administrative expenses

	2011	2010
	€	€
Depreciation	350.521	276.069
Amortisation of intangible asset	42.658	-
Director fees - Non executive directors	69.500	66.150
- Executive directors	158.900	158.900
Audit fees	33.000	39.200
Legal fees	165.003	60.501
Other professional fees	51.936	123.550
Traveling expenses	145.171	158.007
Maintenance expenses	27.277	27.003
Rent	127.633	81.809
Subcontractors' fees	276.051	306.282
Promotion and advertising expenses	57.030	83.997
Doubtful debts allowance	(20.861)	(106.571)
Insurance	29.039	25.822
Credit insurance	148.318	788.701
Staff training expenses	14.979	8.103
Subscriptions and donations	81.295	48.394
Telephone expenses	90.496	80.157
Electricity and water	56.508	51.233
Transportation expenses	41.866	82.931
Sundry expenses	<u>266.953</u>	<u>234.127</u>
	<u>2.213.273</u>	<u>2.594.365</u>
Total administrative expenses	<u>5.434.329</u>	<u>4.915.387</u>

Note 1

The total fees for the services of the lawyers and legal advisors of the law office Scordis, Papapetrou & Co LLC, to which Adamos Adamides is a partner, amount to €130.327 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 €22.518 and are included in other professional fees

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 20116. OTHER INCOME**THE GROUP**

	2011	2010
	€	€
(Loss)/profit on disposal of property, plant and equipment,	(39.238)	(32.322)
Loss from revaluation of investments at fair value through profit or loss	(7.010)	(23.527)
Commissions and other income	<u>1.141.543</u>	<u>1.108.571</u>
	<u>1.095.295</u>	<u>1.052.722</u>

THE COMPANY

	2011	2010
	€	€
Dividends receivable from subsidiary companies	4.293.313	2.834.339
Profit on disposal of property, plant and equipment	16.217	5.609
Loss from revaluation of investments at fair value	(6.020)	(21.427)
Commissions and other income	<u>589.248</u>	<u>894.145</u>
	<u>4.892.758</u>	<u>3.712.666</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 20117. NET FINANCE EXPENSES**THE GROUP**

	2011	2010
	€	€
<u>Finance income</u>		
Interest receivable	<u>1.619.967</u>	<u>1.244.381</u>
	<u>1.619.967</u>	<u>1.244.381</u>
<u>Finance expense</u>		
Interest payable and bank charges	(4.898.875)	(4.637.895)
Net foreign exchange loss	<u>(507.733)</u>	<u>(1.421.157)</u>
	<u>(5.406.608)</u>	<u>(6.059.052)</u>
Net finance expense	<u>(3.786.641)</u>	<u>(4.814.671)</u>
Net finance expenses recognized in other comprehensive income		
Exchange differences in relation to foreign operations	614.436	(718.946)
Deferred taxation arising from net exchange differences in relation to foreign operations	20.142	37.716
Net change in the fair value of investments available for sale	<u>(383.540)</u>	<u>(23.801)</u>
	<u>251.038</u>	<u>(705.031)</u>

THE COMPANY

	2011	2010
	€	€
<u>Finance income</u>		
Interest receivable	<u>1.083.826</u>	<u>962.078</u>
	<u>1.083.826</u>	<u>962.078</u>
<u>Finance expenses</u>		
Interest payable and bank charges	(3.237.150)	(2.779.946)
Net foreign exchange loss	<u>(49.527)</u>	<u>(918.346)</u>
	<u>(3.286.677)</u>	<u>(3.698.292)</u>
Net finance expense	<u>(2.202.851)</u>	<u>(2.736.214)</u>
Net finance expenses recognized in other comprehensive income		
Net change in fair value of investments available for sale	<u>(383.540)</u>	<u>(23.801)</u>
	<u>(383.540)</u>	<u>(23.801)</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

8. TAXATION

THE GROUP

	2011	2010
	€	€
Corporation tax	448.272	584.812
Adjustment for prior years	33.974	31.733
Special defence contribution	163.781	87.255
Deferred taxation	<u>(884.235)</u>	<u>(403.437)</u>
	<u>(238.208)</u>	<u>300.363</u>

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

Company	Country	Tax rate
		%
Logicom (Overseas) Limited	Cyprus	10
Logicom Solutions Limited	Cyprus	10
Netcom Limited	Cyprus	10
Netvision Limited	Cyprus	10
DAP Noesis Business Solutions Limited	Cyprus	10
Inteli-scape Ltd	Cyprus	10
Logicom (Middle East) SAL	Lebanon	15
ENET Solutions - Logicom S.A.	Greece	20
Logicom FZE	United Arab Emirates	0
Logicom Dubai LLC	United Arab Emirates	0
Logicom Jordan LLC	Jordan	14
Logicom Italia s.r.l.	Italy	31,4
Logicom IT Distribution Limited	Turkey	20
Rehab Technologies Limited	Saudi Arabia	20
Logicom Hungary Ltd	Hungary	10
Logicom Bulgaria EOOD	Bulgaria	10
Logicom Information Technology Distribution s.r.l.	Romania	20
Noesis Ukraine LLC	Ukraine	23
Logicom Services Holdings Ltd	Cyprus	10
Logicom Solutions LLC	United Arab Emirates	0
ICT Logicom Solutions SA	Greece	20
Logicom Saudi Arabia LLC	Saudi Arabia	20
Newcytech Business Solutions Ltd	Cyprus	10
Newcytech Distribution Ltd	Cyprus	10
Logicom Distribution Germany GmbH	Germany	15
Inteli-scape	Cyprus	10

There were no significant changes in the tax rates from 2010.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 20118. TAXATION (continued)**THE COMPANY**

	2011	2010
	€	€
Special defence contribution	139.446	60.448
Deferred taxation	<u>(826.222)</u>	<u>(237.141)</u>
	<u>(686.776)</u>	<u>(176.693)</u>

The Company is subject to corporation tax at 10% on all of its profits.

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

	2011	2010
	€	€
Profit before tax	<u>3.376.856</u>	<u>3.574.214</u>
Effective tax rate	<u>10,71%</u>	<u>6,94%</u>
Tax for the year based on accounting profit	361.661	248.138
Tax effect for:		
Depreciation	134.351	23.921
Capital allowances	(118.815)	(20.981)
Income not allowed in computation of taxable income	(1.135.820)	(582.926)
Expenses not allowed in computation of taxable income	549.217	80.029
Adjustments for prior years	33.974	20.199
Tax losses carried forward	657.677	848.164
Special defence contribution	163.781	87.256
Deferred taxation	<u>(884.235)</u>	<u>(403.437)</u>
	<u>(238.209)</u>	<u>300.363</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 20118. TAXATION (continued)Reconciliation of taxation with taxation based on accounting profit**THE COMPANY**

	2011 €	2010 €
Profit before taxation	<u>306.960</u>	<u>(1.025.689)</u>
Effective tax rate	<u>10%</u>	<u>10%</u>
Tax for the year based on accounting profit	30.696	(102.569)
Tax effect for:		
Depreciation	39.318	27.607
Capital allowances	(26.593)	(24.250)
Income not allowed in computation of taxable income	(542.556)	(733.567)
Expenses not allowed in computation of taxable income	7.629	12.992
Adjustments from previous years		
Tax losses carried forward	491.506	819.787
Special defence contribution	139.446	60.448
Deferred taxation	<u>(826.222)</u>	<u>(237.141)</u>
	<u>(686.776)</u>	<u>(176.693)</u>

Deferred taxation recognised in other comprehensive income**THE GROUP**

	2011 €	2010 €
Temporary differences arising from foreign exchange differences	(37.716)	(37.716)
Revaluation of land and buildings	<u>(11.174)</u>	<u>(101.996)</u>
	<u>(48.890)</u>	<u>(139.712)</u>

THE COMPANY

Revaluation of land and buildings	<u>(11.174)</u>	<u>(100.479)</u>
	<u>(11.174)</u>	<u>(100.479)</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

9. DIVIDEND

	2011	2010
	€	€
Dividend paid	<u>1.481.592</u>	<u>2.528.775</u>

During the year a final dividend for 2010 of €1.481.592 was paid. This corresponds to €0,02 cents per share. In accordance with IAS 10, dividends are recognised in the year in which they are declared.

The proposed final dividend for 2011 of €1.851.990, which corresponds to €0,025 cents per share, in accordance with IAS 10, will be recognized during 2012, 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 as adjusted for the effect of the warrants during the year as follows:

	2011	2010
Profit attributable to shareholders (€)	<u>3.585.318</u>	<u>3.273.851</u>
Weighted average number of shares that were issued during the year	<u>74.079.600</u>	<u>72.551.364</u>
Basic earnings per share	<u>4,84 σ€VT</u>	<u>4,52 σ€VT</u>
Diluted weighted average number of shares	<u>74.079.600</u>	<u>72.551.364</u>
Diluted earnings per share	<u>4,84 σ€VT</u>	<u>4,52 σ€VT</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201110. 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 as adjusted from the effect of the warrants during the year as follows:

	2011	2010
Profit attributable to shareholders (€)	<u>993.736</u>	<u>(848.996)</u>
Weighted average number of shares that were issued during the year	<u>74.079.600</u>	<u>72.551.364</u>
Basic earnings per share (cents)	<u>1,34 σ€ντ</u>	<u>(1,17 σ€ντ)</u>
Diluted weighted average number of shares	<u>74.079.600</u>	<u>72.551.364</u>
Diluted earnings per share (cents)	<u>1,34 σ€ντ</u>	<u>(1,17 σ€ντ)</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €	Computers €	Furniture and fittings €	Motor Vehicles €	Total €
THE GROUP					
Acquisition cost or revaluation					
2010					
1 January 2010	6.138.308	2.989.010	1.814.440	1.349.575	12.291.333
Exchange differences	137.016	122.776	(70.778)	947	189.961
Additions for the year	-	706.855	216.515	152.677	1.076.047
Disposals for the year	(5.320)	(37.836)	(26.553)	(56.561)	(126.270)
Revaluation for the year	58.437	-	-	-	58.437
31 December 2010	<u>6.328.441</u>	<u>3.780.805</u>	<u>1.933.624</u>	<u>1.446.638</u>	<u>13.489.508</u>
2011					
1 January 2011	6.328.441	3.780.805	1.933.624	1.446.638	13.489.508
Exchange differences	44.270	537.194	72.375	9.378	663.217
Additions for the year	4.157	1.032.207	204.831	191.448	1.432.643
Disposals for the year	-	(546.946)	(29.568)	(238.287)	(814.801)
Additions through business combinations	-	24.004	30.624	-	54.628
Revaluation for the year	-	-	-	-	-
31 December 2011	<u>6.376.868</u>	<u>4.827.264</u>	<u>2.211.886</u>	<u>1.409.177</u>	<u>14.825.195</u>
Depreciation					
2010					
1 January 2010	414.583	1.389.711	898.506	792.014	3.494.814
Exchange differences	14.916	(72.217)	96.042	(801)	37.940
Charge for the year	166.025	597.042	213.517	213.924	1.190.508
Disposals for the year	-	(43.702)	(3.302)	(48.336)	(95.340)
Revaluation for the year	(385.676)	-	-	-	(385.676)
31 December 2010	<u>209.848</u>	<u>1.870.834</u>	<u>1.204.763</u>	<u>956.801</u>	<u>4.242.246</u>
2011					
1 January 2011	209.848	1.870.834	1.204.763	956.801	4.242.246
Exchange differences	7.975	704.513	(134.827)	4.779	582.440
Charge for the year	190.192	634.539	173.843	204.786	1.203.360
Disposals for the year	-	(491.611)	(7.291)	(223.839)	(722.741)
Revaluation for the year	-	-	-	-	-
31 December 2011	<u>408.015</u>	<u>2.718.275</u>	<u>1.236.488</u>	<u>942.527</u>	<u>5.305.305</u>
Net book value					
31 December 2010	<u>6.118.593</u>	<u>1.909.971</u>	<u>728.861</u>	<u>489.837</u>	<u>9.247.262</u>
31 December 2011	<u>5.968.853</u>	<u>2.108.989</u>	<u>975.398</u>	<u>466.650</u>	<u>9.519.890</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201111. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings €	Computers €	Furniture and fittings €	Motor Vehicles €	Total €
THE COMPANY					
Acquisition cost or revaluation					
2010					
1 January 2010	3.999.320	889.592	400.839	593.256	5.883.007
Additions for the year	-	291.695	82.075	70.748	444.518
Disposals for the year	(5.320)	-	-	(53.572)	(58.892)
Revaluation for the year	<u>481.000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>481.000</u>
31 December 2010	<u>4.475.000</u>	<u>1.181.287</u>	<u>482.914</u>	<u>610.432</u>	<u>6.749.633</u>
2011					
1 January 2011	4.475.000	1.181.287	482.914	610.432	6.749.633
Additions for the year	-	182.481	57.329	100.937	340.747
Disposals for the year	-	-	-	(185.461)	(185.461)
Revaluation for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2011	<u>4.475.000</u>	<u>1.363.768</u>	<u>540.243</u>	<u>525.908</u>	<u>6.904.919</u>
Depreciation					
2010					
1 January 2010	148.172	677.441	343.600	373.777	1.542.990
Charge for the year	60.397	125.288	18.722	71.662	276.069
Disposals for the year	-	-	-	(40.572)	(40.572)
Revaluation for the year	<u>(208.569)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(208.569)</u>
31 December 2010	<u>-</u>	<u>802.729</u>	<u>362.322</u>	<u>404.867</u>	<u>1.569.918</u>
2011					
1 January 2011	-	802.729	362.322	404.867	1.569.918
Charge for the year	118.036	139.758	19.252	73.475	350.521
Disposals for the year	-	-	-	(185.461)	(185.461)
Revaluation for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2011	<u>118.036</u>	<u>942.487</u>	<u>381.574</u>	<u>292.881</u>	<u>1.734.978</u>
Net book value					
31 December 2010	<u>4.475.000</u>	<u>378.558</u>	<u>120.592</u>	<u>205.565</u>	<u>5.179.715</u>
31 December 2011	<u>4.356.964</u>	<u>421.281</u>	<u>158.669</u>	<u>233.027</u>	<u>5.169.941</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 2010, a fourth revaluation of the land and buildings was performed by independent professional valuers. The total surplus on revaluation that amounted to €689.569 was transferred to the revaluation reserve.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

11. PROPERTY, PLANT AND EQUIPMENT (continued)

On 31 December 2010, a fourth revaluation of the factory in Larnaca was performed by independent professional valuers. The surplus on revaluation that amounted to €21.229 was transferred to the revaluation reserve.

On 31 December 2010, a second revaluation of the land and buildings of Logicom FZE was performed by independent professional valuers. The deficit on revaluation that amounted to €283.342 was transferred to the revaluation reservethat arose from previous revaluation.

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.

On 31 December 2010 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.

On 31 December 2010 the Group assesses that the net book value of land and buildings of Logicom Jordan LLC in Jordan is not materially different from its fair value.

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

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

	2011	2010
	€	€
Cost	2.492.307	2.488.150
Depreciation	<u>(960.209)</u>	<u>(874.680)</u>
	<u>1.532.098</u>	<u>1.613.470</u>

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

	2011	2010
	€	€
Balance 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 each. 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 followedby additions of cost €29.672 and the annual lease payment is €2.893.

In the Group's motor vehicles there is a vehicle acquired under finance lease. The net book value of the motor vehicle on 31 December 2010 was €30.070.

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 1 August 2007 with an option for renewal. The annual lease payment is €95.493.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201112. INTANGIBLE ASSETS**THE GROUP**

	Development costs €	Licensing costs €	Goodwill €	Total €
Cost				
2010				
1 January 2010	101.603	9.814	8.638.594	8.750.011
Decrease for the year	<u>-</u>	<u>-</u>	<u>(383.023)</u>	<u>(383.023)</u>
31 December 2010	<u>101.603</u>	<u>9.814</u>	<u>8.255.571</u>	<u>8.366.988</u>
2011				
1 January 2011	101.603	9.814	8.255.571	8.366.988
Decrease for the year	-	-	(200.045)	(200.045)
Additions through business combinations (note 13)	-	-	1.893.733	1.893.733
Additions for the year	<u>-</u>	<u>450.000</u>	<u>-</u>	<u>450.000</u>
31 December 2011	<u>101.603</u>	<u>459.814</u>	<u>9.949.259</u>	<u>10.510.676</u>
Amortization				
2010				
1 January 2010	101.468	9.814	653.169	764.451
Impairment for the year	<u>30</u>	<u>-</u>	<u>-</u>	<u>30</u>
31 December 2010	<u>101.498</u>	<u>9.814</u>	<u>653.169</u>	<u>764.481</u>
2011				
1 January 2011	101.498	9.814	653.169	764.481
Impairment for the year	40	-	-	40
Amortization for the year	<u>-</u>	<u>42.658</u>	<u>-</u>	<u>42.658</u>
31 December 2011	<u>101.538</u>	<u>52.472</u>	<u>653.169</u>	<u>807.179</u>
Net book value				
31 December 2010	<u>105</u>	<u>-</u>	<u>7.602.402</u>	<u>7.602.507</u>
31 December 2011	<u>65</u>	<u>407.342</u>	<u>9.296.090</u>	<u>9.703.497</u>

THE COMPANY

	Licensing costs	
	2011 €	2010 €
1 January	-	-
Additions for the year	450.000	-
Amortization for the year	<u>(42.658)</u>	<u>-</u>
31 December	<u>407.342</u>	<u>-</u>

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011**12. **INTANGIBLE ASSETS (continued)****Goodwill***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 profit or loss Statement until 31 December 2004. As of 1st January 2005, in accordance to IFRS 3, goodwill is no longer amortized, but 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. There is no impairment on the goodwill at the end of the year because the net value of the goodwill is lower than its recoverable amount.

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 assumption of a growth rate of 1% and weighted average cost of capital of 15,59%.

During the current year and as a result to the change of the value of contingent consideration as analysed below, the amount of goodwill was reduced by €200.045 (2010: €383.023). As a result the total amount of goodwill on 31 December 2011 amounts to €6.952.602. The 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 2014 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 main assumptions that were used in calculation the present value of the estimated future cash 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, the market interest rate and the effect of changes in the market on the Company were taken into account.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

12. INTANGIBLE ASSETS (continued)

Goodwill (continued)

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 of the company are calculated based on the growth rates of the company in recent years and the business development plans of the company:

- The budget for 2012 is at the same levels as for 2011 as it takes into account projects that the company expects to perform during the year as well as achieving the planned growth plan.
- The growth for 2013 and 2014 is estimated at 8%. The growth is considered achievable as it is expected that there will be an exit from the economic crisis that limits the international markets thus allowing broader economic recovery in the country which the company operates.
- The growth after 2014 is expected to be within the expectations of the Management based on growth data for the country and segment of operations of the Company.

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

Inteli-scape Limited

Goodwill amounting to €1.893.733 arose on the acquisition of the subsidiary company Inteli-scape Limited ("Inteliscape") on 29 November 2011. The acquisition cost was based on a valuation of report for Inteliscape that was prepared by external advisers. The calculation of the value was based on the assumption of a growth rate of 1,5% and weighted average cost of capital of 18%. The Management estimates that there is no need for impairment of the goodwill that arose on the acquisition of Inteliscape on the basis that the acquisition was performed during 2011 and that the actual results of 2011 are consistent with the predictions of the results for the specific year as presented in the valuation report of Inteliscape.

Development/licensing costs

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

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

Development costs	5 years
Licensing costs	2 years

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

12. INTANGIBLE ASSETS (continued)

Development/licensing costs (continued)

Additions to the licencing costs concern the acquisition of the right to distribute Nokia products in Cyprus acquired by Logicom Public Ltd on 11 July 2011 through distribution contract with duration until the end of 2012 with a right of renewal for a further year.

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

13. ACQUISITION OF SUBSIDIARY COMPANY/CONTINGENT CONSIDERATION

NewCytech Business Solutions Limited

On 27 July 2009, the Company acquired the 36,77% of the shares of Newcytech Business Solutions Limited for €3.015.000. On 30 October 2009, the Company acquired the remaining 63,23% for €5.300.000. The total cost of the subsidiary which amounts to €10.240.329, includes contingent consideration of €1.925.329. Under the acquisition agreement, contingent consideration shall be assessed at the end of each year and shall be adjusted proportionately and on the basis of the latest rates of achievement of goals.

The contingent consideration was adjusted as follows 2011:

	€
1 January 2011	1.322.828
Provision readjustment	(200.045)
Unwinding of interest	83.563
Payment during the year	<u>(363.118)</u>
31 December 2011	<u>843.228</u>

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

	2011	2010
	€	€
Long-term	251.230	930.311
Short-term	<u>591.998</u>	<u>392.517</u>
	<u>843.228</u>	<u>1.322.828</u>

The analysis of the cost of acquisition of Newcyetch Business Solutions Ltd as it was adjusted during 2011 is presented below:

	€
1 January 2011	9.988.397
Provision adjustment	(200.045)
Unwinding of interest	<u>83.563</u>
	<u>9.871.915</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

13. ACQUISITION OF SUBSIDIARY COMPANY (continued)

The provision relates to the contingent consideration for the acquisition of the subsidiary company Newcytech Business Solutions Limited. The contingent consideration is payable subject to the achievement of the targets set for the annual profit before tax of Newcytech Business Solutions Limited for the years 2009 to 2012, as determined in the acquisition agreement. The consideration will be payable in partial payments within 30 days from the finalization of the audited financial statements of Newcytech Business Solutions Limited for each of the years stated above.

For the period 27 July 2009 to 30 December 2009 profit of €78.502 was recognised from an associated company.

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 subsidiary, includes contingent consideration of €1.244.376.

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

	€
Long-term	1.019.376
Short-term	<u>225.000</u>
	<u>1.244.376</u>

The principal activity of Inteli-scape Limited is the development and sale of computer software.

The inclusion of Inteli-scape Limited in the Group of Logicom Public Ltd is estimated to contribute significantly to the synergies and economies of scale. Significant increase is expected in turnover and the improvement in the profitability of the relevant segments.

The contribution of Inteli-scape Limited, in one month from 29 November 2011 until 31 December 2011 in Group's results in sales amounted to €602.164 and in the profit for the year to €226.520. If the acquisition was done on January 1, 2011 the management estimates that the consolidated sales would amount to €461.193.360 and the profit for the year to €3.946.131.

The cost of acquisition of Inteli-scape Limited is presented below:

	€
Cash for acquisition of 100%	1.310.000
Contingent Consideration	<u>1.244.376</u>
	<u>2.554.376</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

13. ACQUISITION OF SUBSIDIARY COMPANY (continued)

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, as determined in the acquisition agreement. 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.

Identifiable assets and liabilities of Inteli-scape Limited at the date of acquisition:

	€
Property, plant and equipment	54.628
Trade and other receivables	348.659
Cash and cash equivalent	505.652
Trade and other payables	<u>(248.296)</u>
	<u>660.643</u>

The Management's opinion is that the fair values of identifiable assets and liabilities of the Company were approximately the same as the amounts shown in the books at the acquisition date.

	€
Total acquisition cost	2.554.376
Net identifiable assets	<u>(660.643)</u>
Goodwill	<u>1.893.733</u>

The total contingent liabilities is analysed to long-term and short-term as follows:

	Long-term	Short-term	Total
	€	€	€
Newcytech Business Solutions Ltd	591.998	251.230	843.228
Inteli-scape Ltd	<u>1.019.376</u>	<u>225.000</u>	<u>1.244.376</u>
	<u>1.611.374</u>	<u>476.230</u>	<u>2.087.604</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

14. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company has the following investments in subsidiary companies:

	Cost €	Country	Percentage 2011	Percentage 2010
Logicom (Overseas) Limited	-	Cyprus	100%	100%
Logicom Solutions Limited	-	Cyprus	100%	100%
Logicom (Middle East) SAL	52.652	Lebanon	100%	100%
ENET Solutions - Logicom S.A.	601.083	Greece	100%	100%
		United Arab		
Logicom Dubai FZE	3.296.728	Emirates	100%	100%
		United Arab		
Logicom Dubai LLC	92.124	Emirates	100%	100%
Logicom Jordan LLC	78.372	Jordan	100%	100%
Logicom Italia s.r.l.	1.834.834	Italy	100%	100%
		Saudi		
Rehab Technologies Ltd	100.382	Arabia	100%	100%
Logicom Hungary Ltd	12.217	Hungary	100%	100%
Logicom IT Distribution s.r.l.	63	Romania	100%	100%
Logicom Bulgaria EOOD	10.048	Bulgaria	100%	100%
Noesis Ukraine LLC	11.214	Ukraine	46%	46%
Logicom Services Holdings Ltd	10.000	Cyprus	100%	100%
Verendrya Ventures Ltd	600	Cyprus	60%	60%
Logicom Distribution Germany GmbH	<u>27.000</u>	Germany	100%	100%
	<u>6.127.317</u>			

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

The Company owns indirectly, through the subsidiary companies Enet Solutions – Logicom S.A. and Logicom FZE, 100% of Logicom IT Distribution Ltd in Turkey with share capital of €892.690.

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

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

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

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

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

14. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

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

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

The Company owns indirectly, through the subsidiary company Logicom Services Holdings Ltd 100% of the subsidiary in Cyprus, Inteli-scape Limited, with share capital of €84.471.

On 31 December 2011, the Company made an assessment for any impairment loss of its investments by comparing the net asset value of each investment with the carrying amount. There was no indication for impairment in the value of the investments in subsidiaries other than Rehab Technologies Ltd and Logicom Italia s.r.l. based on the criteria discussed above.

Management has examined the budgets and the forecasts of the above stated subsidiaries which are positive. On this basis, it was decided that no impairment should be recognized as it expects that the recoverable value of these investments will exceed the carrying amount in the near future.

The following table presents 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	01/01/2000	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	204.450
Logicom Jordan LLC	07/08/2001	JOD 1	50.000
Logicom Dubai FZE	03/10/2001	AED 1Million	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 Ltd	01/12/2005	YTL 1	1.540.000
Rehab Technologies Ltd	01/08/2006	SAR 500	1.000
Logicom IT Distribution s.r.l.	19/03/2007	RON 20	10
Logicom Bulgaria EOOD	12/04/2007	BGN 100	200
Logicom Hungary Ltd	15/06/2007	HUF 3 Million	1
Noesis Ukraine LLC	30/05/2008	UAH 184.176	1
Verendrya Ventures Limited	30/01/2009	EUR 1,00	1.000
Logicom Services Holdings Ltd	06/05/2009	EUR 1	10.000
Logicom Solutions LLC	16/08/2009	AED1.000	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 Limited	29/09/2011	EUR 1,71	50.000

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

15. EQUITY ACCOUNTED INVESTEEES

The Group through the integration of the results of the subsidiary company Verendrya Ventures Ltd recognised a total loss amounted to €114,180 resulting from the indirect involvement with 50% of Verendrya Ventures Ltd in the partnership M.N. E.P.C Water Co. and 49,95% in the company M.N. Limassol Water Co. Ltd who have undertaken the construction and the management of the Episkopi Desalination Unit.

THE GROUP

	2011 €	2010 €
M.N. Limassol Water Co. Ltd («Company»)	-	-
M.N. E.P.C Water Co. («Partnership»)	<u>4.906</u>	<u>-</u>
	<u><u>4.906</u></u>	<u><u>-</u></u>
	M.N. Limassol Water Co. Ltd €	M.N. E.P.C Water Co. €
Balance at the beginning of the year	-	-
Additions during the period	4.995	5.000
Impairment resulting from loss of the year	<u>(4.995)</u>	<u>(94)</u>
Balance as at 31 December 2011	<u><u>-</u></u>	<u><u>4.906</u></u>

THE GROUP	Statement of		Non-current Assets	Current Assets	Total of Assets	Current Liabilities	Long-term Liabilities	Total of Liabilities	Net Assets	Revenues	Expenses	Profit/ (Loss)	Groups'	Groups'
	financial position Date	Participation Rate											share in net assets	share in profit or loss
			€	€	€	€	€	€	€	€	€	€	€	€
M.N. E.P.C Water Co.	31/12/2011	50,00%	17.964	3.166.346	3.184.310	(3.174.498)	-	(3.174.498)	9.812	28.221.818	(28.222.006)	(188)	4.906	(94)
M.N. Limassol Water Co. Ltd	31/12/2011	49,95%	<u>30.896.767</u>	<u>8.035.890</u>	<u>38.932.657</u>	<u>(2.465.971)</u>	<u>(36.684.858)</u>	<u>(39.150.829)</u>	<u>(218.172)</u>	<u>31.730.153</u>	<u>(31.958.325)</u>	<u>(228.172)</u>	<u>(109.086)</u>	<u>(114.086)</u>
			<u><u>30.914.731</u></u>	<u><u>11.202.236</u></u>	<u><u>42.116.967</u></u>	<u><u>(5.640.469)</u></u>	<u><u>(36.684.858)</u></u>	<u><u>(42.325.327)</u></u>	<u><u>(208.360)</u></u>	<u><u>59.951.971</u></u>	<u><u>(60.180.331)</u></u>	<u><u>(228.360)</u></u>	<u><u>(104.180)</u></u>	<u><u>(114.180)</u></u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201115. EQUITY ACCOUNTED INVESTEEES (continued)

The above investments were impaired based on the losses attributable to Verendrya Ventures Ltd. The damages for M.N. Limassol Water Co. Ltd which exceed the amount of the investment in the company were credited in the loan which is given from Verendrya Ventures Ltd to M.N. Limassol Water Co. Ltd with total amount of €7.9 million.

16. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011	2010
	€	€
THE GROUP		
Shares of the companies listed in CSE	12.015	19.025
Other investments	<u>8.543</u>	<u>8.543</u>
	<u><u>20.558</u></u>	<u><u>27.568</u></u>

The movement of investment in fair value through profit or loss is analysed as follows:

	2011	2010
	€	€
Balance at beginning of the year	27.568	51.095
Acquisitions through business combination	4.906	-
Decrease in value of investments	<u>(7.010)</u>	<u>(23.527)</u>
Balance at the end of the year	<u><u>25.464</u></u>	<u><u>27.568</u></u>

	2011	2010
	€	€
THE COMPANY		
Shares of the companies listed in CSE	10.305	16.325
Other investments	<u>8.543</u>	<u>8.543</u>
	<u><u>18.848</u></u>	<u><u>24.868</u></u>

During the year the net realizable value of the investments at fair value through profit or loss in shares of companies listed in the CSE was decreased by €7.010.

As at 29 March 2012, the date of the approval of the financial statements, the value of the shares traded in the CSE was €12.117.

17. INVESTMENTS AVAILABLE FOR SALE

The investments available for sale consist of corporate capital bonds with fixed annual interest rate of 7% which is payable every quarter. The titles are traded in the Cyprus Stock Exchange and have been classified as investments available for sale.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201117. INVESTMENTS AVAILABLE FOR SALE (continued)

The movement of investment available for sale is analysed as follows:

	2011	2010
	€	€
Balance at the beginning of the year	2.134.100	2.157.901
Decrease in value of investments	<u>(383.540)</u>	<u>(23.801)</u>
Balance at the end of the year	<u><u>1.750.560</u></u>	<u><u>2.134.100</u></u>

The estimates used for the valuation of the investments available for sale are analysed in note 31.

18. INVENTORIES**THE GROUP**

	2011	2010
	€	€
Net value of inventories at 31 December	<u><u>40.749.592</u></u>	<u><u>52.849.043</u></u>

The provision for the decrease in the value of inventories was increased by €1.416.250 (2010: €274.112) as a result of the sale of inventories for which there was a provision in previous years of €283.618 (2010: €108.052) and the increase in the provision of the year by €1.699.868 (2010: €382.164).

THE COMPANY

	2011	2010
	€	€
Net value of inventories at 31 December	<u><u>2.273.357</u></u>	<u><u>2.771.402</u></u>

The provision for the decrease in the value of inventories was increased by €1.490.087 (2010: €58.968) as a result of the sale of inventories for which there was a provision in previous years of €28.385 (2010: €108.052), and the increase in the provision of the year by €1.518.472 (2010: €49.084).

Inventories consist of finished goods for sale and spare parts. Part of the spare parts can sometimes be sold on their own as finished goods. Work in progress has been considered by management as immaterial and therefore they are not presented separately in inventories. Inventories are stated net of any provision for inventory obsolescence and for the possibility of not being sold.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201119. TRADE AND OTHER RECEIVABLES

	2011	2010
	€	€
THE GROUP		
Trade receivables	92.107.984	105.202.168
Other receivables	11.192.821	6.795.348
Prepayments	<u>2.327.571</u>	<u>773.536</u>
	<u>105.628.376</u>	<u>112.771.052</u>
THE COMPANY		
Trade receivables	5.903.260	6.008.345
Other receivables	7.272.993	11.782.165
Amounts owned by associated companies (Note 36)	2.079.817	-
Prepayments	<u>-</u>	<u>-</u>
	<u>15.256.070</u>	<u>17.790.510</u>

Trade and other receivables are stated after the deduction of doubtful debts allowance which amounted to €5.262.203 (2010: €4.625.992) for the Group and €126.258 (2010: €188.783) for the Company.

Part of trade receivables of Logicom Public Ltd in Cyprus and the subsidiary 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 debtors that were settled on 31 December amounted to €18.441.094 (2010: €25.784.400).

The risks in relation to trade and other receivables are presented in note 31.

20. CASH AND CASH EQUIVALENTS

	2011	2010
	€	€
THE GROUP		
Cash in hand	34.804	13.944
Current accounts with banks	<u>39.711.186</u>	<u>37.024.262</u>
	<u>39.745.990</u>	<u>37.038.206</u>
THE COMPANY		
Cash in hand	800	800
Current accounts with banks	<u>25.952.645</u>	<u>26.041.289</u>
	<u>25.953.445</u>	<u>26.042.089</u>

The deposit interest rates for 2011 were 4,3% per annum (2010: 4%).

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201121. SHARE CAPITAL

	Authorised		Issued and fully paid	
	Ordinary Shares	€	Ordinary Shares	€
2011				
Balance 1 January	100.000.000	34.000.000	74.079.600	25.187.064
Changes during the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance 31 December	<u>100.000.000</u>	<u>34.000.000</u>	<u>74.079.600</u>	<u>25.187.064</u>
2010				
Balance 1 January	100.000.000	34.000.000	72.250.727	24.565.247
Changes during the year	<u>-</u>	<u>-</u>	<u>1.828.873</u>	<u>621.817</u>
Balance 31 December	<u>100.000.000</u>	<u>34.000.000</u>	<u>74.079.600</u>	<u>25.187.064</u>

During the first period of warrant exercise, in October 2009, 3.734.494 warrants were exercised at the price of €0,73 each. On 7 November 2009, 3.734.494 new shares of €0,34 each were allocated. The total amount of the share capital increase amounts to €1.269.727.

During the second period of warrant exercise, in October 2009, 609.933 warrants were exercised at the price of €0,47 each. On 11 November 2009, 609.933 new shares of €0,34 each were allocated. The total amount of the share capital increase amounts to €207.377.

During the third period of warrant exercise, in October 2010, 1.828.873 warrants were exercised at the price of €0,34 each. On 10 November 2010, 1.828.873 new shares of €0,34 each were allocated. The total amount of the share capital increase amounts to €621.817.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201122. RESERVES
THE GROUP

	Difference arising on the conversion the share capital to Euro €	Share Premium Reserve €	Consolidated Retained Earnings €	Revaluation Reserve €	Fair Value Reserve €	Translation Reserve €	Hedging Reserve €	Statutory Reserve €	Total	Non- controlling Interest €	Total €
Balance 31 December 2009	<u>116.818</u>	<u>10.443.375</u>	<u>20.916.023</u>	<u>3.039.384</u>	<u>157.901</u>	<u>(6.629.902)</u>	<u>-</u>	<u>129.563</u>	<u>28.173.162</u>	<u>-</u>	<u>28.173.162</u>
Profit for the year	-	-	3.273.851	-	-	-	-	-	3.273.851	-	3.273.851
Exchange differences in relation to foreign operations	-	-	-	-	-	1.051.771	(1.770.717)	-	(718.946)	-	(718.946)
Deferred taxation arising from net exchange differences in relation to foreign operations	-	-	-	-	-	37.716	-	-	37.716	-	37.716
Deferred taxation arising on revaluation of land and buildings	-	-	-	101.996	-	-	-	-	101.996	-	101.996
Net change in the fair value of investments available for sale	-	-	-	-	(23.801)	-	-	-	(23.801)	-	(23.801)
Total comprehensive income for the year	-	-	<u>3.273.851</u>	<u>101.996</u>	<u>(23.801)</u>	<u>1.089.487</u>	<u>(1.770.717)</u>	<u>-</u>	<u>2.670.816</u>	<u>-</u>	<u>2.670.816</u>
Proposed dividend for 2009 that was paid in 2010 (note 9)	-	-	(2.528.775)	-	-	-	-	-	(2.528.775)	-	(2.528.775)
Share premium reserve	-	-	-	405.916	-	-	-	-	405.916	-	405.916
Revaluation reserve realised through use	-	-	18.287	(18.287)	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	(79.799)	-	-	-	-	79.799	-	-	-
	-	-	<u>(2.590.287)</u>	<u>387.629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79.799</u>	<u>(2.122.859)</u>	<u>-</u>	<u>(2.122.859)</u>
Balance 31 December 2010	<u>116.818</u>	<u>10.443.375</u>	<u>21.599.587</u>	<u>3.529.009</u>	<u>134.100</u>	<u>(5.540.415)</u>	<u>(1.770.717)</u>	<u>209.362</u>	<u>28.721.119</u>	<u>-</u>	<u>28.721.119</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201122. RESERVES (continued)
THE GROUP

	Difference arising on the conversion the share capital to Euro €	Share Premium Reserve €	Consolidated Retained Earnings €	Revaluation Reserve €	Fair Value Reserve €	Translation Reserve €	Hedging Reserve €	Statutory Reserve €	Non- controlling Interest €	Total €
Balance 31 December 2010	<u>116.818</u>	<u>10.443.375</u>	<u>21.599.587</u>	<u>3.529.009</u>	<u>134.100</u>	<u>(5.540.415)</u>	<u>(1.770.717)</u>	<u>209.362</u>	<u>-</u>	<u>28.721.119</u>
Profit for the year	-	-	3.615.064	-	-	-	-	-	(29.746)	3.585.318
Exchange differences in relation to foreign operations	-	-	-	-	-	614.442	(1.009.911)	-	-	(395.469)
Deferred taxation arising from net exchange differences in relation to foreign operations	-	-	-	-	-	20.142	-	-	-	20.142
Deferred taxation arising on revaluation of land and buildings	-	-	-	11.174	-	-	-	-	-	11.174
Net change in the fair value of investments available for sale	-	-	-	-	(383.540)	-	-	-	-	(383.540)
Total comprehensive income for the year	-	-	<u>3.615.064</u>	<u>11.174</u>	<u>(383.540)</u>	<u>634.584</u>	<u>(1.009.911)</u>	-	<u>(29.746)</u>	<u>2.837.625</u>
Proposed dividend for 2009 that was paid in 2010 (note 9)	-	-	(1.481.592)	-	-	-	-	-	-	(1.481.592)
Share premium reserve	-	-	-	-	-	-	-	-	-	-
Revaluation reserve realised through use	-	-	74.864	(74.864)	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-
	-	-	<u>(1.406.728)</u>	<u>(74.864)</u>	-	-	-	-	-	<u>(1.481.592)</u>
Balance 31 December 2011	<u>116.818</u>	<u>10.443.375</u>	<u>23.807.923</u>	<u>3.465.319</u>	<u>(249.440)</u>	<u>(4.905.831)</u>	<u>(2.780.628)</u>	<u>209.362</u>	<u>(29.746)</u>	<u>30.077.152</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201122. RESERVES (continued)
THE COMPANY

	Difference arising on the conversion the share capital to Euro €	Share Premium Reserve €	Retained Earnings €	Revaluation Reserve €	Fair Value Reserve €	Total €
Balance 31 December 2009	<u>116.818</u>	<u>10.443.375</u>	<u>(69.459)</u>	<u>2.119.422</u>	<u>157.901</u>	<u>12.768.057</u>
Profit for the year	-	-	(848.996)	-	-	(848.996)
Net change in the fair value of investments available for sale	-	-	-	-	(23.801)	(23.801)
Deferred taxation arising on revaluation of land and buildings	-	-	-	(101.999)	-	(101.999)
Total comprehensive income for the period	-	-	(848.996)	(101.999)	(23.801)	(974.796)
Revaluation of land and buildings	-	-	-	689.552	-	689.552
Proposed dividend for 2009 that was paid in 2010 (note 9)	-	-	(2.528.775)	-	-	(2.528.775)
Revaluation reserve realised through use	-	-	18.287	(18.287)	-	-
	-	-	(2.510.488)	671.265	-	(1.839.223)
Balance 31 December 2010	<u>116.818</u>	<u>10.443.375</u>	<u>(3.428.943)</u>	<u>2.688.688</u>	<u>134.100</u>	<u>9.954.038</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201122. RESERVES (continued)
THE COMPANY

	Difference arising on the conversion the share capital to Euro	Share Premium Reserve	Retained Earnings	Revaluation Reserve	Fair Value Reserve	Total
	€	€	€	€	€	€
Balance 31 December 2010	<u>116.818</u>	<u>10.443.375</u>	<u>(3.428.943)</u>	<u>2.688.688</u>	<u>134.100</u>	<u>9.954.038</u>
Profit for the year	-	-	993.736	-	-	993.736
Net change in the fair value of investments available for sale	-	-	-	-	(383.540)	(383.540)
Deferred taxation arising on revaluation of land and buildings	-	-	-	11.174	-	11.174
Total comprehensive income for the period	-	-	<u>993.736</u>	<u>11.174</u>	<u>(383.540)</u>	<u>621.370</u>
Revaluation of land and buildings	-	-	-	-	-	-
Proposed dividend for 2010 that was paid in 2011 (note 9)	-	-	(1.481.592)	-	-	(1.481.592)
Revaluation reserve realised through use	-	-	74.864	(74.864)	-	-
	-	-	<u>(1.406.728)</u>	-	-	<u>(1.481.592)</u>
Balance 31 December 2011	<u>116.818</u>	<u>10.443.375</u>	<u>(3.841.935)</u>	<u>2.624.998</u>	<u>(249.440)</u>	<u>9.093.816</u>

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****22. RESERVES (continued)****Retained earnings**

The retained earnings includes accumulated gain or losses of the Company.

Share premium reserve

The 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

The reserve arising from the change of the shares nominal value 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

The revaluation reserve consists of the accumulated amounts of revaluations of land and buildings and the deferred taxation arising on revaluations.

Fair value reserve

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

Translation Reserve

The translation reserve consists of the accumulated exchange differences that arise on the translation of the equity of the foreign subsidiary companies, using the exchange rate prevailing at the end of the year and the exchange differences that arise from the long-term loans of the parent company to the foreign subsidiary companies.

Exchange differences that arise from the long-term loans to foreign subsidiary companies are transferred to other comprehensive income and presented in the translation reserve in the financial statements of the Group. Exchange differences are transferred to profit or 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 are recognised in profit or loss in the year they are incurred in the financial statements of the parent Company.

Hedging Reserve

Hedging Reserve consists of the accumulated amounts of the hedging of the investment on foreign subsidiary companies with the liabilities of the Group at a foreign currency.

Statutory reserve in United Arab Emirates, in Lebanon and in Jordan

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

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201123. TRADE AND OTHER PAYABLES

	2011	2010
	€	€
THE GROUP		
Trade payables	50.056.157	49.853.082
Accrued expenses	7.449.413	3.459.454
Contingent consideration for the acquisition of subsidiary company	-	-
Other payables	<u>6.204.888</u>	<u>5.259.729</u>
	<u>63.710.458</u>	<u>58.572.265</u>
THE COMPANY		
Trade payables	26.304.758	23.620.143
Accrued expenses	536.009	488.837
Other payables	<u>1.863.928</u>	<u>1.352.233</u>
	<u>28.704.695</u>	<u>25.461.213</u>

The risks in relation to trade and other payables are presented in note 31.

24. TAX REFUNDABLE AND PAYABLE

	2011	2010
	€	€
THE GROUP		
Tax refundable	<u>443.764</u>	<u>451.024</u>
THE COMPANY		
Tax refundable	<u>137.059</u>	<u>131.059</u>
THE GROUP		
Tax payable	<u>210.375</u>	<u>153.533</u>
THE COMPANY		
Tax payable	<u>28.123</u>	<u>8.759</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201125. LOANS AND BANK OVERDRAFTS**THE GROUP**

	2011	2010
	€	€
Long-term loans	24.689.552	28.918.915
Short-term loans	8.337.776	2.323.614
Bank overdrafts	<u>54.422.098</u>	<u>77.211.396</u>
	<u>87.449.426</u>	<u>108.453.925</u>

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

	2011	2010
	€	€
- within one year	9.578.684	10.350.498
- between two and five years	13.356.776	17.883.081
- after more than five years	<u>1.754.092</u>	<u>685.336</u>
	<u>24.689.552</u>	<u>28.918.915</u>

THE COMPANY

	2011	2010
	€	€
Long-term loans	20.725.078	28.638.013
Short-term loans	2.414.406	2.231.253
Bank overdrafts	<u>38.378.834</u>	<u>49.697.479</u>
	<u>61.518.318</u>	<u>80.566.745</u>

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

	2011	2010
	€	€
- within one year	3.563.621	9.245.524
- between two and five years	15.407.365	18.707.153
- after more than five years	<u>1.754.092</u>	<u>685.336</u>
	<u>20.725.078</u>	<u>28.638.013</u>

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****25. LOANS AND BANK OVERDRAFTS (continued)**

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

Loan in United States Dollars (USD) repayable in five years with 16 equal quarterly installments of USD558.588 (€431.709). The interest rate is equal to 3 month LIBOR + 1,20% annually and the first installment was paid on 31/03/2008.

Loan in United States Dollars (USD) repayable in seven years including a grace period of two years, with 5 equal quarterly installments of USD461.834 (€356.932). The interest rate is equal to 3 month LIBOR + 4,0% annually and the first installment was paid on 22/03/2009.

Loan in United States Dollars (USD) repayable in seven years including a grace period of two years, with 8 equal quarterly installments of USD447.060 (€345.513).). The interest rate is equal to 3 month LIBOR + 4,00% annually and the first installment was paid on 03/06/2009.

Loan in United States Dollars (USD) repayable in four years, with 15 equal quarterly instalments of USD400.000 (€309.142). The interest rate is equal to 3 month LIBOR + 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 Euro225.000. 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 Euro408.000. The interest rate is equal to 6 month EURIBOR + 2,0% annually and the first installment was paid on 30/04/2010.

Loan in United States Dollars (USD) repayable in seven years including a grace period of two years, with 15 equal quarterly installment of USD 756.539 (€584.697). The interest rate is equal to 3 month LIBOR +4,0% annually and the first installment was paid on 30/11/2010.

Six loans in Euro of total amount Euro 280.898 repayable in two years, with 36 equal monthly instalments of total amount Euro 24.034.

Loan in Jordan Dinar (JOD) repayable in five years with 60 equal monthly installments of JOD 5.833 (€6.157). The interest rate is equal to 9% annually and the first installment was paid on 15/04/2007.

The weighted average cost of the bank overdraft is 5,5% (2010: 4%). The bank overdrafts are repayable on demand by the respective banks.

The interest rate of short-term loans is equal to 3 month LIBOR plus 2,0% annually and 6 month LIBOR plus 2% annually (2009: 3 month LIBOR plus 1,20% annually and 6 month EURIBOR plus 2,75% annually). Short-term loans are repayable within three months from the day they are incurred.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****25. LOANS AND BANK OVERDRAFTS (continued)**

The undrawn balance of the bank overdrafts of the Group at 31 December 2011 amounted to €14,9 millions (2010: €18,7 millions) and of the Company to €8,2 millions (2010: €0,8 millions).

The bank overdrafts, the short-term and the long term loans are secured with:

- (a) Pledge of bonds with value €1.100.000.
- (b) The guarantee of Logicom Solutions Limited for €32000.000, €19.648.916, €3.000.000, €7.688.706 and €516.000.
- (c) 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 €170.000 (it also secures the liabilities of Logicom (Overseas) Limited).
- (d) First mortgage with registration number Y1858/99 amount €598.010, second mortgage with registration number Y3404/99 amount €256.290 and third mortgage with registration number Y3405/99 amount €170.860 on building with registration number N1664 at Ayia Paraskevi owned by Logicom Public Limited.
- (e) 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.
- (f) Second mortgage with registration number Y5753/00 dated 21 July 2000 for plot with registration number N1665 in Nicosia (Ayia Paraskevi area, Strovolos) for €136.688, owned by Logicom Public Limited.
- (g) Notice accounts of Logicom Public Limited, Logicom Solutions Limited and Logicom FZE.
- (h) Pledge of 100% of the shares in Newcytech Business Solutions Ltd with reg. number 145820.
- (i) Corporate guarantees on guarantee document NT6 dated 07/10/2005 of the company Logicom Solutions Limited for the amount of €20.503.217.
- (j) Corporate guarantees on guarantee document NT6 dated 07/10/2005 of the company Logicom Solutions Limited for the amount of €2.562.902.
- (k) Corporate guarantee of Logicom Public Ltd towards Newcytech Business Solutions Ltd for €1.000.000.
- (l) Assignment of receivables of Logicom Public Limited for €1.528.298.
- (m) The guarantee of Logicom (Overseas) Limited for €170.861.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201126. DEFERRED TAXATION

	Liabilities 2011 € 2011	Assets 2011 € 2011	Transfer to other Reserves € 2011	Transfer to statement of comprehensive Income € 2011	Liabilities 2010 € 2010	Assets 2010 € 2010
THE GROUP						
Deferred taxation arising from:						
Temporary differences arising from differences between depreciation and capital allowances	(591.004)	-	-	18.543	(609.547)	-
Temporary differences arising from loss for the year	-	2.149.940	-	556.953	-	1.592.987
Revaluation of land and buildings	(601.798)	-	11.174	-	(612.972)	-
Temporary differences arising from administrative expenses	(80.283)			(80.283)		
Temporary differences arising from unrealised exchange difference	-	236.157	-	389.022	(152.865)	-
Exchange difference	<u>351.052</u>	<u>(279.372)</u>	<u>-</u>	<u>-</u>	<u>1.129.462</u>	<u>(1.057.093)</u>
	<u>(922.033)</u>	<u>2.106.725</u>	<u>11.174</u>	<u>884.235</u>	<u>(245.922)</u>	<u>535.894</u>
THE COMPANY						
Deferred taxation arising from:						
Temporary differences arising from differences between depreciation and capital allowances	(19.965)	-	-	(12.879)	(7.086)	-
Temporary differences arising from loss for the year	-	1.645.248	-	491.507	-	1.153.741
Revaluation of land and buildings	(564.185)	-	11.174	-	(575.359)	-
Temporary differences arising from administrative expenses	-	-	-	-	-	-
Temporary differences arising from unrealised exchange difference	<u>(5.776)</u>	<u>-</u>	<u>-</u>	<u>347.594</u>	<u>(353.364)</u>	<u>-</u>
	<u>(589.926)</u>	<u>1.645.248</u>	<u>11.174</u>	<u>826.222</u>	<u>(935.809)</u>	<u>1.153.741</u>

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

Deferred tax assets and liabilities are offset if there is a legal in 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 2011

27. CASH AND CASH EQUIVALENTS

	2011	2010
	€	€
THE GROUP		
Cash at bank and in hand	39.745.990	37.038.206
Bank overdrafts	<u>(54.422.098)</u>	<u>(77.211.396)</u>
	<u>(14.676.108)</u>	<u>(40.173.190)</u>
THE COMPANY		
Cash at bank and in hand	25.953.445	26.042.089
Bank overdrafts	<u>(38.378.834)</u>	<u>(49.697.479)</u>
	<u>(12.425.389)</u>	<u>(23.655.390)</u>

28. CONTINGENCIES AND LITIGATIONS

The most important contingencies are as follows:

1. The Company has provided a bank guarantee of up to USD 3.500.000 (€2.705.000) to a foreign supplier for providing a trading credit facility. This guarantee expired on 31 December 2011 and was renewed until 31 December 2012.
2. The Company has provided a second bank guarantee of up to USD5.000.000 (€3.864.286) to a second foreign supplier for providing a trading credit facility. This guarantee is valid from 19 February 2011 until 18 February 2012.
3. The Company has provided a third bank guarantee of up EURO 2.300.000 to a third foreign supplier for providing a trading credit facility. This guarantee was due at 31 December 2011 and renewed until 10 February 2013 of up to EURO 1.800.000.
4. The Company has provided a fourth bank guarantee of up EURO 500.000 to a fourth foreign supplier for providing a trading credit facility. This guarantee is valid from 05 September 2011 until 05 March 2012.
5. The Company has provided a fifth bank guarantee of up EURO 2.500.000 000 to a fifth foreign supplier for providing a trading credit facility. This guarantee is valid from 14 June 2011 until 13 June 2012.
6. The Company has provided a sixth bank guarantee of up EURO 800.000 to a sixth foreign supplier for providing a trading credit facility. This guarantee is valid from 04 August 2011 until 03 February 2012.
7. The Company has provided a seventh bank guarantee of up EURO 34.172 to the Director of Customs and Excise Department for the use of a bonded warehouse in the Free Trade Zone in Larnaca.
8. Companies of the Group provide bank guarantees in order to participate to government 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.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

28. CONTINGENCIES AND LITIGATIONS (continued)

Litigation

Trade and other receivables include USD1,6 million (€1,2 m.) due from a customer of subsidiary company Logicom FZE, that in 2007, ceased its operations in the Middle East. The company filed a legal claim demanding payment of outstanding invoices from the sale of computer systems. The court decision ordered the customer to pay the required amount of USD 1,6 m (€1,2 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.

29. OPERATING LEASE

THE GROUP

	2011	2010
	€	€
Payments:		
Within one year	459.545	658.603
Between two and five years	1.583.246	1.678.475
After more than five years	<u>146.149</u>	<u>399.291</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 ending on 30 September 2016 from the Cyprus Government, with an option for renewal for another two lease periods of 33 years each.

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.

The amount of leases that was recognized during 2011 in the statement of comprehensive income is €658.603 (2010: €718.089).

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

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****30. 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.

31. 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 and loans and trade payables. The Group and the Company are exposed to the following risks from their financial assets and liabilities.

(a) Credit risk

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

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

The insurance agreements 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.

Due to the adverse financial conditions and the global economic crisis prevailing today, credit insurance companies decrease and in some cases withdraw insured credit limits of trade receivables. The company manages with flexibility and increased checks these new variables aiming for the best results and to the extent that is possible reduction of credit risk.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201131. RISK MANAGEMENT (continued)(a) Credit risk (continued)

The assets of the Group are presented as they are disclosed in the Consolidated Financial Statements:

THE GROUP	2011 €	2010 €
Investments at fair value through profit or loss	25.464	27.568
Investments available for sale	1.750.560	2.134.100
Trade and other receivables	105.628.376	112.771.052
Cash and cash equivalents	<u>39.745.990</u>	<u>37.038.206</u>
	<u>147.150.390</u>	<u>151.970.926</u>
 THE COMPANY		
Investments at fair value through profit or loss	18.848	24.868
Investments available for sale	1.750.560	2.134.100
Trade and other receivables	15.256.070	17.790.510
Cash and cash equivalents	25.953.445	26.042.089
Balances with subsidiary companies	<u>56.058.215</u>	<u>71.761.071</u>
	<u>99.037.138</u>	<u>117.752.638</u>

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

THE GROUP	2011 €	2010 €
Europe	34.549.514	70.635.731
Middle East	<u>22.147.833</u>	<u>34.566.437</u>
	<u>56.697.347</u>	<u>105.202.168</u>
 THE COMPANY		
Europe	5.903.260	6.008.345
Middle East	<u>-</u>	<u>-</u>
	<u>5.903.260</u>	<u>6.008.345</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201131. RISK MANAGEMENT (continued)(a) Credit risk (continued)

In accordance with the above analysis 61% of the Group's trade receivables (2010: 67%) originate from Europe. 39% (2010: 33%) of the Group's trade receivables originates from the Middle East.

The ageing of the remaining trade receivables is as follows:

	2011	2010
	€	€
THE GROUP		
0 until 90 days	58.987.503	77.721.005
91 until 180 days	9.394.808	9.588.732
more than 180 days	<u>15.076.187</u>	<u>17.892.431</u>
	<u>83.458.498</u>	<u>105.202.168</u>
THE COMPANY		
0 until 90 days	5.246.593	5.550.784
91 until 180 days	261.209	411.400
more than 180 days	<u>395.458</u>	<u>46.161</u>
	<u>5.903.260</u>	<u>6.008.345</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 bigger part of this amount comes 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 comes from distribution segment has been recovered in some cases after the year end or it is considered to be recoverable based the facts of on each case.

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

	2011	2010
	€	€
THE COMPANY		
0 until 180 days	56.058.215	71.761.071
more than 180 days	<u>10.324.600</u>	<u>9.997.755</u>
	<u>66.382.815</u>	<u>81.758.826</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201131. RISK MANAGEMENT (continued)(a) Credit risk (continued)

The provision for doubtful debts for the year has a minor increase in relation to the corresponding provision in 2010. The Management of the Group estimates that the credit insurance has reduced significantly the risk for doubtful debts. The provision for doubtful debts is analysed as follows:

THE GROUP	2011 €	2010 €
Opening balance	4.625.992	3.648.164
Provision for doubtful debts	671.352	1.244.453
Decrease in provision for bad debts	<u>(320.837)</u>	<u>(266.625)</u>
Closing balance	<u>4.976.507</u>	<u>4.625.992</u>
 THE COMPANY	 2011 €	 2010 €
Opening balance	188.783	286.734
Provision for doubtful debts	55.986	10.000
Decrease in provision for bad debts	<u>(118.512)</u>	<u>(107.951)</u>
Closing balance	<u>126.257</u>	<u>188.783</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.

(b) 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 STATEMENTSYear ended 31 December 201131. RISK MANAGEMENT (continued)(b) 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:

	2011	2010
	€	€
THE GROUP		
Long-term loans	(246.896)	(289.189)
Short-term loans	(83.378)	(23.236)
Bank overdrafts	(544.221)	(772.114)
Cash and cash equivalents	<u>397.112</u>	<u>370.243</u>
	<u>(477.383)</u>	<u>(714.296)</u>
THE COMPANY		
Long-term loans	(207.251)	(286.380)
Short-term loans	(24.144)	(22.313)
Bank overdrafts	(383.788)	(496.975)
Cash and cash equivalents	<u>259.526</u>	<u>260.413</u>
	<u>(355.657)</u>	<u>(545.255)</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.

(c) Foreign exchange risk

This risk arises from adverse movements in foreign exchange rates.

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

The hedging of foreign exchange risk is managed by the Group Financial Controller together with the Executive Directors. This issue is discussed and examined at 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 2011****31. RISK MANAGEMENT (continued)****(c) 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 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 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, 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. This way the purchase of foreign currency for payments to suppliers in future periods is secured with the receipts from trade receivables.
6. The hedging of net investment in foreign subsidiaries as analysed below.

There were no forward contracts in use at the end of the year.

Hedging of net investment in foreign operation

From 1 January 2010 the Group applies hedge accounting to 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 counterbalanced with the bank borrowings of the Group in U.S. Dollar. Hedging is determined on a quarterly basis from January 1, 2010 and the amount is adjusted accordingly. The hedge effectiveness is assessed on the monthly basis and to the extent the hedging is ineffective the exchange differences are recognized in the statement of comprehensive income.

On December 31, 2011 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.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201131. RISK MANAGEMENT (continued)(c) Foreign exchange risk (continued)

Assets and liabilities analysed by currency:

THE GROUP	31 December 2011		31 December 2010	
	EURO	USD	EURO	USD
Trade and other receivables	91.969	14.674.234	291.502	9.275.184
Trade and other payables	-	(33.687.456)	(197.528)	(36.410.842)
Long-term loans	-	(18.084.751)	-	(24.741.628)
Short-term loans	-	(2.414.406)	-	(2.231.253)
Bank overdrafts	<u>584</u>	<u>(35.326.846)</u>	<u>17.895</u>	<u>(44.259.637)</u>
	<u>92.553</u>	<u>(74.839.225)</u>	<u>111.869</u>	<u>(98.368.176)</u>

THE COMPANY	31 December	31 December
	2011	2010
	USD	USD
Trade and other receivables	7.220.201	(40.308)
Trade and other payables	(25.737.538)	(20.951.887)
Long-term loans	(14.863.836)	(21.622.677)
Short-term loans	(2.414.406)	(2.231.253)
Bank overdrafts	(32.482.977)	(44.501.838)
Balances with subsidiary companies	<u>40.625.044</u>	<u>56.779.301</u>
	<u>(27.653.512)</u>	<u>(32.568.662)</u>

The following foreign exchange rates were used in the preparation of the Consolidated Financial Statements:

	Average Rate		Rate as at reporting date	
	2011	2010	2011	2010
USD 1	0,7184	0,7543	0,7729	0,7484

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201131. RISK MANAGEMENT (continued)(c) Foreign exchange risk (continued)Sensitivity analysis on fluctuations of foreign exchange rates

A possible strengthening of the Euro against the US Dollar and the other currencies by 10% on 31 December 2011 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:

Effect on profit or loss

	2011	2010
	€	€
THE GROUP		
USD	<u>6.803.566</u>	<u>8.942.561</u>
THE COMPANY		
USD	<u>2.513.956</u>	<u>2.960.787</u>

Effect on the shareholders funds

	2011	2010
	€	€
THE GROUP		
USD	<u>7.445.407</u>	<u>6.870.667</u>
THE COMPANY		
USD	<u>2.513.956</u>	<u>2.960.787</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.

(d) Liquidity risk

Liquidity risk is the risk that arises when the expiry date of assets and liabilities does not concur. When expiries do not concur, the performance can increase but at the same time the risk for losses can also increase. The Group and the Company have procedures in place to minimize such losses, 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.

The 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.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201131. RISK MANAGEMENT (continued)(a) Liquidity risk(continued)

The expected cash outflows based on the information included in the Consolidated Financial Statements are presented below:

THE GROUP	Balance	Cash outflows arising from contractual liabilities				
		6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Liquidity Risk	€	€	€	€	€	€
<u>31 December 2011</u>						
Long-term loans	24.961.679	2.955.897	2.549.914	3.447.129	15.099.945	908.794
Short-term loans	8.707.680	8.707.680	-	-	-	-
Operating leases	2.188.940	248.447	211.098	576.478	1.006.768	146.149
Trade and other payables	59.408.184	59.408.184	-	-	-	-
Bank overdrafts	56.904.057	56.904.057	-	-	-	-
Contingent consideration	<u>2.087.604</u>	<u>805.687</u>	<u>805.687</u>	<u>476.230</u>	-	-
	<u>154.258.144</u>	<u>129.029.952</u>	<u>3.566.699</u>	<u>4.499.837</u>	<u>16.106.713</u>	<u>1.054.943</u>
<u>31 December 2010</u>						
Long-term loans	28.918.915	5.672.319	4.678.179	8.932.439	8.950.642	685.336
Short-term loans	2.323.614	2.323.614	-	-	-	-
Operating leases	2.736.369	330.165	328.438	698.271	980.204	399.291
Trade and other payables	58.572.265	58.572.265	-	-	-	-
Bank overdrafts	76.645.105	76.645.105	-	-	-	-
Contingent consideration	<u>1.322.828</u>	-	-	<u>392.517</u>	<u>930.311</u>	-
	<u>170.519.096</u>	<u>143.543.468</u>	<u>5.006.617</u>	<u>10.023.227</u>	<u>10.861.157</u>	<u>1.084.627</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 2011</u>						
Long-term loans	20.725.078	1.781.810	1.781.810	2.068.006	14.184.658	908.794
Short-term loans	2.414.406	2.414.406	-	-	-	-
Operating leases	-	-	-	-	-	-
Trade and other payables	28.704.695	28.704.695	-	-	-	-
Bank overdrafts	<u>41.060.881</u>	<u>41.060.881</u>	-	-	-	-
	<u>92.905.060</u>	<u>73.961.792</u>	<u>1.781.810</u>	<u>2.068.006</u>	<u>14.184.658</u>	<u>908.794</u>
<u>31 December 2010</u>						
Long-term loans	28.638.013	4.622.762	4.622.762	8.679.226	10.027.927	685.336
Short-term loans	2.231.253	2.231.253	-	-	-	-
Operating leases	-	-	-	-	-	-
Trade and other payables	25.461.213	25.461.213	-	-	-	-
Bank overdrafts	<u>49.697.479</u>	<u>49.697.479</u>	-	-	-	-
	<u>106.027.958</u>	<u>82.012.707</u>	<u>4.622.762</u>	<u>8.679.226</u>	<u>10.027.927</u>	<u>685.336</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201131. RISK MANAGEMENT (continued)(e) 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:

	2011 €	2010 €
THE GROUP		
Trade and other receivables	105.628.376	112.771.052
Cash and cash equivalents	39.745.990	37.038.206
Long term loans	(24.689.551)	(28.918.915)
Short term loans	(8.337.776)	(2.323.614)
Bank overdrafts	(54.422.098)	(77.211.396)
Trade and other payables	(63.710.458)	(58.572.265)
Contingent consideration	<u>(2.087.604)</u>	<u>(1.322.828)</u>
	<u>(7.873.121)</u>	<u>(18.539.760)</u>
THE COMPANY		
Balances with subsidiary companies	66.382.815	81.758.826
Trade and other receivables	15.256.070	17.790.510
Cash and cash equivalents	25.953.445	26.042.089
Long term loans	(20.725.078)	(28.638.013)
Short term loans	(2.414.406)	(2.231.253)
Bank overdrafts	(38.378.834)	(49.697.479)
Trade and other payables	<u>(28.704.695)</u>	<u>(25.461.213)</u>
	<u>17.369.317</u>	<u>19.563.467</u>

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

Assets and liabilities in fair value:

	2011 €	2010 €
THE GROUP		
Investments in fair value through profit or loss	20.558	27.568
Equity accounted investments	4.906	-
Investments available for sale	<u>1.750.560</u>	<u>2.134.100</u>
	<u>1.776.024</u>	<u>2.161.668</u>
THE COMPANY		
Investments in fair value through profit or loss	18.848	24.868
Investments available for sale	<u>1.750.560</u>	<u>2.134.100</u>
	<u>1.769.408</u>	<u>2.158.968</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201131. RISK MANAGEMENT (continued)(e) Fair Value (continued)

The table below analyses financial assets carried at fair value, by 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.

	Level 1 €	Level 2 €
31 December 2011		
Investments in fair value through profit or loss	20.558	-
Investments available for sale	<u>-</u>	<u>1.750.560</u>
Total	<u>20.558</u>	<u>1.750.560</u>
31 December 2010		
Investments in fair value through profit or loss	27.568	-
Investments available for sale	<u>-</u>	<u>2.134.100</u>
Total	<u>27.568</u>	<u>2.134.100</u>

During both 2011 and 2010 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 market for the investment available for sale was not considered to be active due to the small volume of transactions. The investments were valued using valuation models in which all elements that affect significantly the fair value are based in observable market data. Although the Management evaluates that its estimates for the fair value of investments available for sale is appropriate, using different methodologies or estimates would result in deriving to different amounts of fair value. Discount rate adjusted for risks in the valuation model used was 12.4%.

(f) Management of equity

The management of the Group and the Company 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. The Management monitors continuously the return on equity.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201132. 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:

	31/12/2011 Fully paid Shares %	29/03/2012 Fully paid Shares %
Adamos Adamides ¹	0,27	0,27
Varnavas Irinarchos ²	51,55	51,55
Sparsis Modestou	0,06	0,06
Aristodemos Anastasiades	2,88	2,88
Takis Klerides	0,33	0,33
Nikos Michaelas	-	-
Michalis Sarris	-	-
George Papaioannou	0,29	0,52

1. The direct ownership of Mr. Adamos Adamides on 29 March 2012 is 0,25% and the indirect ownership that arises from the participation of the Company Adaminco Secretarial Limited is 0,02%, and his wife Mrs. Maro Adamidou, is 0,01%.
2. The indirect ownership of Mr. Varnavas Irinarchos on 29 March 2012 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:

	31/12/2011 %	29/03/2012 %
Varnavas Irinarchos ¹	51,55	51,55
Demetra Investment Public Ltd	10,28	10,28

1. The direct or indirect interest of Mr. Varnavas Irinarchos on 29 March 2012 is through the company Edcrane Ltd.

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****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. Aristodemos Anastasiades.

Material Contracts**i) 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 €93973 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 2011 the annual salary of the Managing Director was €133.271. The Company will also pay annually (12 months) for entertainment expenses an amount of €20.503, 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 2011 the allowance for entertainment expenses amounted to €25.629.

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

The contract was renewed for one year from 1 January 2012, with the same annual salary (13 months) of €133.271. 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.

ii) Contract of Mr. Aristodemos Anastasiades, Director of the Networks and Telecommunications Sector

Employment contract as Director of the Company for four years from 1 April 2004, with annual salary (13 months) of €81.464, increasing 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% over his last annual salary, whichever is higher. For 2011 the annual salary of Mr. Anastasiades was €110.056.

The Company will also pay annually (12 months), for entertainment expenses, an amount of €17.940 that will be increasing in every following period, at a proportion equal to the the rate of inflation, as determined by the annual index on 31 January of each year or at a rate equal to 4%, whichever is higher. For 2011 entertainment expense allowance

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201134. DIRECTORS' CONTRACTS (continued)**Material Contracts (continued)****ii) Contract of Mr. Aristodemos Anastasiades, Director of the Networks and Telecommunications Sector (continued)**

amounted to €23.170. In addition the Company provides to the Director an appropriate vehicle and covers all related expenses. For the year 2011 Mr. Anastasiades received bonus of €120.000 which was given based on the results of the subsidiary at which he is a Managing Director.

The contract expired and was renewed until 31/03/2013 with annual salary of €114.458, and annual allowance for entertainment expenses of €24.097.

Mr. Aristodemos Anastasiades 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 two years after his departure from the Company. Mr. Aristodemos Anastasiades accepts that this constraint is by no means in contrast with the general principle of Restraint of Trade.

35. REMUNERATION OF NON EXECUTIVE DIRECTORS

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

	2011	2010
	€	€
Adamos Adamides	26.600	26.050
Sparsis Modestou	10.500	10.150
Takis Klerides	8.450	8.450
Nicos Michaelas	9.150	7.750
Michalis Sarris	8.800	7.750
George Papaioannou	<u>6.000</u>	<u>6.000</u>
	<u>69.500</u>	<u>66.150</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 when this is agreed between the parties involved. When necessary, Logicom Public Limited charges every year its subsidiary companies with a fee for administration services.

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

	2011	2010
	€	€
Administration Services		
Logicom Solutions Limited	<u>144.000</u>	<u>162.000</u>
Commissions		
Logicom Solutions Limited	<u>120.000</u>	<u>150.000</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201136. RELATED PARTY TRANSACTIONS (continued)

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

Sales

	2011	2010
	€	€
Logicom Solutions Ltd	884.629	2.401.451
Newcytech Distribution Ltd	-	80.560
Newcytech Business Solutions Ltd	2.042.064	1.965.697
ENET Solutions Logicom SA	21.818.269	28.874.886
ICT Logicom Solutions SA	5.120	-
Logicom Jordan LLC	2.556.789	2.797.237
Logicom (Middle East) S.A.L.	304.698	44.659
Logicom Dubai FZE	127.757	941
Logicom Italia Srl	3.990.003	5.530.966
Logicom Hungary Ltd	963.034	1.486.892
Logicom IT Distribution S.r.l.	5.495.400	4.260.090
Logicom Bulgaria EOOD	2.999.595	6.663.593
Logicom Distribution Germany GmbH	1.776	-
Verendrya Ventures Ltd	<u>72</u>	<u>-</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:

	2011	2010
	€	€
ENET Solutions - Logicom S.A.	1.980.060	1.917.378
Logicom (Middle East) SAL	3.691.398	3.574.540
Logicom FZE	2.291.213	2.218.680
Logicom Jordan LLC	<u>2.361.929</u>	<u>2.287.157</u>
	<u>10.324.600</u>	<u>9.997.755</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 201136. RELATED PARTY TRANSACTIONS (continued)**Balances with subsidiary companies**

	2011	2010
	€	€
	Debit/ (Credit)	Debit/ (Credit)
Logicom Overseas Ltd	(380.314)	(374.497)
Netcom Ltd	57.423	57.073
Logicom Solutions Ltd	5.287.542	11.183.053
Inteli-scape Ltd	(300.000)	-
Logicom Services Holding Ltd	12.325.631	10.637.219
Newcytech Distribution Ltd	-	(73.929)
Newcytech Business Solutions Ltd	808.032	685.583
ENET Solutions Logicom SA	8.393.355	8.457.598
ICT Logicom Solutions SA	43.320	168.150
Logicom Jordan LLC	1.558.925	1.610.045
Logicom (Middle East) S.A.L.	(1.240.882)	316.807
Logicom Dubai FZE	(2.646.245)	7.630.458
Logicom Dubai LLC	2.455.974	2.382.596
Logicom Solutions LLC	312.312	161.356
Logicom Italia Srl	5.044.066	3.746.518
Logicom IT Distribution Ltd	7.919.568	11.080.071
Rehab Technologies Ltd	6.072.063	-
Logicom Saudi Arabia LLC	(1.579.160)	6.953.676
Logicom Hungary Ltd	1.319.606	2.738.523
Logicom IT Distribution S.r.l.	2.767.628	2.240.913
Logicom Bulgaria EOOD	2.275.266	2.993.813
Logicom Ukraine LLC	-	(55)
Logicom Distribution Germany GmbH	498.615	-
Verendrya Ventures Ltd	5.065.490	(833.900)
	<u>56.058.215</u>	<u>71.761.071</u>

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

Balances with associated companies

	2011	2010
	€	€
	Debit/ (Credit)	Debit/ (Credit)
M.N.E.P.C. Water Co (Note 15)	1.108.187	-
M.N. Limassol Water Co Ltd (Note 15)	<u>971.630</u>	<u>-</u>
	<u>2.079.817</u>	<u>-</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201136. RELATED PARTY TRANSACTIONS (continued)

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	46.334	33.749
ENET Solutions Logicom SA	2.589	-
Logicom Jordan LLC	2.367.282	2.051.299
Logicom (Middle East) S.A.L.	1.759.506	2.291.578
Logicom Dubai LLC	24.857.823	23.762.719
Logicom Solutions LLC	-	3.092
Logicom Italia Srl	94.261	-
Logicom IT Distribution Ltd	117.768	95.276
Logicom Saudi Arabia LLC	6.856.554	7.806.258
Logicom Bulgaria EOOD	19.200	-

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	3.158	2.931
ENET Solutions Logicom SA	65	-
Logicom Jordan LLC	2.040	95.884
Logicom (Middle East) S.A.L.	12.424	-
Logicom Dubai FZE	110.815	2.095.437
Logicom IT Distribution Ltd	1.966	-
Logicom Saudi Arabia LLC	-	726

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	4.196	-
Logicom Solutions Ltd	-	21.055
Logicom Jordan LLC	(585)	51
Logicom (Middle East) S.A.L.	106	-
Logicom Dubai LLC	817	1.767
Logicom IT Distribution Ltd	509	-

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201136. RELATED PARTY TRANSACTIONS (continued)

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	-	929
Logicom (Middle East) S.A.L.	1.464	1.796
Logicom Dubai FZE	1.455	11.594
Logicom Saudi Arabia LLC	-	811
	<u> </u>	<u> </u>

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	2.608.165	4.053.251
Logicom Solutions Ltd	8.799	-
ICT Logicom Solutions SA	11.271	29.488
Logicom Italia Srl	13.507	2.821
Logicom IT Distribution Ltd	10.397.888	15.013.472
Logicom Hungary Ltd	696.201	506.651
Logicom IT Distribution S.r.l.	571.235	461.924
Logicom Bulgaria EOOD	2.388.382	2.029.443
	<u> </u>	<u> </u>

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	25.717	88.283
Newcytech Business Solutions Ltd	192.678	308.600
ICT Logicom Solutions SA	1.148.509	-
	<u> </u>	<u> </u>

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

Sales

	2011	2010
	€	€
Logicom FZE	-	26.277
	<u> </u>	<u> </u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2011

36. RELATED PARTY TRANSACTIONS (continued)

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	39.654	3.479
ENET Solutions Logicom SA	42.756	4.498
Logicom Jordan LLC	464	161
Logicom Dubai FZE	164.264	-
Logicom Saudi Arabia LLC	269	-
Logicom Hungary Ltd	91.055	-
Logicom IT Distribution S.r.l.	134.119	173
Logicom Bulgaria EOOD	68.786	6.049
Logicom Distribution Germany GmbH	270	-
	<u> </u>	<u> </u>

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	954	9.529
ENET Solutions Logicom SA	23.594	17.819
Logicom IT Distribution S.r.l.	75.916	60.704
Logicom Bulgaria EOOD	104.879	54.415
	<u> </u>	<u> </u>

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	1.485	38.377
ENET Solutions Logicom SA	72.316	34.064
Logicom Hungary Ltd	39.827	16.804
Logicom Bulgaria EOOD	129.298	142.123
	<u> </u>	<u> </u>

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	87.661	318.297
ENET Solutions Logicom SA	495.107	1.489.370
Logicom Dubai FZE	-	(2.694)
Logicom Hungary Ltd	87.391	530.207
Logicom IT Distribution S.r.l.	370.186	1.460.359
	<u> </u>	<u> </u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201136. RELATED PARTY TRANSACTIONS (continued)

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	6.466	2.711
ENET Solutions Logicom SA	155.082	-
Logicom Jordan LLC	-	41.088
Logicom (Middle East) S.A.L.	14.076	25.154
Logicom Dubai FZE	158.607	469.119
Logicom IT Distribution Ltd	<u>17.250</u>	<u>11.538</u>

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	2.466	19.833
Logicom Solutions Ltd	74.880	187.352
Inteli-scape Ltd	296.632	-
Newcytech Distribution Ltd	<u>-</u>	<u>65.822</u>

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

Sales

	2011	2010
	€	€
Logicom Public Ltd	599	99.273
Newcytech Business Solutions Limited	<u>181.809</u>	<u>94.979</u>

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSYear ended 31 December 201136. RELATED PARTY TRANSACTIONS (continued)

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

Balances with related companies

	2011	2010
	€	€
	Debit/ (Credit)	Debit/ (Credit)
Logicom Overseas Ltd	380.314	374.497
Netcom Ltd	(57.423)	(57.073)
Logicom Solutions Ltd	(5.287.542)	(11.183.053)
Inteli-scape Ltd	300.000	-
Logicom Services Ltd	(12.325.631)	(10.637.219)
Newcytech Distribution Ltd	-	73.929
Newcytech Business Solutions Ltd	(808.032)	(685.583)
ENET Solutions Logicom SA	(10.374.264)	(10.374.976)
ICT Logicom Solutions SA	(43.320)	(168.149)
Logicom Jordan LLC	(3.920.854)	(3.897.202)
Logicom (Middle East) S.A.L.	(2.450.516)	(3.891.347)
Logicom Dubai FZE	355.032	(9.849.138)
Logicom Dubai LLC	(2.455.974)	(2.382.596)
Logicom Solutions LLC	(311.462)	(161.356)
Logicom Italia Srl	(5.044.066)	(3.746.518)
Logicom IT Distribution Ltd	(7.919.568)	(11.080.071)
Rehab Technologies Ltd	(6.643.557)	-
Logicom Saudi Arabia LLC	2.150.653	(6.953.676)
Logicom Hungary Ltd	(1.319.606)	(2.738.523)
Logicom IT Distribution S.r.l.	(2.767.628)	(2.240.913)
Logicom Bulgaria EOOD	(2.275.266)	(2.993.813)
Logicom Ukraine LLC	-	55
Logicom Distribution Germany GmbH	(498.615)	-
Verendrya Ventures Ltd	<u>(5.065.490)</u>	<u>833.900</u>

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

	€
<u>Dividend for 2011:</u>	
Logicom FZE	2.175.313
Logicom Services Holdings Ltd	<u>2.118.000</u>

LOGICOM PUBLIC LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****Year ended 31 December 2011****37. EVENTS AFTER THE YEAR END**

The Group, through the company Netcom Ltd which owns indirectly 60% of the share capital (the remaining 40% is held indirectly by Demetra Investment Public Ltd), and in a 50% joint venture, signed on 26/01/2012 an agreement with the Water Development Department for the renovation and operation of the existing desalination unit in Larnaca with daily water capacity of 60.000 cubic meters.

The appointment of the project was following a tender launched by the Water Development Department in 2010.

The signing of the agreement falls within the Company's implementation of its business plans, which have already been published, for the extension of its activities in the areas of water and energy and is expected to increase its turnover and profitability.