LOGICOM PUBLIC LIMITED

REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS

Year ended 31 December 2012

CONTENTS

We hereby certify that the report and financial statements of Logicom Public Limited for the year ended 31 December 2012 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

FOR LOGICOM PUBLIC LIMITED

Secretary

Δια 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 (resigned on 28 March 2013)
Takis Klerides, Director
Nicos Michaelas, Director
Michalis Sarris, Director (resigned on 28 February 2013)
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 Limtied
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
Russian Commercial Bank (Cyprus) Ltd
Barclays Bank PLC
Mashreq Bank PSC
Commercial Bank (Cyprus) Ltd
USB Bank PLC
Hypo Vereinsbank

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 2012, we confirm that to the best of our knowledge:

(a) the annual consolidated financial statements that are presented in pages 9 to 99:
  (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	________________________
Takis Klerides, Director	________________________
Nicos Michaelas, Director	________________________
George Papaioannou, Director	________________________
GROUP FINANCIAL CONTROLLER Anthoulis Papachristoforou	________________________

Nicosia, 18 April, 2013

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 2012.

PRINCIPAL ACTIVITIES

The Group continued in 2012 the distribution of high technology products, the supply of computers, services and complete information technology, telecommunication and software solutions.

REVIEW OF RESULTS

There is substantial difference between the results in the consolidated financial statements and the indicative results of 2012 that were announced on 22/02/2013 amounting to €1.100.000, which arose from the valuation of the Capital securities of Laiki Bank as a result of the situation that Laiki Bank entered in to following the 16/3/2013 decision taken by the Eurogroup and the following developments.

The turnover remained at the same levels compared with 2011. The small decrease amounts to €1.072.151. The turnover of the Distribution Sector presents a marginal decrease of 0,9% The turnover of the sector providing Software Solutions and Integrated Solutions has increased by 7,1%.

The percentage of gross profit margin has increased from 7,6% in 2011 at 8,3%, mainly due to sales of products with a higher average percentage of gross profit margin and the increased contribution from the Services Segment. The contribution of Inteli-Scape, which was acquired on 29 November 2011, in the gross profit in 2012 amounts to € 857.140.

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 €162.500 is also included in Other Income that relates to the consideration for the sale of Cisco Systems distribution rights in Hungary.

The increase in Administrative Expenses by €1.096.081, and in percentage terms by 3,8% is mainly due to the consolidation of Inteli-scape Ltd expenses amounting to €317.485, the takeover of which was completed on 29 November 2011, in the improvement of the infrastructure of the Group in the markets it operates and the increase in the cost of credit insurance as a result of the ongoing global economic crisis.

The profit from operating activities amounted to €9.574.603, increased by 31,6% compared to 2011, mainly due to the increase in gross profit margin. The concept ' operating activities ' includes all the activities of the Group.

The increase in net financing costs amount to €847.864 and in percentage of 22,4%, is mainly due to the increase in bank borrowings and borrowings interest rates. The needs for banking facilities used for the operating activities of the Group, showed an increase, the cost of which, including interest payable and receivable, and related bank charges, amounted to €4.287.863 in 2012 from €3.278.908 in 2011.

The Foreign Exchange Difference that arises from the fluctuation of the US Dollar against Euro, had a negative effect on the Group's results and amounts to a loss of €346.642, compared to 2011 where the loss amounted to €507.733. It is clarified that as from 1/1/2010 the Group have adopted provisions of IAS 39 in relation to Hedge Accounting with the aim to reduce the effects of the fluctuation of US Dollar against Euro in the Consolidated statement of comprehensive income. The adoption of the provisions of IAS 39 limited the effect on Group results. Loss amounting to €365.355 that arose on the conversion of the net investment in foreign subsidiaries was hedged in reserves with a profit of €365.365 that arose on the conversion of long-term and short-term loans.

BOARD OF DIRECTORS' REPORT (continued)

REVIEW OF RESULTS (continued)

The increase in taxation by €1.139.738 in mainly due ti the reversal of Deferred Taxation from temporary differences that arose from losses in the previous years, after the realization of profits in specific Group companies, as well as in the provision for taxation in subsidiary companies.

The Group's profit before tax amounted to €2.961.417 for the year 2012 in comparison to €3.376.856 in 2011 that corresponds to a decrease in percentage terms of 12,3%. The Group's profit attributable to shareholders has decreased by €1.545.371 and in percentage terms by 43,1%. The decrease is due to the impairment of Capital Securities of Laiki Bank and the increased taxation.

It is clarified that during 2011 there was a valuation for the fair value of the specific bonds, with a decrease from their nominal value of €249.440 through their fair value reserve. This amount, increased by €1.750.560 has been recognized as an Impairment of value through the Statement of Comprehensive Income due to the refusal of Laiki Bank to pay the due interest and the status of Laiki bank, regardless of the Company's rights.

The Earnings per Share and the Diluted Earnings per Share in 2012 decreased by 43,2% compared to 2011, to 2,75 cents.

The Group's Cash and Cash Equivalents compared to the Bank Overdrafts present a credit balance of €14,1 million at the end of 2012 compared to €14,7 million at the end of 2011. The Short-term Loans increased to €22,7 million from €8,3 million. The Long-term Loans have decreased to €20,4 million from €24,7 million.

The Group's Cash and Cash Equivalents compared to the Bank Overdrafts present a credit balance of €14,1 million at the end of 2012 compared to €14,7 million at the end of 2011. The short-term loans increased to €22,7 million from €8,3 million. The long-term loans have decreased to €20,4 million from €24,7 million.

The positive results from the acquisitions have been adverserly affected from the continued global economic crisis, the impairment of the Capital Securities of Laiki Bank and the increased taxation, having as a result the negative effect on the Group's Operating profitability and the results of 2012 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 €1.111.194 for 2012, which corresponds to €0,015 cents per share and in percentage terms to 54,5% of the profits for the year attributable to the company's shareholders.

SHARE CAPITAL

There was no change of the issued share capital of the company for the year 2012.

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 on 31 Demeber 2012 are set out on page 1. Michalis Sarris and Aristodemos Anastasiades resigned on 28 February 2013 and 28 March 2013 respectively. According to article 94 of the Company's articles of association Takis Klerides and Nicos Michaelas 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 38 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% share completed the construction of the Desalination plant in Episkopi based on relevant agreement with the Water Development Department dated 7 August 2009. As announced as per agreement dated 20/07/2011 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 construction of the project was completed in June 2012 and the desalination unit remains in stand-by mode since 1 July 2012 for one year.

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 €413.001.

In 2012 and despite the negative effects from the continued global economic crisis, the turnover remained at the same level, while, the operating profit has significantly increased with the net profitability to show significant decrease mainly due to the reasons explained in the Review of results above. Under the conditions of the continued global economic crisis and the negative business environment, the 2012 results are considered to be satisfactory and within the Board of Directors estimates.

The aim to reduce administrative costs and the increase of productivity will continue.

With the current general economic conditions a safe projection for 2013 is not possible.

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 2012 and on 18 April 2013 are presented in notes 33 and 34 of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

BOARD OF DIRECTORS' REPORT (continued)

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, 18 April 2013

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 99, which comprise the consolidated statement of financial position and the statement of financial position of the Company as at 31 December 2012, 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 of the Company 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.

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 2012, 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 Consoldiated 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. Antoniades FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

14 Esperidon street
1087 Nicosia
Cyprus

18 April 2013

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Note	2012 €	2011 €
Revenue	4	458.963.509	460.035.660
Cost of sales		(420.900.420)	(425.173.545)
Gross Profit		38.063.089	34.862.115
Other income	6	1.287.328	1.095.295
Administrative expenses	5	(29.775.814)	(28.679.733)
Profit from operations		9.574.603	7.277.677
Net foreign exchange loss		(346.642)	(507.733)
Interest receivable		1.318.480	1.619.967
Interest payable and bank charges		(5.606.343)	(4.898.875)
Net finance expense	7	(4.634.505)	(3.786.641)
Share of profit/(loss) of associated company and partnership (net of taxation)		21.319	(114.180)
		4.961.417	3.376.856
Impairment of investment available for sale		(2.000.000)	-
Profit before tax	4	2.961.417	3.376.856
Taxation	8	(901.530)	238.208
Profit for the year		2.059.887	3.615.064
Other comprehensive income			
Exchange differences in relation to foreign operations		(906.006)	614.442
Exchange differences in relation to hedge of a net investment in foreign operation		365.355	(1.009.911)
Deferred taxation arising from net exchange differences in relation to foreign operations		(12.301)	20.142
Deffered taxation arising on revaluation of land and buildings		10.134	11.174
Net change in the fair value of investments available for sale		249.440	(383.540)
Other comprehensive loss for the year		(293.378)	(747.693)
Total comprehensive income for the year		1.766.509	2.867.371
Profit attributable to:			
Company’s shareholders		2.039.947	3.585.318
Non-controlling interest		19.940	29.746
		2.059.887	3.615.064
Total comprehensive income attributable to:			
Company’s shareholders		1.746.569	2.837.625
Non-controlling interest		19.940	29.746
		1.766.509	2.867.371
Earnings per share	10	2,75 σεντ	4,84 σεντ
Diluted earnings per share	10	2,75 σεντ	4,84 σεντ

The notes on pages 9 to 99 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2012

	Note	2012 €	2011 €
Assets			
Property, plant and equipment	11	10.739.564	9.519.890
Intangible assets and goodwill	12	9.285.270	9.703.497
Equity accounted investees	15	3.259	4.906
Investments available for sale	17	2.547.545	1.750.560
Deferred taxation	26	2.027.417	2.106.725
Total non-current assets		24.603.055	23.085.578
Inventories	18	43.460.726	40.749.592
Tax refundable	24	349.604	443.764
Investments at fair value through profit or loss	16	14.388	20.558
Trade and other receivables	19	109.880.355	105.628.376
Cash and cash equivalents	20,27	31.880.357	39.745.990
Total current assets		185.585.430	186.588.280
Total assets	4	210.188.485	209.673.858
Equity			
Share capital	21	25.187.064	25.187.064
Reserves	22	29.984.032	30.077.152
Equity attributable to shareholders of the company		55.171.096	55.264.216
Non-controlling interest		49.686	29.746
Total equity		55.220.782	55.293.962
Liabilities			
Long-term loans	25	13.984.822	15.110.868
Deferred taxation	26	1.154.234	922.033
Contingent liabilities	13	831.507	1.611.374
Total non-current liabilities		15.970.563	17.644.275
Bank overdrafts	25,27	45.932.882	54.422.098
Short-term loans	25	22.719.335	8.337.776
Current portion of long-term loans	25	6.399.262	9.578.684
Tax payable	24	366.696	210.375
Trade and other payables	23	62.974.009	63.710.458
Contingent liabilities	13	604.956	476.230
Total current liabilities		138.997.140	136.735.621
Total liabilities	4	154.967.703	154.379.896
Total equity and liabilities		210.188.485	209.673.858

The consolidated financial statements were approved by the Board of Directors on 18 April 2013.

Adamos K. Adamides	Varnavas Irinarchos
Chairman	Managing Director

The notes on pages 9 to 99 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2012

	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 2011	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	25.187.064	116.818	10.443.375	23.778.177	3.465.319	(249.440)	(4.905.831)	(2.780.628)	209.362	55.264.216	29.746	55.293.962
Total comprehensive income for the year												
Total comprehensive income	-	-	-	2.039.947	10.134	249.440	(906.006)	365.355	-	1.758.870	19.940	1.778.810
Transactions with owners of the Company, recognised directly in equity												
Proposed dividend for 2011 that was paid in 2012 (note 9)	-	-	-	(1.851.990)	-	-	-	-	-	(1.851.990)	-	(1.851.990)
Revaluation Reserve realized through use	-	-	-	74.863	(74.863)	-	-	-	-	-	-	-
Balance 31 December 2011	25.187.064	116.818	10.443.375	24.040.997	3.400.590	-	(5.811.837)	(2.415.273)	209.362	55.171.096	49.686	55.220.782

The notes on pages 9 to 99 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2012

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 20% for the years 2012 and 2013 and 17% in 2014 and then (15% until 30 August 2011 and increased to 17% for the subsequent period until 31 December 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2012

	Note	2012 €	2011 €
Cash flows from operations			
Profit for the year		2.059.887	3.615.064
Adjustments for:			
Exchange differences		(776.294)	449.873
Depreciation		953.950	926.200
Depreciaton on leased property, plant and equipment		368.724	277.160
Interest payable		3.440.921	2.855.255
Interest receivable		(1.318.480)	(1.619.967)
Loss on revaluation of investments at fair through profit or loss		6.170	7.010
Impairment of investments available for sale		2.000.000	-
Loss on sale of property, plant and equipment		31.929	39.238
Amortisation of development costs		90.028	42.698
Taxation		901.530	(238.208)
		7.758.365	6.354.323
(Increase)/decrease in inventories		(2.711.134)	12.099.451
(Increase)/decrease in trade and other receivables		(4.251.979)	7.142.676
(Decrease)/increase in trade and other payables		(736.449)	5.138.193
		58.803	30.734.643
Interest paid		(3.440.921)	(2.855.255)
Taxation paid		(324.247)	(581.925)
Net cash flow (used in)/ from operations		(3.706.365)	27.297.463
Cash flows used in investing activities			
Payments to acquire investments available for sale		(2.547.545)	-
Payments for acquisition of trade licenses		-	(450.000)
Proceeds from sale of property, plant and equipment		30.812	52.822
Payments for acquisition of subsidiary net of cash and cash equivalents acquired		-	(1.893.733)
Payments to acquire property, plant and equipment		(2.695.900)	(1.432.643)
Interest received		1.318.480	1.619.967
Net cash flow used in investing activities		(3.894.153)	(2.103.587)
Cash flows from financing activities			
Proceeds from new loans		27.992.551	14.458.910
Repayment of loans		(17.916.460)	(12.674.112)
Dividends paid		(1.851.990)	(1.481.592)
Net cash flow from financing activities		8.224.101	303.206
Net flow in cash and cash equivalents		623.583	25.497.082
Cash and cash equivalents at the beginning of the year		(14.676.108)	(40.173.190)
Cash and cash equivalents at the end of the year	27	(14.052.525)	(14.676.108)

The notes on pages 9 to 99 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Note	2012 €	2011 €
Revenue		73.360.489	69.842.923
Cost of sales		(68.412.072)	(66.791.541)
Gross Profit		4.948.417	3.051.382
Other income	6	5.373.390	4.892.758
Administrative expenses	5	(5.951.559)	(5.434.329)
Profit from operations		4.370.248	2.509.811
Net foreign exchange loss		(1.051.962)	(49.527)
Interest receivable		1.026.200	1.083.826
Interest payable and bank charges		(3.020.985)	(3.237.150)
Net finance expense	7	(3.046.747)	(2.202.851)
		1.323.501	306.960
Impairment of investment available for sale		(2.000.000)	-
(Loss)/profit before tax		(676.499)	306.960
Taxation	8	44.804	686.776
(Loss)/profit for the year		(631.695)	993.736
Other comprehensive income/(expenses)			
Net change in the fair value of investments available for sale		249.440	(383.540)
Deferred taxation charged to reserves		(3.815)	11.174
Other comprehensive income/(expenses) for the year		245.625	(372.366)
Total comprehensive (expenses)/income for the year		(386.070)	621.370
(Loss)/earnings per share	10	0,85 cent	1,34 cent
Diluted (loss)/earnings per share	10	0,85 cent	1,34 cent

The notes on pages 9 to 99 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	2012 €	2011 €
Assets			
Property, plant and equipment	11	4.936.779	5.169.941
Intangible assets	12	317.342	407.342
Investments in subsidiary companies	14	6.127.317	6.127.317
Deferred taxation	26	1.812.262	1.645.248
Investments available for sale	17	-	1.750.560
Long-term loans to subsidiary companies	37	10.125.057	10.324.600
Total non-current assets		23.318.757	25.425.008
Inventories	18	3.328.850	2.273.357
Tax refundable	24	137.059	137.059
Balances with subsidiary companies	37	55.283.576	56.058.215
Investments at fair value through profit or loss	16	12.828	18.848
Trade and other receivables	19	11.900.178	15.256.070
Cash and cash equivalents	20,27	19.826.665	25.953.445
Total current assets		90.489.156	99.696.994
Total assets		113.807.913	125.122.002
Equity			
Share capital	21	25.187.064	25.187.064
Reserves	22	6.863.386	9.093.816
Total equity		32.050.450	34.280.880
Liabilities			
Long-term loans	25	9.650.128	17.161.458
Deferred taxation	26	579.473	589.926
Total non-current liabilities		10.229.601	17.751.384
Bank overdrafts	25,27	31.677.914	38.378.834
Short-term loans	25	4.320.146	2.414.406
Current portion of long-term loans	25	2.276.184	3.563.620
Tax payable	24	9.850	28.183
Trade and other payables	23	33.243.768	28.704.695
Total current liabilities		71.527.862	73.089.738
Total liabilities		81.757.463	90.841.122
Total equity and liabilities		113.807.913	125.122.002

The financial statements were approved by the Board of Directors on 18 April 2013.

Adamos K. Adamides
Chairman

Varnavas Irinarchos
Managing Director

The notes on pages 9 to 99 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF CHANGES IN EQUITY

Years ended 31 December 2012

	Share Capital €	Difference arising from the conversion of share capital into Euro €	Share Premium Reserve €	Retained Earnings €	Revaluation Reserve €	Fair Value Reserve €	Total €
Balance 1 January 2011	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				993.736	11.174	(383.540)	621.370
Transactions with owners of the Company, recognized directly in equity							
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 31 December 2011	25.187.064	116.818	10.443.375	(3.841.935)	2.624.998	(249.440)	34.280.880
Total comprehensive income for the year	-	-	-	(631.695)	3.815	249.440	(378.440)
Transactions with owners of the Company, recognized directly in equity							
Proposed dividend for 2011 that was paid in 2012 (note 9)	-	-	-	(1.851.990)	-	-	(1.851.990)
Revaluation reserve realised through use	-	-	-	74.863	(74.863)	-	-
Balance 31 December 2012	25.187.064	116.818	10.443.375	(6.250.757)	2.553.950	-	32.050.450

The notes on pages 9 to 99 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2012

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 20% for the years 2012 and 2013 and 17% in 2014 and then (15% until 30 August 2011 and increased to 17% for the subsequent period until 31 December 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 FLOWS

Year ended 31 December 2012

	Σημ.	2012	2011
		€	€
Cash flows from operations			
(Loss)/profit for the year		(631.695)	993.736
Adjustments for:			
Depreciation		364.942	350.521
Interest payable		3.020.985	3.237.150
Interest receivable		(1.026.200)	(1.083.826)
Dividends receivable		(4.969.891)	(4.293.313)
Profit from sale of property, plant and equipment		(71)	(16.217)
Impairment for investments available for sale		2.000.000	
Loss on revaluation of investments at fair value through profit or loss		6.020	6.020
Amortization of intangible assets		90.000	42.658
Taxation		(44.804)	(686.776)
		(1.190.714)	(1.450.047)
(Increase)/decrease in inventories		(1.055.493)	498.045
Decreasee in trade and other receivables		3.355.892	2.534.440
Decrease in balances with subsidiary companies		974.182	15.376.011
Increase in trade and other payables		4.539.073	3.243.482
		6.622.940	20.201.931
Interest paid		(3.020.985)	(3.237.150)
Taxation paid		(147.182)	(126.014)
Net cash flow from operations		3.454.773	16.838.767
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(132.439)	(340.747)
Proceeds from sale of property, plant and equipment		730	16.217
Payments for acquisition of trade licenses		-	(450.000)
Payments for increase of investment in subsidiary companies		-	(1.000.000)
Dividends received		4.969.891	4.293.313
Interest received		1.026.200	1.083.826
Net cash flow from investing activities		5.864.382	3.602.609
Cash flows from financing activities			
Proceeds from issue of new loans		6.596.330	3.746.994
Repayment of loans		(13.489.355)	(11.476.777)
Dividends paid		(1.851.990)	(1.481.592)
Net cash flow used in financing activities		(8.745.015)	(9.211.375)
Net flow in cash and cash equivalents		574.140	11.230.001
Cash and cash equivalents at beginning of year		(12.425.389)	(23.655.390)
Cash and cash equivalents at the end of the year	27	(11.851.249)	(12.425.389)

The notes on pages 9 to 99 form an integral part of the consolidated financial statements.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

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 2012.

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 2012.

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.

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 2012

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 Ventrures 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.

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 plant on behalf of M.N. Limassol Water Co. Ltd.

On 4 November 2010, M.N. Limassol Water Co. Ltd was incorporated in Cyprus with 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 assigned the construction and operation of Episkopi Desalination plant.

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.

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

2. BASIS OF PREPARATION

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with 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 18 April 2013.

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.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

2. BASIS OF PREPARATION (continued)

Estimates and judgments (continued)

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.

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
- Note 32 – Company's operating environment

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.

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.

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.

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.

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 derecognsied, 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.

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 2012

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.

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.

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.

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.

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 2012, 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 annual periods beginning on January 1, 2012. Those associated with its work are presented below. The Company does not intend to adopt these standards early.

i) Standards and Interpretations adopted by the EU	**Apply for annual years beginning on or after**
• IFRS 7 (Amendments) 'Financial Instruments: Disclosures' 'Offsetting Financial Assets and Financial Liabilities'	1 January 2013
• IFRS 10 'Consolidated Financial Statements'	1 January 2013/2014
• IFRS 11 'Joint Arrangements '	1 January 2013/2014
• IFRS 12 'Disclosure of Interests in Other Entities'	1 January 2013/2014
• IFRS 13 'Fair Value Measurement'	1 January 2013
• IAS 1 (Amendments) 'Presentation of items of other Comprehensive Income'	1 July 2012
• IAS 19 (Amendments) 'Employee Benefits'	1 January 2013
• IAS 27 (Revised) 'Separate Financial Statements'	1 January 2013/2014
• IAS 28 (Revised) 'Investments in Associates and Joint ventures'	1 January 2013/2014
• IAS 32 (Amendments) 'Offsetting Financial Assets and Financial Liabilities'	1 January 2014
• Improvements to IFRS 2009-2011	1 January 2013
• IFRS 7 (Amendments) Financial Instrument: Disclosures' Disclosures during the changeover to IFRS 9	1 January 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) Standards and Interpretations adopted by the EU	Apply for annual years beginning on or after
• Transitional Guidelines for IFRS 10,11 and 12	1 January 2013/2014
• Investment Entities- Amendments to IFRS 10, 12 και IAS 27	1 January 2014
• IFRS 9 'Financial Instruments'	1 January 2015

Management is in the process of examining the extent of the impact of the adoption of the above financial reporting standards.

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

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	
	2012	2011	2012	2011
	€	€	€	€
Cyprus	62.942.123	66.479.880	21.081.853	20.465.293
Greece	63.411.341	75.816.390	371.427	576.026
United Arab Emirates	179.203.180	183.778.264	1.892.947	712.590
Other Foreign Countries	153.406.865	133.961.126	1.271.216	1.352.227
	458.963.509	460.035.660	24.617.443	23.106.136

Major Customer

Revenue from one customer of the Group's European Markets Segment represents approximately €10.000.000 (2011: € 15.000.000) of the Group's total revenue.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

4. OPERATING SEGMENTS (continued)

	European Markets Distribution Segment		Middle East Markets Distribution Segment		All other Segments		Services Segments		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	€	€	€	€	€	€	€	€	€	€
External revenue	140.139.132	151.915.129	217.791.197	210.354.066	58.068.216	57.647.434	42.964.964	40.119.031	458.963.509	460.035.660
Intersegment revenue	71.856.351	58.644.689	70.917.479	36.477.840	1.154.240	1.622.000	4.131.234	1.741.663	148.059.304	98.486.192
Other Income	5.407.526	5.098.431	552.421	374.865	1.169.207	494.705	2.224.713	3.180.301	9.353.867	9.148.302
Depreciation and amortisation	621.024	541.555	125.784	111.185	99.779	130.389	566.115	185.769	1.412.702	968.898
Personnel costs	5.510.567	6.056.501	4.485.554	3.649.577	2.304.754	2.304.089	6.109.516	6.293.041	18.410.391	18.303.208
Travelling expenses	405.482	350.682	91.299	111.449	118.176	150.768	245.386	200.469	860.343	813.368
Provision for bad debts	950.762	163.126	31.809	310.583	180.716	18.900	104.843	70.836	1.268.130	563.445
Professional fees	962.587	714.543	185.172	142.876	211.744	199.269	307.028	226.614	1.666.531	1.283.302
Rent	361.932	407.926	518.989	463.631	173.246	228.041	335.237	288.164	1.389.404	1.387.762
Credit insurance	458.778	602.518	962.512	555.007	7.054	88.277	-	-	1.428.344	1.245.802
Transportation expenses	362.046	396.722	65.295	81.318	270.042	285.523	41.579	55.310	738.962	818.873
Profit from operations	5.572.696	3.702.022	4.377.320	4.879.660	(92.877)	(692.382)	6.717.145	6.920.705	16.574.284	14.810.005
Net foreign exchange gains / (loss)	(714.465)	(746.335)	108.467	142.391	134.340	(439.317)	329.097	(210.220)	(142.561)	(1.253.481)
Interest receivable	1.051.534	1.208.041	-	-	25.964	15.153	240.982	232.951	1.318.480	1.456.145
Interest payable and bank charges	(3.862.727)	(4.568.692)	(1.230.148)	(150.447)	(109.262)	(93.745)	(644.520)	(245.306)	(5.846.657)	(5.058.190)
Net finance expense	(3.525.658)	(4.106.986)	(1.121.681)	(8.056)	51.042	(517.909)	(74.441)	(222.575)	(4.670.738)	(4.855.526)
Share profit of associated company	21.319	(114.180)	-	-	-	-	-	-	21.319	(114.180)
Impairment of investments available for sale	(2.000.000)	-	-	-	-	-	-	-	(2.000.000)	-
Profit before tax	68.357	(519.144)	3.255.639	4.871.604	(41.835)	(1.210.291)	6.642.704	6.698.130	9.924.865	9.840.299
Acquisition of property plant and equipment	188.725	405.633	1.328.218	125.668	185.355	73.044	993.602	828.298	2.695.900	1.432.643
Total assets	163.502.971	171.067.503	67.347.467	51.171.058	24.474.757	22.873.146	52.730.601	46.936.742	308.055.796	292.048.449
Total liabilities	128.221.688	133.803.222	42.175.037	25.853.142	21.687.907	24.671.481	36.964.297	33.200.112	229.048.929	217.527.957

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

4. 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 2012						
Total as per table of allocation in the Operating segments	607.022.812	9.353.867	1.412.702	1.666.531	(142.561)	9.924.865
Intersegment transaction	(148.059.303)	(8.066.539)	-	(40.000)	(204.081)	(6.963.448)
Total as per Consolidated Financial Statements	458.963.509	1.287.328	1.412.702	1.626.531	(346.642)	2.961.417
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	(98.366.529)	(8.053.007)	-	(40.000)	745.748	(6.463.443)
Total as per Consolidated Financial Statements	460.035.660	1.095.295	968.898	1.243.302	(507.733)	3.376.856

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

	31 December 2012			**31 December 2011**		
	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	2.695.900	308.055.796	229.048.929	1.432.643	292.048.449	217.527.957
Intersegment transactions	-	(97.867.311)	(74.081.226)	-	(82.374.591)	(63.148.062)
Total as per Consolidated Financial Statements	2.695.900	210.188.485	154.967.703	1.432.643	209.673.858	154.379.895

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

5. ADMINISTRATIVE EXPENSES

THE GROUP

(a) Personnel costs

	2012	2011
	€	€
Staff salaries	15.141.660	15.162.881
Social insurance and related costs	1.832.739	1.713.058
Contributions to Provident Fund	128.595	189.337
Other personnel costs	539.451	422.960
	17.642.445	17.488.236

The average number of employees during the year was 590 (2011: 599).

(b) Other administrative expenses

	2012	2011
	€	€
Depreciation	1.322.674	926.200
Amortisation of intangible asset	90.028	42.698
Directors fees - Non executives directors	64.600	69.500
- Executive directors	703.345	678.329
Audit fees	264.464	202.526
Legal fees	285.473	245.842
Other professional fees	690.708	470.368
Traveling expenses	860.343	813.368
Maintenance expenses	84.116	60.648
Rent	1.389.404	1.387.763
Subcontractors’ fees	385.886	324.566
Promotion and advertising expenses	388.207	267.283
Doubtful debts allowance	521.193	563.445
Insurance	326.950	335.578
Credit insurance	1.428.344	1.245.802
Staff training expenses	118.201	57.755
Subscriptions and donations	92.201	156.683
Telephone expenses	566.366	560.876
Electricity and water	332.808	275.957
Software maintenance expenses	61.354	53.304
Transportation expenses	706.962	786.873
Sundry expenses	1.449.742	1.666.133
	12.133.369	11.191.497
Total administrative expenses	29.775.814	28.679.733

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

5. ADMINISTRATIVE EXPENSES (continued)

THE COMPANY

(a) Personnel expenses

	2012	2011
	€	€
Staff salaries	2.376.175	2.912.223
Social insurance and related costs	269.587	270.247
Contributions to Provident Fund	60.197	62.524
Other personnel costs	(6.046)	(23.938)
	2.699.913	3.221.056

The average number of employees during the year was 75 (2011: 83).

(b) Other administrative expenses

	2012	2011
	€	€
Depreciation	364.942	350.521
Amortisation of intangible asset	90.000	42.658
Director fees - Non executive directors	64.600	69.500
- Executive directors	158.900	158.900
Audit fees	53.666	33.000
Legal fees	100.991	165.003
Other professional fees	228.174	51.936
Traveling expenses	219.360	145.171
Maintenance expenses	42.091	27.277
Rent	124.560	127.633
Subcontractors’ fees	347.620	276.051
Promotion and advertising expenses	46.675	57.030
Doubtful debts allowance	754.194	(20.861)
Insurance	22.225	29.039
Credit insurance	147.399	148.318
Staff training expenses	21.909	14.979
Subscriptions and donations	41.923	81.295
Telephone expenses	89.982	90.496
Electricity and water	76.279	56.508
Transportation expenses	30.737	41.866
Sundry expenses	225.419	266.953
	3.251.646	2.213.273
Total administrative expenses	5.951.559	5.434.329

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 €152.635 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 €51.630 and are included in other professional fees.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

6. OTHER INCOME

THE GROUP

	2012	2011
	€	€
Loss on disposal of property, plant and equipment	(31.929)	(39.238)
Commissions and other income	1.319.257	1.134.533
	1.287.328	1.095.295

THE COMPANY

	2012	2011
	€	€
Dividends receivable from subsidiary companies	4.969.891	4.293.313
Profit on disposal of property, plant and equipment	71	16.217
Commissions and other income	403.428	583.228
	5.373.390	4.892.758

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

7. NET FINANCE EXPENSES

THE GROUP

	2012 €	2011 €
Finance income		
Interest receivable	1.318.480	1.619.967
	1.318.480	1.619.967
Finance expense		
Interest payable and bank charges	(5.606.343)	(4.898.875)
Net foreign exchange loss	(346.642)	(507.733)
	(5.952.985)	(5.406.608)
Net finance expense	(4.634.505)	(3.786.641)
Net finance (expenses)/income recognized in other comprehensive income		
Exchange differences in relation to foreign operations	(906.006)	614.436
Deferred taxation arising from net exchange differences in relation to foreign operations	(12.301)	20.142
Net change in the fair value of investments available for sale	249.440	(383.540)
	(668.867)	251.038

THE COMPANY

	2012 €	2011 €
Finance income		
Interest receivable	1.026.200	1.083.826
	1.026.200	1.083.826
Finance expenses		
Interest payable and bank charges	(3.020.985)	(3.237.150)
Net foreign exchange loss	(1.051.962)	(49.527)
	(4.072.947)	(3.286.677)
Net finance expense	(3.046.747)	(2.202.851)
Net finance income/(expenses) recognized in other comprehensive income		
Net change in fair value of investments available for sale	249.440	(383.540)
	249.440	(383.540)

8. TAXATION

THE GROUP

	2012 €	2011 €
Corporation tax	444.794	448.272
Adjustment for prior years	(21.103)	33.974
Special defence contribution	151.037	163.781
Deferred taxation	326.802	(884.235)
	901.530	(238.208)

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
Logicom LLC	Oman	12

There were no significant changes in the tax rates from 2011.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

8. TAXATION (continued)

THE COMPANY

	2012	2011
	€	€
Special defence contribution	128.848	139.446
Deferred taxation	(173.652)	(826.222)
	(44.804)	(686.776)

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

	2012	2011
	€	€
Profit before tax	2.961.417	3.376.856
Effective tax rate	13,53%	10,71%
Tax for the year based on accounting profit	400.680	361.661
Tax effect for:		
Depreciation	47.620	134.351
Capital allowances	(261.075)	(118.815)
Income not allowed in computation of taxable income	(1.174.344)	(1.135.820)
Expenses not allowed in computation		-
of taxable income	1.106.791	549.217
Adjustments for prior years	(21.103)	33.974
Tax losses carried forward	325.122	657.678
Special defence contribution	151.037	163.781
Deferred taxation	326.802	(884.235)
	901.530	(238.208)

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

8. TAXATION (continued)

Reconciliation of taxation with taxation based on accounting profit

THE COMPANY

	2012 €	2011 €
(Loss)/profit before taxation	(676.499)	306.960
Effective tax rate	10%	10%
Tax for the year based on accounting profit	(67.650)	30.696
Tax effect for:		
Depreciation	45.494	39.318
Capital allowances	(24.594)	(26.593)
Income not allowed in computation of taxable income	(599.867)	(542.556)
Expenses not allowed in computation of taxable income	256.045	7.629
Adjustments from previous years		
Tax losses carried forward	390.572	491.506
Special defence contribution	128.848	139.446
Deferred taxation	(173.652)	(826.222)
	(44.804)	(686.776)

Deferred taxation recognised in other comprehensive income

THE GROUP

	2012 €	2011 €
Temporary differences arising from foreign exchange differences	12.301	(20.142)
Revaluation of land and buildings	(10.134)	(11.174)
	2.167	(31.316)

THE COMPANY

Revaluation of land and buildings	(3.815)	(11.174)
	(3.815)	(11.174)

9. DIVIDEND

	2012 €	2011 €
Dividend paid	1.851.990	1.481.592

During the year a final dividend for 2011 of €1.851.990 was paid. This corresponds to €0,025 cents per share. In accordance with IAS 10, dividends are recognised in the year in which they are declared.

The proposed final dividend for 2012 of €1.111.194, which corresponds to €0,015 cents per share, in accordance with IAS 10, will be recognized during 2013, 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:

	2012	2011
Profit attributable to shareholders (€)	2.039.947	3.585.318
Weighted average number of shares that were issued during the year	74.079.600	74.079.600
Basic earnings per share	2,75 cent	4,84 cent
Diluted weighted average number of shares	74.079.600	74.079.600
Diluted earnings per share	2,75 cent	4,84 cent

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

10. EARNINGS PER SHARE (continued)

THE COMPANY

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

	2012	2011
Profit attributable to shareholders (€)	(631.695)	993.736
Weighted average number of shares that were issued during the year	74.079.600	74.079.600
Basic earnings per share (cents)	(0,85 cent)	1,34 cent
Diluted weighted average number of shares	74.079.600	74.079.600
Diluted earnings per share (cents)	(0,85 cent)	1,34 cent

LOGICOM PUBLIC LIMITED

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Year ended 31 December 2012

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €	Computers €	Furniture and fitiings €	Motor Vehicles €	Total €
THE GROUP					
Acquisition cost or revaluation					
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)
Revaluation for the year	-	24.004	30.624	-	54.628
31 December 2011	6.376.868	4.827.264	2.211.886	1.409.177	14.825.195
2012					
1 January 2012	6.376.868	4.827.264	2.211.886	1.409.177	14.825.195
Exchange differences	(61.304)	(27.525)	(2.129)	(4.948)	(95.906)
Additions for the year	1.322.895	1.152.995	118.034	101.976	2.695.900
Disposals for the year	-	(530.396)	(30.929)	(41.069)	(602.394)
31 December 2012	7.638.459	5.422.338	2.296.862	1.465.136	16.822.795
Depreciation					
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)
31 December 2011	408.015	2.718.275	1.236.488	942.527	5.305.305
2012					
1 January 2012	408.015	2.718.275	1.236.488	942.527	5.305.305
Exchange differences	19.694	(20.683)	(378)	(3.728)	(5.095)
Charge for the year	220.001	695.794	206.588	200.291	1.322.674
Disposals for the year	-	(478.012)	(20.318)	(41.323)	(539.653)
31 December 2012	647.710	2.915.374	1.422.380	1.097.767	6.083.231
Net book value					
31 December 2011	5.968.853	2.108.989	975.398	466.650	9.519.890
31 December 2012	6.990.749	2.506.964	874.482	367.369	10.739.564

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings €	Computers €	Furniture and fitiings €	Motor Vehicles €	Total €
THE COMPANY					
Acquisition cost or revaluation					
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)
31 December 2011	4.475.000	1.363.768	540.243	525.908	6.904.919
2012					
1 January 2012	4.475.000	1.363.768	540.243	525.908	6.904.919
Additions for the year	43.932	78.116	10.391	-	132.439
Disposals for the year	-	-	-	(22.629)	(22.629)
31 December 2012	4.518.932	1.441.884	550.634	503.279	7.014.729
Depreciation					
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)
31 December 2011	118.036	942.487	381.574	292.881	1.734.978
2012					
1 January 2012	118.036	942.487	381.574	292.881	1.734.978
Charge for the year	118.224	133.771	23.560	89.387	364.942
Disposals for the year	-	-	-	(21.970)	(21.970)
31 December 2012	236.260	1.076.258	405.134	360.298	2.077.950
Net book value					
31 December 2011	4.356.964	421.281	158.669	233.027	5.169.941
31 December 2012	4.282.672	365.626	145.500	142.981	4.936.779

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 2012

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 reserve that 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 2012 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 2012 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:

	2012	2011
	€	€
Cost	3.808.169	2.492.307
Depreciation	(1.097.171)	(960.209)
	2.710.998	1.532.098

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

	2012	2011
	€	€
Balance 31 December	354.091	354.091

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 followed by additions of cost €29.672 and the annual lease payment is €3.225.

The subsidiary company Logicom FZE acquired land in the Free Trade Zone Area in Jebel Ali. The land is under an operating lease for 10 years from the 1 August 2007 with an option for renewal. The annual lease payment is €85.732.

LOGICOM PUBLIC LIMITED

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Year ended 31 December 2012

12. INTANGIBLE ASSETS

THE GROUP

	Development costs	Licensing costs	Goodwill	Total
	€	€	€	€
Cost				
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	-	450.000	-	450.000
31 December 2011	101.603	459.814	9.949.259	10.510.676
2012				
1 January 2012	101.603	459.814	9.949.259	10.510.676
Decrease for the year	-	-	(328.199)	(328.199)
31 December 2012	101.603	459.814	9.621.060	10.182.477
Impairment/amortization				
2011				
1 January 2011	101.498	9.814	653.169	764.451
Impairment for the year	40	-	-	40
Amortization for the year	-	42.658	-	42.658
31 December 2011	101.538	52.472	653.169	807.179
2012				
1 January 2012	101.538	52.472	653.169	807.179
Impairment for the year	28	-	-	28
Amortization for the year	-	90.000	-	90.000
31 December 2012	101.566	142.472	653.169	807.179
Net book value				
31 December 2011	65	407.342	9.296.090	9.703.497
31 December 2011	37	317.342	8.967.891	9.285.270

THE COMPANY

	Licensing costs 2012	Licensing costs 2011
	€	€
1 January	407.342	-
Additions for the year	-	450.000
Amortization for the year	(90.000)	(42.658)
31 December	317.342	407.342

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 and the terminal value of the company (terminal value). For the determination of terminal value the cash flows until 2015 by dividing the difference of weighted average cost of capital and growth rate have been used. The weighted average cost of capital was calculated at 11% and the growth rate in perpetuity at 2%. There is no impairment on the goodwill 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 €328.199 (2011: €200.045). As a result the total amount of goodwill on 31 December 2012 amounts to €6.624.403. 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 2015 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%.

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 is higher than the net value of goodwill. The recoverable amount is equal to the usage value (value in use) which is calculated as the present value of estimated future input for a period of 3 years and the Terminal value of the company (terminal value). Setting of Terminal value have used cash flow until 2015

12. INTANGIBLE ASSETS (continued)

Goodwill (continued)

by dividing the difference of weighted average cost of capital and growth rate. The weighted average cost of capital was calculated at 11% and the growth rate in perpetuity at 2%.

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

Discount rate

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

Growth rate for terminal value

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

Estimated future inflows

The future inflows 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 2013 shows decrease in results in relation to 2012 levels as it takes into account projects that the company expects to perform during the year as well the difficult economic conditions that are expected to affect the achievement of the planned development.
- The growth for 2014 is estimated to be at negative rates at the level of 5%, while projected marginal increase of 1% for the year 2015. This restatement is considered necessary in view of a worsening of the economic crisis in Cyprus where the company operates.
- The growth after 2015 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.

12. INTANGIBLE ASSETS (continued)

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

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. This contract was renewed successfully up to the end of 2013 with still one year renewal right.

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 2012:

	€
1 January 2012	843.228
Provision readjustment	(328.199)
Unwinding of interest	30.221
Payment during the year	(240.295)
31 December 2012	304.955

13. ACQUISITION OF SUBSIDIARY COMPANY (continued)

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

	2012	2011
	€	€
Short-term	304.955	251.230
Long-term	-	591.998
	304.955	843.228

The analysis of the cost of acquisition of Newcyetch Business Solutions Ltd as it was adjusted during 2012 is presented below:

	€
1 January 2012	9.871.915
Provision adjustment	(328.199)
Unwinding of interest	30.221
	9.573.937

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.

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 in 2012 as follows:

	€
1 January 2012	1.244.376
Unwinding of interest	112.131
Payment during the year	(225.000)
31 December 2012	1.131.507

LOGICOM PUBLIC LIMITED

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Year ended 31 December 2012

13. ACQUISITION OF SUBSIDIARY COMPANY (continued)

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

	2012	2011
	€	€
Short-term	300.000	225.000
Long-term	831.507	1.019.376
	1.131.507	1.244.376

The analysis of the cost of acquisition of Inteli-scape Limited as adjusted in 2012 is presented below:

	€
1 January 2012	2.554.376
Unwinding of interest	112.131
	2.666.507

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.

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

	Long-term	Short-term	Total
	€	€	€
Newcytech Business Solutions Ltd	-	304.956	304.956
Inteli-scape Ltd	831.507	300.000	1.131.507
	831.507	604.956	1.436.463

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

14. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company has the following investments in subsidiary companies:

	Cost €	Country	Percentage 2012	Percentage 2011
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%
Logicom FZE	3.296.728	United Arab Emirates	100%	100%
Logicom Dubai LLC	92.124	United Arab Emirates	100%	100%
Logicom Jordan LLC	78.372	Jordan	100%	100%
Logicom Italia s.r.l.	1.834.834	Italy	100%	100%
Rehab Technologies Ltd	100.382	Saudi 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 Ventrures Ltd	600	Cyprus	60%	60%
Logicom Distribution Germany Gmbh	27.000	Germany	100%	100%
	6.127.317			

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 €5.240.392.

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 Newcytech 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 Newcytech Distribution Ltd in Cyprus with share capital of €8.550.

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.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

14. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

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 €85.500.

The Company owns indirectly, through subsidiaries Logicom FZE and Logicom Dubai LLC 100% of Logicom LLC in Oman, with share capital of €41.075.

On 31 December 2012, 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 Logicom Italia s.r.l., Logicom Bulgaria EOOD and Rehab Technologies Ltd 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 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 25	520.000
Rehab Technologies Ltd	01/08/2006	SAR 500	1.000
Logicom IT Distribution s.r.l.	19/03/2007	RON 200	1
Logicom Bulgaria EOOD	12/04/2007	BGN 20.000	1
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 LLC	02/09/2012	OR 1	20.000

15. EQUITY ACCOUNTED INVESTEES

The Group through the integration of the results of the subsidiary company Verendrya Ventures Ltd recognised a total profit amounted to €21.319 (2011: loss €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	2012	2011
	€	€
M.N. Limassol Water Co. Ltd	-	-
M.N. E.P.C Water Co.	3.259	4.906
	3.259	4.906

	M.N. Limassol Water Co. Ltd	M.N. E.P.C Water Co.
	€	€
Balance at the beginning of the year	-	4.906
Impairment resulting from loss of the year	-	(1.647)
Balance as at 31 December 2011	-	3.259

THE GROUP	Statement of financial position Date	Participation Rate	Non-current Assets	Current Assets	Total of Assets	Current Liabilities	Long-term Liablities	Total of Liabilities	Net Assets	Revenues	Expenses	Profit/ (Loss)	Groups' share in net assets	Groups' share in profit or loss
			€	€	€	€	€	€	€	€	€	€	€	€
M.N. E.P.C Water Co.	31/12/2012	50%	21.847	6.629.040	6.650.887	(6.644.369)	-	(6.644.369)	6.518	22.175.570	(22.178.864)	(3.294)	3.259	(1.647)
M.N. Limassol Water Co. Ltd	31/12/2012	49,95%	52.672.273	6.102.653	58.774.926	(5.497.603)	(53.449.564)	(58.947.167)	(172.241)	26.035.412	(25.989.481)	45.931	(86.121)	22.966
	31/12/2012		52.694.120	12.731.693	65.425.813	(12.141.972)	(53.449.564)	(65.591.536)	(165.723)	48.210.982	(48.168.345)	42.637	(82.862)	21.319
M.N. E.P.C Water Co.	31/12/2011	50%	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%	30.896.767	8.035.890	38.932.657	(2.465.971)	(36.684.858)	(39.150.829)	(218.172)	31.730.153	(31.958.325)	(228.172)	(109.086)	(114.086)
	31/12/2011		30.914.731	11.202.236	42.116.967	(5.640.469)	(36.684.858)	(42.325.327)	(208.360)	59.951.971	(60.180.331)	(228.360)	(104.180)	(114.180)

LOGICOM PUBLIC LIMITED

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15. EQUITY ACCOUNTED INVESTEES (continued)

The above investments were impaired based on the losses attributable to Verendrya Ventures Ltd. Profit/loss which arise from M.N. Limassol Water Co. Ltd and exceed the amount of the investment in the company were credited/debited in the loan which is given from Verendrya Ventures Ltd to M.N. Limassol Water Co. Ltd with total amount of €8.8 million.

16. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012	2011
	€	€
THE GROUP		
Shares of the companies listed in CSE	5.845	12.015
Other investments	8.543	8.543
	14.388	20.558

	2012	2011
	€	€
THE COMPANY		
Shares of the companies listed in CSE	4.285	10.305
Other investments	8.543	8.543
	12.828	18.848

As at 18 April 2013, the date of the approval of the financial statements, the value of the shares traded in the CSE was €5.383.

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. During the year the subsidiary Logicom Services Holdings Ltd acquired shares in Demetra Investment public Ltd which are classified in the category of investments available for sale. The above titles/shares are traded on the Cyprus Stock Exchange.

	2012	2011
THE GROUP	€	€
Balance at the beginning of the year	1.750.560	2.134.100
Purchases	2.547.545	-
Impairment on investments value	(1.750.540)	-
Reduction in fair value of investments	-	(383.540)
Balance at the end of the year	2.547.545	1.750.560

17. INVESTMENTS AVAILABLE FOR SALE (continued)

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

THE COMPANY	2012 €	2011 €
Balance at the beginning of the year	1.750.560	2.134.100
Impairment on investments value	(1.750.560)	-
Reduction in fair value of investments	-	(383.540)
Balance at the end of the year	-	1.750.560

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

18. INVENTORIES

THE GROUP

	2012 €	2011 €
Net value of inventories at 31 December	43.460.726	40.749.592

The provision for the decrease in the value of inventories was decreased by €1.614.746 (2011: €1.416.250) as a result of the sale of inventories for which there was a provision in previous years of €1.620.050 (2011: €283.618) and the increase in the provision of the year by €5.304 (2010: €1.699.868).

THE COMPANY

	2012 €	2011 €
Net value of inventories at 31 December	3.328.850	2.273.357

The provision for the decrease in the value of inventories was decreased by €1.527.090 (2011: €1.490.087) as a result of the sale of inventories for which there was a provision in previous years of €1.527.090 (20111: €28.385), and the increase in the provision of the year by €0 (2011: €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.

19. TRADE AND OTHER RECEIVABLES

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

	2012	2011
	€	€
THE GROUP		
Trade receivables	95.032.656	92.107.984
Other receivables	12.909.483	11.192.821
Prepayments	1.938.216	2.327.571
	109.880.355	105.628.376
THE COMPANY		
Trade receivables	4.415.964	5.903.260
Other receivables	6.891.974	7.272.993
Amounts receivable by associated companies (Note 37)	582.254	2.079.817
Prepayments	9.986	-
	11.900.178	15.256.070

Trade and other receivables are stated after the deduction of doubtful debts allowance which amounted to €5.457.236 (2011: €6.338.720) for the Group and €126.512 (2011: €126.258) for the Company.

Part of trade receivables of Logicom Public Ltd in Cyprus and Malta and the subsidiaries Enet Solutions – Logicom S.A. in Greece and Logicom FZE in United Arab Emirates have been settled through the factoring agreement without recourse. The total amount of debtors that were settled on 31 December amounted to €18.764.029 (2011: €18.441.094).

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

20. CASH AND CASH EQUIVALENTS

	2012	2011
	€	€
THE GROUP		
Cash in hand	30.151	34.804
Current accounts with banks	31.850.206	39.711.186
	31.880.357	39.745.990
THE COMPANY		
Cash in hand	710	800
Current accounts with banks	19.825.955	25.952.645
	19.826.665	25.953.445

The deposit interest rates for 2012 were 4,0% per annum (2011: 4,3%).

21. SHARE CAPITAL

	Authorised		Issued and fully paid	
	Ordinary Shares	€	Ordinary Shares	€
2012				
Balance 1 January	100.000.000	34.000.000	74.079.600	25.187.064
Changes during the year	-	-	-	-
Balance 31 December	100.000.000	34.000.000	74.079.600	25.187.064
2011				
Balance 1 January	100.000.000	34.000.000	74.079.600	25.187.064
Changes during the year	-	-	-	-
Balance 31 December	100.000.000	34.000.000	74.079.600	25.187.064

LOGICOM PUBLIC LIMITED

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Year ended 31 December 2012

22. 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 2010	116.818	10.443.375	21.599.587	3.529.009	134.100	(5.540.415)	(1.770.717)	209.362	28.721.119	-	28.721.119
Profit for the year	-	-	3.585.318	-	-	-	-	-	3.585.318	29.746	3.615.064
Exchange differences in relation to foreign operations	-	-	-	-	-	614.442	(1.009.911)	-	(395.469)	-	(395.469)
Deferred taxation arising from net exchange differences in relation to foreign operations	-	-	-	-	-	20.142	-	-	20.142	-	20.142
Deferred taxation arising on revaluation of land and buildings	-	-	-	11.174	-	-	-	-	11.174	-	11.174
Net change in the fair value of investments available for sale	-	-	-	-	(383.540)	-	-	-	(383.540)	-	(383.540)
Total comprehensive income for the year	-	-	3.585.318	11.174	(383.540)	634.584	(1.009.911)	-	2.837.625	29.746	2.867.371
Proposed dividend for 2010 that was paid in 2011 (note 9)		-	(1.481.592)	-	-	-	-	-	(1.481.592)		(1.481.592)
Revaluation reserve realised through use	-	-	74.864	(74.864)	-	-	-	-	-	-	-
	-	-	(1.406.728)	(74.864)	-	-	-	-	(1.481.592)	-	(1.481.592)
Balance 31 December 2011	116.818	10.443.375	23.778.177	3.465.319	(249.440)	(4.905.831)	(2.780.628)	209.362	30.077.152	29.746	30.106.898

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

22. 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	Total	Non-controlling Interest	Total
	€	€	€	€	€	€	€	€	€	€	€
Balance 31 December 2011	116.818	10.443.375	23.778.177	3.465.319	(249.440)	(4.905.831)	(2.780.628)	209.362	30.077.152	29.746	30.106.898
Profit for the year	-	-	2.039.947	-	-	-	-	-	2.039.947	19.940	2.059.887
Exchange differences in relation to foreign operations	-	-	-	-	-	(906.006)	365.355	-	(540.651)	-	(540.651)
Deferred taxation arising on revaluation of land and buildings	-	-	-	10.134	-	-	-	-	10.134	-	10.134
Net change in the fair value of investments available for sale	-	-	-	-	249.440	-	-	-	249.440	-	249.440
Total comprehensive income for the year	-	-	2.039.947	10.134	249.440	(906.006)	365.355	-	1.758.870	19.940	1.778.810
Proposed dividend for 2011 that was paid in 2012 (note 9)	-	-	(1.851.990)	-	-	-	-	-	(1.851.990)	-	(1.851.990)
Revaluation reserve realised through use	-	-	74.863	(74.863)	-	-	-	-	-	-	-
	-	-	(1.777.127)	(74.863)	-	-	-	-	(1.851.990)	-	(1.851.990)
Balance 31 December 2012	116.818	10.443.375	24.040.997	3.400.590	-	(5.811.837)	(2.415.273)	209.362	29.984.032	49.686	30.033.718

LOGICOM PUBLIC LIMITED

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22. 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	116.818	10.443.375	(3.428.943)	2.688.688	134.100	9.954.038
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	-	-	993.736	11.174	(383.540)	621.370
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)	-	-
	-	-	(1.406.728)	(74.864)	-	(1.481.592)
Balance 31 December 2011	116.818	10.443.375	(3.841.935)	2.624.998	(249.440)	9.093.816

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

22. 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 2011	116.818	10.443.375	(3.841.935)	2.624.998	(249.440)	9.093.816
Profit for the year	-	-	(631.695)	-	-	(631.695)
Net change in the fair value of investments available for sale	-	-	-	-	249.440	249.440
Deferred taxation arising on revaluation of land and buildings	-	-	-	3.815	-	3.815
Total comprehensive income for the period	-	-	(631.695)	3.815	249.440	(378.440)
Proposed dividend for 2011 that was paid in 2012 (note 9)	-	-	(1.851.990)	-	-	(1.851.990)
Revaluation reserve realised through use	-	-	74.863	(74.863)	-	-
	-	-	(1.777.127)	(74.863)	-	(1.851.990)
Balance 31 December 2012	116.818	10.443.375	(6.250.757)	2.553.950	-	6.863.386

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 STATEMENTS

Year ended 31 December 2012

23. TRADE AND OTHER PAYABLES

	2012 €	2011 €
THE GROUP		
Trade payables	47.474.111	50.056.157
Accrued expenses	5.598.480	7.449.413
Other payables	9.901.418	6.204.888
	62.974.009	63.710.458
THE COMPANY		
Trade payables	31.277.081	26.304.758
Accrued expenses	257.274	536.009
Other payables	1.709.413	1.863.928
	33.243.768	28.704.695

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

24. TAX REFUNDABLE AND PAYABLE

	2012 €	2011 €
THE GROUP		
Tax refundable	349.604	443.764
THE COMPANY		
Tax refundable	137.059	137.059
THE GROUP		
Tax payable	366.696	210.375
THE COMPANY		
Tax payable	9.850	28.123

25. LOANS AND BANK OVERDRAFTS

THE GROUP

	2012 €	2011 €
Long-term loans	20.384.084	24.689.552
Short-term loans	22.719.335	8.337.776
Bank overdrafts	45.932.882	54.422.098
	89.036.301	87.449.426

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

	2012 €	2011 €
- within one year	6.399.262	9.578.684
- between two and five years	13.984.822	13.356.776
- after more than five years	-	1.754.092
	20.384.084	24.689.552

THE COMPANY

	2012 €	2011 €
Long-term loans	11.926.312	20.725.078
Short-term loans	4.320.146	2.414.406
Bank overdrafts	31.677.914	38.378.834
	47.924.372	61.518.318

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

	2012 €	2011 €
- within one year	2.276.184	3.563.620
- between two and five years	9.650.128	15.407.365
- after more than five years	-	1.754.093
	11.926.312	20.725.078

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

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 seven years including a grace period of two years, with 8 equal quarterly installments of USD 447.060 (€338.839). 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 installments of USD 400.000 (€303.168). 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 Euro 225.000. The interest rate is equal to 6 month EURIBOR + 2,0% annually and the first installment was paid on 31/12/2009.

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

Loan in United States Dollars (USD) repayable in seven years including a grace period of two years, with 15 equal quarterly installment of USD 756.539 (€573.396). The interest rate is equal to 3 month LIBOR +4,0% annually and the first installment was paid on 30/11/2011.

Two loans in Euro of total amount Euro 458.000 repayable in three years, with 36 equal monthly instalments of total amount Euro 14.146.

The weighted average cost of the bank overdraft is 6,0% annualy (2012: 5,5%). 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 4,00% annually and 6 month LIBOR plus 4,00% annually (2011: 3 month LIBOR plus 2,00% annually and 6 month EURIBOR plus 2,00% annually). Short-term loans are repayable within three months from the day they are incurred.

The undrawn balance of the bank overdrafts of the Group at 31 December 2012 amounted to €48,0 millions (2011: €18,7 millions) and of the Company to €26,6 millions (2011: €0,8 millions).

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

(a) Pledge of bonds with value €920.002.

(b) The guarantee of Logicom Solutions Limited for €32.000.000, €19.648.916, €3.000.000, €7.688.706, €3.194.192 and €600.000.

25. LOANS AND BANK OVERDRAFTS (continued)

(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 €1.998.533 and $9.998.678.

(m) The guarantee of Logicom (Overseas) Limited for €170.861.

(n) With the first, second, third, fourth, fifth and sixth floating charge on the assets of Newcytech Business Solutions Limited, amounted to €4.991.105 (2011: €4.991.105).

(o) With the assignement of trade agreements of Newcytech Business Solutions Limited, amounted to €333.000 (2011: €1.351.450).

(p) With the assignement of trade receivables of Newcytech Business Solutions Limited, amounted to €900.000 (2011: €380.000).

LOGICOM PUBLIC LIMITED

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Year ended 31 December 2012

26. DEFERRED TAXATION

	Liabilities 2012 €	Assets 2012 €	Transfer to other Reserves €	Transfer to statement of comprehensive Income €	Liabilities 2011 €	Assets 2011 €
THE GROUP						
Deferred taxation arising from:						
Temporary differences arising from differences between depreciation and capital allowances	(633.946)	-	-	(42.942)	(591.004)	-
Temporary differences arising from loss for the year	-	2.075.947	-	(73.993)	-	2.149.940
Revaluation of land and buildings	(591.664)	-	10.134	-	(601.798)	-
Temporary differences arising from administrative expenses	(156.566)			(75.283)	(80.283)	
Temporary differences arising from unrealised exchange difference	-	101.573	-	(134.584)	-	236.157
Exchange difference	226.942	(150.103)	-	-	351.052	(279.372)
	(1.154.234)	2.027.417	10.134	(326.802)	(922.033)	2.106.725
THE COMPANY						
Deferred taxation arising from:						
Temporary differences arising from differences between depreciation and capital allowances	(19.103)	-	-	862	(19.965)	-
Temporary differences arising from loss for the year	-	1.766.427	-	121.179	-	1.645.248
Revaluation of land and buildings	(560.370)	-	3.815	-	(564.185)	-
Temporary differences arising from unrealised exchange difference	-	45.835	-	51.611	(5.776)	-
	(579.473)	1.812.262	3.815	173.652	(589.926)	1.645.248

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.

An amount of US$ 54.000 (EURO: 40.927) arising from temporary differences has not be recognized as a deferred tax asset in the subsidiary Logicom IT Distribution Ltd as it is unlikely that future profits will arise in order to utilise the asset.

27. CASH AND CASH EQUIVALENTS

	2012 €	2011 €
THE GROUP		
Cash at bank and in hand	31.880.357	39.745.990
Bank overdrafts	(45.932.882)	(54.422.098)
	(14.052.525)	(14.676.108)
THE COMPANY		
Cash at bank and in hand	19.826.665	25.953.445
Bank overdrafts	(31.677.914)	(38.378.834)
	(11.851.249)	(12.425.389)

28. CONTINGENCIES AND LITIGATIONS

The most important contingencies are as follows:

1. The Company has provided a bank guarantee of up to USD 5.000.000 (€3.789.601) to a second foreign supplier for providing a trading credit facility. This guarantee is valid from 19 February 2012 until 18 February 2013.
2. The Company has provided a second bank guarantee of up EURO 1.800.000 to a third foreign supplier for providing a trading credit facility. This quarantee was due at 31 December 2012 and renewed until 10 February 2013.
3. The Company has provided a third bank guarantee of up EURO 2.500.000 to a fourth foreign supplier for providing a trading credit facility. This guarantee is valid from 14 June 2012 until 13 June 2012.
4. The Company has provided a fourth bank guarantee of up EURO 800.000 to a fifth foreign supplier for providing a trading credit facility. This guarantee is valid from 04 August 2012 until 03 February 2013.
5. The Company has provided a fifth 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.
6. Companies of the Group provide bank guarantees in order to participate to government projects and private sector projects.

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

28. CONTINGENCIES AND LITIGATIONS (continued)

Litigation

Trade and other receivables include USD 1,6 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

	2012 €	2011 €
Payments:		
Within one year	304.314	459.545
Between two and five years	382.320	1.583.246
After more than five years	467.461	146.149

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 2012 in the statement of comprehensive income is €566.900 (2011: €658.603).

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

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

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31. 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	2012 €	2011 €
Equity accounted investees	3.259	4.906
Investments at fair value through profit or loss	14.388	20.558
Investments available for sale	2.547.545	1.750.560
Trade and other receivables	109.880.355	105.628.376
Cash and cash equivalents	31.880.357	39.745.990
	144.325.904	147.150.390

THE COMPANY		
Investments at fair value through profit or loss	12.828	18.848
Investments available for sale	-	1.750.560
Trade and other receivables	11.900.178	15.256.070
Cash and cash equivalents	19.826.665	25.953.445
Long-term loans to subsidiary companies	10.125.057	10.324.600
Balances with subsidiary companies	55.283.576	56.058.215
	97.148.304	109.361.738

Cash and cash equivalents

The Group held cash and cash equivalent amounted to €31.880.357 (2011: €39.745.990), which is the maximum credit risk exposure for these assets. Cash and cash equivalents are deposited in banks and financial institutions, which are valuated at Caa1 up to A2, based on Moody's valuation.

The Cash and cash equivalents of the Group that were deposited in Cypriot banks at 31/12/2012 amounted to € 18.627.202.

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

THE GROUP	2012 €	2011 €
Europe	58.118.438	51.956.872
Middle East	36.914.218	40.151.112
	95.032.656	92.107.984
THE COMPANY		
Europe	4.415.964	5.903.260
Middle East	-	-
	4.415.964	5.903.260

31. RISK MANAGEMENT (continued)

(a) Credit risk (continued)

In accordance with the above analysis 61% of the Group's trade receivables (2011: 56%) originate from Europe. 39% (2011: 44%) of the Group's trade receivables originates from the Middle East.

The ageing of the remaining trade receivables is as follows:

	2012	2011
THE GROUP	€	€
0 until 90 days	85.270.128	67.636.989
91 until 180 days	4.826.925	9.394.808
more than 180 days	4.935.603	15.076.187
	95.032.656	92.107.984
THE COMPANY		
0 until 90 days	4.210.681	5.246.593
91 until 180 days	84.555	261.209
more than 180 days	120.728	395.458
	4.415.964	5.903.260

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:

THE COMPANY	2012	2011
	€	€
0 until 180 days	55.283.576	56.058.215
more than 180 days	10.125.057	10.324.600
	65.408.633	66.382.815

31. 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 2011. 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	2012 €	2011 €
Opening balance	5.338.720	4.625.992
Provision for doubtful debts	522.111	789.245
Decrease in provision for bad debts	(403.595)	(76.517)
Closing balance	5.457.236	5.338.720

THE COMPANY	2012 €	2011 €
Opening balance	126.257	188.783
Provision for doubtful debts	5.797	55.986
Decrease in provision for bad debts	(5.542)	(118.512)
Closing balance	126.512	126.257

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.

31. 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:

	2012	2011
THE GROUP	€	€
Long-term loans	(203.841)	(246.896)
Short-term loans	(227.193)	(83.378)
Bank overdrafts	(459.329)	(544.221)
Cash and cash equivalents	318.502	397.112
	(571.861)	(477.383)
THE COMPANY		
Long-term loans	(119.263)	(207.251)
Short-term loans	(43.201)	(24.144)
Bank overdrafts	(316.779)	(383.788)
Cash and cash equivalents	198.260	259.526
	(280.983)	(355.657)

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.

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 were 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, 2012 the amounts that were hedged were, USD 25.000.000 of net investment in the above foreign companies and USD 25.000.000 of bank borrowings.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31. RISK MANAGEMENT (continued)

(c) Foreign exchange risk (continued)

Assets and liabilities analysed by currency:

THE GROUP	31 December 2012 EURO	31 December 2012 USD	31 December 2011 EURO	31 December 2011 USD
Trade and other receivables	1.432	16.561.822	91.969	14.674.234
Trade and other payables	(16.506)	(42.859.665)	-	(33.687.456)
Long-term loans	-	(11.164.680)	-	(18.084.751)
Short-term loans	-	(7.205.724)	-	(2.414.406)
Bank overdrafts	2.737	(25.691.873)	584	(35.326.846)
	(12.337)	(70.360.120)	92.553	(74.839.225)

THE COMPANY	31 December 2012 USD	31 December 2011 USD
Trade and other receivables	6.674.913	7.220.201
Trade and other payables	(30.117.022)	(25.737.538)
Long-term loans	(7.024.464)	(14.863.836)
Short-term loans	(4.320.146)	(2.414.406)
Bank overdrafts	(25.302.893)	(32.482.977)
Balances with subsidiary companies	47.637.488	40.625.044
	(12.452.124)	(27.653.512)

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

	Average Rate 2012	Average Rate 2011	Rate as at reporting date 2012	Rate as at reporting date 2011
USD 1	0,7783	0,7184	0,7579	0,7729

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

31. RISK MANAGEMENT (continued)

(c) Foreign exchange risk (continued)

Sensitivity analysis on fluctuations of foreing exchange rates
A possible strengthening of the Euro against the US Dollar and the other currencies by 10% on 31 December 2012 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

	2012	2011
THE GROUP	€	€
USD	6.396.375	6.803.566
THE COMPANY		
USD	1.132.011	2.513.956

Effect on the shareholders funds

	2012	2011
THE GROUP	€	€
USD	(2.504.003)	7.445.407
THE COMPANY		
USD	1.132.011	2.513.956

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 STATEMENTS

Year ended 31 December 2012

31. 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

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
	€	€	€	€	€	€
31 December 2012						
Long-term loans	20.384.084	3.653.389	2.745.873	5.782.910	8.201.912	-
Short-term loans	22.719.335	22.719.335	-	-	-	-
Operating leases	1.154.095	157.809	146.505	191.160	191.160	467.461
Trade and other payables	62.974.009	62.974.009	-	-	-	-
Bank overdrafts	45.932.882	45.932.882	-	-	-	-
Contingent consideration	1.436.463	604.956	-	831.507	-	-
	154.600.868	136.042.380	2.892.378	6.805.577	8.393.072	467.461
31 December 2011						
Long-term loans	24.689.552	4.900.505	4.678.179	3.447.129	9.909.647	1.754.092
Short-term loans	8.337.776	8.337.776	-	-	-	-
Operating leases	2.188.940	248.447	211.098	576.478	1.006.768	146.149
Trade and other payables	63.710.458	63.710.458	-	-	-	-
Bank overdrafts	54.422.098	54.422.098	-	-	-	-
Contingent consideration	2.087.604	476.230	-	1.611.374	-	-
	155.436.428	132.095.514	4.889.277	5.634.981	10.916.415	1.900.241

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
	€	€	€	€	€	€
31 December 2012						
Long-term loans	11.926.312	1.138.092	1.138.092	2.638.389	7.011.739	-
Short-term loans	4.320.146	4.320.146	-	-	-	-
Trade and other payables	33.243.768	33.243.768	-	-	-	-
Bank overdrafts	31.677.914	31.677.914	-	-	-	-
	81.168.140	70.379.920	1.138.092	2.638.389	7.011.739	-
31 December 2011						
Long-term loans	20.725.078	1.781.810	1.781.810	2.068.005	13.339.360	1.754.093
Short-term loans	2.414.406	2.414.406	-	-	-	-
Trade and other payables	28.704.695	28.704.695	-	-	-	-
Bank overdrafts	38.378.834	38.378.834	-	-	-	-
	90.223.013	71.279.745	1.781.810	2.068.005	13.339.360	1.754.093

31. 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:

	2012 €	2011 €
THE GROUP		
Trade and other receivables	109.880.355	105.628.376
Cash and cash equivalents	31.880.357	39.745.990
Long term loans	(20.384.084)	(24.689.552)
Short term loans	(22.719.335)	(8.337.776)
Bank overdrafts	(45.932.882)	(54.422.098)
Trade and other payables	(1.436.463)	(2.087.604)
Contingent consideration	(62.974.009)	(63.710.458)
	(11.686.061)	(7.873.122)
THE COMPANY		
Long-term loans to subsidiary companies	10.125.057	10.324.600
Balances with subsidiary companies	55.283.576	56.058.215
Trade and other receivables	11.900.178	15.256.070
Cash and cash equivalents	19.826.665	25.953.445
Long term loans	(11.926.312)	(20.725.078)
Short term loans	(4.320.146)	(2.414.406)
Bank overdrafts	(31.677.914)	(38.378.834)
Trade and other payables	(33.243.768)	(28.704.695)
	15.967.336	17.369.317

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:

	2012 €	2011 €
THE GROUP		
Investments in fair value through profit or loss	14.388	20.558
Investments available for sale	2.547.545	1.750.560
	2.561.933	1.771.118
THE COMPANY		
Investments in fair value through profit or loss	12.828	18.848
Investments available for sale	-	1.750.560
	12.828	1.769.408

31. 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.

	Επίπεδο 1	Επίπεδο 2
	€	€
31 December 2012		
Investments in fair value through profit or loss	14.388	-
Investments available for sale	2.547.545	-
Total	2.561.933	-
31 December 2011		
Investments in fair value through profit or loss	20.558	-
Investments available for sale	-	1.750.560
Total	20.558	1.750.560

During both 2012 and 2011 there were no transfers between the two levels reported above.

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

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

The market for the bonds that are classified to 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.

32. OPERATING ENVIRONMENT OF THE COMPANY

Operating environment of the Company

The Cyprus economy has been adversely affected over the last few years by the international credit crisis and the instability in the financial markets. During 2012 there was a considerable tightening of financing availability from Cypriot financial institutions, mainly resulting from financial instability in relation to the Greek sovereign debt crisis, including the impairment of Greek Government Bonds, and its impact on the Cyprus economy. In addition, following its credit downgrades, the ability of the Republic of Cyprus to borrow from international markets has been significantly affected. The Cyprus government entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund, in order to obtain financial support.

Cyprus and the Eurogroup (together with the International Monetary Fund) reached an agreement on 25 March 2013 on the key elements necessary for a future macroeconomic adjustment programme which includes the provision of financial assistance to the Republic of Cyprus of up to €10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing and to restore the viability of the financial sector, with the view of restoring sustainable economic growth and sound public finances over the coming years. The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below €100.000 in accordance with EU legislation. In addition, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatization. The Eurogroup requested the Cypriot authorities and the European Commission, in liaison with the European Central Bank and the International Monetary Fund, to finalize the Memorandum of Understanding within April 2013, which will then be followed by the formal approval of the Board of Directors of the European Stability Mechanism as well as by the ratification by Eurozone member states through national parliamentary (or equivalent) approvals. On 12 April 2013 the Eurogroup welcomed the agreement that was achieved between Cyprus and the Troika institution regarding the macroeconomic adjustment programme for Cyprus and stated that the necessary elements were in place to launch the relevant national procedures required for the formal approval of the European Stability Mechanism financial assistance facility agreement.

On 22 March 2013 the House of Representatives voted legislation relating to capital controls affecting transactions executed through banking institutions operating in Cyprus. The extent and duration of the capital controls is decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and were enforced on 28 March 2013. The Company's management is monitoring the developments in relation to these capital controls and is assessing the implications on the Company's operations.

The uncertain economic conditions in Cyprus, the unavailability of financing, the impairment loss incurred on bank deposits and the imposition of the above mentioned capital ontrols together with the current instability of the banking system and the anticipated overall economic recession, could affect (1) the ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions, (2) the ability of the Company's trade and other debtors to repay the amounts due to the Company (3) the ability of the Company to generate sufficient turnover, to sell its existing inventories and to offer its services to customers in Cyprus and (4) the cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets that are related to the Company's operations in Cyprus.

32. OPERATING ENVIRONMENT OF THE COMPANY (continued)

The Company's Board of Directors has assessed:

(1) whether any impairment allowances are deemed necessary for the Company's financial assets carried at amortized cost by considering the economic situation and outlook at the end of the reporting period. Impairment of trade receivables is determined using the "incurred loss" model required by International Accounting Standard 39. These standards require recognition of impairment losses for receivables that arose from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are. Based on its assessment results the Board of Directors decided that there is no need for additional impairment provision on the financial assets other than those disclosed in note 19 and 38.

(2) whether the net realizable value for the Company's inventory exceeds cost. Where net realizable value is below cost, the excess should be charged to the profit or loss for the year. Based on the assessment results on whether the net realizable value of the Company's inventories exceeds its acquisition cost the Board of Directors decided that there is no need for any adjustment to the profit or loss.

(3) the valuation report for the capital securities that the Company holds in Laiki Bank. The valuation report for capital securities has been prepared by the company Sharelink Securities and Financial Services Ltd based on which the Board of Directors determined that the fair value of the capital securities at the reporting date was nil and approved the full impairment of the securities amounting to €2.000.000, in profit or loss for the year.

(4) the possible effect on the financial statements of the Company from the indirect participation in M.N. Limassol Water Co. Ltd which has undertaken the construction (which it assigned to the partnership M.N. EPC Water Co.) and operation of the desalination unit in Episkopi. M.N. Limassol Water Co. Ltd on the basis of the relevant agreement with the Water Development Department dated 7 August 2009 has completed the construction of the desalination units that remain since 1 July 2012 in a stand-by mode. The Board of Directors of M.N. Limassol Water Co. Ltd (the "company") and of M.N. EPC Water Co. (the "partnership") have considered the developments in the Cyprus economy (as described above) and concluded that the Cypriot Government will be in a position to fulfill its obligations based on the agreement for the construction and operation of the desalination plant. As a result the company and the partnership will be in a position to continue their operation.

On this basis the Board of Directors of the Company has concluded that the amounts receivable (please refer to note 37) from the company and the partnership are recoverable.

(5) On 29 March 2013 the Central Bank of Cyprus has issued Decrees relating to Laiki Bank and Bank of Cyprus implementing measures for these two banks under the Resolution of Credit and Other Institutions Law of 2013.

32. OPERATING ENVIRONMENT OF THE COMPANY (continued)

At the date of implementation of these measures, the total cash held in Laiki Bank that were affected from the above measures amounted to €184.069 at the name of Logicom Services Ltd and €1.307.175 in Bank of Cyprus, divided in three Group companies (Logicom Public Ltd - €843.734, Logicom Solutions Ltd - €287.984 και NewCytech Business Solution Ltd - €175.457). It should be stated that in case that there will be a setoff of credit balances with debit balances, the overall effect for Logicom Public Ltd will be nil. Given that more than 80% of the turnover relates to the Company's foreign operations the impact will not be significant and the problems associated with the restructuring of the banking facilities are manageable.

(6) the recoverability of the deferred tax assets that arises from the Group's operations in Cyprus and has concluded that even after the adjustments that are likely to occur due to the negative business environment of Cyprus, the deferred tax asset remain recoverable.

(7) the carrying amount of goodwill that resulted from the acquisition of subsidiaries in Cyprus (note 12 – Intangible Assets and Goodwill) and concluded that there is no need for impairment due to the negative economic environment in Cyprus.

(8) the carrying amount of the property plant and equipment located in Cyprus and concluded that there is no need for imparmaint due to the negative economic environment in Cyprus.

(9) the difficulty of securing further loan facilities from banks operating in Cyprus. The Board of Directors having in mind the existing lending, the available banking facilities from foreign banks, as well as the available cash that remains in deposits in accounts either in Cyprus or abroad, it does not expect any negative impact on Group's operations.

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

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

33. 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:

	31/12/2012 Fully paid Shares %	18/04/2013 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	0,34	0,34
Nikos Michaelas	-	-
Michalis Sarris	-	-
George Papaioannou	0,68	0,68

1. The direct ownership of Mr. Adamos Adamides on 18 April 2013 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 18 April 2013 of 51,55% arises from the participation of the company Edcrane Ltd.

34. SHAREHOLDERS' INTEREST

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

	31/12/2012 %	18/04/2013 %
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 18 April 2013 is through the company Edcrane Ltd.

35. 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 Anastassiades.

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 €93.973 which will be increasing at a proportion equal to the annual rate of inflation, as determined by the annual index on 31 January each year or at a rate equal to 4% over his last salary, whichever is higher. For 2012 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 2012 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 2013, 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 2012 the annual salary of Mr. Anastasiades was €114.458.

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 2012 entertainment expense allowance

35. DIRECTORS' CONTRACTS (continued)

Material Contracts (continued)

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

amounted to €24.097. In addition the Company provides to the Director an appropriate vehicle and covers all related expenses. For the year 2012 Mr. Anastasiades received bonus of €80.000 which was given based on the results of the subsidiary at which he is a Managing Director.

The contract expired on 31/03/2013 and was not renewed due to his resignation from the Board of Directors.

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.

36. REMUNERATION OF NON EXECUTIVE DIRECTORS

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

	2012	2011
	€	€
Adamos Adamides	26.600	26.600
Sparsis Modestou	9.450	10.500
Takis Klerides	7.400	8.450
Nicos Michaelas	7.050	9.150
Michalis Sarris	7.400	8.800
George Papaioannou	6.700	6.000
	64.600	69.500

37. 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:

	2012	2011
	€	€
Administration Services		
Logicom Solutions Limited	144.000	144.000
Commissions		
Logicom Solutions Limited	120.000	120.000

37. RELATED PARTY TRANSACTIONS (continued)

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

Sales

	2012	2011
	€	€
Logicom Solutions Ltd	1.195.492	884.629
Newcytech Distribution Ltd	402	-
Newcytech Business Solutions Ltd	2.679.883	2.042.064
ENET Solutions Logicom SA	29.148.142	21.818.269
ICT Logicom Solutions SA	-	5.120
Logicom Jordan LLC	2.130.000	2.556.789
Logicom (Middle East) S.A.L.	975.363	304.698
Logicom FZE	13.204	127.757
Logicom Italia Srl	4.900.815	3.990.003
Logicom Hungary Ltd	-	963.034
Logicom IT Distribution S.r.l.	6.225.997	5.495.400
Logicom Bulgaria EOOD	969.821	2.999.595
Logicom Distribution Germany GmbH	-	1.776
Verendrya Ventures Ltd	-	72

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:

	2012	2011
	€	€
ENET Solutions - Logicom S.A.	1.941.792	1.980.060
Logicom (Middle East) SAL	3.620.055	3.691.398
Logicom FZE	2.246.930	2.291.213
Logicom Jordan LLC	2.316.280	2.361.929
	10.125.057	10.324.600

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.

37. RELATED PARTY TRANSACTIONS (continued)

Balances with subsidiary companies

	2012 € Debit/ (Credit)	2011 € Debit/ (Credit)
Logicom Overseas Ltd	(368.609)	(380.314)
Netcom Ltd	66.563	57.423
Logicom Solutions Ltd	(1.900.596)	5.287.542
Inteli-scape Ltd	(304.085)	(300.000)
Logicom Services Holding Ltd	15.476.145	12.325.631
Newcytech Distribution Ltd	195.284	-
Newcytech Business Solutions Ltd	879.956	808.032
ENET Solutions Logicom SA	6.051.369	8.393.355
ICT Logicom Solutions SA	38.200	43.320
Logicom Jordan LLC	2.599.359	1.558.925
Logicom (Middle East) S.A.L.	(10.831)	(1.240.882)
Logicom FZE	(5.322.286)	(2.646.245)
Logicom Dubai LLC	4.005.967	2.455.974
Logicom Solutions LLC	449.279	312.312
Logicom Italia Srl	5.467.790	5.044.066
Logicom IT Distribution Ltd	5.659.045	7.919.568
Rehab Technologies Ltd	6.072.063	6.072.063
Logicom Saudi Arabia LLC	6.389.662	(1.579.160)
Logicom Hungary Ltd	-	1.319.606
Logicom IT Distribution S.r.l.	3.535.589	2.767.628
Logicom Bulgaria EOOD	1.009.962	2.275.266
Logicom Distribution Germany GmbH	(397.400)	498.615
Verendrya Ventures Ltd	5.691.150	5.065.490
	55.283.576	56.058.215

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

Balances with associated companies

	2012 € Debit/ (Credit)	2011 € Debit/ (Credit)
M.N.E.P.C. Water Co (Note 19)	182.566	1.108.187
M.N. Larnaca Water Co Ltd (Note 19)	92.285	-
M.N. Limassol Water Co Ltd (Note 19)	307.403	971.630
	582.254	2.079.817

37. RELATED PARTY TRANSACTIONS (continued)

The balances with the related companies and the subsidiary company Verendrya Ventures Ltd, relate to the financing of the construction, maintenenace and operation of the desalination plans in Cyprus. The ability of the Company to recover the amounts receivable depends on the operating environment that the Company operates in and its analysed in notes 32 and 38.

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

Sales

	2012	2011
	€	€
Logicom Public Ltd	77.608	46.334
ENET Solutions Logicom SA	-	2.589
Logicom Jordan LLC	4.096.345	2.367.282
Logicom (Middle East) S.A.L.	3.307.680	1.759.506
Logicom Dubai LLC	59.266.420	24.857.823
Logicom Solutions LLC	1.834	-
Logicom Italia Srl	-	94.261
Logicom IT Distribution Ltd	31.464	117.768
Logicom Saudi Arabia LLC	3.793.113	6.856.554
Logicom Bulgaria EOOD	-	19.200

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

Sales

	2012	2011
	€	€
Logicom Public Ltd	10.964	3.158
ENET Solutions Logicom SA	275.973	65
Logicom Jordan LLC	3.145	2.040
Logicom (Middle East) S.A.L.	9.363	12.424
Logicom FZE	319.303	110.815
Logicom IT Distribution Ltd	222	1.966
Logicom Saudi Arabia LLC	30.201	-

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

Sales

	2012	2011
	€	€
Logicom Public Ltd	76	4.196
Logicom Jordan LLC	-	(585)
Logicom (Middle East) S.A.L.	534	106
Logicom Solutions LLC	18.668	817
Logicom IT Distribution Ltd	-	509

37. RELATED PARTY TRANSACTIONS (continued)

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

Sales	2012	2011
	€	€
Logicom Public Ltd	8.720	-
Logicom (Middle East) S.A.L.	993	1.464
Logicom FZE	812	1.455

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

Sales	2012	2011
	€	€
Logicom Public Ltd	3.776.140	2.608.165
Logicom Solutions Ltd	5.922	8.799
ICT Logicom Solutions SA	145.424	11.271
Logicom Italia Srl	14.393	13.507
Logicom IT Distribution Ltd	16.769.103	10.397.888
Logicom Hungary Ltd	-	696.201
Logicom IT Distribution S.r.l.	1.137.747	571.235
Logicom Bulgaria EOOD	740.224	2.388.382
Logicom Dubai LLC	2.398	-
Newcytech Business Solutions Ltd	40.929	-

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

Sales	2012	2011
	€	€
Logicom Public Ltd	29.263	25.717
Newcytech Business Solutions Ltd	524.054	192.678
ICT Logicom Solutions SA	2.122.208	1.148.509
Inteli-Scape Ltd	162.221	-

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

37. RELATED PARTY TRANSACTIONS (continued)

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

	2012 €	2011 €
Logicom Public Ltd	120.457	39.654
ENET Solutions Logicom SA	57.444	42.756
Logicom Jordan LLC	181	464
Logicom FZE	-	164.264
Logicom Saudi Arabia LLC	-	269
Logicom Hungary Ltd	-	91.055
Logicom IT Distribution S.r.l.	-	134.119
Logicom Bulgaria EOOD	123.736	68.786
Logicom Distribution Germany GmbH	-	270
Logicom Romania	75.055	-

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

	2012 €	2011 €
Logicom Public Ltd	-	954
ENET Solutions Logicom SA	-	23.594
Logicom IT Distribution S.r.l.	-	75.916
Logicom Bulgaria EOOD	-	104.879

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

	2012 €	2011 €
Logicom Public Ltd	3.325	1.485
ENET Solutions Logicom SA	60.445	72.316
Logicom Hungary Ltd	-	39.827
Logicom Bulgaria EOOD	52.638	129.298

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

	2012 €	2011 €
Logicom Public Ltd	10.575	87.661
ENET Solutions Logicom SA	122.100	495.107
Logicom Hungary Ltd	-	87.391
Logicom IT Distribution S.r.l.	-	370.186
Logicom Italia SRL	3.728	-
Logicom Romania	241.718	-

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Year ended 31 December 2012

37. RELATED PARTY TRANSACTIONS (continued)

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

Sales

	2012	2011
	€	€
Logicom Public Ltd	2.481	6.466
ENET Solutions Logicom SA	-	155.082
Logicom Jordan LLC	14.724	-
Logicom (Middle East) S.A.L.	-	14.076
Logicom FZE	293.202	158.607
Logicom IT Distribution Ltd	13.329	17.250

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

Sales

	2012	2011
	€	€
Logicom Public Ltd	36.778	2.466
Logicom Solutions Ltd	87.368	74.880
Inteli-scape Ltd	579.522	296.632

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

Sales

	2012	2011
	€	€
Logicom Public Ltd	15.084	599
Newcytech Business Solutions Limited	32.140	181.809
ICT Logicom Solutions SA	630	-
Logicom Solutions Ltd	942	-

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

Sales

	2012	2011
	€	€
Logicom Public Ltd	16.099	-
Newcytech Business Solutions Limited	12.338	-
Logicom Solutions Ltd	561.384	-

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2012

37. RELATED PARTY TRANSACTIONS (continued)

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

Balances with related companies

	2012 € Debit/ (Credit)	2011 € Debit/ (Credit)
Logicom Overseas Ltd	368.609	380.314
Netcom Ltd	(66.563)	(57.423)
Logicom Solutions Ltd	1.900.596	(5.287.542)
Inteli-scape Ltd	304.085	300.000
Logicom Services Ltd	(15.476.145)	(12.325.631)
Newcytech Distribution Ltd	(195.284)	-
Newcytech Business Solutions Ltd	(879.956)	(808.032)
ENET Solutions Logicom SA	(7.993.161)	(10.373.411)
ICT Logicom Solutions SA	(38.200)	(43.320)
Logicom Jordan LLC	(4.915.639)	(3.920.852)
Logicom (Middle East) S.A.L.	(3.609.224)	(2.450.516)
Logicom FZE	3.075.356	355.032
Logicom Dubai LLC	(4.005.967)	(2.455.974)
Logicom Solutions LLC	(449.279)	(312.312)
Logicom Italia Srl	(5.467.790)	(5.044.066)
Logicom IT Distribution Ltd	(5.659.045)	(7.919.568)
Rehab Technologies Ltd	(6.072.063)	(6.072.063)
Logicom Saudi Arabia LLC	(6.389.662)	1.579.160
Logicom Hungary Ltd	-	(1.319.606)
Logicom IT Distribution S.r.l.	(3.535.589)	(2.767.628)
Logicom Bulgaria EOOD	(1.009.962)	(2.275.266)
Logicom Distribution Germany GmbH	397.400	(498.615)
Verendrya Ventures Ltd	(5.691.150)	(5.065.490)

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

	€
Dividend for 2012:	
Logicom FZE	2.968.802
Logicom (Overseas) Ltd	1.100
Logicom Services Holdings Ltd	1.999.989

38. EVENTS AFTER THE YEAR END

The Cypriot economy has been adversely affected in recent years by the international credit crisis and the instability of the financial markets. As a result of the ongoing financial instability, in addition to being influenced by the Greek sovereign debt crisis, including the impairment of Greek Government Bonds, and its impact on the Cypriot economy, the Cypriot Government entered in to negotiations with the European Commission, the European Central Bank and the International Monetary Fund for financial support.

The Eurogroup decision for Cyprus includes plans for restructuring of the financial sector and safeguards the deposits below € 100.000, in accordance with EU legislation. On 12 April 2013 the Eurogroup approved the agreement reached between the Republic of Cyprus and the Troika institution on the macroeconomic adjustment programme for Cyprus.

The Company and its subsidiaries operating in Cyprus are expected to have a negative impact on their turnover, but appropriate measures are taken to preserve their profitability to such a level that will retain the required return on working capital. The effect on bank balances that are affected by the developments mentioned above, are presented in note 32 (5).

The increase in corporation tax for the Cypriot companies from 10% to 12.5% is not expected to significantly affect the net profitability of the Group.

The company has secured the required banking facilities from overseas banks to enable it to continue its operations without facing any financing issues for its operations and without any dependence on the Cyprus banking sector.

The Board of Directors estimates that the Group is in a position to secure even more financing from overseas banking institutions and together with its existing cash liquidity, in fixed deposits and current accounts, the Company’s operations capabilities and its ability to repay its liabilities is secured.